

Report to:	Audit and Corporate Governance Committee	16 th May 2024
Lead Officer:	Head of Shared Internal Audit	

Annual Governance Statement and Local Code of Governance

Executive Summary

1. This report presents the draft Annual Governance Statement (AGS) for 2022/2023, for approval by the Audit & Corporate Governance Committee.
2. The purpose of this report is to provide an update on the Annual Governance Statement, and the Local Code of Corporate Governance.

Key Decision

3. No

Recommendations

4. Members of the committee should approve the Annual Governance Statement in advance of the Statement of Accounts. To help complete this, members should note:
 - the arrangements for compiling, reporting on and approving the AGS; and
 - the review of effectiveness

If there are any material changes during the audit process the Committee will be updated with a revised version.

Reasons for Recommendations

5. The Accounts and Audit Regulations and the CIPFA guidance establishes that the committee should approve the Annual Governance Statement (AGS).

Details

Scope of the AGS

6. Internal control and risk management are recognised as important elements of good corporate governance. The scope of governance, as covered in the AGS, spans the whole range of the Council's activities and includes those designed to ensure that:
 - The Council's policies are implemented in practice;
 - High quality services are delivered efficiently and effectively;
 - The Council's values and ethical standards are met;
 - Laws and regulations are complied with;
 - Required processes are adhered to;
 - Its financial statements and other published information are accurate and reliable; and
 - Human, financial and other resources are managed efficiently and effectively.

Arrangements for compiling the AGS

7. The Accounts and Audit Regulations require the Council to review its governance arrangements and prepare an AGS to accompany the Statement of Accounts. The AGS should communicate how we are complying with our Local Code of Governance.
8. The Chartered Institute of Public Finance and Accountancy (CIPFA), in conjunction with the Society of Local Authority Chief Executives (SOLACE), have produced a framework for delivering good governance in local government. The framework guidance "Delivering Good Governance in Local Government Framework 2016" is used as a guide in compiling the AGS.
9. Arrangements for compiling the AGS have been coordinated through Internal Audit, with input from the stakeholders and colleagues.
10. Assurances from the work of the Internal Audit team have been reviewed and have been used to inform the AGS. A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.
11. The AGS should communicate how we are complying with our Local Code of Governance.

Arrangements for reporting on and approving the AGS

12. The Accounts and Audit regulations require the Committee to approve the AGS. The AGS should reflect the governance matters from the relevant financial year, plus up to the date when the accounts are signed.
13. Completing the AGS enables the Council to document what has happened in the financial year, through the Review of Effectiveness, and conclude how we have complied with our Code of Governance.
14. The draft 2022/2023 AGS is included as Appendix A to this report. In previous years the AGS has been part of the Statement of Accounts. This version has been hyperlinked in the 2022/2023 Statement of Accounts, presented later on the agenda.
15. The draft AGS is issued to the External Auditors to review as part of the draft Statement of Accounts and was [published on our website](#).
16. Members of the Committee should approve the AGS in advance of the Statement of Accounts, and we have included a separate agenda item to reflect this.
17. Any material governance changes or events, arising between the report date and the conclusion of the Statement of Accounts, may need to be recorded in the 2022/2023 AGS if relevant. For example, we reflect both the Best Value Notice, and the impact of significant global events in this document.
18. In October 2023 the [Public Sector Audit Appointments](#) highlighted a cumulative backlog of 918 delayed audit opinions in the Local Government sector. There is currently uncertainty about the process and timing of external audit work and the impact this could have on approving the Statement of Accounts. Consequently, it is possible that further amendments may be required to this document following consultation and review by the externally appointed auditors. Historically any changes between the draft and final versions of the AGS have been minor. If there were any further material changes, we would update the Committee.
19. It is anticipated that the external auditor will still provide a final report, with a Value for Money conclusion which reflects the content of the Annual Governance Statement. Due to the uncertainty over timescales, it makes good sense to present the AGS to the Committee with the Statement of Accounts.

Local Code of Corporate Governance

20. The preparation of the AGS and the Council's Local Code of Governance is undertaken in accordance with the guidance published by CIPFA. The guidance is intended to assist authorities in ensuring their own governance arrangements are suitably resourced, there is sound and inclusive decision making and there is clear accountability for the use of resources to achieve the desired outcomes for stakeholders.
21. Guidance recommends each local authority should develop and maintain a Local Code of Corporate Governance based on seven core principles, supported by supporting principles that should underpin the governance structure for the whole Council.
22. The Code stands as the overall statement of the Councils corporate governance principles and commitments, and is published on [our website](#).
23. The Code is regularly reviewed and updated. We recently reported the code to the Committee on 23rd January 2024, and consequently there has not been much change. Recent updates have been recorded as tracked changes included with this report – Appendix B.
24. We have included a diagram to illustrate our assurance channels. This is a high-level assurance map, based on the professionally recognised “three lines of defense” model. Both the LGA and CIPFA are developing guidance on assurance mapping and we will probably reflect this in future versions of our Code of Governance.
25. The Code includes the Seven principles of public life, as it applies to anyone who works for local government and supports good governance.

Options

26. The AGS reflects events from the 2022/2023 Financial Year, and significant events up to the current date. Members are invited to comment on the contents prior to approval in advance of the Statement of Accounts.

Implications

27. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, there are no significant implications or risks.

Alignment with Council Priority Areas

28. The Annual Governance Statement considers all of the Council Priority Areas.

Background Papers

29. Background papers used in the preparation of this report:
- Delivering Good Governance in Local Government (CIPFA 2016)
 - Accounts and Audit (England) Regulations 2015
 - CIPFA good practice guidance on AGS presentation

Appendices

Appendix A: Annual Governance Statement 2022/2023

Appendix B: Local Code of Governance

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