

Isle of Wight Council

Annual Governance Statement

2022-2023

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1. Introduction

Governance within an organisation in its simplest form is about who has authority to act, who can take decisions, and how the organisation is kept accountable for the decisions it makes. These basic principles are translated into processes that facilitate the making and implementing of decisions. This is not about making “correct” decisions but about having processes in place that assist with making the best possible decisions with ultimately better outcomes being secured. It can be said that good decision-making processes and therefore good governance share several characteristics which include:

- **Good governance is accountable** – local government has an obligation to report, explain and be answerable for the consequences of decisions it has made on behalf of the communities it represents.
- **Good governance is transparent** – people should be able to follow and understand the decision-making process. This means that they will be able to clearly see how and why a decision was made, what information, advice and consultation was considered together with any risks identified, mitigating actions and legislative requirements (where relevant) were considered.
- **Good governance follows the rule of law** – which means that decisions are consistent with relevant legislation or common law and are within the powers of the council to act.
- **Good governance is responsive** – local government should always seek to serve the needs of all its communities and the priorities identified by them (as reflected in the council’s Corporate Plan), while balancing competing interests in a timely, appropriate, and responsive manner.
- **Good governance is equitable and inclusive** – a community’s wellbeing stems from all its councillors feeling that their interests have been considered by the council in its decision-making process. This means that all groups, particularly the most vulnerable, should have opportunities to participate in the process.
- **Good governance is effective and efficient** – local government should implement decisions and follow processes that make the best use of available resources, and time to ensure the best possible outcomes are secured against its agreed priorities.
- **Good governance is participatory** – anyone affected by or interested in a decision should have the opportunity to participate in the process for making that decision. This might be by being provided with information, asked for their opinion, or given the opportunity to make recommendations to be taken into consideration.

In order to evaluate good governance in practice, there is a statutory requirement under the Accounts and Audit (England) Regulations 2015 for every local authority to prepare and publish an annual governance statement. This provides members of the public with an open assessment of how effective the council’s governance arrangements are considered to be against a code of corporate governance entitled “Delivering Good Governance in Local Government 2016”.

This document is published by CIPFA/SOLACE as recognised national lead bodies for public services. The code considers the characteristics of good governance set out above and translates them into specific core activities, including how a council:

- Upholds high standards of conduct and behaviour
- Engages with local people and other stakeholders to ensure robust public accountability
- Creates and implements a vision for the local area
- Determines the interventions necessary to optimise the achievement of agreed outcomes
- Develops the capacity and capability of councillors and council staff to be effective
- Takes informed and transparent decisions that are subject to effective scrutiny and risk management
- Has councillors and council staff that work together to achieve a common purpose

This document therefore provides an overview of the Isle of Wight Council's governance arrangements in place against the core activities set out in the code of corporate governance and characteristics of good governance set out above, underpinned by an honest self-assessment of their effectiveness for the period 2022/23. It includes an action plan for the coming year to address any identified areas of concern and a report on progress made against those areas highlighted for improvement in its 2021/22 annual governance statement.

In its preparation, the statement contained within this document, covers the council's significant corporate systems, processes and controls that are designed to ensure that:

- Laws and regulations are complied with
- Council policies are implemented in practice
- Required processes are adhered to
- High quality services are delivered efficiently and effectively
- The council's values and ethical standards are met
- Performance and financial statements and other published information are accurate and reliable
- Human, financial, and other resources are managed efficiently and effectively

2. The Council's responsibilities

As a public body, the council is responsible for carrying out its business in line with the law and proper standards to ensure that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. There is also a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way the council's functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. To do this, there must be in place a robust set of arrangements for the governance of its affairs and in facilitating the effective delivery of its functions, including arrangements for the management of risk and for dealing with any issues that may arise from them.

3. The purpose of a governance framework

To assist with the delivery of good governance, each council has a local governance framework that brings together all the relevant legislative requirements, governance

principles and activities (as described above), corporate strategies and policies, business systems, management processes together with an operating culture and set of values upon which business is conducted. The quality of these arrangements underpins the level of trust in public services and is fundamental to the delivery of the council's statutory and democratic obligations. A governance framework therefore allows the council to be clear about how it discharges its responsibilities.

A system of 'internal control', designed to give assurance of operational effectiveness, is a significant part of operating the council's governance framework, and is also designed to assist with the management of risks to a tolerable level. However, it is important to note that it is not possible to eliminate all risks and can only serve to demonstrate reasonable assurance of effectiveness. The management of risk is an ongoing process, designed to identify and prioritise the risks associated with the achievement of the council's key priorities, policies, aims and objectives, to evaluate the likelihood of those risks occurring and to manage their impact should they happen.

4. The Isle of Wight Council's governance framework

The Isle of Wight Council's local governance framework is designed to be consistent with the CIPFA/SOLACE Delivering Good Governance in Local Government code of practice. The framework summarises the council's internal arrangements that have been put in place to ensure that there is effective governance and includes hyperlinks to supporting documentation and can be found at Addendum A to this document.

The overarching aim of good governance is to ensure that the council achieves its intended priority outcomes, while acting in the public interest at all times. The following text provides a high-level overview of the key elements of the structures and processes in practice that form an essential part of the council's governance framework against the code of practice and each of the governance indicators and their descriptors of what good governance should look like.

Strategic partnerships are becoming an increasingly important element of the council's corporate growth strategies helping pool knowledge and resources to deliver better outcomes for the island population and its visitors. Whether this be by direct service provision in partnership, by alternative innovative service delivery mechanisms or simply by exerting influence to deliver better social value outcomes as well as value for money. The governance framework is taken into account when considering significant partnerships approaches and the governance arrangements for the partnerships developed and reviewed to ensure they meet the requirements of the specific partnership.

The local delivery arrangements are identifying strategic issues and opportunities to challenge some of the current approaches to delivery and investment. The council is seeking to better align planned investment expenditure to key corporate priorities to accelerate improvement opportunities. An example of this is through the current activity being formalised via the Isle of Wight Integrated Care Partnership (ICP) that aims to align strategic needs around the health and social care local system needs in accordance with the new legislation permitting such arrangements. Areas of joint commissioning and

provider committees seek to align to shared governance arrangements and funding agreements.

Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law:

The council's constitution sets out how it conducts its business, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent, and accountable to local people. Some of these processes are required by law, while others are a matter for the council to determine. The constitution is divided into 6 main parts, with a number of sub sections that set out the basic rules governing the council's business with more detailed procedures and codes of practice provided in support of their delivery. The constitution is refreshed at least annually, usually at Annual Council and may be updated more frequently if there are changes in any legislation affecting the contents of the constitution.

- There is a code of conduct for councillors and council staff which sets out the expected behaviour and standards to be adhered to.
- The Monitoring Officer is a statutory function and ensures that the council, its staff, and councillors maintain the highest possible standards of conduct in all they do. The designated Monitoring Officer for the Isle of Wight Council is the Assistant Director of Corporate Services and holds responsibility for monitoring and reviewing the operation of the council's constitution, ensuring compliance with established policies, procedures, laws, and regulations and for reporting any actual or potential breaches of the law or maladministration to the Full Council and/or Cabinet.

The council is committed to achieving the highest possible standards of openness and accountability. It has in place a "whistleblowing policy" which reflects the legal framework and obligation to enable staff or those delivering services on behalf of the council, without recrimination, to raise concerns about conduct that may be unlawful, of financial malpractice, presents a danger to the public or the environment, affects the general welfare of the public or integrity of public services.

- As part of the council's commitment to the safeguarding of public funds, there is an anti-fraud, bribery and corruption policy and strategy that sets out the process to be followed where there is suspicion of financial irregularity.
- The Section 151 Officer is a statutory function that requires a member of staff who must be appropriately qualified to be responsible for the financial administration of the council. The designated Section 151 officer for the Isle of Wight Council is the Director of Finance.
- There is a complaints procedure for dealing with any complaints related to the delivery of council services which is available on the council's website. If complainants remain dissatisfied, they have the right to refer the matter to the Local Government and Social Care Ombudsman (LGSCO) and complainants are informed of this right. The monitoring and learning gained from complaints is reported through the council's

performance report to Cabinet. In accordance with legislation there are also separate procedures in place for complaints relating to Children's Services and Adult Social Care. Complaints about councillors are dealt with under the councillors' code of conduct.

Principle 2: Ensuring openness and comprehensive stakeholder engagement:

- The council recognises that effective community engagement is an essential contribution to strong corporate governance and uses a variety of ways to engage with its communities and stakeholders to assist. The [Forward Plan](#) section of the council's website provides access to the published forward plan which provides an indication of future reports that are to be considered together with agendas and minutes of all public committees. This ensures that people know what decisions the council is planning to take as well as the decisions taken. It provides access to a facility for making general complaints about council services and about councillors where their conduct is in question. The process to follow is set out clearly. There is also a facility for [petitions](#) to be launched and submitted on matters that are important to local people.
- The [Home Page \(iow.gov.uk\)](http://iow.gov.uk) of the council's website provides information on latest news and updates on council services together with a range of information that is available for the public scrutiny in accordance with the code of recommended practice for local authorities on data transparency. There are details of all [Consultations](#) where residents and stakeholders can voice their opinions and assist with shaping service delivery.
- The [Isle of Wight Youth Council](#) provides opportunity for young people to influence how services are delivered, highlight issues that need to be reviewed and to help shape public services for our communities.
- The council operates a [Corporate Scrutiny Committee](#) whose remit is to review and challenge the policy decisions that are taken by Cabinet. Corporate Scrutiny is supported by three policy and scrutiny panels ([Health and Social Care](#), [Children's Services, Education and Skills](#), [Neighbourhoods and Regeneration](#)) who aid the Cabinet in the development of council policy together with a review of any matter relating to these specific service areas. They assess how the council is performing and see whether they are providing the best possible, cost effective services for the Island's communities. In addition, there is an Audit and Governance Committee whose specific remit is to review the council's financial and non-financial performance as well as to receive reports that deal with issues that are essential for good governance. Each committee has its own terms of reference.

Principle 3: Defining outcomes in terms of sustainable economic, social, and environmental benefits:

- The council's corporate plan is the key strategic document that sets out its vision and ambitions for the Island. The plan sets out the priorities, the outcomes that are expected to be achieved, what it will do to deliver them and what measures it will use

to monitor progress against their successful achievement. The corporate plan is underpinned by a number of directorate plans, prepared by directors, which include the operational detail for core business that must be delivered, plans for improvement, development or change, financial planning, key risks and their management/mitigation as performance measures and monitoring arrangements.

- Quarterly reporting on progress against the delivery of agreed priorities and outcomes is undertaken by Cabinet and which is also available to the scrutiny committee for review.
- Central to the delivery of the corporate plan is the council's medium term financial strategy which plays a pivotal role in translating ambitions into action. The strategy focuses on determining the overall financial position for the council and considers any major issues affecting the council's finances. It forms the basis for developing the overall budget, and any contingencies that need to be put in place for any unavoidable service pressures that may arise.
- All committee reports require an assessment of the options considered and their impact on the key priorities of the council:
 - ✓ Provision of affordable housing for Island residents
 - ✓ Responding to climate change and enhancing the biosphere
 - ✓ Economic recovery and reducing poverty
 - ✓ Impact on young people and future generations
- As part of the call over process the Council's key advisers for the relevant priority are given sight of all papers for comment. Every decision taken must have regard to the priorities of the council.

Principle 4: Determining the interventions necessary to optimise the achievement of intended outcomes:

- Underpinning the delivery of the corporate plan are a series of directorate plans that translate the council's priorities and outcomes expected to be achieved into operational service delivery activities. Each of the directorate plans has a suite of performance measures that enable critical delivery requirements to be tracked and monitored. The directorate plans now include a section that identifies the workforce resources required to deliver the outcomes required. These plans are used by Human Resource, to support services in their recruitment, retention and succession planning which enable the council to develop and maintain an effective workforce.

To allow the transition of the council's priorities into their most granular form, the council also operates a Personal Performance Management Framework through which staff and managers agree individual performance objectives that play an important part in achieving the overall desired outcomes. These objectives are also supported by any relevant learning and development required to successfully achieve them.

Monitoring of progress against targets is undertaken on a number of levels, from strategic quarterly performance reporting to Cabinet, to directorate level service board meetings that measure performance against agreed business plans to regular discussions between managers and staff to review operational and day to day business performance.

The council also has a robust decision-making framework in place that requires all reports to be subject to the corporate “call over” clearance process prior to publication. All reports follow a standard template that provides the decision maker with all the relevant information and advice necessary to make an informed decision. Reports provide background information; details of the issue under consideration and includes options open to the decision maker together with the pros and cons of each of those options in order to provide a recommended course of action if required. Professional advice in respect of any considerations of a legal, financial, equality, risk, the provision of affordable housing, climate & environmental impacts and the UNESCO Biosphere, impact on young people and future generations are clearly set out as is any consultation that has been undertaken to assist with the decision.

- An audit of the formal partnerships that the council works with was undertaken in early 2023 and a process for reporting outcomes from those partnerships is being developed with the Corporate Scrutiny Committee. A Partnerships Framework has been developed to ensure adequate governance and reporting arrangements are in place.
- The council’s Corporate Scrutiny Committee scrutinises items on the council’s forward plan and acts in the capacity of critical friend to the Cabinet prior to decisions being taken. Scrutiny meetings are held in public where members of the public have the opportunity to ask questions or submit questions in writing to the committee.

Principle 5: Developing the council’s capacity, including the capability of its leadership and the individuals within it:

- The council operates a robust interview and selection process to ensure that offers of appointment are based upon securing the right level of skills and experience to fulfil the role. If working with children and/or vulnerable adults the necessary clearance checks are undertaken prior to appointment. There is a corporate induction programme that welcomes new staff into the council, assisting with understanding of the council’s priorities and ambitions as well as the prevailing culture and expected standards of behaviour. It provides a wide range of information on how the council operates and the key policies that new starters need to be aware of.
- There is a corporate core learning and development programme that sets required activities for new staff to complete and for existing staff to receive by way of updates. There is also a core learning and development programme for managers designed to ensure they are fully conversant with their people management responsibilities. These learning programmes have been included in the council’s Learning Hub which

enables staff to undertake and record training events, and managers to access reports on training uptake.

- There is a full complement of appointments to the corporate management team, all of whom are appropriately qualified and experienced in their field and capable of providing strong, resilient, and stable corporate leadership.
- The council has a number of strategic partnerships to enable the capacity of a small unitary council to be maximised to its full potential. Strategic partnerships include the management of the council's children's services and public health with Hampshire County Council; Portsmouth City Council for the provision of a Director of Finance and Section 151 Officer and Chief Internal Auditor roles.
- There are learning and development programmes in place for aspiring leaders and managers that aims to improve the council's future succession planning arrangements and which also seeks to facilitate engagement and empowerment of future talent in the development of the council's critical business priorities and intended outcomes. The Council's successful approach to the use of the Apprenticeship Levy has led to an increase in existing staff accessing development programmes which assist with succession planning.
- Newly elected councillors are provided with a comprehensive induction programme that assists with full understanding of their roles and responsibilities, political management and decision making, financial management, health and safety, information governance, safeguarding and code of conduct.
- Councillors are provided with a regular calendar of events that aims to provide a wide range of on-going learning and development in specific areas of council activity, legislative changes, and personal skill development. Access to the local government association leadership academy is afforded to cabinet members and aspiring cabinet members and other relevant external or on-line learning opportunities are made available to enable specific portfolio or areas of interest to be developed.

Principle 6: Managing risk and performance through robust internal control and strong public financial management:

- The council has in place frameworks for risk and performance management alongside the strategy and policy that sets out the framework arrangements and responsibilities for the successful delivery of agreed priorities and intended outcomes. The risk policy was refreshed in February 2023 and is intended to assist council staff at all levels in applying sound risk management principles and practice across their areas of responsibility. Risks and performance are monitored and reported to corporate management team and directorate service boards, review of risk and performance is undertaken by the Corporate Scrutiny Committee. The Audit and Governance Committee reviews and monitors the strategic risk profile of the council.

- The council has two major, long term commercial contracts in place for highways and waste service delivery both of which have their own contract management team, councillor boards and delivery boards to maintain oversight and formal monitoring of performance.
- 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)". The Chief Financial Officer is professionally qualified; is a member of the corporate management team; has input into all major decisions; advises Cabinet on financial matters and is responsible for ensuring that budgets are agreed in advance, are robust and that the finance function is fit for purpose. The Chief Financial Officer is the Director of Finance and Section 151 Officer.
- The council's assurance arrangements also conform to the governance requirements of the CIPFA "statement on the role of the Head of Internal Audit (Chief Internal Auditor) in public service organisations (2016)". The Chief Internal Auditor is professionally qualified and leads on the review and adequacy of the council's internal control environment. Where necessary, to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to the Chief Executive, Section 151 officer, Monitoring Officer and Councillors, especially those who serve on committees charged with governance.

Principle 7: Implementing good practices in transparency, reporting and audit to deliver effective accountability:

- The council's constitution is always under review and is refreshed at least annually. It sets out how decisions are made, it makes specific reference to decision making by Full Council, Cabinet, and other established committees. There is also a scheme of delegations that describes the limits of responsibilities that can be delegated to the Chief Executive and chief officers (and who in turn may delegate further as appropriate).

The council is committed to openness and transparency and now publishes a significant amount of data and information in order to increase its accountability to residents. There are dedicated transparency pages on the council's website that provides access to the council's spend transactions month by month; statement of accounts; performance monitoring; councillor allowances and declarations of interest; budget consultation outcomes; workforce data and pay policy setting out the council's terms and conditions of employment; trade union facility time; councillors questions and contracts to name but a few.

- The council publishes a [Forward Plan](#) of all key decisions which are proposed to be taken and other decisions where practicable to assist in providing public transparency and confidence in decision making. All committee agendas and minutes of constituted committees are also published on the council's website and in accordance with publication timescales.

- All reports requiring a decision are considered by appropriately professionally qualified legal and finance staff prior to publication and all advice is made public within the report template. The council must also ensure that it meets its duties and obligations under the Equality Act 2010, and any proposals for changes to service delivery, projects or policies have regard to equality when being considered to better understand whether they impact on people who are protected under the Act and to assist with informed decision making.
- A Local Government Framework has been used as a basis for self-assessment and a baseline for the council's current equality and diversity provisions. An action plan has been developed to monitor progress and this is monitored through the Equality and Diversity Board.

5. **Financial Management Code 2022:**

A key goal of the Financial Management Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. There are clear links between the Financial Management Code and the Governance Framework.

A significant amount of the Code is part of the council's current and ongoing activity. The assessment of the council's financial regulations policies and procedures was undertaken to evidence that they continue to meet the CIPFA Code requirements.

The medium-term financial plan, which started in 2016, has not changed significantly since that date. The annual budget report is the mechanism for those in year changes to be identified and actioned dependent on the priorities and plans of the council.

6. **Auditing of the Accounts:**

There remains concern nationally, with the continued delay in the completion of the audited accounts for 2021/22 and this has an impact on the publication of accounts for 2022/23.

The National Audit Office (NAO) reported that local auditors gave opinions on only 12% of local government bodies' 2021-22 financial statements by the statutory accounts' publication deadline of 30 November 2022. This compares to 9% of opinions for the previous year (2020-21) received by the earlier deadline of 30 September 2021. This remains a significant reduction compared with the 45% of opinions given in 2019-20 and 97% in 2015-16. As of 30 November 2022, Public Sector Audit Appointments Ltd (PSAA) reported a total of 632 audit opinions were outstanding for all years.

The Isle of Wight Council 2021/22 accounts have not yet been formally signed off by the external auditors, due to these delays but this is due imminently. This delay can have significant implications for perceived local accountability and the effective management of public money. Local public bodies deliver many services to residents, businesses and taxpayers and account for a significant amount of public spending. High quality local auditing is essential for public trust in how taxpayers' money is spent.

The Department for Levelling Up, Housing and Communities (DLUHC) has set out a range of approaches to increase auditor supply, though some are only expected to begin later in 2023. The approaches include creating new routes for becoming a key audit partner and developing a new qualification for local auditors. DLUHC is also aiming to launch a new technical advisory service to support firms with specialist advice on complex local audit issues

“Local government audit provides transparency and accountability to both taxpayers and locally elected representatives. It also provides assurance that local authorities’ financial management is strong enough and delivering value for money.

“The Department for Levelling Up, Housing and Communities must continue working with the FRC and other key stakeholders to secure the timely production of audited accounts for local authorities. It is essential to transparency that the timeliness of local auditor reporting improves and does so quickly.”

Gareth Davies, the head of the NAO

The Isle of Wight Council Financial Management Team plans to undertake an accounting closedown debrief during the summer of 2023 (following the completion of 2022/23 accounts) to improve task planning and cross departmental working in the run up to next financial year end. It is expected that this early planning will improve the flexibility in supporting audit enquiries if engagement timelines shift due to continued national capacity shortages.

7. The annual review of effectiveness:

The council is required to undertake, at least annually, a review of the effectiveness of its governance framework, through the internal audit assurance process and self-assessment survey, including the system of internal control. The outcomes of the review are considered by the Corporate Management Team and Audit and Governance Committee (who approve the final statement). Once approved, the annual governance statement is published alongside the council’s statement of accounts.

In reviewing the council’s governance framework arrangements and in order to complete this assurance statement, there are a number of assurances drawn from the following sources:

- Full council, Cabinet, and other key decision-making committee outcomes
- Outcomes from Scrutiny committees and Audit and Governance Committee
- The Monitoring Officer, Section 151 Officer and Chief Executive
- Corporate service departments
- Internal audit report on the annual governance statement
- Internal audit annual opinion
- Internal audit self-assessment survey and report
- The Annual Governance Statement Self-Assessment
- Risk, performance, and financial reports
- The Strategic Equality and Diversity board

- The Strategic Health and Safety board
- Customer complaints and feedback
- Freedom of Information requests
- Data protection and information governance issue
- Health and Wellbeing Board
- External audit reports
- External inspections and peer reviews
- Benchmarking activity
- Evaluation of progress against previously identified governance issues

This all supports the completion of a self-assessment statement which covers the key processes and systems that comprise the council's governance arrangements and is intended to identify any areas where improvement or further development is required.

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8. Governance issues – Part One - Progress Against the 2021/2022 Self-Assessment

The completion of the self-assessment for 2021/22 did not highlight any significant governance failures. However, the following issues were identified as areas where improvements could be made:

| | Governance issue | Actions to address the issue | Measure of success | Progress to Date |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | An agreed set of policies/key documents, relevant to the AGS, has been identified and agreed. Some policies are not up to date or require review. | Identified policies to be reviewed and where necessary updated and re-issued | All relevant policies are up to date and meet current governance requirements. In November 2022 Internal Audit will validate policies/key documents as part of the annual AGS assurance exercise, to confirm they have been reviewed and updated. | All policies which support the council's governance arrangements were refreshed and updated. There is now a process in place for these to be monitored and updated in line with the agreed refresh timescale. The Audit and Governance Committee and the Corporate Scrutiny Committee have both championed the updating of the policies and regular updates will continue to be provided to the Corporate Scrutiny Committee as requested. The exception to this are the Financial Policies. These are in the process of review and will be completed by the end of September 2023. |
| 2 | Further embedding of the risk management framework across all service areas | Implanting of consistent arrangements across the Council, specifically to ensure there is sufficient corporate visibility of risk across the | Internal Audit will validate that appropriate progress is being made by following up on agreed actions as part of the 2022/23 Audit Programme. | Considerable work has been undertaken with teams across the council to further embed risk management in service areas. There have been regular workshops, team sessions and one to one training with teams to support them to review and update risks in the council's risk management system. |

| | Governance issue | Actions to address the issue | Measure of success | Progress to Date |
|--|------------------|---------------------------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | Council and how this is being mitigated/ managed. | | <p>All services (with the exception of the Children and Families Directorate who record and monitor risks through the Hampshire system) use the IWC Risk Management System. This enables oversight of all risks and assurance that risks are being managed at service level.</p> <p>The council receives a copy of the Children and Family risk reports held in the Hampshire risk management system on a quarterly basis.</p> <p>There have been updates and additional functionality to the IWC Risk Management System to improve usability and visibility of risk reviews.</p> |

Governance issues – Part Two: Action Plan from the 2022/23 self-assessment:

Over the course of 2022/23 Internal Audit completed 61 audits, comprising a combination of full, grant, follow-up and analytic reviews.

Following the trend of previous years no audits have resulted in a ‘no assurance’ opinion. Two full audits (St Mary’s School and Food Safety) and one follow-up review (Asbestos Framework) have been rated ‘limited assurance’. Seven further audits are rated ‘reasonable assurance’ overall but contain individual findings rated ‘high risk’. Compared with 2021/22 the implementation rate for actions agreed in audits has deteriorate, with 59% closed or are no longer applicable at the point of follow-up, compared to 67% in 2021/22. As noted above issues identified during 2021/22 have been substantively addressed.

The types of issues identified through 2022/23 are consistent with those identified during 2021/22, for example governance, management reporting, and general compliance are common themes, although all show an improvement from the previous year.

The overall annual opinion will therefore remain at **'reasonable assurance'**.

| | Governance issue | Actions to address the issue | Measure of success | Lead Person |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| 1 | <p>Both audits and investigations carried out have identified an increasing trend of potential theft/ fraud during 2022/23. All minor in nature.</p> <p>This is likely to be linked to changes in working practices/less direct supervision of staff, reductions in capacity and the wider economic climate, putting pressure on staff.</p> <p>A review of a number of key controls, for example, cash handling arrangements, across Council sites has also recently been carried out by Internal Audit.</p> <p>This identified weaknesses across sites as to how cash is managed, making this more vulnerable to theft. The lack of appropriate controls over cash handling also increase the risk that any thefts will not be identified in a timely manner.</p> | <p>Continue current mechanisms to staff, who may be suffering hardship.</p> <p>Implement consistent processes, to control assets, for example personal belongings and cash. Specifically receipting, secure storage (within safe limits) and records of when withdrawn and for what purpose.</p> <p>Monitor actions from the two audits to ensure they comply within the agreed timescales.</p> | <p>Issues identified will be confirmed as addressed at the audit follow-up.</p> | <p>Sharon Betts –</p> <p>All directors to follow up on audit action compliance within their areas.</p> |

Summary

The annual assessment and review process of the council's corporate governance arrangements has identified several issues that could further enhance the current arrangements. As a result, the Isle of Wight Council will take steps to address the above identified issues to secure further assurance in the areas of most concern identified above.

Signed on behalf of Isle of Wight Council:

**Wendy Perera
Chief Executive**

**Councillor Lora Peacey-Wilcox
Leader of the Council**

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