

**Report of Chief Officer Financial Services**

**Report to Corporate Governance and Audit Committee**

**Date: 27<sup>th</sup> July 2020**

**Subject: Interim Annual Governance Statement**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary**

**1. Main issues**

- This report presents the interim Annual Governance Statement (AGS), prepared in accordance with the Account and Audit Regulations 2015/234 (the Regulations).
- The interim AGS has been prepared in accordance with proper practices specified by the Accounts and Audit Regulations 2015. Following a review of the arrangements which together comprise our system of internal control, the AGS supports the opinion that, overall, key systems are operating soundly, and that there are no fundamental control weaknesses.
- The AGS was published in draft on 6<sup>th</sup> July 2020 to accompany the Statement of Accounts when put on deposit.
- The AGS may be updated before final publication to reflect any significant variation in our arrangements, or in the opinion of internal audit or the external auditors. The final AGS will be returned to this Committee for approval prior to publication.

**2. Best Council Plan Implications** (see the [latest version of the Best Council Plan](#))

- The AGS reflects the Council's ambitions, values and the Best Council Plan, together with the systems and processes in place to facilitate the effective exercise of its functions and the achievement of its aims and objectives; ensure the financial and operational management of the authority is effective; and include effective arrangements for the management of risk.

### **3. Resource Implications**

- As above

### **Recommendations**

- a) Corporate Governance and Audit Committee are requested to note the Interim Annual Governance Statement.

#### **1. Purpose of this report**

- 1.1 This report presents the interim Annual Governance Statement (AGS), prepared in accordance with the Regulations.

#### **2. Background information**

- 2.1 The Regulations require authorities to conduct a review of the effectiveness of its systems of internal control in accordance with 'proper practices' as set out in CIPFA/SOLACE - Delivering Good Governance in Local Government: Framework (2016 Edition).

#### **3. Main issues**

- 3.1 The AGS has been prepared following the ongoing review of effectiveness of the Council's system of internal control.
- 3.2 Assurance has been drawn, inter-alia, from reports received and considered by Executive Board and this Committee, as well as appropriate enquiries of officers with relevant knowledge and experience in relation to the assurance sought. Sources of assurance are detailed throughout the AGS.
- 3.3 The AGS has been published as an interim statement, reflecting the possibility that amendments may be required prior to approval by the Committee of the AGS for 2020. Such amendments may arise from
  - representations made by a member of the public;
  - comments arising from the external auditor's review of the interim statement; or,
  - significant developments in relation to the assurances set out.
- 3.4 The interim statement reflects the way in which the Council's internal control systems and processes have responded to, or been amended as a result of the ongoing COVID-19 pandemic, and the Council's emergency response and recovery arrangements. However, particularly in the light of the impact of the pandemic on the Council's resources, it may be necessary to further update or amend the AGS prior to final approval.
- 3.5 Such amendments as are necessary will be brought to the attention of the Committee prior to final approval being sought.
- 3.6 Members will note that Annex 2 sets out a record of the key actions proposed in the interim statement, and provides for each details of the accountable Director and lead officer. It is intended that a clear plan for achieving these key actions will be developed in conjunction with these lead officers, enabling regular update reports to the committee recording progress against these key actions.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 The interim AGS, and the key actions proposed for 2020, have been the subject of consultation with the Corporate Leadership Team and the Best Council Leadership Team.
- 4.1.2 Lead officers identified in annex 2 to the AGS have been consulted, and confirmed that they are content with the key actions proposed.

### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 Assurance in relation to the presence and monitoring of appropriate systems of internal control in relation to equality and diversity / cohesion and integration are set out in the AGS.

### **4.3 Council policies and the Best Council Plan**

- 4.3.1 The AGS reflects the Council's ambitions, values and the Best Council Plan, together with the systems and processes in place to facilitate the effective exercise of its functions and the achievement of its aims and objectives; ensure the financial and operational management of the authority is effective; and include effective arrangements for the management of risk.

#### Climate Emergency

- 4.3.2 The Council's declaration of the climate emergency and the systems of internal control adopted in light of this declaration are set out in the AGS.

### **4.4 Resources, procurement and value for money**

- 4.4.1 Assurance in relation to the presence and monitoring of appropriate systems of internal control in relation to resources are set out in the AGS.

### **4.5 Legal implications, access to information, and call-in**

- 4.5.1 Regulation 6 of the Accounts and Audit Regulations 2015 require that each financial year the authority conducts a review of the effectiveness of its system of internal control, and prepares an annual governance statement.
- 4.5.2 The regulations also require that the council prepares a statement of accounts, which must be published for a period of exercise of public rights prior to final approval. Regulation 15 requires that the AGS is published alongside the statement of accounts for this period.
- 4.5.3 The regulations also require that the AGS is considered and approved by members of the authority. In Leeds this role is delegated to Corporate Governance and Audit Committee.
- 4.5.4 The usual timetable for publication and approval of accounts set out in the Regulations, was amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020/404. The period for exercise of public rights must commence by the first day of September 2020, and the approved accounts and AGS must be published by 30<sup>th</sup> November 2020.

## **4.6 Risk management**

4.6.1 The AGS sets out assurances received throughout the year that the Council has in place robust systems and processes to identify and monitor risk.

## **5. Recommendations**

5.1 Corporate Governance and Audit Committee are requested to note the Interim Annual Governance Statement.

## **6. Background documents<sup>1</sup>**

6.1 None

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<sup>1</sup> The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.