

# Annual Governance Statement 2020-21

## 1. SCOPE OF RESPONSIBILITY

- 1.1. Guildford Borough Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and 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 regard to a combination of economy, efficiency, and effectiveness.
- 1.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs to facilitate the effective exercise of its functions, including arrangements for the management of risk.
- 1.3. The Council has considered the principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government* (2016), including compliance with the CIPFA publication on *The Role of the Chief Financial Officer in Local Government* (2016) in the preparation of this statement.
- 1.4. This statement explains how the Council has complied with the code and meets the requirements of regulation 4 of the Accounts and Audit Regulations 2015 in relation to internal control.

## 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems, processes, culture, and values by which the authority is directed and controlled and 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.
- 2.2 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, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact should those risks be realised and to manage those risks efficiently, effectively and economically.
- 2.3 The governance framework has been in place for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

## 3. GOVERNANCE FRAMEWORK

- 3.1 The Council is a complex organisation with an appropriately comprehensive governance framework that works in a dynamic environment and keeps its processes under constant review. A description of how the Council puts the principles of good governance, set out in the CIPFA/SOLACE framework into practice is set out in the following table along with recent achievements, developments, and areas for improvement.

## Principles of Good Governance

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

## Arrangements the Council has for delivering good governance

- Council's Constitution, includes:
  - Council procedure rules for conduct at meetings
  - financial and procurement procedure rules
  - codes of conduct for Officers (reviewed in 2019) and Councillors
  - protocol on decision making by lead councillors
  - Protocol on Councillor/Officer Relations
  - arrangements for dealing with allegations of misconduct by councillors
- Probity in planning local code of practice (reviewed in 2019)
- Induction for new councillors and staff on standards of behaviour expected
- Staff performance framework includes behavioural framework & behaviour profiles are included within job descriptions
- Regular staff performance review in place
- Declarations of interest made and recorded at meetings
- Register of councillors' interests maintained
- Register of gifts and hospitality maintained for Councillors and staff
- Anti-Fraud and Corruption Strategy
- Anti-Bribery Policy
- Whistle blowing policy

## Recent *achievements, developments and areas for improvement*

*The Corporate Governance Task Group has reviewed and made recommendations to relevant decision-making bodies on the following matters:*

- (a) *the Councillors' Code of Conduct, including the policy on acceptance of gifts and hospitality (Council on 6 October 2020 and 19 May 2021)*
- (b) *the 15 best practice recommendations of the Committee on Standards in Public Life (CGSC<sup>1</sup> on 30 July 2020/Executive on 22 September 2020/ Council on 6 October 2020)*
- (c) *guidance on the use of social media by councillors (Executive on 22 September 2020)*
- (d) *the Protocol on Councillor/Officer Relations (Council on 6 October 2020)*
- (e) *the draft Council Size Submission to the Local Government Boundary Commission for England*

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<sup>1</sup> Corporate Governance and Standards Committee

## Principles of Good Governance

### Arrangements the Council has for delivering good governance

- Officer corporate governance group to monitor compliance with laws and council policies
- Officer health and safety group in place to monitor health and safety compliance
- Complaints policy in place
- Customer services manager monitors and reports on complaints performance to corporate management team and CGSC as part of the Corporate Performance Monitoring report
- Corporate Governance and Standards Committee (CGSC) in place whose remit is set out within the Constitution
- Overview and Scrutiny Committee (OSC) review of decision making
- Procurement strategy, policy and toolkit in place (updated in 2018)
- An officer Corporate Procurement Board (CPB) monitors compliance with the procurement strategy and policy
- All committee reports to Executive and Council require review of legal and financial implications to be completed and signed off by Monitoring Officer (MO) and Chief Finance Officer (CFO)
- Executive advisory boards in place to advise Executive on matters of strategic importance to the Council
- Monitoring Officer provisions in place

### Recent *achievements, developments and areas for improvement*

*(Council on 17 December 2020)*

- (f) approved draft Email Signature Guidance for councillors referred to the Corporate Governance and Standards Committee for approval.*

The Task Group is currently working on, or has yet to review the following areas:

- the effectiveness of internal communications between officers and councillors
- proposals to promote transparency, and effective communications and reporting, including the Council's Communications Protocol.
- review of anomalies in the Constitution

**Principles of Good Governance**

**Arrangements the Council has for delivering good governance**

**Recent achievements, developments and areas for improvement**

**B. Ensuring openness and comprehensive stakeholder engagement**

- The Council's vision and priorities are set out in the corporate plan
- Consultation policy and community engagement strategy in place which adheres to consultation standards
- Freedom of Information Act performance monitored by corporate management team and CGSC. Log of FOI responses is published on the website
- Online council tax information published
- Transparency information published on website
- Records of decision making maintained and published on website
- Forward programme of committee meeting dates and agenda items published on-line with reporting dates adhered to
- Citizens' panel in place and regularly consulted with

*Corporate Procurement Board has met fortnightly throughout 2020-21 to improve governance arrangements around procurement, particularly where exemptions have been applied. A new procurement strategy was agreed by the Executive in June 2020 and revised and updated Procurement Procedure Rules were adopted by the Council in May 2021.*

*In 2020 we undertook a public consultation on the Council's priorities for services and spending as part of the budget process. This was used to inform the savings strategy. The corporate plan is currently being updated.*

**Principles of Good Governance**

**Arrangements the Council has for delivering good governance**

**Recent *achievements, developments and areas for improvement***

- Active programme of focus groups and surveys undertaken for specific service initiatives
- Active use of social media and on-line tools to engage customers
- Regular council newsletter About Guildford issued electronically on a quarterly basis
- Consultation responses published on the Council's website (e.g. Local Plan)
- Recognition of the importance of and active engagement in key strategic partnerships such as Guildford Surrey Board, Health and Wellbeing Board, Local Enterprise Partnership (EM3) and service specific partnerships

**C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

- Corporate Plan 2018-2023 which sets out the Council's vision, key themes and priorities
- Performance Monitoring Reports against corporate plan priorities reported to Corporate Management Team and CGSC
- New Programme and project management system in place, and undergoing development
- Community engagement strategy
- Corporate risk register in place
- Financial risk register in place and used to inform the financial sustainability of the budget and adequacy of the level of reserves
- Monitoring of key performance indicators undertaken by corporate management team

Internal Audit of Risk management in 2020-21 found partial assurance and action plan for improvement is in place. The risk management framework, strategy and policy need significant update.

**Principles of Good Governance**

**Arrangements the Council has for delivering good governance**

**Recent achievements, developments and areas for improvement**

- Committee report template now includes Climate Change/Sustainability Implications
- Business planning process and capital programme development aligned to the corporate plan through the new service planning and project and programme governance framework, bids for funding scored against achievement of corporate plan priorities
- Future Guildford Transformation Programme in place, overseen by the Future Guildford Board and regularly reported to Overview and Scrutiny Committee

Internal Audit of performance monitoring also provided with partial assurance. The new framework introduced in 2020-21 needs to be embedded.

*Future Guildford Phase B finally completed and transition to the new structure took place within 2020-21.*

**D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

- Medium term financial strategy and plan in place, reviewed annually and published as part of the Council's budget book
- Business planning process in place to align financial resources with corporate plan priorities
- New mandate and business case process introduced for new projects and policies
- Business planning guidance for managers in place and reviewed annually
- Scrutiny of the budget and business planning bids by Joint Executive Advisory Board and Councillor task group
- Forward Plan maintained on a rolling 12 month basis
- Regular corporate management team and Executive liaison meetings held to discuss strategy
- Directors and senior officers hold regular 1:1 meetings with Lead Councillors

**Principles of Good Governance**

**Arrangements the Council has for delivering good governance**

**Recent achievements, developments and areas for improvement**

- Corporate management team hold regular directorate level feedback sessions
- Service Leaders' group in place
- Transformation Board in place which monitors the transformation programme
- Major Projects Board in place to monitor the delivery of major projects
- Property Review Group in place to review all assets on a rolling programme and optimise property asset utilisation and performance
- Capital Programme Monitoring Group in place to monitor progress of capital projects, which are not major projects
- Consequences of COVID Pandemic and the Council's response reported to Executive and Council in May 2020 and then monitored by Overview and Scrutiny Committee throughout the year.

*Due to the COVID pandemic the Major Projects Portfolio Board did not meet in 2020-21*

**E. Developing capacity, including the capability of leadership and the individuals within it**

- Organisational development framework includes continuous performance and development reviews of staff through one to one meetings and clear job role profiles with behavioural profiles.
- The constitution sets out the role of statutory officers and the role of the Leader
- The Council is compliant with CIPFA guidance on the Role of the Chief Finance Officer (CFO)
- Head of Paid Service (HoPS), CFO, and MO are part of the corporate management team and always attend Executive-Management Team Liaison Group and full Executive meetings

## Principles of Good Governance

### Arrangements the Council has for delivering good governance

- Professionally trained staff in relevant fields in place and continuing professional development encouraged as part of performance and development framework
- Regular staff development training programme in place
- Active support for staff to obtain external qualifications
- Scheme of delegation and financial procedure rules in place
- Councillor development steering group in place which develops and implements an active programme of Councillor training
- Achievement of the South East Charter accreditation for Elected Member Development (January 2020)
- Recognition of the importance of and active engagement in key strategic partnerships such as Guildford Surrey Board, Health and Wellbeing Board Local Enterprise Partnership (EM3) and service specific partnerships
- Work with partners through the Local Resilience Forum

### F. Managing Risks and performance through robust internal control and strong public financial management

- Internal audit work programme informed by risks
- Internal audit is outsourced, fully resourced and effective
- Compliance the CIPFA code on managing the risk of fraud and corruption
- Role of the overview and scrutiny committee is clearly set out in the constitution and its work programme is developed by the chairman, vice-chairman, and officers and agreed by the committee. Agendas and minutes are published online.
- Regular MO and CFO meetings in place to address statutory responsibilities

### Recent *achievements, developments and areas for improvement*

Financial Procedure Rules need to be reviewed in 2021-22

*Engagement with Key strategic partnership boards temporarily suspended during 2020-21 and the COVID pandemic. However, the Council has worked with partners through the multi-agency Local Resilience Forum and its Strategic Co-ordinating Group as required through the Surrey Emergency Plan*

Risk management framework needs significant update as found by internal audit. Risk management at service and project level needs review and embedding and corporate risk register needs to be updated and regularly reported to CMT/CGSC.



**Principles of Good Governance**

**Arrangements the Council has for delivering good governance**

**Recent *achievements, developments and areas for improvement***

- Officer corporate governance group oversees key governance, data protection and risk management information and receives reports from the health and safety group
- Role of the Corporate Governance and Standards Committee (CGSC) is clearly set out in the constitution and has an active work programme informed by the officer corporate governance group and agreed by the committee. Agendas and minutes are published online.
- A summary of internal and external audit reports is reported to CGSC on a regular basis along with annual Head of Internal audit opinion
- Progress against audit plan and individual audit recommendations are monitored and reported to CGSC
- Council has comprehensive data protection policies and a designated data protection officer who monitors compliance with legislation
- Information security risk group, led by the Senior Information Risk Owner in place which reviews the Council's information governance procedures and any necessary improvements
- CGSC receives regular financial monitoring reports
- All projects require a risk register and project board

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

- The Council publishes significant information on its website
- 'Style guide' in place to encourage officers to write reports in plain English
- Annual financial statements include a narrative summary on the Council's performance during the year as well as reporting the financial position

*The Council does not currently produce a formal annual report; however, the CFO's Narrative Statement in the Council's Statement of Accounts reports the majority of information that an annual report would be expected to cover.*

## Principles of Good Governance

### Arrangements the Council has for delivering good governance

- Effective internal audit function in place which complies with public sector audit standards and the CIPFA statement on the Role of the Head of Internal Audit
- Community engagement strategy in place
- Council has reaffirmed, and adopted as best practice, the position that all committee reports are made public unless there are unequivocal legal or commercial reasons to the contrary and that where practicable, information within a report which is legally exempt from publication should be isolated from the body of the report as a restricted appendix, with the remainder of the report made available to the public.
- All restricted committee reports now clearly and precisely state at the point the agenda is published all of the following:
  - (a) why the content is to be treated as exempt from the access to information publication rules.
  - (b) to whom within the Council the content is restricted
  - (c) when, following a period of exemption, the exempt information can be expected to be made public.
  - (d) details of how the decision to maintain the exemption may be challenged.
- Working group reports and minutes made available to all councillors.

### Recent *achievements, developments and areas for improvement*

*The Council is compliant with the mandatory elements of the Local Government Transparency Code 2015 in respect of the publication of data.*

The Corporate Governance Task Group, referred to above, will also be examining proposals to promote transparency and effective communications

#### 4. REVIEW OF EFFECTIVENESS

- 4.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors and other review agencies and inspectorates.
- 4.2. The Head of Internal Audit (HoIA) is required to provide an annual opinion in accordance with Public Sector Internal Audit Standards (PSIAS), based upon and limited to the work performed on the overall adequacy and effectiveness of the Council's risk management, control and governance processes (i.e. the system of internal control). This is achieved through a risk-based programme of work, agreed with Management and approved by the Corporate Governance and Standards Committee, which can provide assurance, subject to the inherent limitations.
- 4.3. The purpose of the HoIA Opinion is to contribute to the assurances available to the Accountable Officer<sup>2</sup> and the Council which underpin the Council's own assessment of the effectiveness of the system of internal control. The opinion does not imply that the HoIA has covered all risks and assurances relating to the Council. The opinion is derived from the conduct of risk-based plans generated from a robust and Management-led Assurance Framework. As such it is one component that the Council takes into account in writing this Annual Governance Statement.
- 4.4. The HoIA Opinion for 2020-21 is one of: '**Partial assurance with improvements required**'. Whilst internal audit have noted robust aspects of the Council's system of internal control, for example the 'significant assurance with minor improvement opportunities' achieved in 2020-21 in respect of the payroll control environment, there are multiple areas that received 'partial assurance with improvements required' and will require prioritised attention in 2021-22, for example, implementing and embedding the new risk management framework and the performance monitoring framework.

#### 5. INTERNAL AUDIT STATEMENT

- 5.1 The HoIA Opinion was presented to the Council's Corporate Governance and Standards Committee on 25 March 2021 ([see HoIA Opinion](#)<sup>3</sup>). In 2020-21, there were 11 planned pieces of work. Over the year, 9 reviews were completed, and two reviews were deferred to the 2021-22 audit plan. The results of the work carried out in the year to 31 March 2021 are shown in the table below:

Assurance Rating	Number of Audits	
Significant Assurance	0	0%
Significant Assurance with minor improvement opportunities	1	11%
Partial assurance with improvements required	7	78%
No Assurance	0	0%
No Opinion (one-off projects) Value for Money	1	11%
In progress (Inc. fundamental service reviews)	0	0%

<sup>2</sup> The Chief Finance Officer

<sup>3</sup> The Opinion forms part of Appendix 1 of Agenda Item 7

5.2 Internal audit reports provide management recommendations designed to address weaknesses in the system of internal control. The outcomes of these audits are reported on a summary basis to the CGSC every quarter giving councillors an opportunity to understand the Council's compliance with key controls and to discuss any areas of concern with the auditors. We also update councillors on the progress with implementation of recommendations. In 2020-21, Internal Audit raised 6 high priority recommendations as follows:

- 2 high priority recommendations relate to our local risk management review: these related to the introduction of a consistent council-wide local risk management framework and the implementation and roll-out of the newly designed risk management processes and procedures that were in progress at the time of the audit review
- 2 high priority recommendations relate to performance monitoring KPIs. These related to the implementation of the newly designed internal performance reporting framework and the staff sickness absence KPI.
- 2 high priority recommendations relate to the Income and Accounts Receivable and Expenditure and Accounts Payable reviews. These relate to the availability of evidence to support that controls have operated in line with design. Due to the implementation of Business World and the compounding difficulties that have arisen due to the Covid-19 pandemic. There has been difficulty accessing the required documentation to facilitate completion of the compliance testing and the reviews were therefore limited to reviewing the design of controls. These review areas will be revisited in the 2021-22 audit plan to complete compliance testing in these areas.

5.3 During 2020-21 the Council faced unprecedented challenges from COVID, with significant and varied operational pressures. In addition, the Future Guildford programme of transformation and re-organisation remains ongoing and, as part of this, the Council has further system implementations. Against this challenging backdrop of the pandemic alongside organisational transformation, during 2020-21 the Council received seven 'partial assurance with improvements required' reports, including in the areas of core financial control, risk management and data quality.

## **6. SIGNIFICANT GOVERNANCE ISSUES AND ACTION PLAN**

6.1. This year has been unprecedented; the Council has undertaken a period of transformational change whilst at the same time responding to the COVID 19 pandemic and continues to face on-going financial pressures. As a result of this challenging environment, it is recognised that there has been a reduction in the good governance arrangements the Council normally prides itself upon. Where we have identified areas for further improvement, we will take the necessary action to implement changes that will further develop our governance framework.

### **Progress on Governance Issues reported in the 2019-20 Annual Governance Statement:**

6.2. The significant governance issues arising in 2019-20 and progress made against them are shown in table below:

Area	Actions Agreed	Progress Made
Openness and Transparency	<p>To implement the Council motion from October 2019</p> <p>Set up a task group to implement concerns raised.</p>	<p>Task group has met a number of times and reported its findings. A summary of progress is set out in the table in paragraph 3.1 above</p>
Governance support for GBC Holdings Ltd and North Downs Housing Ltd	<p>Concerns over Finance and Legal involvement in the governance and financial arrangements of the two companies established by the Council. However, the external auditor had acknowledged that the core business processes operated satisfactorily. The Business Plan is currently out of date and is in the process of being reviewed and updated.</p>	<p>KPMG carried out an audit of the companies which was completed in 2020-21 and reported to the CGSC on 14 January 2021. The audit gave partial assurance with improvements required and an action to address identified improvements. There was one high priority improvement relating to terms of reference for the company boards and the Council's governance around performance reporting. The recommendations will be subject to Audit follow up review in 2021-22.</p>
Project Management	<p>The Major Projects Portfolio Board was working well and was raising corporate awareness of project management and providing a new overview of the process. However, not all projects had boards and were not operating as well as they could. There were concerns that several projects with considerable contingency funds were overspending and that information and cost reports were not being fed back to Finance. We need to ensure that there are consistent processes and measurable outcomes.</p>	<p>The Strategy and Communications team have recently implemented revised Programme and Project Governance Framework and are collating all projects across the Council for monitoring purposes.</p>

Area	Actions Agreed	Progress Made
Procurement	We are a complex authority and we recognise that the procurement processes need to be as efficient as possible. We control certain areas of spend very tightly but we need to achieve economies of scale by rationalising contracts and understanding more fully our category spend.	A new procurement strategy has been approved by Executive along with an updated set of procurement procedure rules during 2020-21. This includes a gateway approval process for high value contracts. The Corporate Procurement Board is overseeing procurement compliance across the Council.
ICT Asset Management	Following reports of a discrepancy in some of the Council's ICT equipment we carried out an audit review which found that there were inconsistent asset management controls which resulted in a loss of some equipment and, if not rectified, would have put the Council's assets at risk. However, the financial controls that were in place operated as intended and highlighted the issue.	Asset management of portable ICT equipment is carried out through the NetHelpDesk system in the Resources case team.

6.3 In addition, there were a number of follow-up reviews from 2019-20, which were revisited in 2020-21. The follow up audit revealed that of the recommendations made in the previous year, 9 had been fully implemented, 6 recommendations were partially implemented and 9 were not yet implemented. These will be subject to further follow up review during 2021-22.

### **New Governance Issues arising in 2020-21:**

#### Impact of COVID-19 pandemic

- 6.4 Although the lockdown due to the coronavirus outbreak started in the last week of the 2019-20 financial year, the subsequent impact on the Council's services and governance arrangements has been considerable, occurring as it did at a time of organisational transformation, and ongoing financial uncertainties regarding the future funding of services and major projects. The impact has continued through 2020-21 as various easing and then tightening of restrictions have been made by government. It is anticipated that some impact will continue into 2021-22 and possibly the medium-term.
- 6.5 The Council has adhered, and responded at pace, to government guidance in response to the pandemic. Priorities were necessarily changed to focus on the need to support our most vulnerable residents, local businesses, and essential services. More recently the Council has been supporting the vaccination programme. Business as usual changed substantially to accommodate new expectations and services introduced by government and to work with our partners in the Local Resilience Forum, but key processes and functions have been maintained. The impact of the

pandemic will inform the review of our key priorities in the Council's Corporate Plan, which commenced in 2019, and our medium-term financial plan.

- 6.6 The Council's response to the pandemic was discussed, at length, at various meetings of the Overview and Scrutiny Committee during the year, at which the Managing Director outlined the ongoing impact of the crisis on local residents and businesses, and the help and support provided by the Council. The Committee was reminded of timelines and governance relating to COVID-19 and advised of the Council services that had been maintained and suspended in the crisis. In addition, the Managing Director informed the Committee of the new and extended services delivered by the Council during the emergency. The financial impact of the pandemic on the Council has been monitored through both the Overview and Scrutiny Committee and the Corporate Governance and Standards Committee. A new COVID monitoring report to monitor economic indicators associated with the response and recovery was introduced and regularly reported to Councillors via email.
- 6.7 The government introduced changes to the Accounts and Audit Regulations 2015 as a consequence of the pandemic to extend the statutory audit deadline for 2020-21 and 2021-22 for all local authorities. The publication date for audited accounts will move from 31 July to 30 September 2021 for all local authority bodies.
- 6.8 The government also made regulations under the Coronavirus Act 2020 to allow councils to conduct meetings and take decisions in ways other than face to face so that decisions can still be made to maintain good governance, and principles of openness and accountability. The Council initially adapted its approach by assessing which decisions could be delayed and re-scheduled and which decisions needed to be made to deal with the pandemic. Remote meetings were then instigated in April 2020 to ensure that transparency and good governance prevailed and also to allow access to the public and press. Remote meetings have continued to May 2021.
- 6.9 Demands on IT systems and staff will be considerable as most office-based staff continued to work remotely for significant periods of time. Procedures are in place to deal with a phased and safe return to work as lockdown restrictions are eased but to also transition the Council to a more agile working policy for the longer term.
- 6.10 The continued financial uncertainty regarding government funding of local government beyond 2020-21 has, to a large extent, been over-ridden by the financial challenges associated with funding the effects of the COVID-19 pandemic, which creates a significant challenge in terms of budget setting and medium-term financial planning.
- 6.11 An ongoing assessment of the impact of the COVID-19 pandemic on the Council's services and systems will be needed to ensure good governance.

#### Compliance with CIPFA Financial Management (FM) Code

- 6.12 2020-21 is a 'shadow year' for the implementation of the CIPFA FM Code. As such, an assessment of the extent to which the authority complies with the Code has been undertaken by the Director of Resources. The authority is confident that it is generally compliant with the Code but has identified some key areas where improvements could be made as follows:
- (a) Further financial training and guidance for budget managers and staff across

- the authority is required
- (b) A review of the performance of the Corporate Governance and Standards Committee against the CIPFA Audit Committee Guidance would be beneficial
  - (c) The Council could benefit from a formal external financial resilience assessment
  - (d) Financial benchmarking reports should be reported to Councillors on an annual basis
  - (e) The Council should establish a long-term 10 to 20-year financial plan and vision, which should include scenario planning
  - (f) The Council's asset management framework, policy and guidance should be updated along with introducing a formal asset management plan.

### Risk Management

- 6.13 During 2020-21, an internal audit review of risk management found partial assurance with improvements required. The audit recommended introduction of a consistent council-wide risk management framework. It found that there are no central processes or specific guidance mandating how risk should be managed at a local or project level. As a result, the auditors recommended updating the existing 'Risk management strategy and framework' on a more regular basis and communicating this to relevant staff so that there is a clear, consistent approach to risk management. The audit also recommended that a revised risk management framework be implemented; formally devising a plan that unifies the risk management documents, processes and required actions at a corporate and local risk level.

### Performance Management and Monitoring

- 6.14 During 2020-21, an internal audit review of performance management found partial assurance with improvements required. The audit recommended implementation of the internal performance reporting framework through development of the new performance reporting framework – ensuring that there is a clear schedule of KPIs to be reported, including definitions of KPIs, roles and responsibilities for preparation and frequency of reporting. The audit also found a need to improve the collection and quality of data and systems used to calculate some performance indicators.

### Core Financial Systems

- 6.15 During 2020-21, an internal audit review of core financial systems found partial assurance with improvements required. The audit raised two high priority recommendations related to the availability of evidence to support controls operating. Implementation of Business World coupled with COVID has impacted the availability of the required documentation. Financial records with relevant supporting evidence must be available to demonstrate that the Council has maintained a robust control environment at all times.
- 6.16 During 2020-21, the Council has carried out regular payroll reconciliations to ensure that net pay totals are correct and have been reconciled to the payment run summary sheets. However, regular reconciliations of payroll deductions posted into the General Ledger via the payroll control account were not undertaken. BusinessWorld is an integrated Enterprise Resource Planning system and entries into the general ledger via the payroll control account are automatic, so there had been an assumption that reconciliation may not be necessary. Issues recently identified in relation to payroll costing into the general ledger has identified a need



to still complete a reconciliation between the general ledger and the Payroll Control Account.

## **7. ASSURANCE SUMMARY**

- 7.1 Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people of our area in an equitable and open way. It recognises the standards of behaviour that support good decision-making: collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services and fundamental to showing that public money is well spent.
- 7.2 During 2020-21, the Council faced unprecedented challenges from COVID, with significant and varied operational pressures. In addition, the Future Guildford programme of transformation and re-organisation remains ongoing and as part of this the Council has further system implementations. Against this challenging backdrop of the pandemic alongside organisational transformation, during 2020-21 the Council received seven 'partial assurance with improvements required' reports, including in the areas of core financial control, risk management and data quality.
- 7.3 We confirm, to the best of our knowledge and belief, that this Statement provides an accurate and fair view.

Signed:

Leader of the Council on behalf of Guildford Borough Council

Signed:

Managing Director on behalf of Guildford Borough Council

