

MERTON AND SUTTON JOINT CEMETERY BOARD

Date: 22 June 2021

Agenda item:

Wards: Borough Wide Merton and Sutton

Subject: Annual Governance Statement 2020/21

Lead officer: Zoe Church

Lead member:

Forward Plan reference number:

Contact officer:

Recommendation:

That the Annual Governance Statement be noted and agreed

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Merton and Sutton Joint Cemetery Board (MSJCB) is required to prepare an Annual Governance Statement (AGS) for the year 2020/21. This statement is required in order to comply with Regulation 6 (1b) of the Accounts and Audit Regulations 2015. As a Joint Committee, MSJCB is one of the scheduled bodies for the purposes of these regulations.
- 1.2 This statement provides assurance to all stakeholders that MSJC business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.3 MSJCB has approved and adopted a code of corporate governance, which is consistent with the seven principles (paragraph 3.2) and 21 sub-principles of the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government (2016)”
- 1.4 The AGS explains how MSJCB has complied with the code and also meets the requirements of the 6(1b) Accounts and Audit Regulations 2015. It is worthy of note at this point that MSJCB utilises the systems and procedures of the London Borough of Merton (the Council/Authority) and as such utilises the work undertaken by this organisation to demonstrate good governance.

2 DETAILS

- 2.1 MSJCB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 2.2 In discharging this overall responsibility, MSJCB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 2.3 The governance framework comprises the systems and processes, culture and values by which the authority is directed and the activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.4 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of MSJCB policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

3 The Governance Framework

- 3.1 MSJCB 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 Merton 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
- 3.2 Merton has established a Corporate Governance steering group and terms of reference agreed to undertake this review. Meetings have been held and an evidence pack compiled to review the seven principles which are:

- Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Principle 2: Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Principle 3: Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Principle 4: Managing risks and performance through robust internal control and strong public financial management.
- Principle 5: Implementing good practices in transparency, reporting, and audit to deliver effective accountability
- Principle 6: Ensuring openness and comprehensive stakeholder engagement
- Principle 7: Determining the interventions necessary to optimise the achievement of the intended outcomes

4 ALTERNATIVE OPTIONS

- 4.1 There are no alternative options as the AGS is a statutory requirement.

5 CONSULTATION UNDERTAKEN OR PROPOSED

- 5.1 No external consultation has taken place or is planned for this document.

6 TIMETABLE

- 6.1 This report has been prepared to meet the timetable for the approval of the Statement of Accounts.

7 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 7.1 There are no specific financial, resource or property implications.

8 LEGAL AND STATUTORY IMPLICATIONS

- 8.1 The AGS is a statutory requirement.

9 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 9.1 There are no specific human rights, equalities or community cohesion implications.

10. CRIME AND DISORDER IMPLICATIONS

10.1 None for the purposes of this report.

11. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

11.1 There are no specific risk management or health and safety implications.

12. APPENDICES – the following documents are to be published with this report and form part of the report

12.1 Appendix I: Annual Governance Statement 2020/21

13. BACKGROUND PAPERS – the following documents have been relied on in drawing up this report but do not form part of the report

13.1 CIPFA / SOLACE Framework Delivering Good Governance in Local Government 2016

ANNUAL GOVERNANCE STATEMENT 2020/21

In compiling the AGS the Board has adhered to the Solace/CIPFA Guidance which is deemed best practice and addressed their seven key principles:

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

- 1.1 In Merton demonstrating this core principle the joint Board draws heavily on the constitution, formal committees and systems established within Merton Council. The Overview and Scrutiny Commission and Panels are responsible for holding the executive to account, influencing the decision-making process, and shaping the development of new policy.
- 1.2 The key principles of scrutiny in Merton, set out in the scrutiny handbook, are that it should be member-led, consensual, evidence-based, and relatively informal. The handbook also contains advice for councillors and officers on their respective roles, guidance, and practical steps on how to achieve successful scrutiny. It is based on experience of scrutiny in Merton, best practice research and examples from other local authorities.
- 1.3 The Standards and General Purposes Committee has overall responsibility for promoting corporate governance and ensuring controls are adequate and working effectively. The Committee is also concerned with the promotion and maintenance of high standards of conduct within the council; the enforcement of the Member Code of Conduct; and advising the council on ethical governance matters. The Committee monitors the registers maintained in relation to gifts and hospitality received by councillors and offered to and accepted by staff. The Committee comprises twelve members, and the Council's two Independent Persons regularly attend as observers. The Board dovetails with these arrangements
- 1.4 The Standards and General Purposes Committee fulfils the role of an Audit Committee in accordance with CIPFA recommended best practice, and this committee has overall responsibility for ensuring controls are adequate and working effectively. The Boards accounts are reviewed by both internal and external audit prior to sign off.
- 1.5 The Standards and General Purposes Committee meeting in July 2020 agreed to commence a review of the Council's constitution and appoints a working group of members in conjunction with the Monitoring Officer to carry out that review.

Principle 2: Developing the entity's capacity, including the capability of its leadership and the individuals within it

- 2.1 The Board via Merton has adopted codes of conduct for its staff and its Members (Sutton Members would be covered by their own Council's arrangements), including co-opted members. These are provided to all staff as they are inducted into the organisation. Members and co-opted members sign an undertaking to abide by their Code of Conduct at the point of their election or appointment. These Codes are always available for reference and reminders and training are provided as necessary. Each year (after Annual Council) Members are asked to declare their interests and at the start of all committee meetings A Council response to the consultation on the draft model Code of Conduct for Councillors, from the LGA (Local Government Association) was approved at July 2020 Standards and General Purposes Committee
- 2.2 Members' induction training is undertaken after each local government election. In addition, an on-going programme of training and awareness is available for Members with formal and informal events each year, including all major changes in legislation and governance issues. Details of training provided are also reported to the Standards and General Purposes Committee.
- 2.3 A corporate induction programme is delivered to all new staff joining the Council, supplemented by department specific elements. In addition, further developmental needs are identified through the Council's Appraisal Scheme.
- 2.4 During 2020/21 the council adopted formal London Resilience (Gold, Silver, Bronze) arrangements to manage the coronavirus response in the borough. This comprised a Gold Command team consisting of CMT members meeting regularly to discuss complex decisions, a Silver level group initially meeting daily to bring all decisions to one place and consider their impact and Bronze level departmental meetings, where issues around staffing levels and service provision are resolved. Also relevant for Principle 7: Determining the interventions necessary to optimise the achievement of the intended outcomes

Principle 3: Defining outcomes in terms of sustainable economic, social, and environmental benefits. Determining the interventions necessary to optimise the achievement of the intended outcomes

- 3.1 In 2019 the Council underwent an LGA Peer Challenge. The LGA team assessed the council as well managed, with clear priorities, good relationships with key partners and a constructive relationship between officers and elected members. They felt though that Merton would benefit from a clear narrative setting out the future ambition for the borough that was developed with councillors, residents, and partners. Due to the changes of the impact of Covid the Council is currently working on a change programme.

- 3.2 During 2020/21 Merton prepared a Local Outbreak Control Plan, which outlines seven steps in local preparedness to prevent, control and manage COVID-19 incidents and outbreaks, if and when they emerge. It describes our local whole system response and it has been developed with a wide range of stakeholders and overseen by the Health and Wellbeing Board. It was signed off by Chief Executive, the Director of Public Health, the Cabinet Member for Health, Social Care and the Environment and was published first on 30th June 2020 (A refreshed local outbreak management plan was prepared in April 2021). Also relevant for Principle 7: Determining the interventions necessary to optimise the achievement of the intended outcomes

Principle 4: Managing risks and performance through robust internal control and strong public financial management

- 4.1 The financial management of the Council and the Board is conducted in accordance with the Financial Regulations set out in the Constitution. The Council has designated the Director of Corporate Services, as the Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. The financial strategy ensures the economical, effective and efficient use of resources including a financial management process for reporting the Council's financial standing. The Council's financial management arrangements conform to the requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (CIPFA 2016). A new Financial Management code was introduced by Cipfa which is effective from April 2022 but should be reflected by the Council from April 2021. A review of the Council's Scheme of Management is to be reviewed in 2021/22.
- 4.2 The Board's annual financial planning process includes comprises two meetings one to review the budget (February) and one to review the outturn position (June). The June meeting also revises the annual budget, if appropriate.
- 4.3 The Council has a risk management process to identify, assess and manage those significant risks to the Council's objectives including the risks of its key strategic partnerships. The risk management process includes a risk management strategy, corporate and directorate risk registers. Key corporate risks are regularly reviewed by the Corporate Risk Management Group, Corporate Management Team and an annual report is presented to the Standards and General Purposes Committee. An Internal Audit review on the effectiveness of the council's risk management arrangements was undertaken in 2019/20 and provided a substantial assurance. The Board's approach to Risk Management dovetails with the systems established by Merton and the Board's Risk Register is reviewed at each Meeting of the Board.

- 4.4 The Information Governance board meet six weekly to discuss information governance issues and to review policy, procedures, and breaches, with representatives from each department and key officers. Information Security training has been in place for over 10 years. Additional bite size on-line cyber security training was put in place for officers in 2020/21. An Internal Audit review on Cyber Security in 2020/21, received a limited assurance and has recommended increased oversight on the numbers completing the Information Security training. Using Merton's systems and processes etc. the Board benefits from the outcomes of this arrangements.
- 4.5 Business Continuity and Disaster Recovery Plans were reviewed and updated in 2020/21 as a result of the current Covid-19 pandemic. Again, the Board benefits from these reviews and arrangements.

Principle 5: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- 5.1 The council's commitment to openness and transparency to publish data is freely available on the Councils website. A review of compliance with the Transparency Agenda undertaken in 2020/21.
- 5.2 To ensure that concerns or complaints from the public can be raised, the Council has an established formal complaints policy which sets out how complaints can be made, what should be expected and how to appeal. An annual complaints reports is presented to S&GP committee. There is a formal process to deal with Freedom of Information requests and Subject Access requests.
- 5.3 Declaration of Interests (officers) form and guidance was updated during 2020/21. The gifts and hospitality guidance and process are due to be reviewed in 2020/21/22.
- 5.4 A whistleblowing policy has been adopted to enable staff, partners and contractors to raise concerns of crime or maladministration confidentially. This has been designed to enable referrals to be made without fear of being identified. These arrangements are part of ensuring effective safeguarding, counter-fraud and anti-corruption arrangements are developed and maintained in the Council. The operation of this policy is overseen by the Head of Internal Audit, Head of Fraud, Legal human resources and the Monitoring Officer on a monthly basis.
- 5.5 The Whistleblowing Policy was reviewed and updated for approval at S&SP November 2020 committee. Regular Fraud update reports were presented to the Standards and General Purposes committee.
- 5.6 RIPA inspection undertaken by the Investigatory Powers Commissioner's Office (IPCO) in January 2020, which provided a satisfactory outcome, but with some recommendations for improvement. These covered revising the RIPA policy, adding an additional quality check and refresher training. All these recommendations were implemented, training was provided in January 2020 and a revised RIPA policy approved by S&GP Committee in July 2020.

- 5.7 The Council maintains an effective Internal Audit service that has operated, in accordance with the Public Sector Internal Audit Standards. The Council's assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2019)*. An internal Public Sector Internal Audit Standards review for 2019/20 of the Internal Audit service concluded that the service is satisfactory and fit for purpose. A five-year external review was also undertaken in May 2018 and provided a compliance assurance.
- 5.8 Internal audit is responsible for monitoring the quality and effectiveness of internal controls. Using the Council's risk registers and an audit needs assessment, a plan of internal audit work is developed. The outcome of the internal audit risk-based work is reported to Directors and regularly to the Standards and General Purposes Committee. Implementation of recommendations is monitored, and progress reported. Regular Fraud update reports are presented to the Standards and General Purposes committee by the SWLFP. A revised Anti-Fraud and Corruption strategy was approved by the Standards and General Purposes Committee in 2019/20.
- 5.9 Where appropriate the Board benefits from these arrangements

Principle 6: Ensuring openness and comprehensive stakeholder engagement

- 6.1 The principles guiding the relationship and conduct between the council and voluntary, community and faith sector is set out in the Merton Compact (last refreshed in 2011). The Merton Compact is a partnership agreement between local public bodies and the voluntary and community sector to improve the relationships. The Merton Compact subscribes to the principles of the National Compact, setting out principles and values of the partnership and aims to achieve a Compact way of working
- 6.2 The Merton Compact is monitored by the Compact Board, comprising of representatives from public bodies including Merton Council (political and officer), Merton CCG, the police, the Fire Brigade and South Thames College and local representatives from the voluntary, community and faith sector. A dispute resolution procedure has been developed to help organisations through the difficulties associated with disputes and disagreements. This group did not meet in 2020/21.
- 6.3 The Council has continued to work with partners, local and regional authorities across London and government through London emergency planning arrangements. The Chief Executive co-ordinator of the response in South West London and is Merton's representative on the London-wide local government response team,
- 6.4 Where appropriate the Board benefits from these arrangements

7 Review of effectiveness

- 7.1 The London Borough of Merton 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 authority who have responsibility for the development and maintenance of the governance environment, standards and general purposes committee, the Head of Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates and others as appropriate. As the Board utilises Merton's arrangements they benefit from the outcomes and developments from this review.
- 7.3 The review has shown that the governance framework is consistent with the principles of the CIPFA / SOLACE best practice framework and the examples of the arrangements that should be in place. Internal Audit has reviewed the effectiveness of the system of internal control for 2020/21. The Head of Internal Audit opinion based on this work, is that the system of internal control is generally sound and effective. Controls to manage principal risks are monitored by service managers. This includes services with statutory responsibilities for the safety of vulnerable people.

8 Internal Audit Outcomes

- 8.1 The Head of Audit is required to provide the Council with an opinion on the adequacy and effectiveness of the internal control environment. In the Annual Report on the work of Internal Audit during 2020/21 the Head of Internal Audit is satisfied that sufficient internal audit work has been undertaken to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's control environment.
- 8.2 The review of the governance framework in place at the London Borough of Merton (that is utilised by the Board), concluded that it is fit for purpose in accordance with the governance framework.

9 Improvement Plan 2021-22

- 9.1 The improvement actions below have been identified as part of the AGS:

Action	Lead	
Review of Roles and Responsibilities	Client Side Officer	Ongoing This review made limited progress during 2020-21 due to the continued impact of Covid 19.
Covid 19	Client Side Officer/Treasurer	Consider preparations to return to a new 'normal', lessons learnt and assessing the long-term impact and consequences.