

Interim Annual Governance Statement

Date: 24th July 2023

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 report documents the review of Internal Control in the form of the corporate governance framework and assurance map (Appendix A)

The Interim Annual Governance Statement (Appendix B) is shared with the committee for information prior to the period of public deposit.

The final Annual Governance will be submitted to Committee for approval at the September 2023 Committee.

Recommendations

- a) Corporate Governance and Audit Committee are asked to consider and note the contents of the Corporate Governance Framework and Assurance map and the Interim Annual Governance Statement.

What is this report about?

- 1 This report informs Corporate Governance and Audit Committee of the annual review of internal control which has been undertaken and sets out the Interim Annual Governance Statement prior to publication for public consultation.

What impact will this proposal have?

- 2 This report ensures the committee's oversight of statutory processes, which have been carried out 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).

Corporate Governance Framework and Assurance Map.

- 3 In March 2022, the committee approved the Local Code of Corporate Governance (The Code) which is reviewed in line with and meets the requirements of proper practice. The Code sets out Seven Principles (derived from the Delivering Good Governance in Local Government: Framework (CIPFA / Solace 2016), which is a best practice framework for developing and maintaining a locally adopted code of governance) each of which is supported by a set of commitments.
- 4 The Code provides at paragraph 4, that

“Corporate Governance and Audit Committee is responsible for oversight of these corporate governance arrangements and will receive annual reports setting out the Framework of Internal Control and mapping the assurance available prior to approval of the Council’s Annual Governance Statement”.
- 5 Appendix A attached sets out the Corporate Governance Framework and Assurance map, which are presented by each principle in turn, in relation to which it articulates each commitment, the arrangements in place to meet the commitment (the Governance Framework), and the evidence to provide assurance that the effectiveness of these arrangements has been monitored and evaluated in the year (the Assurance Map).
- 6 Assurance is based on the three lines of assurance model:
 - i. Operational – assurance from those with day-to-day management and operation control within the control framework.
 - ii. Specialist – assurance from those with specialist oversight and control, and responsibility and accountability for delivery of the control environment.
 - iii. Independent – independent assurance provided by those with no direct responsibility for the delivery of the control environment.
- 7 Together, the Governance Framework and Assurance Map provide the committee with assurance that there are systems and processes in place across the Council to meet the principles and commitments set out in the Code. They are not intended to provide an exhaustive list of arrangements, or of the evidence available, however the committee should be satisfied that there is sufficient evidence to confirm that the arrangements in place comply with the Code and that they are efficient and effective.
- 8 In turn this review of internal control will enable the committee to assess the final annual governance statement prior to approval.

Internal Annual Governance Statement

- 9 Proper Practice recognises that the annual governance statement (AGS) is a valuable means of communication. It enables the council to explain to the community, service users, taxpayers and other stakeholder its governance arrangements and how the controls it has in place manage risk of failure in delivering its outcomes. It provides that the AGS should:
 - a) Provide a meaningful and brief communication regarding the review of governance that has taken place, including the role of the governance structures involved.
 - b) Be high level, strategic and written in an open and readable style
 - c) Reflect an individual authority’s particular features and challenges.
 - d) Be focused on outcomes and value for money and relate to the authority’s vision for the area
 - e) Provide an assessment of the effectiveness of the authority’s governance arrangements in supporting the planned outcomes.
- 10 The Accounts and Audit Regulations 2015, part 3, states that the commencement of the period of the exercise of public rights for the Council’s draft accounts and Interim Annual Governance

Statement should take place by 31st May 2023. Where the period of the exercise of public rights has not commenced, a relevant authority must publish as soon as reasonably practicable.

- 11 Recent research by LG Improve shows that 94/314 (30%) have released these documents to the public domain by the 31st May deadline.
- 12 A notice was published on the Council's website explaining the reasons that the date of 31st May was not met and giving the expected timescales for publication. It is expected that the Interim AGS will be added for public deposit for public inspection with the draft accounts on 24th July 2023.
- 13 The Interim Annual Governance Statement attached at Appendix B is the draft which will be placed on public deposit. Any objections or questions raised will be reported to committee when the Final AGS is brought for approval at the September 2023 meeting.

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

Health and Wellbeing Inclusive Growth Zero Carbon

- 14 The internal review provides assurance that the arrangements in place to ensure that the Council is able to deliver its strategic goals through value for money and sustainable use of resources.

What consultation and engagement has taken place?

Wards affected: None

Have ward members been consulted? Yes No

- 15 The Interim Annual Governance Statement has been developed in consultation with officers with specialist oversight and expertise including the Monitoring Officer and Chief Financial Officer.
- 16 The draft statement has been shared with the Chief Executive and Directors, and with the Leader of Council and Executive Member for Resources prior to publication.
- 17 Members of the committee have had opportunity to see and comment on the draft statement prior to signature by the Chief Officer Financial Services.

What are the resource implications?

- 18 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?

- 19 This report provides assurance that the Council has effective arrangements for the 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?

- 20 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 arrangement for the management of risk.

21 The review of internal control detailed has 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?

22 None

How will success be measured?

23 The Interim Annual Governance Statement will be placed on public deposit.

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

24 The period for public deposit is required to commence by no later than 1st August 2023

Appendices

- Appendix A – Corporate Governance Framework and Assurance Map
- Appendix B – Interim Annual Governance Statement

Background papers

- None