

AUDIT COMMITTEE – 21st NOVEMBER 2023

Report of the Director of Finance, Governance and Contracts

Part A

ANNUAL GOVERNANCE STATEMENT 2022/23

Purpose of Report

To present the Annual Governance Statement (AGS) 2022/23 for approval, and to report the results of the annual review of the Council's Code of Corporate Governance.

Recommendation

To approve the Annual Governance Statement (attached as Appendix A to this report).

Reason

So that the Annual Governance Statement can be finalised and signed by the Leader of the Council and the Chief Executive in accordance with the required timescales.

Policy Justification and Previous Decisions

The production of an AGS is a statutory requirement.

As set out in the Constitution, the Audit Committee has responsibility for considering the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

Implementation Timetable Including Future Decisions

If approved by this Committee, the AGS will be signed by the Leader of the Council and the Chief Executive and will form part of the published statement of accounts.

Report Implications

Financial Implications

None.

Risk Management

There are no risks arising from this report.

Background Papers: Delivering good governance in Local Government Framework 2016 Edition (CIPFA / SOLACE): publicly available

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Part B

Background

1. An Annual Governance Statement (AGS) is a requisite part of the published statement of accounts. Although forming part of the statement of accounts, it is good practice to consider the AGS separately to the accounts.
2. The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issued joint updated guidance on corporate governance in 2016. The guidance sets out updated requirements for AGS, which includes a requirement that:

‘The annual governance statement should provide a meaningful but brief communication regarding the review of governance that has taken place, including the role of the governance structures involved (such as the authority, the audit and other committees). It should be high level, strategic, and written in an open and readable style’.
3. The guidance also sets out six sections which must be included within the statement, which in summary are:
 - An acknowledgement of responsibility for a sound system of governance,
 - Reference to and assessment of the effectiveness of the key elements of the governance framework,
 - An opinion on the level of assurance that the governance arrangements can provide,
 - An action plan to deal with significant governance issues,
 - Reference to the resolution of issues from the previous year,
 - A conclusion and commitment to monitoring implementation.
4. The AGS, which has been prepared in accordance with the revised guidance, is included in the statement of accounts being considered by the committee elsewhere on the agenda for this meeting.
5. The Council's governance framework is summarised in the annex to the AGS, and has been in place throughout 2022/23. This committee plays a key role in overseeing the operation of the framework, including:
 - receiving quarterly update reports on the strategic risk register, and operational risk registers by exception,
 - approving the annual Internal Audit plan,
 - receiving quarterly updates on the work of Internal Audit,
 - receiving the annual Internal Audit report,
 - receiving reports from the external auditors,
 - annually reviewing the Code of Corporate Governance and approving amendments to it.

6. This ongoing work of the committee culminates in the consideration of the Annual Governance Statement.
7. Paragraph 20 of the AGS confirms some issues relating to I-Trent but that a task and finish group has been established to review the situation and resolve any ongoing concerns.
8. The CIPFA/SOLACE guidance outlines 7 core principles for good governance, with a number of supporting sub- principles. The core principles are:
 - A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**
 - B. Ensuring openness and comprehensive stakeholder engagement.**
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.**
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes.**
 - E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.**
 - F. Managing risks and performance through robust internal control and strong public financial management.**
 - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.**
9. As stated in the AGS, the Code of Corporate Governance has been reviewed against the revised Framework.
10. The Code sets out the Council's commitment to the principles and sub-principles within the new Framework, and also summarises the Council's governance framework arrangements against each of the principles and sub-principles.

Appendices

A: Annual Governance Statement