

## **Annual Governance Statement 2023 - 2024**

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## Scope of responsibility

Vale of White Horse District Council ensures that its business is conducted legally and to proper standards, and that public money is safeguarded, accounted for, and used economically, efficiently and effectively. Under the Local Government Act 1999 the council makes arrangements for continuous improvement, with a view to economy, efficiency and effectiveness. The council must make arrangements for the governance of its affairs, facilitating effective exercise of functions, including the management of risk. In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The council has incorporated a Local Code of Governance within its constitution setting out key aims, principles and responsibilities for good governance. This is supported by a Code of Corporate Governance (The Code) setting out actions and behaviours needed to comply with the principles. This Code is consistent with the seven core principles identified in *Delivering Good Governance in Local Government: Framework: 2016 Edition* published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The Code is reviewed and updated annually, and the key focus is on sustainability i.e. economic, social and environmental and the need to focus on the longer term and the impact actions may have on future generations.

A copy of the Code can be accessed on the council's website: [www.whitehorsedc.gov.uk](http://www.whitehorsedc.gov.uk). However, a summary of the seven core principles upon which it is based can be found on page 10 of this document. Our contact address is: Democratic Services, Vale of White Horse District Council, Abbey House, Abbey Close, Abingdon, OX14 3JE. Tel: 01235 422520

This Annual Governance Statement explains how the council has complied with the Code, and how it met the requirements of regulation 6(1) (a) and (b) of the Accounts and Audit Regulations 2015 in relation to an annual review of the effectiveness of the council's systems of internal control, and the preparation and approval of this statement.

The responsibility for leading and directing the annual reviews of the effectiveness of the council's governance arrangements against the Code and providing ongoing oversight and robust challenge, sits with the council's Senior Management Team (SMT). When completed, the findings are reported to the Joint Audit and Governance Committee which identifies and monitors any improvement actions.

## **What is governance?**

Governance is about how the council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- leadership and management
- performance and risk management
- stewardship of public money
- public engagement and outcomes for our citizens and service users.

## **What is the purpose of a governance framework?**

The governance framework comprises the systems, processes, culture and values by which an organisation is directed and controlled, and activities through which it accounts to, engages with, and leads the community. It enables the council to monitor the achievement of its vision and strategic priorities and to consider whether those priorities have led to the delivery of appropriate services and value for money. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It assures that in conducting its business, the council:

- operates in a lawful, open, inclusive and honest manner,
- makes sure that public money and assets are safeguarded from inappropriate use, loss and fraud, and are properly accounted for and used economically, efficiently and effectively,
- has effective arrangements for the management of risk,
- secures continuous improvement in the way that it operates,
- enables human, financial, environmental and other resources to be managed efficiently and effectively,
- properly maintains records and information, and
- ensures its values and ethical standards are met.

## **What is the Annual Governance Statement?**

The council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement (AGS) in order to report publicly on the extent to which we comply with our own local Code of Corporate Governance, including how we have monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year.

In this document the council:

- acknowledges its responsibility for ensuring that there is a sound system of governance,
- summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment,
- describes how the council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period,
- provides details of how the council has responded to any issue(s) identified in last year's governance statement,
- reports on any key governance matters identified from this review and provides a commitment to addressing them.

The AGS reports on the governance framework that has been in place at Vale of White Horse District Council for the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts.

It should be noted however that any system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and priorities; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The council has had a Governance Assurance Framework, which underpins the AGS, in place throughout but has introduced a modified version based on the 2016 CIPFA guidance for the year ending 31 March 2023 and up to the date of approval of the AGS and Statement of Accounts.

The council is also aware that should the position change and a significant control issue is subsequently identified after the 31 March 2024 (and prior to the publication of the AGS in July), this will be brought to the attention of the Chief Financial Officer and an addendum provided to this statement.

## What is a Governance Assurance Framework?

Assurance provides confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that priorities/objectives are being achieved. An Assurance Framework is a structure within which Members and Senior Management identify the principal risks to the council meeting its key priorities, and through which they map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. The assurance framework underpins the statements made within the Annual Governance Statement.

An assurance process is in place to provide a framework for the annual assessment of the effectiveness of the governance arrangements operating within the council. This includes robust challenge by the council's Joint Audit and Governance Committee, Statutory Officers i.e. the Chief Executive, Monitoring Officer and Chief Financial Officer, and the Strategic Management Team.

In addition, 'the three lines of defence / assurance model' is in place which helps Members and Senior Management to understand where assurances are being obtained from, the level of reliance they place on that assurance and identify potential gaps in assurance.

## The Three Lines of Assurance in effective Risk Management and Control

Assurance can come from many sources within the council. The Three Lines of Assurance is a concept for helping to identify and understand the different sources of assurance. The three sources are:

- The **First Line** (functions that own and manage risks such as operational management) has ownership, responsibility and accountability for directly identifying, assessing and controlling / mitigation risks.
- The **Second Line** (functions that oversee risks and ensures compliance such as Human Resources (HR), Finance, Information Technology (IT) and other control functions). This line monitors the effectiveness of risk management arrangements put in place by the first line.
- The **Third Line** (functions that provide independent assurance on the management of risks such as Internal Audit). In addition to internal governance arrangements, External Auditors, regulators and other bodies reside outside of the council's structure, have an important role in the council's overall governance and control structure. This framework helps the council understand how each contributes to the overall level of assurance and how best they can be integrated and supported. The following page summarises the council's assurance framework, which is based on the three lines of assurance model.

# What is the council's Governance, Risk and Control Assurance Framework?

## Annual Governance Statement (AGS)

### Joint Audit and Governance Committee

(AGS Approval Committee)

Chief Executive, Chief Financial Officer, Monitoring Officer, Senior Management Team  
(Provides oversight of the 3 lines of defence assurance framework)

#### 1<sup>st</sup> Line of Assurance

##### Risk Owners/Managers

Functions that are accountable own and manage risk

##### Operational Management

Responsibility for directly assessing, controlling and mitigating risk

Design and implement risk control measures

Management / Supervisory controls

#### 2<sup>nd</sup> Line of Assurance

##### Risk Control and Compliance

Functions that oversee risks

##### Financial Control

##### Inspection

##### Risk Management

##### Quality

##### Compliance

#### 3<sup>rd</sup> Line of Assurance

##### Independent Risk Assurance

Functions that provide independent assurance

##### Internal Audit

External Audit

External Inspections

Review Agencies

Regulators

Support and monitor

Validate 1<sup>st</sup> and 2<sup>nd</sup> line

## How has the Annual Governance Statement been prepared?

In preparing the Annual Governance Statement the council has:

- Reviewed the council's existing governance arrangements against the Code of Corporate Governance. This Code comprises the council's systems and processes, culture and values for the direction and control of the Authority and its activities through which it accounts to, engages with and leads the community. The Code shows the actions and behaviours taken by the council that demonstrate good governance and lists the evidence supporting the council's compliance.
- Assessed the effectiveness of the council's governance arrangements against the Local Code.

## How does the council monitor and evaluate the effectiveness of its governance arrangements?

The council annually reviews the effectiveness of its governance arrangements to ensure it supports the delivery of sustainable service outcomes and value for money. The key sources of assurance that inform this review are outlined below:

Currently:

- Reports on Risk Management activity during 2023-24, are now reported monthly to Core SMT. Strategic decision making, programmes and projects regularly report on risk as part of their project governance, any issues and key risks are escalated to the corporate risk registers for review at the 6 monthly JAGC. Supported by the work of Members and Senior Officers of the council who have responsibility for good governance.
- Promoting and supporting risk management as part of service planning. Internal Audit's annual opinion has, provided a satisfactory independent opinion on the effectiveness of the council's control environment comprising, risk management, control, and governance. The opinion given is based on Internal Audit work undertaken in 2023-24.
- Any comments made by the council's External Auditors and any other review agencies and inspectorates are noted.

Looking ahead:

- The development and implementation of a Governance Assurance Framework which enables the council to gain assurance

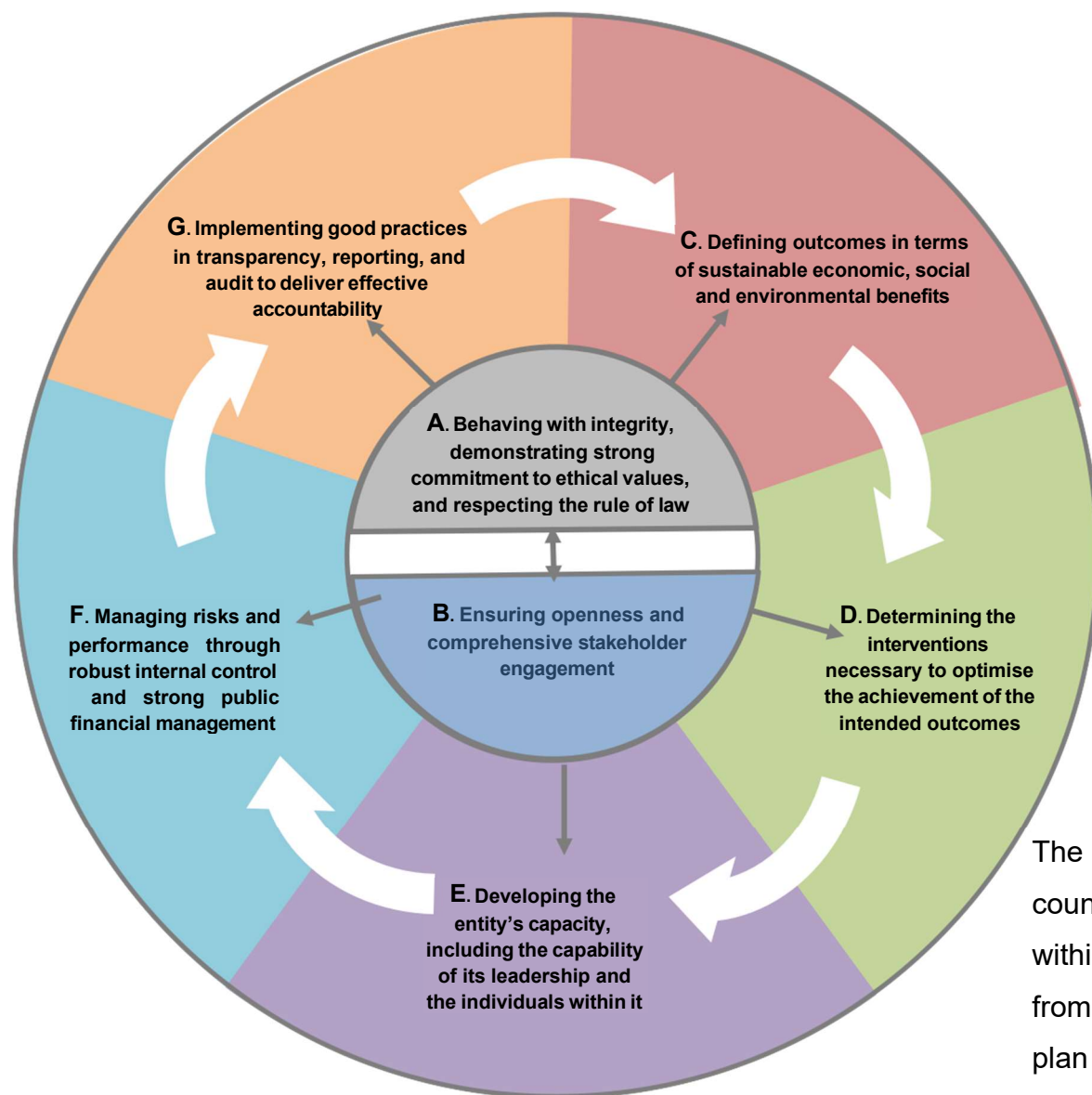


that good governance actions and behaviours are operating within the council is underway. An Assurance map has been developed across one service team, it is planned to extend this across all service teams once agreed at SMT.

- Work will commence on assessing the council's Risk Maturity and defining the councils Risk Appetite.

## What are the key elements of Vale of White Horse District Council's Governance Framework?

The council aims to achieve good standards of governance by adhering to the seven core principles below, which form the basis of the council's Code of Corporate Governance:



The evidence base for the actions and behaviours taken by the council in relation to each of these seven core principles is set out within the Code of Corporate Governance for 2023-24. Findings from the annual review of these core principles feed into the action plan for the forthcoming year, see Current Governance issues and improvement plan.

## What are the key roles of those responsible for developing and maintaining the Governance Framework?

<b>The Council</b>	<p><b>Full Council:</b> Adopting and making substantive changes to the Constitution.</p> <p>-Approving or adopting the annual budget and setting the policy framework</p> <p>Agreeing and/or amending the Terms of Reference for Committees, deciding on their composition and appointing Chairmen and Vice Chairmen to them.</p>
<b>Joint Audit and Governance Committee</b>	<p><b>JAGC:</b> Provides independent assurance to the council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment.</p> <p>Promotes high standards of member conduct.</p> <p>Approves the Annual Statement of Accounts and Annual Governance Statement.</p>
<b>Committees</b>	<p>There are committees aligned to the council's corporate priorities. <u>Scrutiny</u> and <u>Joint scrutiny committees</u> hold Officers to account and scrutinise performance and hold Cabinet to account. <u>Climate and Ecological Emergency Committees</u> also advise Cabinet of climate emergency matters.</p>
<b>Chief Executive and Senior Management Team</b>	<p>Implements the policy and budgetary framework set by the council and provides advice to Committees and the council on the development of future policy and budgetary issues and oversees the implementation of council policy.</p> <p>Influences a corporate culture and fostering a culture of high ethical standards and integrity.</p> <p>Accountability for developing and maintaining the councils governance</p>
<b>Chief Financial Officer (Section 151 officer)</b>	<p>Accountability for developing and maintaining the council's risk and control framework.</p> <p>responsibility for the administration of the financial affairs of the council, in accordance with the provisions of Section 151 of the Local Government Act 1972</p> <p>Contribute to the effective corporate management and governance of the council.</p>
<b>Monitoring Officer</b>	<p>To advise the council on ethical issues, standards and powers to ensure the council operates within the law and statutory Codes of Practice.</p> <p>Overall responsibility for the maintenance and operation of the Confidential Reporting Procedure for Employees. (Whistleblowing) and contributes to the effective corporate management and governance of the council.</p>
<b>Internal Audit</b>	<p>Provides independent assurance and annual opinion on the adequacy and effectiveness of the council's governance, risk management and control framework.</p> <p>Delivers an annual programme of risk-based audit activity, including counter fraud and investigation activity.</p> <p>Makes recommendations for improvements in the management of risk.</p>
<b>External Audit</b>	<p>Responsible for developing, maintaining and implementing the council's governance, risk and control framework.</p> <p>Contribute to the effective corporate management and governance of the council.</p>

## Current Governance issues and improvement plan

Ref	Risk/issue	Current actions	Future actions.
1	A number of third-party contracts are up for renewal and review within a similar time period	All key programmes have been identified and resourced. Programme governance is in place to monitor and report on progress	continuous monitoring and reporting with clear escalation of issues if required.
2	Failure to plan for the potential long-term impact on council finances of uncertainty of future government funding, and the potential failure of funding increases to keep pace with council expenditure	Additional staffing recruited to support better financial management.	Revised approach to reporting progress on budget setting to members for 2025/26, including scene setting report in October 2024 and budget update report in December 2024

**Signed (leader of the Council):**

**Cllr Bethia Thomas**

**Date: 21 February 2025**

**Signed (Chief Executive):**

**Mark Stone**

**Date: 21 February 2025**

I can confirm that the council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government 2016.

**Signed (Chief Financial Officer (S151 Officer)):**

**Simon Hewings**

**Date: 21 February 2025**