

Internal Control Framework and Assurance Map 2023-24.

Date: 24th June 2024.

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 annual report to the committee sets out the governance framework and assurance map.

It sets out where the council obtains assurance that system of internal control is up to date, fit for purpose, effectively communicated, and routinely complied with.

This report is the culmination of the council's review of the effectiveness of its arrangements for internal control and will support the Annual Governance Statement 2024 which will be presented to committee at later meetings.

The arrangements presented provide a framework for transparent and accountable decision making in accordance with the Council's Corporate Governance Code and Framework.

Recommendations

The Corporate Governance and Audit Committee are asked:

- a) to consider and note the contents of the Internal Control Framework and Assurance Map 2023-24 attached at Appendix A of this report.

What is this report about?

- 1 The report sets out a map of the assurance available as to the effectiveness of the council's arrangements for internal control which the committee can consider when presented with the Annual Governance Statement for approval.

What impact will this proposal have?

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

Internal Control 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 The Internal Control Framework and Assurance Map 2023-24 set out in Appendix A, presents each principle in turn, which articulates each commitment, the arrangements in place to meet the commitment (the Internal Control 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 The Internal Control Framework and Assurance Map 2023-24 provides 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.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 9 The internal review provides assurance that the arrangements in place to ensure that the council can 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

10 The Internal Control Framework and Assurance Map has been developed drawing from feedback from the annual Survey of Internal Control and in consultation with officers with specialist oversight and expertise including the Monitoring Officer and Chief Financial Officer.

What are the resource implications?

11 The systems and process in place to meet the requirements of the Internal Control Framework and Assurance Map do so from existing resources.

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

12 Feedback received from those officers with specialist oversight has confirmed overall, that there are satisfactory assurances that support an established internal control environment. Where comprehensive assurances have not been provided, officers have confirmed that an action plan is in place to address any areas of concern and the implementation of these action plans will work to strengthen the control environment throughout 2024-25.

13 Based upon this feedback, the assurances set out in the Internal Control Framework and Assurance Map 2023-24 show that the Council's internal control arrangements overall are fit for purpose, embedded, and routinely complied with supporting a general conclusion that established controls of key systems are operating as expected or where weaknesses are identified, an action plan is in place to strengthen the control environment. Although areas of work have been identified, the feedback does not indicate that there are fundamental control weaknesses.

14 This feedback has also been shared with Internal Audit to consider as part of their risk-based work during 2024-25.

15 Whilst supporting the council's arrangements for risk management, the governance framework cannot eliminate all risk to the achievement of policies, aims and objectives, and this review can therefore only provide reasonable and not absolute assurance of effectiveness.

What are the legal implications?

16 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.

17 The review of internal control detailed has conducted 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?

18 The Internal Control Framework and Assurance Map is a valuable source of assurance and enables democratic oversight of arrangements. No other options were therefore considered.

How will success be measured?

19 The Annual Governance Statement will be approved in accordance with statutory timescales.

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

20 The arrangements details in the framework are already in place and remain so. The Interim Annual Governance Statement is expected to be presented to the Committee at the July 2024 meeting.

Appendices

- Appendix A – Internal Control Framework and Assurance Map 2023-24.

Background papers

- None