

**ANNUAL GOVERNANCE STATEMENT 2017/18****1. Introduction**

- 1.1 Under the Accounts and Audit Regulations 2015 the Council is required to produce an Annual Governance Statement to accompany the Statement of Accounts which is approved by the Audit Committee (those charged with governance). The Annual Governance Statement outlines that the Council has been adhering to its Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

**2. Standards of Governance**

- 2.1 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.

**3. Scope of Responsibility**

- 3.1 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.
- 3.2 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 Delivering Good Governance in Local Government: Framework (2016 Edition). Within this code and to meet its responsibilities, the Council (members and officers) is 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.
- 3.3 The Council continues to review its arrangements against best practice and implement changes to improve the governance framework (including the system of internal control). During 2016 a new local Code of Good Governance was approved to meet the updated CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016 Edition) and this has been further updated for 2017/18.

**4. The Purpose of the Governance Framework**

- 4.1 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. The detail is included in the Local Code. The framework 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.
- 4.2 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

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<sup>1</sup> Regulations 6 1(b), 6 2(b), 6 3(b) and 4 of the Accounts and Audit Regulations 2015

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.

- 4.3 The governance framework has been in place at the Council for the year ended 31 March 2018 and up to the date of approval of the statement of accounts. It is on-going into 2018/19 but there will be appropriate reviews and updates during the year and beyond to support good governance, organisational change/revised service delivery and changes to legislation/regulations and good practice.

## **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) 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, 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, strategic risk register, external inspection reports, external networking intelligence, 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 2017/18 the Internal Audit team achieved 95% 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 the 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 Directors/Assistant Directors and Service Managers to attend to provide assurance on the management of risks and implementation of recommendations.
- 5.6 Adult Social Services in respect to systems, financial management and implementation of the cost improvement plan have continued to provide updates during the year to

Members including the Audit Committee. To support the revised target operating model there has been commissioned external support, management changes and the implementation of further restructures (including the business support function).

- 5.7 The Council has an Anti-Fraud & Corruption Policy, supported by a Speak Up Policy encouraging internal referrals. The Council has a zero tolerance policy in relation to fraud and corruption 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 internally. Internal Audit along with the Investigations Team undertakes proactive fraud work based on a fraud risk register. Other specific anti-fraud and corruption activities are undertaken by 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 and during the year were provided with an update on the possible implications of Brexit by Arlingclose the Council's Treasury Management advisors.
- 5.9 The Council's performance management framework is monitored by SMT and has procedures in place which drive continuous improvement in performance.
- 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.
- 5.11 The Council recognises the importance of Information Governance and formalised its Information Governance framework. 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 2017/18 no enforcement action has been taken by the ICO against the Council in respect to data breaches. The Information Governance Team are leading on Council compliance with the General Data Protection Regulations due to be implemented on 25 May 2018.
- 5.12 Implementation of the ICT Strategy has continued including infrastructure upgrades, the ongoing roll-out of Office 365 and further security improvements particularly in response to spam, phishing/ whaling and Ransomware threats.
- 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 Accounts and Audit Regulations 2015 require a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit, management, other internal assurance services and the External Auditors' review of the work of Internal Audit. The Internal Audit Annual Report 2017/18 sets out the internal

audit opinion and that the External Auditor has reviewed and relied upon the work of Internal Audit (and their contractor) in respect to the key financial systems for the 2017/18 final accounts audit.

5.15 The External Auditor's Annual Audit Letter 2016/17 (October 2017) included in its headlines:

- Value for Money conclusion – we issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 26 September 2017. This means we are satisfied that during the year the Authority had proper arrangements for securing economy, efficiency and effectiveness in the use of its resources. To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties. We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusions and considered the arrangements the Authority has in place to mitigate these risks. Our assessment identified that financial resilience is a significant VFM risk to the Authority.. The need for savings will continue to have a significant impact on the Authority's financial resilience. We have concluded that in 2016/17 the Authority has made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes to tax payers and local people.
- Audit opinion - we issued an unqualified opinion on your financial statements on 26 September 2017. 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.

5.16 My Options Shared lives & My Options Community Support Services both were inspected by the regulating body the Care Quality Commission (CQC) and both received a 'GOOD' rating.

5.17 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 in our opinion conclude that the review of the governance arrangements provides a reasonable level of assurance that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Attached as Annex 1 is an agreed action plan to address any key governance issues and ensure continuous improvement.

5.18 Issues from the previous action plan that have been addressed or mainstreamed have been deleted and those that continue to be addressed are included in Appendix B

5.19 The Senior Management Team will monitor implementation of these actions and will report back to the Audit Committee in January 2019 and within next year's statement.

Richard Partington

Managing Director

**Dated:**

Cllr Shaun Davies  
Leader of the Council

**Dated:**

Cllr Rob Sloan  
Chair of Audit Committee

**Dated:**