



Rochester Castle

Annual Governance Statement

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1. Scope of responsibility

Medway Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, properly accounted for, used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having a regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

In 2016, CIPFA and the Society of Local Authority Chief Executives (SOLACE) published a revised 'Delivering Good Governance' framework that "defines the principles that should underpin the governance of each local government organisation". The Council approved a local code of corporate governance based on the original guidance at its meeting on 13 November 2008. This Annual Governance Statement for 2021/22 has been prepared in line with the revised code of corporate governance and the 2016 framework.

Corporate governance is overseen by the Audit Committee each year when it reviews this statement, under delegation from the full Council. The operational elements of the Council's governance framework are the responsibility of the Chief Operating Officer (S151 Officer) and the Monitoring Officer within their statutory roles. Cabinet as the Executive also plays a significant role in ensuring that decision making and policy setting is undertaken appropriately.

This statement explains how the Council has complied with the code and also meets the requirements of Regulation 6 (1b) of the Accounts and Audit Regulations 2015 in relation to the publication of a governance statement.

Account has been taken of the 7 April 2020 CIPFA Better Governance Forum briefing paper, and references are made throughout to the impact of the Covid-19 pandemic on the Council, which started shortly before the period, this statement relates to.

2. The purpose of the governance framework

The governance framework comprises the culture and values, systems and processes, by which the authority is directed, controlled, the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims 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 identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically.

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3. Review of effectiveness of the governance framework

Medway Council has responsibility for conducting an annual review of the effectiveness of its governance framework, including the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the executive managers within the council who have responsibility for the development and maintenance of the governance environment, the Head of Audit & Counter Fraud's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

In maintaining and reviewing the effectiveness of the governance framework, the review has considered the following:

- The corporate and business planning processes of the Council;
- The corporate performance management framework and the corporate performance reporting processes of the Council;
- Reviews carried out by Internal Audit, External Audit and other review bodies which generate reports commenting on the effectiveness of the systems of internal control employed by the Council;
- The consideration of External Audit reports by the Audit Committee;
- The opinion on the overall adequacy and effectiveness of the council's overall control environment from the Head of Audit & Counter Fraud.

The detailed results of the review have been considered by the Council's Corporate Management Team in advance of their endorsement of this Annual Governance Statement; assurances have been provided by members of the Corporate Management Team that key elements of the control framework were in place during the year in their divisions and control weaknesses were identified and addressed.

The following section of the statement summarises the results of this review; presenting the governance framework that has been in place at Medway Council for the year ended 31 March 2022 and up to the date of approval of this Statement.

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Core Principle	How we have complied in 2021/22
<p>Principle A: “Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law”</p>	<p>The roles and responsibilities of elected members and officers and the processes to govern the conduct of the Council’s business are defined in the Constitution, Contract Standing Orders and Financial Regulations; the Monitoring Officer is responsible for reviewing and updating these as required.</p> <p>Codes of conduct are in place for and define the high ethical values and standards of behaviour expected from, elected members and officers to make sure that public business is conducted with fairness and integrity.</p> <p>The Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. The Councillor Conduct Committee is regularly updated on compliance with the Code of Conduct.</p> <p>The outcome of complaints made under the whistle blowing policy are reported to the Audit Committee on an annual basis, in order that they can keep them under review. The policy was revised, redrafted and renamed the Speak Up policy and was approved by full Council in January 2021.</p> <p>The Council seeks feedback from the public through its complaints and comments procedures and responds to the outcomes, as appropriate.</p>
<p>Principle B: “Ensuring openness and comprehensive stakeholder engagement”</p>	<p>Council meetings are held in public unless there are good reasons for not doing so on the grounds of considering “exempt” information within the meaning of the Local Government Act 1972, Schedule 12A. Meetings of the Council, Cabinet and other committees are now accessible by members of public through live streaming.</p> <p>Unless confidential, decisions made by Council, the Cabinet or other Committees are documented in the public domain. All decisions are explicit about the criteria, rationale and considerations used. The impact and consequences of all decisions are clearly set out.</p> <p>The Council seeks community views on a wide range of issues and undertakes regular consultation and engagement with citizens and service users.</p> <p>During the Covid-19 Pandemic, virtual meetings have been held to conduct Council business and where necessary urgent decisions allowed for in the Constitution have been taken by the Leader and/or Chief Executive, which have then been reported. Virtual meetings ceased with effect from 7 May 2021 as the relevant legislation permitting virtual meetings expired.</p>

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Core Principle	How we have complied in 2020/21
<p>Principle C: “Defining outcomes in terms of sustainable economic, social, and environmental benefits.”</p>	<p>The Council works with its partners to set the vision and priorities for the area. The Council manages a process of bringing together performance data, demographic information and consultation findings to determine key shared priorities.</p> <p>The Council Plan forms an essential part of the Council's governance framework, setting out the council's priorities and the measures against which success will be judged.</p> <p>All reports to the Council or Cabinet are checked by the Chief Operating Officer, S151 Officer) and the Chief Legal Officer (the Monitoring Officer) for financial and legal implications. The Council is rigorous and transparent about how decisions are taken and recorded. Cabinet reports include a mandatory paragraph on risks to enable the Council to consider the implications of its decisions. Equalities are considered during the decision making process to promote fair access to services.</p> <p>All Cabinet and Council decisions are made on the basis of formal reports, which all follow a standard Council template. The template includes guidance on report writing which specifically refers to Diversity Impact Assessments (“DIA”) and provides a link to the Council’s DIA guidance which sets out how and when these should be completed.</p> <p>During the Covid-19 pandemic lockdown to minimise risk and to follow Government Guidance, Council meetings which would normally have be open to the public have been live-streamed. Since physical meetings resumed after 7 May 2021, live streaming has continued for Council, Cabinet and some other committees.</p>
<p>Principle D: “Determining the interventions necessary to optimise the achievement of the intended outcomes”</p>	<p>Decision makers receive objective analysis on a variety of options indicating how intended outcomes would be achieved together with the risks associated with those options.</p> <p>In determining how services and other courses of action should be planned and delivered the Council is increasingly engaging with internal and external stakeholders. Community benefit is an important consideration in the procurement of goods and services.</p> <p>The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private, and voluntary organisations in delivering services that meet the needs of the local community as stated in the Council Plan.</p>

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<p>Principle E: “Developing the entity’s capacity, including the capability of its leadership and the individuals within it”</p>	<p>The corporate management team consists of the Chief Executive, two Directors (one of whom is the Deputy Chief Executive), the statutory Chief Operating Officer (Section 151 Officer), Chief Legal Officer (Monitoring Officer), five Assistant Directors, the Head of HR and the Head of Communications and Marketing.</p> <p>The roles of officers are defined in agreed job profiles. Staff performance is formally reviewed on an annual basis (inclusive of a mid-year review), regular 121s in accordance with the performance and development review (PDR) process.</p> <p>The Chief Executive is responsible and accountable to the Council for all aspects of management including promoting sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers, and building relationships with all Councillors.</p> <p>The Member development programme has included a focus on scrutiny of Children’s Services to support the work to improve that area of the Council.</p>
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Core Principle	How we have complied in 2020/21
<p>Principle F: “Managing risks and performance through robust internal control and strong public financial management”</p>	<p>The Council has overall responsibility for directing and controlling the organisation, it has approved an Executive / Scrutiny model of decision making. The executive or Cabinet is the primary decision-making and monitoring body with various scrutiny committees appointed for reviewing policy decisions before and after implementation.</p> <p>The Council has a risk management strategy and approach whose main priorities are the robust systems of identification, evaluation and control of risks which threaten the Council’s ability to meet its objectives to deliver services to the public.</p> <p>The statutory Chief Operating Officer (Section 151 officer) is responsible for the proper administration of all aspects of the Council’s financial affairs including ensuring appropriate advice is given to the Council on all financial matters.</p> <p>The Council’s system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability.</p> <p>The Council has a proactive, holistic approach to tackling fraud, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively and sustainably.</p> <p>A Medium Term Financial Strategy and associated Risk Register, and plans for revenue and capital income and expenditure based on corporate priorities are developed, led by the Cabinet and</p>

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	<p>Corporate Management Team, and presented for approval by Council in February each year.</p> <p>Revenue and Capital Budget Monitoring reports are presented to the Cabinet on a quarterly basis for monitoring and control purposes including the annual outturn.</p>
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Core Principle	How we have complied in 2021/22
<p>Principle G: “Implementing good practices in transparency, reporting, and audit to deliver effective accountability”</p>	<p>The Head of Audit & Counter Fraud provides an independent and objective annual opinion on the effectiveness of internal control, risk management and governance. This is carried out by an in-house team in conformance with the Public Sector Internal Audit Standards. The opinion of the Head of Audit & Counter Fraud over the Council’s overall control environment, delivered in the Audit & Counter Fraud Annual Report 2021/22 is:</p> <p>The Accounts & Audit Regulations 2015 require local authorities to ensure that they have: a sound system of internal control which— (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk.</p> <p>In my capacity as Chief Audit Executive, with responsibility for the provision of internal audit services to the council, I am required to provide the organisation, and the Chief Executive, with a statement as to my opinion of the adequacy and effectiveness of the organisation’s risk management, internal control, and governance processes. This opinion is intended to support the council’s annual governance statement.</p> <p>The overall scope of Internal Audit work is defined in the Audit & Counter Fraud Charter and the specific scope of work for the year 2021-22 was detailed in the Internal Audit & Counter Fraud Plan, both of which were approved by the Audit Committee. The Plan cannot address all risks across the council, but available resources are focused on the highest areas of risk to the authority and those linked to its corporate objectives. There are no specific limits of our scope to report to the Committee.</p> <p>The Internal Audit Team operates in accordance with the working practices set out in the Internal Audit Manual and work is subject to supervision and quality review. This means we can be satisfied that the team has carried out all internal audit work in line with the Public Sector Internal Audit Standards and in accordance with our Quality Assurance & Improvement Programme.</p> <p>In forming my opinion, I have considered the outcomes of work completed during the year, which is based on the plan agreed by Members on 18 March 2021 and the subsequent amendments to that plan that were agreed on 4 January 2022 to address changes in resource and risk priorities. While placing no specific reliance on</p>

sources of external assurance, these have been considered alongside the work completed by the Internal Audit Team.

The council has a duty to manage its resources in a proper, economic, efficient, and effective manner to achieve its objectives. It applies internal controls to manage risks to an acceptable level as it is not possible to remove risks to achieving these objectives completely. Internal Audit can only provide reasonable and not complete assurance of effectiveness. The work completed as part of the Internal Audit & Counter Fraud Plan for 2021-22 is summarised in this report, assessing the effectiveness of managing the risks identified by the council, and forms the basis of evidence for my overall opinion.

In addition to planned assurance reviews, the monitoring of progress to implement agreed actions identified in earlier reviews have also been considered. While not all risks have been examined within our work programme, I am satisfied that those not directly examined have a sufficient assurance approach in place to provide reasonable assurance of effective management.

While it has been identified that the authority has mainly established adequate internal controls within the areas subject to review since my last opinion was issued in June 2021, there are areas where compliance with existing controls should be enhanced or strengthened or where additional controls should be introduced to reduce the council's exposure to risk. Where such findings have been identified, actions have been agreed by management to improve the controls within the systems and processes they operate. Management have accepted responsibility for the implementation of these actions and follow up arrangements are in place to ensure that appropriate action is taken.

I am therefore satisfied that there is sufficient evidence to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's risk management, system of internal control and governance processes.

Annual Opinion 2021-22

It is my opinion that during the year ended 31 March 2022, Medway Council's risk management, system of internal control, and framework of governance, were sufficient and effective, and contributed to the proper, economic, efficient, and effective use of resources in achieving the council's objectives.

James Larkin

Head of Internal Audit & Counter Fraud Shared Service

4. Update on actions identified in the 2020/21 Annual Governance Statement

The Annual Governance Statement for 2020/21 did not identify any areas for review and possible enhanced arrangements

5. Proposed enhancements to the Council's governance arrangements

The review of the effectiveness of the Council's governance framework for 2021/22 did not highlight any specific areas of concern. Where internal audit work has indicated additional controls could be in place, officers are focussed on making the necessary changes to do so.

6. Conclusion

Based on the results of the review, reasonable assurance can be placed upon the adequacy and effectiveness of Medway Council's systems of internal control and governance. Although areas for further enhancement have been identified the annual review demonstrates sufficient evidence that the Council's Local Code of Corporate Governance is operating effectively, and that the Council complies with that Local Code in all significant respects.

Certification by the Leader of the Council

I confirm that the 2021/22 Annual Governance Statement has been considered and approved by Medway Council at the meeting of the Audit Committee on 4 October 2022:

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Date:

Certification by the Chief Executive

I confirm that the 2020/21 Annual Governance Statement has been considered and endorsed by Medway Council's Corporate Management Team:

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Date: