

Salford City Council

# ANNUAL GOVERNANCE STATEMENT

2021-2022

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## OUR VALUES

PRIDE  
PASSION  
PEOPLE  
PERSONAL RESPONSIBILITY

### 1. Corporate Governance

Corporate 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 ensures that the council provides for effective leadership and management in the use of public money; ensures the delivery of high quality services to all taxpayers and citizens; and achieves the desired outcomes for service users and communities.

Salford City Council acknowledges its responsibility for ensuring that there is a sound system of governance. The council has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Code can be accessed on the council's website at <http://www.salford.gov.uk/corporategovernance> or can be obtained by writing to the council's City Solicitor, Legal and Governance division. The principles upon which it is based are summarised in this Statement.

### 2. The Annual Governance Statement

The Accounts & Audit (England) Regulations 2015 require the council to prepare and publish an Annual Governance Statement. This is a public document that reports on the extent to which the council complies with its own Code of Corporate Governance. The Annual Governance Statement explains how the council makes decisions; manages its resources in line with the council's priorities; and achieves the required outcomes for service users and communities.

In the Annual Governance Statement 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 (section 3)
- Describes how the council has monitored and evaluated the effectiveness of its governance arrangements in the year, (section 4)
- Reports how the council has responded to any issue(s) identified in previous year's governance statements
- Reports on any significant governance issues identified from this review and provides a commitment to addressing them (section 5)

### **3. The Governance Framework including Covid-19 Governance Arrangements**

#### **Scope of Responsibility:**

Salford City Council is responsible for ensuring that:

- Business is conducted in accordance with the law and proper standards
- 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.

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

### Purpose of the Governance Framework:

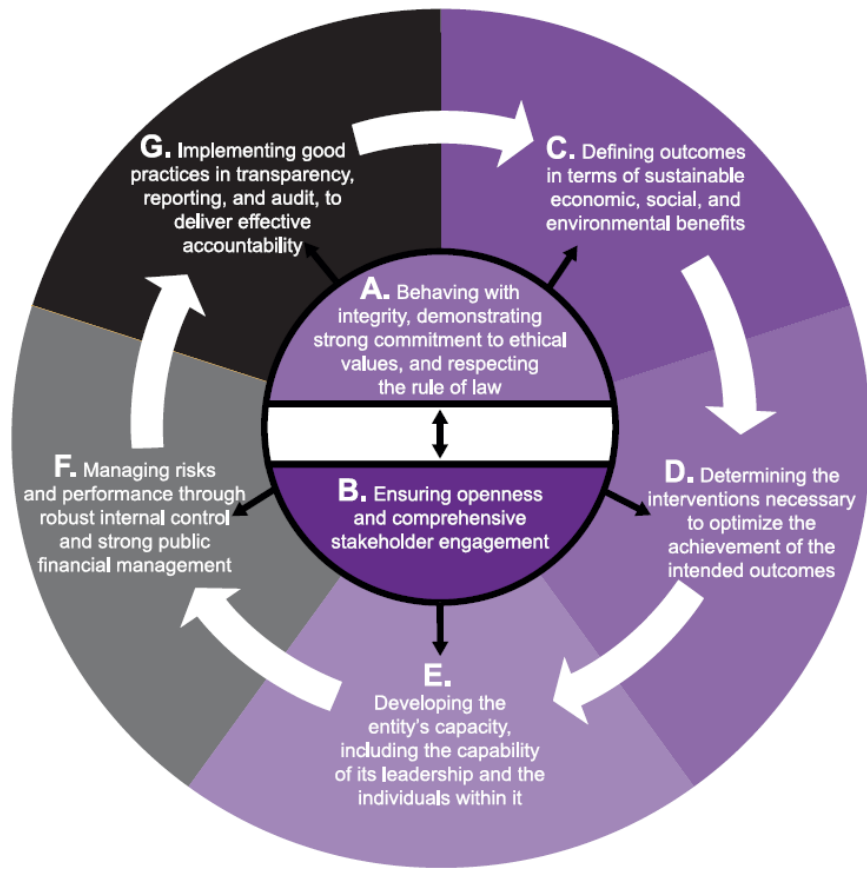
The council's governance framework comprises the systems, processes, cultures and values by which the council is directed and controlled and activities through which it accounts to, engages with and leads the community. It enables the council to monitor the achievement of its objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The framework aims to ensure that in conducting its business the council:

- Operates in a lawful, open, inclusive and honest manner
- Makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- Has effective arrangements for the management of risk
- Secures continuous improvements in the way that it operates

### The Governance Framework:

The governance framework sets out how the council is operating in order to demonstrate compliance, ongoing improvement, its commitment to maintaining the highest ethical standards and levels of governance. The governance framework has been in place at Salford City Council for the year ended 31 March 2022 and **up to the date of approval of the statement of accounts.**

The council has based its governance framework on the CIPFA/SOLACE guidance 2016 'Delivering Good Governance in Local Government'. The framework sets out seven core principles for good governance. These are summarised in the graphic below.



## 4. Review of Effectiveness

Salford City 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 Corporate Governance group; the Corporate Management Team who have responsibility for the development and maintenance of the governance environment; the Head of Internal Audit's annual report; and also by comments made by the external auditors and other review agencies and inspectorates.

In May 2022 a full review against the Code of Corporate Governance was carried out. This review was undertaken by Corporate Management Team and overseen by the Council's City Solicitor, Legal and Governance division. The Code of Corporate Governance reflects the arrangements that were in place during 2021/22, taking into account any continuing impact of Covid-19 and measures taken to resume "business as usual". The updated Code was agreed at the 22<sup>nd</sup> June meeting of the Audit and Accounts Committee. A copy of the updated Code can be found at [\(link\)](#).

This Governance Statement has been reviewed by the Elected City Mayor; the Cabinet; the Corporate Management Team; the Corporate Governance Group; Director of Service Reform; Chief Finance Officer; the Monitoring Officer and the Head of Internal Audit before being presented to the Audit and Accounts Committee for approval.

The council relies on the following sources of assurance in order to maintain and review the effectiveness of the system of governance:

- Member scrutiny – Standards Committee; Overview and Scrutiny function; Council Cabinet; Audit & Accounts Committee.
- Management - The Corporate Management Team (CMT) has responsibility for developing the Corporate Risk Management Strategy and processes, including the communications and reporting structure for strategic risk.
- Internal Audit – Internal Audit Services examine the effectiveness of the council's internal controls. Based upon the work undertaken during 2021/22 the Head of Internal Audit provided the council with an overall satisfactory assurance opinion on the arrangements for gaining assurance through the governance framework and on the controls reviewed as part of the internal audit work.
- Internal Review – the Corporate Governance Group maintains a comprehensive action plan to ensure continuous improvement of the governance arrangements are in place.

- External Audit - the council's appointed auditors during 2021/22 - Mazars - issued their Audit Completion Report 2020/21 in October 2021 which stated that their work was "substantially complete", with the exception of work around the accounting treatment of the pensions liability in respect of staff employed by the Local Care Organisation, and a national issue that has arisen in relation to the valuation of infrastructure assets. These issues are still to be addressed. Subject to the completion of this work, Mazars anticipated issuing an unqualified opinions on the accounts and the Council's arrangements for securing Value for Money.
- External Review – review and any findings and feedback from external inspectorates.

## 5. Significant Governance Issues

The 2020/21 Annual Governance Statement highlighted a number of issues, with a commitment to monitor them during the course of 2021/22. Progress against these issues has been reviewed during the year through the Council's normal systems of governance, risk and control. In most cases, this has been via updates to the Council's Strategic Risk Register, which is reported regularly to Corporate Management Team and Audit and Accounts Committee. This is supplemented by the work of the Officer Governance Group via its work programme.

The Chartered Institute of Public Finance and Accountancy and the Auditing Practices Board set out areas to consider when determining what may be considered a significant governance issue, as follows:

- The issue has seriously prejudiced or prevented achievement of a principal objective
- The issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in a significant diversion of resources from another aspect of the business
- The issue has led to a material impact in the accounts
- The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation (e.g. an external auditor's public interest report)
- The issue has resulted in formal action being taken by the Chief Financial Officer and / or the Monitoring Officer

On the basis of the assurances provided during the year via the sources identified in section 4 above, we do not consider that there are any matters that should be considered as significant governance issues for the year 2021/22.



## 6. Conclusion

The review of the City Council's governance arrangements for 2021/22 has been undertaken in order to produce this statement. We have been advised on the implications of the review of the effectiveness of the governance framework by the Corporate Governance Group and the Corporate Management Team. The review provides good overall assurance that the council's arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The review highlighted a number of governance issues that require attention and action is being planned and/or taken as noted in the statement.

**Our review confirms that the council has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and that those control issues have been or are being addressed.**

.....  
Tom Stannard  
Chief Executive, Salford City Council  
Date

.....  
Paul Dennett  
City Mayor  
Date

**Assurance Statements**

I am satisfied that there are effective governance arrangements in place, including a sound system of internal control, throughout the year ended 31st March 2022 and that this is ongoing.

Signed	Position	Date
	Elected City Mayor	
	Chief Executive	
	Director of Public Health	
	Strategic Director (Place)	
	Strategic Director (People)	
	Strategic Director of Service Reform	
	Chief Finance Officer	
	Monitoring Officer	