

Annual Governance Statement to the 2021/22 Accounts

Good Governance

Good governance is about how the Council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner.

A Council's Code of Corporate Governance is:

“The system by which local authorities direct and control their functions and relate to their communities”

Our commitment

Canterbury City Council is committed to upholding the highest possible standards of good corporate governance, believing that good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council and ultimately good outcomes.

The Governance framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it engages with its residents, businesses, partners and other stakeholders. This Code of Corporate Governance is a public statement that sets out the framework through which the Council meets its commitment to good corporate governance. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

This local code of governance has been developed in accordance with and is consistent with the CIPFA/Solace publication “Delivering Good Governance in Local Government framework 2016”, which builds on the seven Principles for the Conduct of Individuals in Public Life.

Core principles of good governance

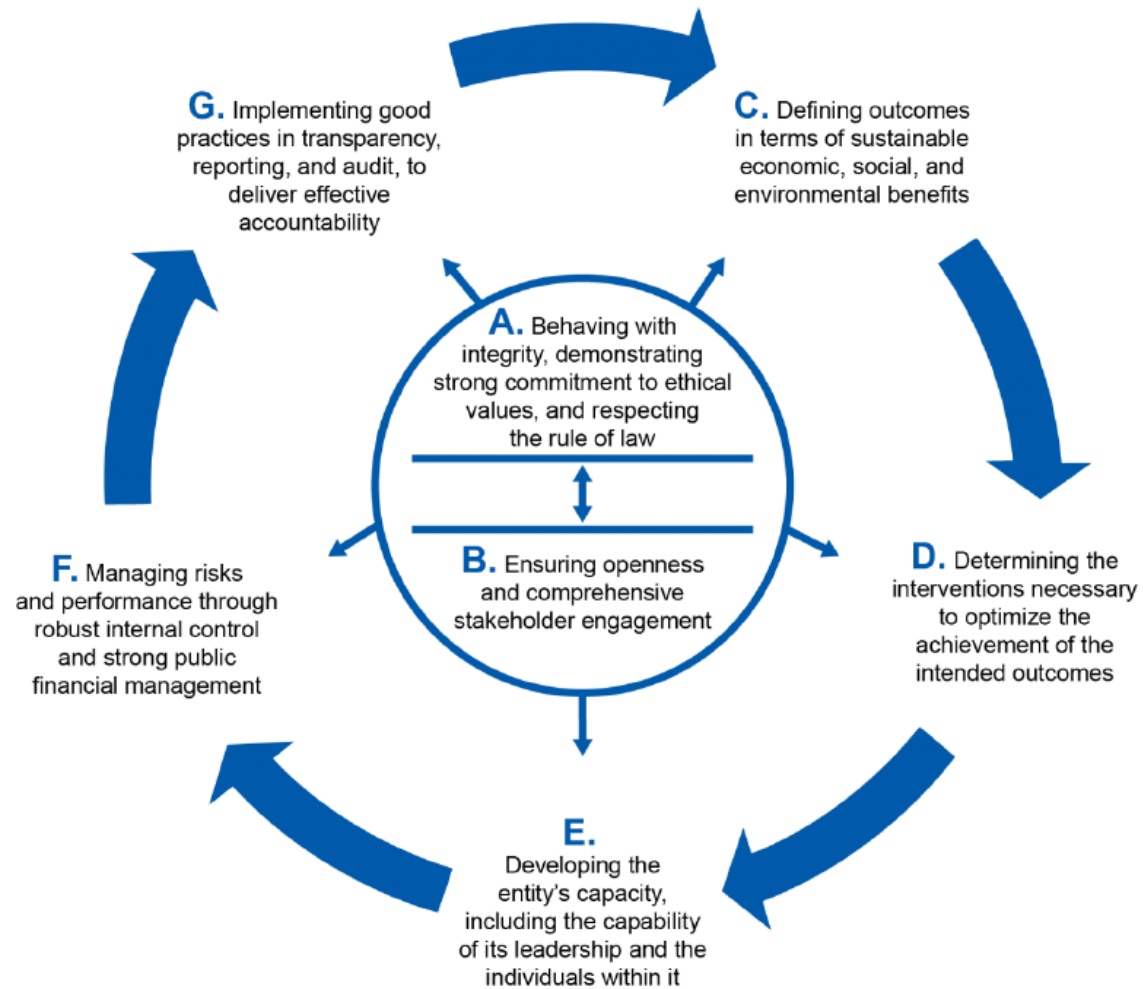
The core governance principles of the council are:-

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimize the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

Applying the core principles of good governance

This document describes how the Council achieves the seven principles of good governance and describes how the Council's corporate governance arrangements will be monitored and reviewed.

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



The governance framework

This Code takes each of the principles in turn and sets out the systems, processes and principles the Council has put in place to ensure good corporate governance. The Code will be reviewed annually through the Annual Governance Statement process, which will identify the actions to be taken to enhance the code or address any limitations within it.

A– Behaving with Integrity, with commitment to ethical values, and respect for the law		
Commitment	Procedures	Examples of evidence
<ul style="list-style-type: none"> • Behaving with Integrity • Demonstrating strong committmen to ethical values • Respecting the rule of law 	<ol style="list-style-type: none"> 1. The Council expects the authority's political and managerial leadership to create a climate of openness, support and respect and to uphold the Council's values. 2. Standards of conduct and personal behaviour are set out in the Employee Code of Conduct, the Member Code of Conduct (based upon the seven Nolan Principles) and in the Protocol on Councillor/Officer relations. 3. An up to date register of Councillor and senior officer Interests is maintained. 4. The Council has put in place procedures for considering complaints so that members of the public can express dissatisfaction with Council services and their concerns can be monitored and addressed. These complaints are compared by the Ombudsman against other councils in Kent. The Council has separate complaints processes for District and Parish Councillors managed by the Monitoring Officer. 5. The Council has appointed three separate "Independent Persons" to support this, in accordance with the requirements of the Localism Act, 2011 and our Standards Committee. 6. It publishes an annual report of complaints submitted to the Local Government Ombudsman analysing trends in complaints against the Council and what has been done to address them. 7. The Council's Governance Committee is responsible for constitutional issues and ensures that the constitution is monitored and updated when required. 8. The terms of reference of the Standards Committee includes responsibility for advising on the Council's ethical framework and the promotion of openness, accountability and probity to ensure the highest standards of conduct. 9. The Council maintains an Anti-Fraud, Bribery, Corruption and 	<ul style="list-style-type: none"> • Constitution reviewed annually and presented to Policy and Resources Committee for approval • Member/Officer Protocol • Member Code of Conduct • Financial Regulations/ • Contract Standard Orders • Register of Interests for Councillors and officers • Register of declarations at meetings • Gifts and Hospitality register • Employee Code of Conduct which is part of the conditions of service included in every employment contract • Complaints procedure • Annual Ombudsman report • Anti-Fraud, Bribery, Corruption and Whistleblowing Policy • Annual Report on the Prevention of Fraud and Corruption • Partnering and Procurement Policy • Equalities Policy • Complaints Policy • All Policies are on the councils intranet • Committee Minutes

	<p>Whistleblowing Policy to enable confidential reporting of suspected breaches of the Employee Code of Conduct or unethical behaviour. This Policy is updated annually and reviewed by the Audit Committee. Staff attend tri-annual mandatory training on the Policy</p> <ol style="list-style-type: none"> 10. The Council's standing orders and financial regulations put in place processes designed to ensure that Councillors and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. They form part of the Council's constitution which is reviewed annually. 11. The Council operates within the legal framework, complying with its statutory duties and making the most of its powers to meet the needs of the district and its residents. 12. The Head of Legal Services is the Council's Monitoring Officer, responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. 13. The Council ensures that statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council. 14. The Council has a clear Procurement Policy designed to meet the Council's wider objectives and Contract Standing Order Rules designed to deliver robust and fair procurement processes. Independent monitoring of contracts is undertaken to ensure transparency and legal compliance. 15. The Council undertakes Equality Impact Assessments of all major council decisions and takes action to implement changes required, to ensure that council services and policies consider the diverse needs of its service users and citizens. We also host a Disability Advisory Panel who advise council officers on matters of policy, service delivery and design. 	<ul style="list-style-type: none"> ● Policies are reviewed and enforced by a suite of training courses such as Information Security Policy, Access to Information, Equalities and Access Policy
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B – Ensuring openness and comprehensive stakeholder engagement

Commitment	Procedures	Examples of evidence
<ul style="list-style-type: none"> ● Openness ● Engaging comprehensively with Institutional stakeholders ● Engaging stakeholders effectively, including citizens and service users. 	<ol style="list-style-type: none"> 1. The Council holds its meetings and those of its committees in public unless there are good reasons for confidentiality based on the legislation. There is a presumption towards openness and transparency in the publication of reports. 2. There is a calendar of dates for submitting, publishing and distributing committee agendas and this allows members of the public to plan and submit requests to speak at Committee meetings. 3. The council permits public speaking at all of its public meetings, based on the rules set out in the constitution. 4. Other methods of public participation at meetings include submission of petitions and questions at Council. 5. Officers use standard report templates for committee and reports to help ensure that readers are provided with information that is accurate, complete and unbiased. Reports make clear the options available and the reasons for the recommendations so that the implications of all decisions and strategic risks can be assessed before those decisions are made. 6. The Council's consultation programme ensures that the Council proactively seeks the views of a wide range of people on a range of policies and services, engaging with all sections of the community through workshops, surveys, stakeholder events and witness sessions. The Council seeks to ensure all views are actively considered when making decisions, recognising that it is not always possible to reconcile conflicting viewpoints. The Council undertakes regular customer satisfaction surveys of residents to ensure that it has up to date information about their priorities and levels of satisfaction with the Council and its services. 7. We run services that are fully digital and allow our customers to serve themselves wherever possible. 8. The Council puts resources into community grants for voluntary sector partnerships who are delivering services that complement the council's objectives. 9. The Disability Advisory Panel helps the Council evaluate its success in promoting diversity and meeting a broad range of needs. The council also has a councillor champion for equality and diversity 10. We work with our local Tenant Consultative Group to ensure we 	<ul style="list-style-type: none"> ● Committee agendas & minutes all available on the website ● Constitution ● Public Questions and petitions ● Terms of References of partnership bodies that include council representatives ● Consultation programme ● Petition Scheme ● Council Website ● Annual performance report ● Freedom of Information requests ● District Life Magazine ● Media engagement including social media channels ● Budget Consultation ● Current and previous consultations are accessible on the council's website along with current petitions. ● Residents Survey ● Service based survey analysis ● Collective agreements ● Employment policies and procedures ● Staff and Safety Joint Advisory Committee ● Trade Union Facilities Agreement ● Councillor attendance records on the website ● Published transparency data on the councils websire

	<p>deliver the best housing service to our tenants.</p> <ol style="list-style-type: none"> 11. We work closely with the local business community, including the Canterbury Business Improvement District and the Chambers of Commerce in Herne Bay and Whitstable. 12. The Council sets out in its collective agreements, employment policies and procedures, and terms of reference for forums and meetings involving trade unions, and how it consults with staff and Trade Unions. 13. The council complies with the Freedom of Information Act and publishes expenditure data for our suppliers, councillors and management salaries to provide openness and transparency. 14. The Constitution of the Council includes a comprehensive Communications Protocol detailing a framework that is designed to make all the councils communication effective, targeted and legally sound and providing mediums for effective 2 way communication. 	
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C – Defining outcomes in terms of sustainable economic, social and environmental benefits		
Commitment	Procedures	Examples of evidence
<ul style="list-style-type: none"> ● Defining Outcomes ● Sustainable economic, social and environmental benefits 	<ol style="list-style-type: none"> 1. The Corporate Plan sets out the key priorities of the council and how they will be delivered. The main aspirations are to create opportunities for people and businesses to thrive and prosper to encourage future prosperity of the district. 2. The Local Plan sets out plans to develop the Canterbury district until 2031. 3. A sustainability appraisal was delivered as part of the Local Plan assessing the effects of programmes on the environment and the Environmental Assessment of Plans and Programmes Regulations. 4. Futures study work by Experian setting out the vision and framework for decision making over the next 20 years. 5. The Council has declared a climate change emergency with an objective of being carbon neutral by 2030. 6. The Council actively considers the environmental impact of decisions before those decisions are made. 7. A Climate Change Action Plan (approved for consultation) sets out how the council will deliver on its climate change objectives. 8. It reviews those objectives each year, through the Annual 	<ul style="list-style-type: none"> ● Corporate Plan ● Local Plan ● Future study evidence gathering ● Climate Change Impact Assessments ● Climate Change Action Plan ● Air Quality Action Plan ● Annual performance statement ● Budget setting report ● Economic Plans ● Sustainability appraisal ● Green Travel Plan ● Modern Slavery Statement ● Pay Policy

	<p>Statement agreed at the Annual Council meeting and the Corporate Plan.</p> <p>9. The council has produced a Modern Slavery Statement which has been approved at full Council and is promoted to all our suppliers.</p> <p>10. The council is committed to following the Living Wage as the minimum. The lowest paysclae reflects this to ensure staff receive a wage that meets everyday needs.</p>	
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D – Determining the interventions necessary to optimise the achievement of the intended outcomes		
Commitment	Procedures	Examples of evidence
<ul style="list-style-type: none"> ● Determining Interventions ● Planning Interventions ● Optimising achievement of intended outcomes 	<ol style="list-style-type: none"> 1. The council has a Medium Term Financial Strategy to resource its aspirations and assess and plan for any financial risks. The strategy is reviewed annually. 2. The Corporate Plan expresses the strategic objectives for the Council. 3. The annual report enables councillors and services to measure performance against targets and assist in decisions about where resources should be focused. 4. Services prepare operational plans indicating how they will meet objectives set in the Corporate Plan and setting out their priorities and work programmes for the year ahead. Performance against objectives is measured against key performance indicators and regularly reviewed by senior management. 5. There are arrangements in place for regular budget monitoring and the reporting of significant variances to senior management. 6. The Capital Strategy report identifies how capital expenditure, capital financing and treasury management actively contribute to the provision of the corporate objectives and is reported to Audit Committee for monitoring. 7. The Council works to maximise its resources by delivering services as efficiently as possible, working in partnership with others and using other providers where these are the best options. 8. Periodic internal audit reviews consider the effectiveness of controls and efficiency of processes 	<ul style="list-style-type: none"> ● Budget report/Medium Term Financial Strategy ● Corporate Plan ● Annual performance report to Policy Committee ● Operational Plans ● Budget monitoring reports ● Performance reports ● Key performance indicators ● Standard committee reports ● Capital Strategy ● Investment Strategy ● Treasury Management Strategy ● Audit reporting quarterly to Audit Committee ● Committee Minutes

	<p>9. The council engages expertise from outside the authority when it does not have the necessary capacity or skills in-house.</p> <p>10. A standard format report for decision making is used to ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved.</p>	
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E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it		
Commitment	Procedures	Examples of evidence
<ul style="list-style-type: none"> ● Developing the Council's capacity ● Developing the capability of the entity's leadership and other individuals 	<ol style="list-style-type: none"> 1. The Council sets out a clear statement of the roles and responsibilities of councillors and officers in its Constitution. The scheme of delegation within the Constitution makes clear what matters are reserved for collective decision-making by full Council or committees. 2. A Protocol on councillor/officer relations is used to aid effective communication between councillors and officers and to clarify their respective roles and appropriate ways of working. 3. The Council's Head of Paid Service is responsible and accountable to the authority for its operational management. 4. When working in partnerships, the council ensures that councillors are clear about their roles and responsibilities, both individually and collectively, in relation to the partnerships and to the Council. 5. The behaviours expected of employees are clearly defined under the following headings: Customer, Team, Adapt, Integrity, Initiative, Commercial and Innovate. 6. All employees joining the Council are offered an induction programme and regular reviews with their manager. 7. All councillors are provided with an induction programme and regular briefing and training offers to meet their needs. Attendance is recorded. 8. Councillor training is mandatory in order to sit on Planning, Licensing and Audit Committees. All councillors receive Code of Conduct awareness training. 9. Identifying where partnership working can achieve added value is carried out via service reviews and benchmarking against other local authorities and commercial organisations to improve the use of resources and provide further opportunities for staff to 	<ul style="list-style-type: none"> ● Constitution ● Transformation programme ● Record of training activity ● Behaviours framework ● Grievance and disciplinary procedures ● Councilor induction and briefing programme ● Staff induction programme ● Training opportunities ● Partnership working e.g Kent Audit Partnership ● Apprenticeship Levy opportunities ● Elearning modules ● Job descriptions ● Job evaluation process ● HR Policies ● Training Plan ● Training calendar

	<p>progress their career.</p> <p>10. Investment in training, Apprenticeship Levy opportunities and an ELearning programme are utilised to develop staff at all levels.</p> <p>11. The Transformation process is identifying skills gaps. Job descriptions are being updated to develop and maintain an effective workforce. HR Policies are also updated to give clear guidance to managers and staff and to maintain the health and wellbeing of the workforce.</p> <p>12. A training plan is reviewed and agreed annually by Management team that identifies areas where training will be required during the year. This is informed by the corporate objectives, direction and projects identified for that year and the skills that are required to successfully deliver those outcomes</p> <p>13. Corporate Training advertised as a Training Calendar on the intranet with staff able to book themselves onto sessions</p>	
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F – Managing risks and performance through robust internal control and strong public financial management		
Commitment	Procedures	Examples of evidence
<ul style="list-style-type: none"> ● Managing Risk ● Managing Performance ● Robust Internal Control ● Managing data ● Strong public financial management 	<ol style="list-style-type: none"> 1. The Council has a Risk Management Policy, supplemented by procedures and guidance. 2. The council ensures that risk management is embedded into the culture of the authority; with managers at all levels recognising that risk management is part of their job. 3. The council undertakes risk assessments in all areas of activity where it is necessary to do so, including those covered by Health and Safety legislation. 4. A corporate risk register is reported to the Audit Committee on a quarterly basis detailing the council's strategic risks and mitigation. 5. The Council respects the personal data it holds and will comply with the data protection principles in all of its business activities. 6. The Council respects the privacy of members of the public when carrying out investigations and ensures that privacy is only interfered with when the law permits and there is clear public interest justification. 7. The Council's Chief Financial Officer and S151 Officer is responsible for ensuring the lawfulness and financial prudence 	<ul style="list-style-type: none"> ● Risk Management Policy and procedures ● Data Protection Policy and Information Security framework ● Regulation of Investigatory Powers Act 2000 – Guidance ● Compliance with the CIPFA Role of the S151 Officer in Local Government ● Internal audit plan ● Annual review by external financial auditors ● Member/Officer Protocol ● Constitution ● Financial Regulations and Contract Standing Orders ● Quarterly budget monitoring ● Management Team minutes ● Annual Internal Audit report ● Audit Committee Minutes

	<p>of decision making. They are responsible for the financial affairs of the council and ensuring that appropriate advice is given on all financial matters.</p> <ol style="list-style-type: none"> 8. Finance Officers support both long term achievement of outcomes, transformational change and short term operational performance by identifying risks and working with Budget Holders to secure good stewardship. Quarterly budget monitoring is carried out and reported to Management Team, with biannual budget monitoring and outturn reports being reported to Policy Committee and Full Council 9. Audit reviews provide a level of assurance on the adequacy of internal controls and of risks to the councils function/systems including ensuring full compliance with relevant laws, internal policies and procedures. 10. Audit reporting independently to Audit Committee quarterly 11. Audit reporting on the overall adequacy and effectiveness of the framework of governance, risk management and robust controls. 	<ul style="list-style-type: none"> ● Annual Governance Statement
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G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability		
Commitment	Procedures	Examples of evidence
<ul style="list-style-type: none"> ● Implementing good practice in transparency ● Implementing good practices in reporting ● Assurance and effective accountability 	<ol style="list-style-type: none"> 1. The Council makes sure members of the public have access to information about the workings of the Council. It makes clear what information is routinely published through its website and publication scheme and responds promptly to requests for information. 2. Shared services arrangements with other local authorities or partners document their governance arrangements, which are clear, open and accountable. Business plans and performance is reported to shared service boards and relevant scrutiny committees. 3. The Council maintains an independent Internal Audit function, with a risk-based annual plan, designed to test regularly that the Council's policies and processes operate in practice and that the 	<ul style="list-style-type: none"> ● Council website ● Audit Committee Terms of Reference ● Publication scheme ● Freedom of Information requests ● Monitoring reports to Audit Committee ● Annual Governance Statement ● Shared service collaboration agreements ● Strategic Risk Register ● Annual External Audit letter ● Internal Audit programme

	<p>Council complies with legislation and good practice.</p> <ol style="list-style-type: none"> 4. The Head of Internal Audit produces an annual opinion on the Council's internal control environment and the risk management framework to meet the requirements of the Public Sector Internal Audit Standards. 5. The Head of Internal Audit Opinion is used to inform an Annual Governance Statement, which is signed by the Chief Executive and Leader of the Council, and approved by the Audit Committee. 6. The Council also agrees an annual work plan with its External Auditors to test the Council's response to major legislation and the soundness of its financial and governance processes. 7. Recommendations arising from internal and external audit and inspection processes are used to inform future decision-making. 8. Internal Audit function is an independent appraisal process whose staff have direct access to Councillors. 9. All audit findings are reported to Audit Committee quarterly including follow up reports to assess implementation of recommendations and improvements to control systems. 10. The Council uses an Independent Remuneration Panel to give advice on payments for Members and considers their advice when setting the Members' Allowance Scheme. 11. The Panel operates in an open and transparent manner, making their agendas, reports and minutes available to the public. 12. The Members' Allowance Scheme is also made available to the public and on the Council's website. The scheme is reviewed every four years, with increases in allowances aligned to staff pay awards. 13. The Annual Governance Statement detailing the robust arrangements in place for assessing overall governance of the council. Approved at Audit Committee and signed by the Head of Paid Service and the Leader of the Council. 14. Transparency data updated annually and published on the councils website. This includes Officers enoluments over £50k and Trade Union time. 	<ul style="list-style-type: none"> ● Councillor remuneration reports ● Internal Audit reports ● Audit Committee Minutes ● Transparency data on website
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Monitoring and reporting

The Council will undertake an annual review of its corporate governance arrangements to ensure continuing compliance with best practice to provide assurance that they are adequate and operating effectively in practice. Where reviews of the corporate governance arrangements have revealed gaps, actions will be planned to enhance the governance arrangements accordingly.

The Council will prepare an Annual Governance Statement which will be submitted to the Audit Committee for consideration and will form part of the Council's annual Statement of Accounts.

The Governance Statement will include:

- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance;
- a reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment;
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework;
- a reference to how issues raised in the previous year's annual governance statement have been resolved; and
- a conclusion including a commitment to monitoring implementation as part of the next annual review.

The Annual Governance Statement will be signed by the Leader of the Council and the Chief Executive on behalf of the Council

Review of effectiveness

The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of East Kent Audit Partnership's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework are given in the table below:

DESCRIPTION OF KEY ELEMENTS	ROLE	REVIEW OF EFFECTIVENESS
1. The Authority	The Authority's objectives are set out in its Corporate Plan. These are based on 4 main priorities: 1). To support the districts economy to recover then grow by creating a district that supports enterprise and innovation in order to drive economic development	A wide range of control and reporting mechanisms are in place to monitor performance against the Corporate Plan and Community Strategy.

	<p>through our policies, by the use of our extensive assets and the use of technology alongside our commitment to sustainability and the environment.</p> <p>2) To deliver a better social housing service for our tenants by creating a housing service that is as well funded as possible so that we can provide the services tenants need, when they need them. The council will also use every way we can to buy, build and maintain a stock of quality homes.</p> <p>3) To deliver better waste collection services for all residents. The council recognises that poor performance in this area has been an issue for years. The aim is to deliver a significant improvement in service over 2020/21 levels by the end of the 2019 to 2023 council.</p> <p>4) To use our enforcement powers to protect the district. The council will redouble its efforts to use the enforcement powers it has to take action against those who break the rules and affect the quality of life enjoyed by everyone else. At the same time ensuring the rule breakers should be the ones expected to pay for this work wherever possible.</p>	<p>These include both internal and external mechanisms such as:</p> <p>the Audit and Governance Role</p> <p>Risk Management</p> <p>Budget Monitoring & Control</p> <p>Performance Management and monitoring</p> <p>Procedures set out in the Council's Constitution</p> <p>External Resident / Public consultation and Satisfaction Surveys.</p>
<p>2. The Committee Structure</p>	<p>The main committees are:</p> <p>Policy and Resources - co-ordinates the development and recommendations to Full Council of the Budget and Policy Framework, including in-year adjustments.</p> <p>Community - This committee has delegated authority to exercise the council's functions relating to the delivery, by or on behalf of the city council that fall within the areas of housing, environment, culture, health and wellbeing, leisure and community.</p> <p>Regeneration and Property - This committee has delegated authority to exercise the council's functions relating to the delivery, by or on behalf of the city council</p>	<p>Under the Committee structure adopted in 2015 the committees are all politically balanced so there is cross party involvement in decision making. The committees are responsible for their own performance management and their policy formulation role has been reinforced in the terms of reference.</p> <p>In May 2022 the structure for Committee meetings will move to a Cabinet System. The Cabinet will be a group of councillors who take most of the decisions about what the Council does. It will be made up of the Leader and a number of other councillors</p>

	<p>that fall within the areas of property, economic development, regeneration and travel.</p> <p>The role of the Full Council is to lead the implementation of council policy within the council’s budgetary and control framework.</p>	<p>Working Groups have been retained within the current Committee arrangements, who undertake in-depth reviews of topics in the way that Scrutiny Committees used to do under the ‘call-ins’ process. The council will revert back to the call-in process under the Cabinet System as from May 2022.</p> <p>The Council included ‘Decision Review’ procedures in the constitution to provide an additional layer of challenge in relation to decisions made by the three ‘Service Committees’ (Regeneration and Property, Community and Policy and Resources). It is modelled loosely on the former call-in procedures and there was 1 review request during 2021/22 regarding the St Georges Street Environmental Improvements.</p>
<p>3. The Audit Committee</p>	<p>The Audit Committee’s role is split into 3 areas:</p> <p>Audit – overseeing and reviewing the results of internal and external audit activity;</p> <p>Regularity – overseeing and reviewing procedures relating to contract procedures, financial regulations, codes of conduct, anti-fraud & corruption and whistle-blowing arrangements, risk management and complaints;</p> <p>Accounts – reviewing the annual accounts and considering whether there are any matters of concern to raise.</p> <p>There is also a Governance Committee to monitor the workings of the Council’s constitution and recommend changes.</p>	<p>The Audit Committee approved the 2021/22 Audit Plan in April 2021 setting out the programme of work for reviewing and monitoring the activities of the Council, in particular its internal financial controls.</p> <p>An annual report providing a summary of the audit work carried out in 2020/21 was presented at the July 2021 Committee meeting. The majority of reviews had been given a substantial or reasonable assurance and there were no major areas of concern that would give rise to a qualified opinion.</p> <p>Quarterly reports of the Strategic Risk Register are made to this committee after they have been updated by Senior Managers and Directors.</p> <p>The Audit Committee approved the annual accounts at the September 2021 meeting. Councillors had received the draft Statement of Accounts prior to this enabling them to have a thorough understanding of the</p>

		<p>Statements and raise any questions prior to this meeting.</p> <p>The Audit Committee met four times during the 2021/22 financial year.</p>
DESCRIPTION OF KEY ELEMENTS	ROLE	REVIEW OF EFFECTIVENESS
4. Complaint Handling under the Localism Act	Under the Localism Act 2011, arrangements have been adopted for dealing with complaints of misconduct by councillors.	<p>The council along with many others, has adopted the Kent-wide code of conduct for councillors and a standardised procedure for handling a complaint as agreed by the Kent Secretaries. This is kept under review and minor amendments to process are made as necessary.</p> <p>During 2021/22 there were 12 new complaints received regarding the conduct of Councillors and all concluded within the financial year with none outstanding to carry forward to 2022/23. All were resolved informally and no cases proceeded to an investigation.</p>

DESCRIPTION OF KEY ELEMENTS	ROLE	REVIEW OF EFFECTIVENESS
5. Internal Audit	<p>The role of Internal Audit is “To give an independent opinion on the adequacy, effectiveness and operation of controls within the Authority’s systems”.</p> <p>Internal Auditors have direct access to the Chair of the Audit Committee if required. They provide a regular update to the Committee at each of the quarterly meetings and attend any special meetings that may be convened during the year.</p>	<p>The council has very high levels of assurance in respect of all of its main financial systems and the majority of its governance arrangements</p> <p>The overall opinion of the System of Internal Controls in operation throughout 2021-22 based on the work of the East Kent Audit Partnership is presented in their annual report to the Governance and Audit Committee in July.</p>

		<p>As at 31 March 2022 the Internal Auditors completed 1200.92 days of review equating to 94.78% of planned completion.</p> <p>A regular schedule of follow up audits are undertaken to ensure management have implemented the action plans arising from each audit. Members can see full details within the Internal Audit Annual Report 2021/22 which will be presented to the Audit Committee in July 2022</p> <p>The East Kent Audit Partnership met as a team in March 2020 and considered the Public Sector Internal Audit Standards (PSIAS) Checklist for compliance. The results of this self-assessment showed that internal audit is currently working towards full compliance and has agreed an action plan to achieve this. The lack of an External Quality Assessment (EQA) against the PSIAS is hereby disclosed as non-conformance in this Annual Governance Statement. The four s.151 Officers acting as the EKAP Client Officer Group continue to be content to rely on the self-assessment process for the PSIAS and not commission an EQA.</p> <p>As part of EKAP's quality monitoring arrangements a satisfaction questionnaire is completed by the managers of the service after every audit enabling the officers involved to comment on the conduct and outcome of the audit. This information is used to monitor quality and inform self assessment for continuous improvement.</p>
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DESCRIPTION OF KEY ELEMENTS	ROLE	REVIEW OF EFFECTIVENESS
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<p>6. Other reviews / Assurance Mechanism</p>	<p>The Performance Board, comprising The Chief Executive and Deputy Chief Executive, relevant Director and representatives from Finance and Commissioned Services meets with each Director and each Head of Service to review their Service Specification and Operating Plan, which includes agreed KPI's and the latest financial monitoring statement.</p> <p>The Annual Performance Report for 2020/21 was reported to Policy Committee in October 2021. This was the first annual report for 2 years because of the Covid pandemic. The KPI suite for the 2021/24 Corporate Plan was endorsed by Policy Committee in April 2022</p> <p>The Audit Committee receives the annual assurance report from our external auditors (Grant Thornton).</p> <p>Councillor Working Groups undertake regular reviews of particular service areas. The programme is overseen by the Policy and Resources Committee.</p>	<p>The suite of Performance Indicators for monitoring performance under the 2021/24 Corporate Plan has been approved in April 2022 and the annual report will be presented to Scrutiny Sub Committee later in 2022.</p> <p>Since the introduction of the new governance system in May 2015 the Scrutiny Reviews have been replaced by Councillor Task and Finish Working Groups.</p> <p>The following task and finish working groups were in place during 2021/2:</p> <ul style="list-style-type: none"> ● Seaside Byelaw working group ● South Quay working group ● Public Conveniences Review ● Biodiversity working group ● Waste and Recycling arrangements working group ● Planning enforcement working group ● Accessibility Blue Badge holders working group ● Concurrent Functions Funding Audit
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Significant Governance Issues

The council identifies and monitors significant governance issues through its Strategic Risk Register.

How the council identifies and assesses its corporate risks and how the Risk Register and the Annual Governance Statement are set out is detailed in the council's **Local Code of Governance** and **Risk Management Policy**, available on the council website.

The risk register is updated on an ongoing basis from the following sources: -

- Risks identified by individual officers during the course of their work,
- Risks identified from both internal and external audit reports.
- Risks identified in the course of the performance review processes.
- Risks identified from assessments carried out in other council reports notably Project Scope and Project Brief documents.
- Risks identified during the course of the Risk Register review process, notably by Senior Managers, Directors, Management Team and Councillors at Audit and Governance Committees.
- Risks identified at Management Team and Departmental Team meetings. These are standing agenda items.

The risk register is monitored and reviewed quarterly by the following: -

- Directors and Service Heads
- Management Team

- Audit Committee

The Strategic Risk Register is a public document updated and published quarterly in the agenda of the Audit Committee. Significant governance issues are identified on the risk register together with the steps the council is taking to either control or mitigate these risks including reference to other action plans and reports where appropriate. The highest risk score that can be given to a significant issue is 25 (5 for impact and 5 for likelihood). The council had a total of 24 risks on the strategic risk register at 31st March 2022, scores ranging from 25 down to 6.

The highest risk scores were concerned with:

- Balancing the Budget
- Miscellaneous loans to outside bodies
- Housing Assets – Maintenance and Compliance
- Environmental Services Contract

Covid 19 had a fundamental impact on the councils income during 2021/22 financial year. Although restrictions were gradually lifted it has been a difficult year for businesses and the financial burden on the council is likely to continue to some degree through 2022/23 and later financial years. As a result further savings programmes will be necessary in order to balance future budgets. Therefore the risk of Balancing the Budget remains the highest scoring risk on the Strategic Risk Register.

Governance arrangements during 2021/22 reverted back to pre lockdown with Committee meetings held in the public forum and the Covid emergency committee has been stood down.

Local Authorities received the grant funding provided by Central Government to be distributed to assist businesses and households during the lifting of restrictions. The processes involved in distributing the grant money, from the checking of applications to setting up systems to monitor and process payments has further impacted on our resources which were already stretched.

Other global issues have had an impact on the work the council undertakes and staff resource has been diverted to support the communities affected by these issues.

Throughout the uncertain year the council has continued to move forward to improve the services provided to local business and residential community. Several large projects have been completed such as the Riverside development and bringing the HR services back in house.

During the 2022/23 financial year the council will continue with the transformation process to improve the digital platform for customers and staff, and realigning the councils organisational structure to support improved customer services. This major project will bring new challenges to staff and it is key that risks to services are identified quickly and reported to management and Councillors through the Strategic Risk Register. Management realise that there is a huge amount of work to do to set future balanced budgets, to improve the quality of our housing stock and to work towards better recycling and waste collection for our residents. Therefore the highest scoring risks during the first part of the 2022/23 financial year are likely to remain as:

- Balancing the Budget
- Housing Assets – Maintenance and Compliance
- Environmental Services Contract

The Strategic Risk Register will continue to be monitored, updated and reported to Audit Committee.

Throughout yet another very challenging financial year the robust controls in 2021/22 remained relevant and have been effective.

Conclusion and Corporate Governance Opinion

Taking account of the controls and actions taken listed above we are confident that we have satisfactory governance arrangements in place and the financial management arrangements conform to the governance requirements of the CIPFA framework for Delivering Good Governance and the statement on the Role of the Chief Financial Officer in Local Government.

The Audit committee has advised us on the implications of the result of the review of the effectiveness of the governance framework. The actions listed in the strategic risk register are aimed at addressing risks and ensuring continuous improvement of the governance systems in place.

We continue to monitor these actions to further enhance our governance arrangements. We are satisfied that these address the improvements identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:
Leader

Signed:
Head of Paid Service on behalf of Canterbury City Council