

Annual Governance Statement

Date: 3rd October 2022

Report of: Chief Officer Financial Services

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report supports the fulfilment of the council's statutory duty to review its system of internal control, and to produce an Annual Governance Statement.

The Interim Annual Governance Statement has been published and made available for the statutory inspection period and no questions or objections have been raised.

The Annual Governance Statement, attached at Appendix A, has been updated to reflect changes in the internal control environment over the summer.

An action plan is included reflecting opportunities for improvement identified during the review of internal control.

Recommendations

- a) Corporate Governance and Audit Committee are asked to approve the 2022 Annual Governance Statement including the action plan for 2022.

What is this report about?

- 1 This report seeks approval of the 2022 Annual Governance Statement and action plan.
- 2 The committee's terms of reference include at item 1(b) the approval of the Annual Governance Statement, approved under Regulation 6(2) of the Accounts and Audit Regulations 2015.

What impact will this proposal have?

- 3 The Annual Governance Statement (the AGS) has been prepared in accordance with proper practice as required by regulation and set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice: Delivering Good Governance in Local Government (2016) (Proper Practice).
- 4 Proper Practice recognises that the AGS is a valuable means of communication. It enables the council to explain to the community, service users, tax payers and other stakeholders its

governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes. It provides that the AGS should

- provide a meaningful but brief communication regarding the review of governance that has taken place, including the role of the governance structures involved
 - be high level, strategic and written in an open and readable style
 - reflect an individual authority's particular features and challenges
 - be focused on outcomes and value for money and relate to the authority's vision for the area
 - provide an assessment of the effectiveness of the authority's governance arrangements in supporting the planned outcomes.
- 5 The corporate governance framework and assurance map was received at the July meeting of the committee. This document showed how arrangements in place delivered the principles and commitments set out in the Local Code of Corporate Governance which was adopted in March 2022 and meets the requirements of proper practice.
- 6 The AGS attached at Appendix A has been amended to reflect developments in the control environment since publication of the Interim AGS.
- 7 In addition, the AGS now includes at Annex 2 the Summary Action Plan which has been developed following analysis of the survey of internal control responses. Officers with areas of specialist oversight and expertise have identified opportunities for improvement in relation to individual control environments and the summary action plan provides an overview of the actions proposed. The plan has been considered and endorsed by the council's Corporate Leadership Team.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 8 The AGS sets out the way in which the arrangements in place in the council support the delivery of the council's strategic objectives.

What consultation and engagement has taken place?

Wards affected: None

Have ward members been consulted?

Yes

No

- 9 The AGS was developed in consultation with officers with specialist oversight and expertise including the Monitoring Officer and Chief Finance Officer.
- 10 The Interim AGS was shared with the Chief Executive and Directors, and with the Leader of Council and Executive Member for Resources prior to publication.
- 11 The committee received and considered the Interim AGS at the July meeting.
- 12 Together with the accounts and narrative statement, the AGS was placed on public deposit for a period of 30 days during which the public were able to object, inspect and question the local auditor in relation to these documents. Members are advised that no questions or objections were received during this period.

What are the resource implications?

- 13 This report provides assurance that arrangements in place support the sustainable use of the council's resources.

What are the key risks and how are they being managed?

14 This report provides assurance that the council has effective arrangements for the identification, mitigation and management of risk, but recognises that this framework cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

What are the legal implications?

15 Regulation 3 of the Accounts and Audit Regulations 2015 obliges the council to ensure it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.

16 A review of internal control has been carried out in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, and proper practice as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice: Delivering Good Governance in Local Government (2016).

Options, timescales and measuring success

What other options were considered?

17 None

How will success be measured?

18 The Council's External Auditors will consider the AGS within their review of the Council's arrangements.

What is the timetable and who will be responsible for implementation?

19 The AGS will be published alongside the Council's audited accounts when these have been approved by Committee

Appendices

- Appendix A – Annual Governance Statement

Background papers

- None