

ANNEX 1

REPORT OF THE CORPORATE GOVERNANCE WORKING GROUP

THE ANNUAL REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK, INCLUDING THE SYSTEM OF INTERNAL CONTROL – 2017/18

INTRODUCTION AND CONTEXT

Appendix 1 has been drafted in response to the need to formerly define the Framework leading to the production of the Annual Governance Statement (AGS).

Appendix 2 details the assurance gathering process used to prepare the AGS.

Appendix 2a details an example of a Controls Assurance Statement

Appendix 3 details the extent to which the various sources of assurance contribute to the mitigation of risk.

Good practice suggests that a review of the effectiveness of the Governance Framework should be undertaken prior to producing the AGS

WORKING PAPERS

The review has been undertaken following consideration of a number of Supporting Papers:

- Annual Review of the Code of Corporate Governance ([Supporting Paper 1](#))
- Progress against significant control issues contained within the 2016/17 AGS ([Supporting Paper 2](#))
- Annual Audit Letter 2016/17 ([Supporting Paper 3](#))
- Internal Audit Outturn Report 2017/18 and Performance against the UK Public Sector Internal Audit Standards ([Supporting Paper 4](#))
- Other Sources of Assurance – Statutory Officers ([Supporting Paper 5](#))
- Other Sources of Assurance - Miscellaneous ([Supporting Paper 6](#))

OVERALL CONCLUSION

It is considered that all required components to demonstrate good governance are in place as are appropriate action plans. Sources of assurance have been clearly defined and are varied.

SUPPORTING PAPER 1

ANNUAL REVIEW OF THE CODE OF CORPORATE GOVERNANCE

Whilst the annual review of corporate governance was deferred pending evaluation of the new CIPFA / SOLACE document entitled “Delivering Good Governance in Local Government: Framework 2016” the Corporate Governance Working Group was confident that current documents and processes represented an effective governance framework. A revised Code of Corporate Governance was presented to the Audit & Standards Committee at their meeting of 26th June 2017 which included a detailed action plan. Progress against the action plan has been reviewed during 2017/18 and an updated Code of Corporate Governance and subsequent action plan will be reported to the Audit & Standards Committee in July 2018.

Attachments

Single Sheet Local Framework

Corporate Governance Action Plan 2017/18- Progress Extract

Staffordshire County Council Corporate Governance Framework

Principles, Statutory Obligations and Organisational Objectives

Meeting Statutory Obligations

Meeting Organisational Objectives

Implementing local vision

Taking effective decisions

Working together to achieve a common purpose

Developing Members and Officers

Adherence to Ethical Values

Maintaining a Community Focus

Corporate Governance comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities

Key Documents: Annual Review / Production

- Annual Outturn Performance and Finance Reports
- Annual Information Governance Statement
- Corporate Information Security Policy
- Corporate Property Strategy
- Corporate Risk Register
- Delegations from/to Directors
- Business Plan
- Innovation & Efficiency Board
- ICT Strategy
- Medium Term Financial Strategy
- Members Allowances Scheme
- Prudential Code & Treasury Management Strategies
- Risk Management Policy Statement
- Statement of Accounts
- Strategic Plan
- Staffordshire Strategic Partnership Priorities

Key Documents: Ad-Hoc Review / Production

- Anti-Fraud Work plan
- Business Continuity Plans
- Change Management Framework
- Communications Strategy
- Community Engagement Framework
- Constitution
- Corporate Procurement Strategy and Regulations
- Equality and Diversity Information
- Financial Regulations
- Health and Safety Policies
- Information Governance Framework
- Integrity Policy Statement
- Internet Transparency Pages
- Member/Officer Relations
- Members' Code of Conduct
- Officer Employment Procedure Rules
- Officers' Code of Conduct
- Partnership Policy
- Performance Management Framework
- Record of Decisions
- Whistle Blowing Policy

Contributory Processes/ Regulatory Monitoring

- | | |
|------------------------------------|------------------------------|
| Annual Governance Statement | Job Descriptions |
| Audit and Standards Committee | Job Evaluation Process |
| Budget Accountability Statements | Law & Governance |
| Corporate Governance Working Group | Member Training |
| Corporate H&S Process | Monitoring Officer |
| Corporate Intranet | My Performance Conversation |
| Council Tax Leaflet / Information | Schedule of Council Meetings |
| Customer Feedback Process | Scrutiny Framework |
| Director of Finance and Resources | Staff Induction |
| Consultative Forums | Staff Surveys |
| External Audit | Staffordshire Web |
| Finance and Resources | Organisational Development |
| Head of Paid Service | Safer Recruitment |
| H&S Champion | Staffordshire Magazine |
| Independent Remuneration Panel | |
| Inspectorate Reports | |
| Internal Audit | |

CORPORATE GOVERNANCE ACTION PLAN 2017/18- Updated for Progress

Action	SLT Lead	Progress
Consideration for the development of a protocol for Council Representation on Outside Bodies	Head of Law and Democracy	A review was undertaken which concluded that no further action will be taken.
The Annual Complaints Reports should be published on the County Council website.	Customer Feedback and Complaints Manager	Once the reports have been approved by they will be published separately on the Compliments/Complaints page on the Website.
Consideration should be given to ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards and values expected by the organisation as part of contractual documentation.	Head of Commercial Services	A review was undertaken and no further action will be taken. The new County Council values statement will reflect the Code of Corporate Governance – these will be launched later in 2018.
Consideration of a Partnership Governance Protocol that sets out the governance and processes for partnership working arrangements.	Director of Strategy, Governance and Change	Completed – it was considered that the present arrangements already in place obviate the need for a protocol.
Consideration of the development of a Social Value policy.	Head of Commercial Services	Revised implementation date: 30 September 2018
To update the current Schemes of Delegation to ensure that they are fit for purpose in light of revised organisational requirements.	Director of Strategy, Governance and Change	Work is underway; full review and introduction of a revised scheme in respect of property decision making. Further work is required and will be complete by December 2018.
To refresh the risk management policy and strategy.	Director of Finance and Resources	Work is ongoing to refresh this key document.
To undertake a self-evaluation based on the CIPFA best practice criteria to be performed by the Audit & Standards Committee	Director of Finance & Resources	Undertaken in February 2018 and the results have been formally reported to the March 2018 meeting of Audit & Standards.
To present the updated Financial Regulations to the Audit & Standards Committee for approval. Subsequently ensure that the Business is fully aware of the new requirements and adherence to them is monitored.	Director of Finance & Resources	These have been refreshed and following approval by the next Corporate Governance Working Group will be report to the July 2018 Audit & Standards Committee.
Annual Governance Statement to be separately published on the Councils website.	Director of Finance & Resources	Once the AGS has been approved by Audit & Standards Committee it will be published separately on the transparency pages on the Website.

SUPPORTING PAPER 2

PROGRESS AGAINST SIGNIFICANT CONTROL ISSUES CONTAINED WITHIN THE 2016/17 AGS

It is a role of the Corporate Governance Working Group to ensure that action plans for those significant internal control issues reported in the AGS are both defined and implemented.

Ref	Key Action	SLT Lead Officer	Progress
AGS 1	Continue to work with our Partners to implement the Sustainability and Transformation Plan (STP) and Better Care Fund (BCF) to deliver greater integrated Care for the residents of Staffordshire.	Director for Health and Care	SCC is an active partner in the STP. The BCF Plan is being implemented and we are making progress towards the target to reduce the delayed transfers of care. We are considering opportunities for joint commissioning with the CCGs (Clinical Commissioning Groups) SSOTP and SSSFT to merge to become Midlands Partnership NHS Trust and provide re - ablement, OT and social care assessment & case management under a Section 75 agreement. Governance and performance management will continue and the arrangements will be reviewed as part of new MTFS savings.
AGS 2	To continue to undertake large scale transformation to address the continued financial pressure facing the Council and to ensure appropriate governance processes are put in place.	Director of Finance and Resources	The focus continues to remain on ensuring that the Council has a robust Medium Term Financial Strategy which addresses the significant financial pressures it is currently facing. This will continue to present challenges in the year ahead.
AGS 3	Ongoing monitoring (in conjunction with Partners) of the opportunities for devolution from Government particularly around Business Rates and the repatriation of funding and powers from the EU	SLT	A key strand of the Council's Strategic Plan to deliver value for money to residents and businesses includes lobbying Government to secure greater funding and responsibility to act on the issues that matter most to Staffordshire people.

AGS 4	To monitor the implementation of the new operating model based on the key enablers, which will enable the Council to reinvent how it commissions and provides services so that it has a sustainable and self-financing future.	Director of Strategy, Governance and Change and Director of Finance and Resources	Work has continued during 2017/18 to develop the key enablers operating model further. This has seen the emphasis move to focus on the development of the digital agenda, becoming digital first whilst enhancing the people helping people project. These work streams will help to ensure that the Council is able to provide a sustainable and self-financing future.
AGS 5	To review and update the various Schemes of Delegation operating within the County Council to ensure they continue to reflect the requirements of the Council	Director of Strategy, Governance and Change	Work has progressed in updating the various Schemes of Delegation operating. A substantial review of the arrangements for procurement was undertaken as part of the implementation of the My Finance review. This has resulted in the levels of authority for incurring expenditure being revised and financial limits being reduced from those previously in operation.
AGS 6	To review the detailed governance arrangements for Property which incorporates the Strategic Property Partnership and the Corporate Property Strategy.	Director of Strategy, Governance and Change – completed	A property sub-committee has been established, detailed terms of reference have been prepared and all decisions taken are reported to next available Cabinet for information.
AGS 7	Fully implement the replacement Financial and HR/Payroll systems (MyFinance and MyHR) and embed the new procurement /financial regulations into the organisation. Streamlined processes and procedures will help to ensure	Director of Finance & Resources - completed	The County Council has implemented two new systems during 2017/18; a finance system called My Finance and a HR system called MyHR (delivered through Liberata). To manage the transition, a governance structure was been established. The SAP Replacement Programme Board oversees the work of the steering. Regular updates were reported to Cabinet and Senior Management. Detailed training material was produced and cascaded through the Council via the Go on line training platform and the Change Champion network. Revised procurement regulations were also produced which were enforced through the operation of the My Finance system.
AGS 8	To review Business Continuity arrangements to	Director of Strategy, Governance	Work has progressed in this area particularly in relation to potential cyber risks including undertaking briefings to the

	ensure they remain sufficiently resilient given the changing and emerging nature of potential risks in this area.	and Change Director of Finance & Resources	Senior Leadership Team and the Audit & Standards Committee (specifically in relation to Cyber Security). Given the constant changing nature of risks work continues to ensure that the Council's response remains robust.
<p><u>Conclusion</u></p> <p>The review of actions detailed within the 2016/17 AGS has confirmed that whilst significant progress has been made, for the purposes of the 2017/18 AGS key actions AGS 1, AGS 2, AGS 3, AGS 4, AGS 5 and AGS 8 should be carried forward.</p>			

SUPPORTING PAPER 3

ANNUAL AUDIT LETTER 2016/17

The Annual Audit Letter 2016/17 was submitted to the Audit and Standards Committee on 12 December 2017.

Extract from Annual Audit Letter

'Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we issued in March 2016.

Executive Summary

We are required to issue an annual audit letter to Staffordshire County Council (the Council) following completion of our audit procedures for the year ended 31 March 2017. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's: ► Financial statements	<p>Based on our review of your internal control environment and assessment of significant business risks we designed a substantive risk-based testing strategy. As a result of our detailed audit testing and use of EY data analytics tools, we obtained sufficient evidence to form a conclusion on your financial statements.</p> <p>We issued an unqualified opinion concluding that the financial statements give a true and fair view of the financial position of the Council as at 31 March 2017 and of its expenditure and income for the year then ended.</p>
► Consistency of other information published with the financial statements	<p>We reviewed the financial and non-financial accompanying the Financial statements including the narrative statement to identify material inconsistencies with the audited financial statements or from the knowledge acquired by us during the course of performing the audit.</p> <p>Based on the results of our work we concluded that the financial information in the Financial Report for 2016/17 was consistent with the audited financial statements.</p>

Concluding on the Council's arrangements for securing economy, efficiency and effectiveness

We are required to consider whether the Council has put in proper arrangements to secure economy, efficiency and effectiveness of its use of resources. This is known as our value for money (VFM) conclusion.

Based on our review of your internal control environment and assessment of significant business risks and challenges, in planning our audit, we identified three significant risks to the VFM conclusion:

- ▶ Resilience of the Council's medium-term financial strategy
- ▶ That the Council does not have effective arrangements in place to work effectively with the Staffordshire CCGs to deliver strategic priorities through the Better Care Fund; and
- ▶ That the Council does not have adequate arrangements in place to oversee performance and enact change in a timely manner with external provider of adult social care

We developed an appropriate audit response to address the risks which is summarised on pages 21 to 24 within our report.

As a result of our work, we concluded that you have put in place proper arrangements to secure value for money in your use of resources. '

Conclusion (from SCC perspective)

The Extract from the Annual Audit Letter gives assurance in respect of the 2016/17 Financial Accounts and confirms an effective system of internal control.

SUPPORTING PAPER 4

INTERNAL AUDIT OUTURN REPORT 2017/18 AND PERFORMANCE AGAINST THE UK PUBLIC SECTOR INTERNAL AUDIT STANDARDS

Extract and Conclusion

Based on the above, an “**Adequate Assurance**” opinion has been given on the overall adequacy and effectiveness of the organisation’s governance, risk and control framework, i.e. the control environment in 2017/18. This year has been dominated with the replacement of both the Council’s Financial and HR systems which was a substantial undertaking and commitment spanning much of 2017/18. This area was considered by Internal Audit as a high risk during the year, and a significant amount of audit work has been undertaken during the year to help support the design and implementation of a robust control environment. Although My HR and My Finance were launched successfully in September 2017 and November 2017 respectively, our early audit work carried out as part of the SAP Replacement Programme has highlighted a number of high level issues in relation to the system security arrangements for both My HR and My Finance, which has resulted in these areas being awarded a limited assurance opinion in 2017/18. It should be noted that whilst manual controls are in place to mitigate some of the risks identified, the control environment for both systems will be improved significantly when the high priority recommendations have been implemented and will help to ensure that the Council’s IT Systems are utilised to optimum levels . The changing payroll control environment for the Council’s core payroll has identified a number of areas for improvement, which concluded in the system being awarded a limited assurance opinion this year. Although the schools compliance element of the assessment has achieved the benchmark, there are still some areas of non-compliance in relation to payroll controls which have been identified and further recommendations have been made to address these. The direction of travel for a few elements within the main financial systems have not been maintained, in particular, the level of outstanding debt continues to grow, exceeding the Council’s own internal target, resulting in further improvements to the debt recovery process being required.

A number of other audit reviews during 2017/18 have identified high level issues which have resulted in these systems being awarded limited assurance opinions. The overall number of limited assurance opinions being awarded has increased since last year. Whilst one reason is the implementation of two key systems and associated changes to process, another reason may be due to issues of capacity within the Council to undertake key activities. It is important that the key actions identified in these audits are addressed, implemented as agreed and progress monitored to ensure that the necessary steps have been taken to strengthen the control environment. This will be a key focus for the 2018/19 Internal Audit Plan.

We have an effective system of internal audit in place, as measured against set conditions, which include:

- How well we follow the new Public Sector Internal Audit Standards together with the Local Government Application Note; via the External Quality Assessment
- Our main performance results;
- Feedback from the Chief Finance Officer (Director of Finance & Resources).

SUPPORTING PAPER 5

OTHER SOURCES OF ASSURANCE - STATUTORY OFFICERS

The Chief Finance Officer (Director of Finance & Resources)/Context

Any major organisation requires a set of clearly understood rules and regulations for the management of its financial affairs. In response to the requirements of Section 151 of the Local Government Act 1972, the County Council has designated the Chief Finance Officer to be responsible for the administration of these affairs.

In response to the requirements of Section 25 of the Local Government Act 2003, the Chief Finance Officer has a duty to report to the Authority on:

- the adequacy of the proposed reserves
- the robustness of the budget

In response to Section 114 of the Local Government Finance Act 1988, the Chief Finance Officer has a duty to report to the Council if the Authority or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has or would result in a loss or deficiency to the Authority
- is about to make an unlawful entry in the Council's accounts

In addition, the Chief Finance Officer is required to make a report under Section 114 if it appears that the expenditure incurred and/or proposed in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

The Monitoring Officer/Context

The role of the Monitoring Officer is a statutory one, the office having been created under Section 5 of the Local Government and Housing Act 1989. Every Local Authority must have a Monitoring Officer and since 2001 that office cannot be held by the person who is the head of that Authority's paid service, nor by the Section 151 Officer, though there are no other formal qualification requirements.

If it at any time appears to (the Monitoring Officer) him that any proposal, decision or omission

- by the Authority;
- by any Committee or Sub-committee of the Authority;
- by any person holding any office or employment under the Authority;
- by any Joint Committee on which the Authority are represented, or;

- in the course of the discharge of functions of the Authority by or on behalf of the Authority's Executive.

constitutes, has given rise to or is likely to or would give rise to –

- a contravention of any enactment or rule of law by the Authority, by any Committee or Sub-committee of the Authority, by any person holding any office or employment under the Authority, by any such Joint Committee, or by the Authority's Executive or any person on behalf of the Executive, or
- any such maladministration or injustice as is mentioned in Part 3 of the Local Government Act 1974 where the Ombudsman has conducted an investigation;

then the Monitoring Officer is required to prepare a report to the Authority's Executive (if it relates to executive functions), or in all other cases to the Authority, with respect to that proposal, decision or omission, and in doing so is required to consult so far as practicable with the Authority's Head of Paid Service and their Chief Finance Officer.

Conclusion

Neither the Monitoring Officer nor the Chief Finance Officer has had occasion to use their statutory powers of intervention in 2017/18.

SUPPORTING PAPER 6

OTHER SOURCES OF ASSURANCE – MISCELLANEOUS

SECTION A SELECT COMMITTEES

We have effective processes in place. We have a number of Select Committees, the responsibilities of which reflect our focus on key outcomes. We make sure Cabinet Members are held accountable for their actions and we give members an opportunity to assess the impact of the Council's work in their local area. We will continue to develop these initiatives.

SECTION B CORPORATE DIRECTORS/RISK OWNERS

Assurance Statements are in the process of being reviewed as part of the review of our Risk Management processes (see below). In the interim, Statements continue to be completed for the Corporate Governance risk heading. The Assurance Statement is reproduced at **Appendix 2a**.

SECTION C CORPORATE RISK MANAGEMENT /STRATEGIC RISK REGISTER

The format of the Corporate Risk Register continues to be revised as the County Council develops its business operating model. It is intended to submit an updated version of the Corporate Risk Register to the Audit and Standards Committee at its July 2018 meeting.

SECTION D STANDARDS BOARD/OMBUDSMAN

Our Audit and Standards Committee did not investigate any complaints about the behaviour of our elected members. The Ombudsman did not uphold any complaints about governance issues. A number of whistleblowing issues are being considered by the Monitoring Officer in relation to Corporate HR matters and will be reported to the Corporate Governance Working Group in due course.

Conclusions

Section A

- An effective system of scrutiny is in place.**

Section B

- Our system of controls assurance is currently being reviewed and updated.**

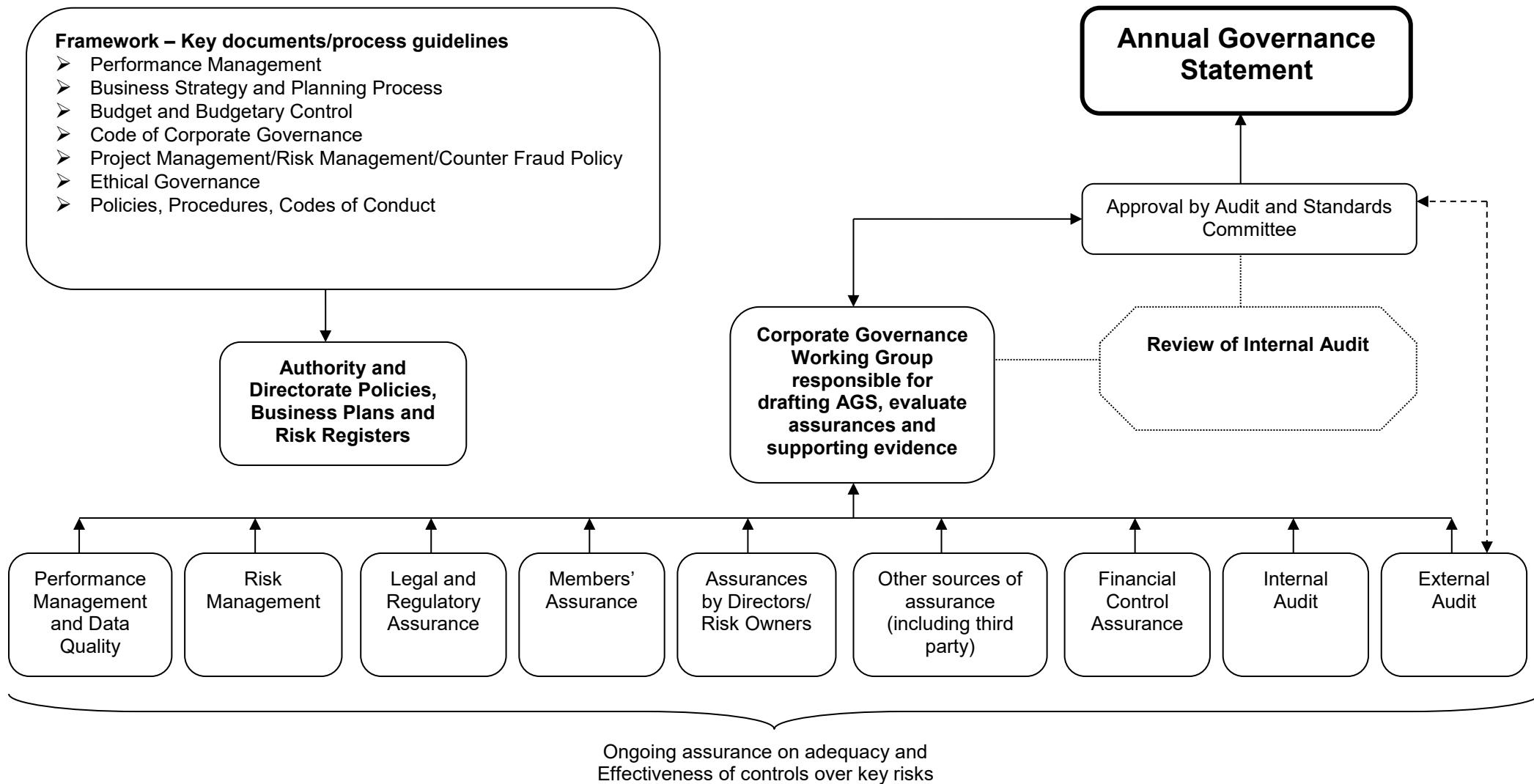
Section C

- The format and content of the Corporate Risk Register is to be reviewed and updated.**

Section D

- Our Audit and Standards Committee did not investigate any complaints about the behaviour of our elected members. The Ombudsman did not uphold any complaints about governance issues. A number of whistleblowing issues are being considered by the Monitoring Officer in relation to Corporate HR matters and will be reported to the Corporate Governance Working Group in due course.**

THE ANNUAL GOVERNANCE STATEMENT - FRAMEWORK



APPENDIX 2

THE AGS – ASSURANCE GATHERING PROCESS

Stage 1 – Establish principal statutory obligations and organisational objectives

The Strategic Plan is underpinned by three interconnected priority outcomes providing a simple and clear focus.

The people of Staffordshire will:

- Be able to access more good jobs and feel the benefits of economic growth
- Be healthier and more independent
- Feel safer, happier and more supported in and by their community

The associated Delivery Plan defines a set of Commissioning Priorities which are consistent with these outcomes.

Stage 2 – Identify principal risks to achieving Commissioning Priorities

The Corporate Risk Register currently comprises 14 risk categories. Going forward, risks will be cross-referenced to our Commissioning Priorities.

Stage 3 - Identify and evaluate key controls to manage principal risks

The Corporate Risk Register currently defines key controls (documents and processes) for each specific risk area. Each control is evaluated. Going forward, key controls will be cross-referenced to our Commissioning Priorities.

Stage 4 – Obtain assurances on effectiveness of key controls

As defined within Appendix 1 to this report and Section 8 of the AGS

Stage 5 – Evaluate assurances and identify gaps in control / assurances

As defined within Appendix 3 to this report and Section 8 of the AGS

Stage 6 – Action Plan to address weaknesses and ensure continuous improvement of the system of corporate governance

As defined within the Corporate Risk Register and Section 13 of the AGS

Stage 7 – Annual Governance Statement

As considered by the Corporate Governance Working Group

Stage 8 – Report to Members

As considered by the Audit and Standards Committee

APPENDIX 2A

EXAMPLE OF A CONTROLS ASSURANCE STATEMENT

CORPORATE GOVERNANCE

Risk Details

Risk Description	Failure to maintain effective corporate governance arrangements resulting in a breakdown in internal controls, the non-achievement of objectives and loss of reputation
Risk Owner	Director of Strategy, Governance and Change – John Tradewell
Associated Risk Owners	Corporate Governance Working Group
Sources of Assurance	Risk Owner and Associated Risk Owners, plus Internal and External Audit

Key Controls and Processes

Annual Governance Statement	Customer Feedback Process	Members Code of Conduct
Business Continuity Framework	Delegations to/from Directors	Officers Code of Conduct
Code of Corporate Governance	Integrity Policy Statement	Record of Decisions
Committees (Scrutiny/Select / Audit and Standards)	Member/Officer Relations	Risk Management Policy Statement
Constitution	Member Training	Schedule of Council Meetings
Corporate Risk Register	Members Allowances Scheme	Whistle Blowing Policy

Controls Assurance**

Key Control	Evidence of Control	Sources of Assurance (if available)	Control Rating
Annual Governance Statement	Annual Governance Statement	Corporate Governance Working Group Audit and Standards Committee Review Monitoring Officer Director of Finance and Resources Head of Paid Service	3
Business Continuity Framework	Staffordshire Prepared Website Business Continuity Website SCC Shared drive for Civil Contingencies Defined Work Programme approved	Testing of Business Continuity Plans Corporate Governance Working Group Staffordshire Civil Contingencies Unit Staffordshire Resilience Forum Exercise Aurora	2
Code of Corporate Governance	Code of Corporate Governance Annual Action Plan	Audit and Standards Committee Assessment Corporate Governance Working Group Monitoring Officer Director of Finance and Resources	2

Key Control	Evidence of Control	Sources of Assurance (if available)	Control Rating
		Head of Paid Service	
Committees	Scrutiny (Select) Committee Audit and Standards Committee	<u>Scrutiny (Select) Committee</u> Examples of effective scrutiny include Integration and the work on the Budget <u>Audit and Standards Committee</u> Delivery of training Review of the effectiveness of the Audit & Standards Committee undertaken.	3 2
Constitution	Constitution	Reviews overseen by the Audit and Standards Committee Strategy, Governance and Change resource Monitoring Officer	2
Corporate Risk Register	Corporate Risk Register	Audit and Standards Committee - Corporate Risk Register – Senior Leadership Team Corporate Governance Working Group	2
Customer Feedback Process	<u>See Risk Category 1</u>	<u>See Risk Category 1</u>	
Delegations to/from Directors	Delegations to Directors Delegations from Directors Corporate Governance Action Plan	Delegations to Directors Review of Delegations to Directors	1
Integrity Policy Statement	Integrity Policy	Development of E-Learning Fraud Awareness Tool	2
Member / Officer Relations	Member / Officer Relations	Member/Officer protocol Community Partnership Officers 'Buddy' support system with nominated Democratic Services officers Monitoring Officer	3
Member Training	Member Training PDR system linked to political skills	Municipal Journal Councillor Development Achievement Award (Former Winners) Member Induction Process Regular Training Events	3

Key Control	Evidence of Control	Sources of Assurance (if available)	Control Rating
Members Allowances Scheme	Members Allowances Scheme	Internal Audit Report Independent Remuneration Panel	3
Members Code of Conduct	Members Code of Conduct	Overseen by Audit and Standards Committee No Member investigations by Audit and Standards Committee Member Training Monitoring Officer	3
Officers Code of Conduct	Officers' Code of Conduct	Annual Declaration of Interests Confidentiality Letters Procurement – declaration forms	2
Record of Decisions	Record of Decisions	Strategy, Governance and Change resource	3
Risk Management Policy Statement	Risk Management Policy Statement	Corporate Risk Management Leads Corporate Governance Working Group Embedding of risk management in Transformation process	1 (By virtue of need to revise and update the Statement and accountabilities)
Schedule of Council Meetings	Schedule of Council Meetings	Strategy, Governance and Change resource	3
Whistle Blowing Policy	Whistle Blowing Policy	Annual review by CGWG	3

****Key**

Key Control	Key documents and process identified within a specific risk category that are in place or required to be put in place in order to contain the risk to an acceptable level.
Evidence of Control	Name of a document or a process / procedure that governs the identified control.
Sources of Assurance (if available)	E.g. Internal / External Audit inspections, Audit & Standards Committee, Cabinet, Scrutiny Panels, Internal Reviews, Control Self-assessment.
Control Rating	1 (Limited) – The stated control requires major revision and/or there is little evidence of the effectiveness of the control framework. 2 (Adequate) – The stated control requires only minor revision and/or the effectiveness of the control framework can be partly evidenced by reference to Sources of Assurance. 3 (Substantial) – The stated control has been in place all year and does not require revision. The effectiveness of the control framework can be substantially evidenced by reference to Sources of Assurance.

Annual Governance Statement

"Following consultation (where appropriate with Directorates) in terms of Control Rating, I am satisfied that, in relation to the Corporate Governance Strategic Risk Category, the stated level of compliance against required standards gives a true and fair view of the control frameworks in place. Where any Control Rating is assessed as "Limited" an appropriate Action Plan will be defined and implemented during 2018/19."



John Tradewell
Director of Strategy, Governance and Change
Date: 25 May 2018

APPENDIX 3

The AGS – SOURCES OF ASSESSMENT - COVERAGE

Risk Ref	Risk Category	Risk	Scrutiny	Internal Audit	External Agencies	Director/ Risk Owner	Statutory Officers
1	Planning and Performance	Failure to establish and communicate clear plans and objectives and monitor performance	✓	✓	✓	✓	
2	Service Delivery	Failure to maintain day to day service provision	✓	✓	✓	✓	✓
3	Corporate Governance	Failure to maintain effective corporate governance arrangements	✓	✓	✓	✓	✓
4	Human Resources	Failure to resource safely, effectively and efficiently – manage the implications of a reducing headcount – handle poor performance	✓	✓		✓	✓
5	Organisational Development	Failure to ensure the workforce has the appropriate knowledge and skill set	✓	✓		✓	
6	Health and Safety	Failure to protect staff / third parties from injury	✓	✓	✓	✓	✓
7	Procurement	Failure of ensure the procurement process provides best value	✓	✓		✓	✓
8	Law and Democracy and Information Governance	Failure to comply with key legislation or legal requirements	✓	✓	✓	✓	✓

9/10	Financial Management	Failure to provide sufficient finance to enable the Council to meet its objectives and ensure income and expenditure is contained within the budget and is properly accounted for	✓	✓	✓	✓	✓
11	Change Management	Failure to manage corporate projects and organisational change	✓	✓	✓	✓	
12	Information Management	Failure to transform services throughout Staffordshire by the innovative use of ICT	✓	✓	✓	✓	
13	Property	Failure to provide, protect and maintain property that will deliver a suitable and safe working environment for staff and visitors	✓	✓	✓	✓	
14	Business Continuity	Failure to maintain service delivery in the event of major disruption	✓	✓	✓	✓	

Notes:

- (1) Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes (*UK Public Sector Internal Audit Standards and CIPFA Local Government Application Note*).
- (2) External audit evaluate significant financial systems, and the associated internal financial controls, for the purpose of giving an opinion on the financial statements. Where external audit identify any weaknesses in such systems, external audit will draw them to the attention of the Council, but external audit cannot be expected to identify all weaknesses that exist. External audit are not responsible for forming an opinion on the adequacy of systems of internal control and were appointed by the Audit Commission.