

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	26 July 2021		
TITLE:	Draft Annual Governance Statement 2020 – covering the 2019/20 financial year		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Leader/Finance		
REPORT AUTHOR:	Ged Greaves, Senior Policy and Performance Officer		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

<p>PURPOSE OF REPORT/SUMMARY:</p> <p>The Terms of Reference of the Audit Committee¹ state:</p> <p style="padding-left: 40px;"><i>“The main areas of responsibility for the Audit Committee will be to:</i></p> <p style="padding-left: 40px;"><i>a. Monitor the Council’s responsibilities under the Accounts and Audit Regulations 2015, and approve the Statement of Accounts.</i></p> <p style="padding-left: 40px;"><i>b. Review the Council’s assurance statements, including the Annual Governance Statement (AGS), to check that it properly reflects the risk environment and any actions required to improve it.”</i></p> <p>This report brings the council’s draft Annual Governance Statement (AGS) 2020 to the committee for review, challenge and an opportunity to input prior to the document being finalised and considered at a future committee meeting alongside the financial accounts.</p> <p>The preparation and publication of the AGS is a statutory requirement². The document is a public statement that describes and evaluates the council’s overall governance arrangements, in particular how it has complied with its Code of Corporate Governance during a particular financial year. The draft AGS has previously been considered at the Committee’s meeting on 17 December 2020 and an updated version is attached at Appendix A.</p>
<p>KEY ISSUES:</p> <ol style="list-style-type: none"> 1. CIPFA³ issue guidance and a template to aid authorities in their work on their AGS; this is used as a framework, but the document is written with fresh content each year. 2. Appendix C of the draft AGS is the draft Action Plan devised for the 2020/21 year. 3. Input has been collated from executive directors, assistant directors, service managers and Internal Audit. 4. External Audit will review the final version prior to the final version coming to the Audit Committee.
<p>OPTIONS CONSIDERED:</p> <p>Options do not apply; the council must prepare, approve and publish a statement.</p>
<p>RECOMMENDATIONS:</p>

¹ As agreed by Full Council in June 2016

² Accounts and Audit Regulations 2015, regulation 6(1)

³ Chartered Institute of Public Finance and Accountancy

The committee is invited to:

1. Review the draft Annual Governance Statement 2020 (as attached) and determine whether the work undertaken to review the governance arrangements in place during the 2019/20 year is appropriate and whether there are any gaps
2. Determine any additional actions the committee would like to be taken to inform the final version of the document which will be brought to a future meeting of the committee.

REASONS FOR RECOMMENDATIONS:

In order to ensure that the Audit Committee can review, challenge and provide input prior to the AGS being finalised and brought to the committee for approval.

REPORT DETAIL

1. Introduction

1.1 The council's Code of Corporate Governance sets out seven core principles of good governance. These focus on the systems and processes for the direction and control of the council and its activities through which it accounts to, engages with and leads the community. These core principles are:

Principle 1 Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Principle 2 Ensuring openness and comprehensive stakeholder engagement.

Principle 3 Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Principle 4 Determining the interventions necessary to optimise the achievement of the intended outcomes.

Principle 5 Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Principle 6 Managing risks and performance through robust internal control and strong public financial management.

Principle 7 Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

1.2 The extent to which the council adheres to these principles is described in the Annual Governance Statement (AGS).

1.3 The preparation and publication of the AGS is a statutory requirement. The AGS is a public statement that describes and evaluates the council's overall governance arrangements during a particular financial year. It includes a self-assessment of the effectiveness of the governance arrangements, across all areas of activity, together with a statement of the actions being taken or required to address any areas of concern.

2. The draft Annual Governance Statement 2020

- 2.1 The draft AGS has been produced in accordance with relevant guidance and notable practice and a comprehensive review has taken place to ensure that the suggested areas are included in the council's AGS for 2019/20.
- 2.2 As the document is being brought to the Audit Committee in a draft form, a minor amount of information remains to be clarified and is highlighted in yellow. As in previous year's this will be completed during the preparation of the final version.
- 2.3 Sections 1 and 2 are broadly the same as previous editions of the AGS, these are 'introductory sections'.
- 2.4 Section 3 sets out the seven key principles of our Code of Corporate Governance.
- 2.5 Sections 4 through to 10 are the main body of the document and use the seven key principles as headings with detailed content to reflect practices during the year under review.
- 2.6 Section 11 describes how the council has discharged its responsibility to review the effectiveness of its governance framework including the system of internal control.
- 2.7 Section 12 draws attention to the 'Areas of special interest in terms of governance' that the council has in place. These are significant changes such as changes to the council owned companies e.g. Alive West Norfolk or new aspects of the governance framework e.g. the Town Deal Board.
- 2.8 Section 13 covers 'Known Changes in the 2020/21 year'.
- 2.9 Section 14 covers the council's response to Covid 19 which occurred in the final few months of the financial year 2019/20 but had a significant impact upon its operations.
- 2.10 Section 15 refers to the Action Plans devised for the 2019/20 year (see Appendix B of the draft AGS) and for the year 2020/21 (see Appendix C of the draft AGS).
- 2.11 The development of the draft AGS, and the consultation process, has engaged service managers, assistant directors and executive directors. In particular, input has been obtained at this stage from the Monitoring Officer, Internal Audit Manager and the S151 Officer. Some content remains to be clarified and has been delayed due to the council's Covid 19 response and redeployment.

3. Issues for the committee to consider

- 3.1 The following areas have been identified as aspects the committee may wish to consider:
 - i. Does the AGS cover all areas of our operations?
 - ii. Is it meaningful, easy to read and underpinned by robust evidence?
 - iii. Does it accurately reflect our control structure and a sense of its risks, vulnerabilities and resilience to challenges?

- iv. Has compliance with the Code of Corporate Governance been assessed and have any departures from it been disclosed and explained?

4.0 Corporate Priorities

Not applicable, the AGS is a statutory requirement.

5.0 Policy Implications

None.

6.0 Financial Implications

None.

7.0 Personnel Implications

None.

8.0 Statutory Considerations

- 8.1 The adoption of the Annual Governance Statement will be required to comply with the Accounts and Audit Regulations.

9.0 Equality Opportunity Considerations

None.

10.0 Risk Management Implications

- 10.1 The Annual Governance Statement forms part of the council's overall control framework and will provide reasonable assurance once adopted that the council is complying with the adopted Code of Corporate Governance.

- 10.2 The Audit Committee is inputting at a draft stage to help maintain an effective approach to producing the AGS. If this approach is not taken, it may lead to the council being:

- unable to meet its statutory duty
- unable to demonstrate it has effective corporate governance arrangements in place
- open to criticism from external audit.

11.0 Recommendations

The committee is invited to:

1. Review the draft Annual Governance Statement 2020 (as attached) and determine whether the work undertaken to review the governance arrangements in place during the 2019/20 year is appropriate and whether there are any gaps
2. Determine any additional actions the Committee would like to be taken to inform the final version of the document which will be brought to a future meeting of the Committee.

12.0 Declarations of Interest / Dispensations Granted

None

Background Papers

CIPFA/SOLACE Framework including Guidance Notes and Addendum

Cabinet / Panel agendas

Code of Corporate Governance

Various policies, strategies, procedures, media releases

Council Constitution