

Appendix A – Annual Governance Statement

○ ANNUAL GOVERNANCE STATEMENT 2023/24

1. **Scope of responsibility**

Mid Sussex District Council (the council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this overall responsibility, Members and Senior Officers are responsible for putting in place proper arrangements for the governance of the council's affairs, the effective exercise of its functions, the management of risk and the stewardship of the resources at its disposal.

2. **Purpose of the governance framework**

Good 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. The governance framework comprises the systems, processes, culture, and values by which the council is directed and controlled. Through effective governance the council is accountable to, engages with and, where appropriate, leads the community.

The code of corporate governance can provide only reasonable and not absolute assurance that the Council achieves its aim of good governance. Equally, the Council's system of internal control is designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage those risks efficiently, effectively, and economically. It cannot eliminate all risks of failure; it can therefore only provide reasonable and not absolute assurance that our policies, aims, and objectives are achieved.

The governance framework has been in place at the council for the year ending 31 March 2024 and up to the date of approval of the statement of accounts.

3. **The Council's governance framework**

The council's Constitution was last fully reviewed and re-adopted in March 2023, and sets out how the council operates. It states what matters are reserved for decision by the whole Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision.

Decision-making powers not reserved for councillors are delegated to the Chief Executive and appropriate senior officers. The Monitoring Officer ensures that all decisions made are legal and supports the Standards Committee in promoting high standards of conduct amongst Members and the wider Town and Parish Council community in Mid Sussex. In January 2022 the council adopted the revised Local Government Association Model Code of Conduct for Members, with that decision taking effect on 1st March 2022.

The Scrutiny Committees offer advice to Cabinet and Council both collectively, and to Cabinet members individually. They scrutinise decisions made (or which are due to be made) by the Cabinet and individual Cabinet members, executive key decisions taken by Officers and those published on the Members' Information Service. The committees also have a role in the formulation of new policies. The Scrutiny Committees can call in decisions for their consideration, although no decisions were called in over the last year.

Appendix A – Annual Governance Statement

The overall budget and policy framework of the council is set by the council and all decisions are made within this framework. The council's overall policy is represented through the Corporate Plan, which is a combination of service and financial plans.

The Corporate Plan is a key reference for the Medium-Term Financial Plan, which enables the council to forecast forward and make the best use of financial, human, technological and other resources available and to enable the continued provision of value-for-money services that meet the needs of residents, businesses, and other stakeholders. At the broadest level, the council also works with a number of key strategic partners through the local strategic partnership group of organisations.

From the Corporate Plan, service plans and business plans are developed, and individual officer work plans are agreed upon, with performance targets agreed at every level. More detailed budgets are aligned to corresponding plans following a robust budget challenge process, which challenges managers to demonstrate efficiency and value for money. Performance is monitored and managed regularly.

The council also monitors its performance through feedback from its residents and service users. An analysis of complaints raised under the council's Corporate Complaints Policy is considered within the Leadership Group who facilitate any operational requirements as a result of the findings. A summary of complaints is published by the Local Government and Social Care Ombudsman on an annual basis.

The council has a Whistleblowing Policy, which encourages staff to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment.

The council's financial management arrangements conform to the standards of the Chartered Institute of Public Finance and Accountancy (CIPFA) and have regard to the 'Statement on the Role of the Chief Financial Officer in Local Government'. The Assistant Director of Corporate Resources has statutory responsibility for the proper management of the Council's finances. The Assistant Director of Corporate Resources will also provide detailed finance protocols, procedures, guidance and training for managers, staff, and Members.

The Council's Risk Management Strategy ensures proper management of the risks to the achievement of the council's priorities and helps decision-making. In the council's day-to-day operations, a framework of internal controls (e.g. authorisation, reconciliations, separation of duties, etc) controls the risks of fraud or error, and this framework is reviewed by Internal Audit. Partnership working is governed by agreements, protocols, or memoranda of understanding relevant to the type of work or relationship involved. The council's Legal Services and Procurement teams ensure that all are fit for purpose and the council's interests are protected.

The Audit Committee is responsible for monitoring the effective development and operation of corporate governance in the council. It provides independent assurance of the adequacy of the council's governance arrangements, including the associated control environment, the authority's financial (and non-financial) performance to the extent that it affects the authority's exposure to risk and weakens the control environment, oversight of the financial reporting process and scrutiny of the Treasury Management and Capital Strategy and policies.

Appendix A – Annual Governance Statement

In the constitutional changes brought forward and adopted in March 2023, the role of the Audit Committee has been aligned with the CIPFA Code of Practice for Internal Audit. In particular, the Audit Committee's role in monitoring strategic risk management has been clarified.

1. Review of effectiveness

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and 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 includes the following in the last year:

- The council's internal management processes, such as performance monitoring and reporting; the staff performance appraisal framework; monitoring of policies, such as the corporate complaints and health and safety policies; and the corporate budget challenge process;
- The work of the corporate Joint Procurement Board partnered with Horsham DC, Crawley BC and Mole Valley DC which is working to update the Procurement Code as the legislative framework changes following the departure of the UK from the EU and the forthcoming passage of the Procurement Bill into law;
- The council's internal audit coverage (purchased from Mazars via a Croydon LBC framework), which is planned using a risk-based approach. The outcome from the internal audit coverage helps form the Chief Internal Auditor's opinion on the overall adequacy of the Council's internal control framework, which is reported in their annual report.
- The Chief Internal Auditor's annual report on anti-fraud and corruption activities, including the use of the National Fraud Initiative data matching exercise;
- The annual review of the internal audit function;
- The External Auditor's work and reports;
- The work of the Audit Committee, which reviews the outcomes from the annual audit plan and the annual report of the audit function;
- The work of the Scrutiny Committees;
- Work of the Standards Committee to deal with Code of Conduct complaints.

2. Assurance and Significant governance issues

No assurance can ever be absolute; however, this statement seeks to provide a reasonable assurance that there are no significant weaknesses in the Council's governance arrangements. On the basis of the review of the sources of assurance set out in this statement, it is considered that the Council has in place satisfactory governance arrangements, including a satisfactory system of internal control, both of which are operating effectively.

Appendix A – Annual Governance Statement

The Annual Internal Audit Annual Report and Opinion provides an opinion on the adequacy of the council's control environment as a contribution to the proper, economic, efficient, and effective use of resources. The council must have in place an effective internal audit function to evaluate the effectiveness of its risk management, control, and governance processes, taking into account public sector internal auditing standards or guidance. Annually, the Chief Internal Auditor is required to provide an overall opinion on the council's internal control environment, risk management arrangements and governance framework, this supports the Annual Governance Statement, and this is provided in the Annual Internal Audit Annual Report and Opinion annually. Based on the internal audit work completed, the Chief Internal Auditor has provided reasonable assurance that Mid Sussex District Council had in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2023 to 31 March 2024.

The council will continue to regularly monitor issues that may seriously prejudice or prevent the achievement of its key objectives.

Committees are held face-to-face which enable scrutiny and decision making to continue to a high standard. Where possible meetings are now live streamed, improving public access to meetings.

Two of the strategic risks identified for the year represent ongoing areas with continuing issues.

Firstly, as with all local authorities, the cost-of-living crisis and unprecedented levels of inflation have had an impact on procurements, supply chain and contracts and the overall financial position of the council; this was taken into account in the budget-setting process for the coming year.

Secondly, it continues to be important to be alert to the growing threat of cybercrime given our increasing reliance on Cloud-based line of business systems. These specific issues identified as part of the assurance processes detailed above have been addressed or are included in action plans for the relevant managers.



Cllr Robert Eggleston
Leader of Council
March 2024



Kathryn Hall
Chief Executive
March 2024