

REPORT OF THE CITY SOLICITOR

TO THE AUDIT & ACCOUNTS COMMITTEE

WEDNESDAY 27th JULY 2022

TITLE: DRAFT ANNUAL GOVERNANCE STATEMENT 2021/2022

RECOMMENDATIONS:

1. Members review and approve the draft Annual Governance Statement (AGS) subject to any changes or additions they feel appropriate.

EXECUTIVE SUMMARY:

Annual Governance Statement

The Council is required to produce a statement of corporate governance; this statement, known as the Annual Governance Statement (AGS), should be updated on at least an annual basis and follows the format recommended by CIPFA/SOLACE. The draft AGS for 2021/22 is attached at Appendix A.

The AGS will accompany the Council's Annual Accounts and will be audited by our external auditors and published on the Council's web site.

BACKGROUND DOCUMENTS:

- CIPFA Bulletin 06 Application of the Good Governance Framework 2020/21 guidance issued in February 2021
 - CIPFA/SOLACE Framework 2007: *Delivering Good Governance in Local Government*, and the revised guidance note issued in April 2016.
 - Accounts and Audit (England) Regulations 2015
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KEY DECISION: No

DETAILS:

Annual Governance Statement

1. The Annual Governance Statement (AGS) demonstrates how the Council complies with the Code of Corporate Governance, delivering effective value for money services in line with statutory requirements and the principles of good governance. It supports the Council's Statement of Accounts.
2. The requirement to produce an AGS is a statutory responsibility (Accounts and Audit Regulations 2015); the statement is a public document and is available on the Council's website. The Chartered Institute of Public Finance & Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government, revised in 2016, urges local authorities to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of corporate governance on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.
3. The Council reviewed and updated its Code of Corporate Governance in May 2022, with the revised draft Code being presented to the meeting of the Audit and Accounts Committee at its 22nd June 2022 meeting.
4. The Statement contains details of the mechanisms in place to ensure that the Council's interests are protected appropriately, and that decision making is transparent and auditable. The statement takes account of changes to structures, governance procedures, policies and corporate objectives which have occurred since the last update.
5. The 2020/21 AGS reported on the changes made to the governance framework to include the arrangements put in place to ensure effective governance during the Coronavirus pandemic. The recent review and update of the Code of Corporate Governance identified and assessed any permanent changes to governance arrangements that have been implemented as a result of the pandemic.
6. The draft AGS has been discussed at Service Reform SLT and Corporate Management Team prior to being presented to Audit and Accounts Committee.
7. The 2021/22 AGS is a more concise document than previous years' versions. This is to ensure that the document remains readable and clearly identifies any significant governance issues disclosed by the Council in relation to its activities during the year, and that these significant governance issues are in line with the criteria set out in the CIPFA "Delivering Good Governance Framework" document.
8. It should be noted that the AGS can be amended at any point up to the approval of the finalised Statement of Accounts for the relevant year. This means that there could be a potential disclosure if the current outstanding issues in relation to the audit of the 2020/21 Statement of Accounts result in a material impact, for either the 2020/21 or 2021/22 accounts. Should any such changes become necessary, a revised draft AGS will be brought back to this Committee for review and approval.

KEY COUNCIL POLICIES: None noted

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS: None noted

ASSESSMENT OF RISK:

If the Council fails to maintain robust internal controls and fails to comply with legislation and regulations, then there are reputational risks as well as financial and legal risks. Risk Management is key to our governance procedures and is addressed in the Code of Corporate Governance and the Annual Governance Statement.

LEGAL IMPLICATIONS Supplied by: Nicky Smith, Senior Solicitor

Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control (Regulation 6 of the Accounts and Audit Regulations 2015). Following the review the Annual Governance Statement must be produced, approved and published.

FINANCIAL IMPLICATIONS Supplied by: Joanne Hardman and included in the body of the report.

PROCUREMENT IMPLICATIONS Supplied by: N/A

There are no known procurement implications with this report.

HR IMPLICATIONS Supplied by: N/A

There are no known HR implications with this report.

CLIMATE CHANGE IMPLICATIONS Supplied by: N/A

OTHER DIRECTORATES CONSULTED: All Service Group Strategic Directors and Corporate Management Team.

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WARDS TO WHICH REPORT RELATES: N/A