



## ANNUAL GOVERNANCE STATEMENT 2013/14

### 1. Standards of Governance

- 1.1 The Council expects all of its members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the formally adopted Codes of Conduct, Constitution, and policies of the Council as well as applicable statutory requirements.

### 2. Scope of Responsibility

- 2.1 Telford & Wrekin Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively to secure continuous improvement.
- 2.2 To this end the Council has a local code of corporate governance to ensure that it is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and Delivering Good Governance in Local Government: Guidance Note for English Local Authorities 2012 edition. Within this code and to meet its responsibilities, the Council (members and officers) are responsible for putting in place proper arrangements for the governance of its affairs including risk management, the requirements of regulations<sup>1</sup> and ensuring the effective exercise of its functions.
- 2.3 The Council continues to review its arrangements against best practice and implement changes to improve the governance framework (including the system of internal control) - see paragraph 5.

### 3. The Purpose of the Governance Framework

- 3.1 The governance framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 3.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to appropriately identify, quantify and manage the risks to the achievement of the Council's priorities, objectives and policies.
- 3.3 The governance framework has been in place at the Council for the year ended 31<sup>st</sup> March 2014 and up to the date of approval of the statement of accounts. Reviews and updates to

<sup>1</sup> Regulations 4(2), 4 (3) and 4(4) of the Accounts and Audit (England) Regulations 2011

the framework will take place during 2014/15 and beyond to support good governance, revised service delivery and organisational change.

## 4. The Governance Framework

4.1 The key elements of the systems and processes that comprise the authority's governance framework include:

- Community Strategy - Shaping Our Future – Telford & Wrekin's Journey to 2020 - approved by Council on 2<sup>nd</sup> May 2013;
- The Council's Medium Term Plan 2013/14 to 2014/15 which outline the Council's ambitions and priorities based on stakeholder feedback and these inform the service and financial planning process and personal targets;
- The Constitution (which includes the scheme of delegations, financial regulations and contract standing orders), Forward Plan and decision making processes;
- Co-operative Council principles and clear vision and values<sup>2</sup> for the Council and the Community;
- Clear governance arrangements to manage the Council's change programmes and restructuring occurring across the Council and key capital projects;
- The Council has designated statutory officers – Head of Paid Service (Managing Director), Chief Financial Officer, Monitoring Officer, Director of Children's Services, Director of Adult Social Services, Director of Public Health and Scrutiny Officer;
- The Council's Information Governance Framework including a designated Senior Information Risk Owner (SIRO), data and information security and sharing policies and procedures. There is also a comprehensive training and awareness programme;
- The Performance management framework and data quality systems. These provide reports to SMT<sup>3</sup>, Cabinet and Scrutiny;
- Legal Services ensure that the Council operates within existing legislation and is aware of and acts upon proposed changes to legislation;
- The democratic decision making and accountability processes contained within the Constitution;
- SMT meets weekly with regular management meetings with Service Delivery Managers and Group/Team Leaders;
- Policy Review – appropriate SMT members and Cabinet meet regularly to discuss emerging key strategic issues which could affect the Council in the future and formulate medium term planning strategy/options.
- The Standards Committee, Audit Committee, scrutiny function and other regulatory committees;
- The development of internal controls and checks within new systems and when existing systems are reviewed;
- The Council's People Services and workforce/organisational development procedures<sup>4</sup> are supported by clear recruitment processes. These are followed up by induction training (which includes information on the constitution, key policies, procedures, laws and regulations appropriate to the post and experience of the post holder) and on going training and development;
- Member and Officer<sup>5</sup> Codes of Conduct and the Officer/member protocol underpin the standards of behaviour expected by members and officers;
- Member development programme to ensure members are properly equipped and have the capacity to fulfil their roles;

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<sup>2</sup> Co-operative values of ownership, openness & honesty, involvement, fairness & respect

<sup>3</sup> Senior Management Team – Managing Director, Directors and Assistant Directors.

<sup>4</sup> Further development work is continuing on these during 2014/15 to reflect the implementation of the People Services reorganisation and the Council's priority of Business Supporting, Business Winning Council

<sup>5</sup> The Employee Code of Conduct and was re-issued in April 2013.

- The Council's communication, consultation and engagement strategies ensure that the local community knows what the Council is doing, receives feedback from them including the identification of their needs for incorporation into the Council's priorities;
- The deputy Leader of the Cabinet is the lead member responsible for Corporate Governance including Risk Management. The key officer for Corporate Governance including risk management is the Managing Director. The service and financial planning process incorporates risk management and strategic risks are reviewed by SMT;
- The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010);
- Comprehensive budget strategy and management of the associated risks of reduced resources provides robust financial management and regular reporting to members;
- The Council's Treasury Management Strategy and arrangements conform to CIPFA and Audit Commission guidance and is monitored by the Audit Committee;
- Internal audit on a risk basis reviews the Council's systems and processes set out to achieve the Council's priorities in order to provide an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control;
- The External Auditor has previously satisfactorily measured the Audit & Information Governance Manager against the CIPFA Statement on the Role of the Chief Internal Auditor in Public Sector (2010) and they have also reviewed the team against the Public Sector Internal Audit Standards;
- Anti-fraud and Corruption, Speak Up and Prosecution policies support the council's governance processes and anti-fraud and corruption culture;
- The Council's Partnership protocol and agreed governance and reporting arrangements for the Council's significant partnerships;
- Projects are managed, as appropriate, within the principles of the PRINCE 2 methodology. This includes risk identification and management.
- Awareness and training for members within their member development programme and for officers through induction, Staff news, and update sessions on any revised governance arrangements (including information governance).

## **5. Review of Effectiveness**

- 5.1 Telford & Wrekin Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal control. The review of the effectiveness is informed by:-
- a) the senior managers within the authority who have responsibility for the development and maintenance of the governance environment;
  - b) the work of internal audit; and also
  - c) by comments made by the external auditors and other external review agencies and inspectorates.
- 5.2 The Cabinet monitors the effectiveness of the governance framework through the consideration of regular service and financial management information reports from senior management. Individual Cabinet members receive regular feedback from senior officers in respect to their areas of responsibility on the progress of priorities and objectives. Issues of strategic and corporate importance are referred to the Cabinet.
- 5.3 The Council's Scrutiny function continues to review the development of policy, the decision making process and areas of concern. The subject areas for review are informed by community engagement, direct feedback to members from within the community and the results of review and inspection (both external and internal) and areas of policy being developed by the Council and the Executive.

- 5.4 The Internal Audit plan is informed by the Council's service and financial planning processes, external inspection reports, external networking, the requirements of the External Auditor, comments from senior management and their opinion of the current state of the governance risk and internal control arrangements. During 2013/14 the Internal Audit team achieved over 90% of their planned work (best practice is 90%) and this has been used with the relevant output from unplanned work to form their opinion on adequacy and effectiveness of the Council's governance, risk management and internal control framework.
- 5.5 Internal Audit report on a quarterly basis and also annually to the Audit Committee. The Audit Committee has asked for additional information during the year and requested Assistant Directors and Service Managers to attend to provide assurance on the management of risks and implementation of recommendations.
- 5.6 Internal Audit undertook a review of the Adult Social Services financial system and associated processes reporting initially in September 2011 a grading of limited assurance. This was followed up in July 2012 with the grading remaining at the same level so another follow up took place in March 2013 which was reported by the Assistant Director to the Audit Committee to provide assurance that the desired improvements were being made. Further work was undertaken in August 2013 and reported to the Audit Committee in January 2014. Senior Management changes have been implemented and additional resources allocated but the Audit Committee requested a further update at their meeting in June 2014 with an interim update meeting with the Chair of the Audit Committee and Cabinet member which was held in April 2014.
- 5.7 The Council has an Anti-Fraud & Corruption Policy, supported by a Speak Up policy. The Council has a zero tolerance policy and it is service management's responsibility to ensure there are adequate controls in their areas to ensure the opportunities for fraud are minimised. It is everyone's responsibility to report suspicions and the Speak Up policy supports this. Internal Audit undertakes proactive fraud work based on a fraud risk register and will be re-reviewing the Council's anti-fraud activities against best practice (Audit Commission's Red Book) during 2014/15. Other specific anti-fraud and corruption activities are undertaken by Revenues & Benefits and Trading Standards. An annual report on these activities is presented to the Audit Committee.
- 5.8 The Audit Committee terms of reference also incorporates the review and monitoring of the Council's Treasury Management arrangements. Members of the Committee are kept up to date through awareness training on factors that influence/affect delivery of the strategy.
- 5.9 The Council's performance management framework has systems and procedures which drive continuous improvement in performance. This has been reviewed and developed to reflect the Government's Single Data List.
- 5.10 The Council has continued to review its governance framework to gain assurance that its approach to corporate governance is both adequate and effective in practice and that sound systems of internal control are operating. These reviews have included the Constitution and associated policies, procedures, management processes and reporting arrangements. However it is recognised that further work is required to some areas within the Constitution and management procedures and this is included in the action plan attached to this statement (Annex 1).
- 5.11 The Council recognises the importance of Information Governance and has been formalising its Information Governance framework which will be agreed in 2014/15. It has taken significant steps to improve the security of its IT, paper and handling processes to meet the compliance requirements for Data Handling in Government. The Information Governance

team has continued to report to the Audit Committee during the year including information on responses to information rights requests and data security breaches. During 2013/14 no enforcement action has been taken by the ICO against the Council despite exchanges of correspondence between the ICO and the Council due to referrals to the ICO by the public and other third parties.

- 5.12 ICT infrastructure upgrades during the year have further improved security, data handling and business continuity and work has commenced on a full review of the ICT strategy.
- 5.13 The Managing Director, Directors, Assistant Directors and Service Delivery Managers have signed annual assurance certificates confirming that the governance framework has been operating within their areas of responsibility, subject to the actions outlined in Annex 1.
- 5.14 The requirements under the Accounts and Audit (England) Regulations 2011 require a review of internal audit and the External Auditors review of Internal Audit has been used to meet this requirement. The results of the review will be presented to the Audit Committee as part of the Internal Audit Annual Report.
- 5.15 The External Auditor’s Annual Audit Letter 2012/13 included in its headlines:
  - VFM conclusion – We issued an unqualified value for money (“VFM”) conclusion for 2012/13 on 24 September 2013. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness. To arrive at our conclusion we looked at your financial conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity
  - Audit opinion - We issued an unqualified opinion on your financial statements on 24 September 2012. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. We noted improvement in the quality of the accounts and many of the supporting working papers. We issued our certificate on 4 October 2013.
- 5.16 Whilst T&W Council is primarily a commissioner of care services, the Council does directly provide some care services which are registered and inspected by the Care Quality Commission. In 2013/14 CQC undertook the following inspections<sup>6</sup> and the outcomes were:
  - Intermediate Care – Care in the Home and supported living – All standards met – 15/03/14
  - Carwood Residential Home – All standards met – 25/01/14
  - Downing House Residential Home - All standards met – 30/10/13
  - Shared Lives - Adult Placement Scheme – All standards met – 20/03/14
  - Community Services – Learning Disability, Domiciliary Care – All standards met – 11/02/14
- 5.17 There were 2 Ofsted inspections of Children’s Centre in the Borough during 2013/14. Copies of the reports are available at [www.ofsted.gov.uk](http://www.ofsted.gov.uk) but the main findings were

Location	Date	Grading <sup>7</sup>
Hadley Castle Group	17/12/13	Requires improvement (3)
Lakeside South	12/11/13	Requires improvement (3)

<sup>6</sup> Copies of full reports are available on the Care Quality Commission website [www.cqc.org.uk/](http://www.cqc.org.uk/)

<sup>7</sup> Grades are 1 = Outstanding; 2 = Good; 3 = Requires improvement; 4 = Inadequate

Improvements have already been made and action plans have been agreed and are in place to address remaining recommendations and these are being monitored by senior management and members.

- 5.18 In addition to formal external reviews Children and Family Services had a Peer Review in June 2013 and Peer Challenge in March 2014. There was an Adult Social Care Peer Challenge in July 2013. From these peer reviews/challenges improvement plans have been developed to ensure efficient, effective and robust processes including appropriate governance.
- 5.19 We have been advised on the implications of the review of the effectiveness of the governance framework by the Cabinet, Standards Committee, Audit Committee, Scrutiny, senior managers, Internal Audit and external review, and plan to address weaknesses and ensure continuous improvement of the framework as outlined in the action plan attached as Annex 1.

Leader of the Council.....

Managing Director.....

Date.....

Audit Committee Chair.....

Date.....