



Title of Report: Annual Governance Statement 2023/24

Report Of: Darren Collins, Strategic Director, Resources and Digital

Purpose of the Report

1. The Committee is asked to review the evidence of assurances provided on the Council's internal controls, risk management and governance arrangements, and approve the Annual Governance Statement (AGS) 2023/24, attached at Appendix A.

Background

2. The Accounts and Audit Regulations 2015 require Councils to produce an Annual Governance Statement giving an assessment of governance arrangements and their effectiveness. This accompanies the Annual Statement of Accounts and is signed by the Leader of the Council and the Chief Executive.
3. The Audit and Standards Committee agreed on 7 March 2024 the assurance framework which would provide evidence for the completion of the Annual Governance Statement. Assurances were required in the following areas:
 - Governance arrangements
 - Councillors
 - Senior Managers
 - The system of internal audit
 - Risk management arrangements
 - Counter Fraud Arrangements
 - Performance management and data quality
 - Views of the external auditor and other external inspectorates
 - The legal and regulatory framework
 - Financial controls
 - Partnership arrangements and governance
 - Other sources of assurance

Governance Arrangements

4. The Council has a Local Code of Governance, which was originally presented to the Audit and Standards Committees in April 2007. This was last updated and agreed by the Audit and Standards Committee on 25 April 2024. This Code defines how the Council complies with the principals of good governance as set out in the Local Code of Governance developed by CIPFA, Delivering Good Governance in Local Government: Framework.
5. The effectiveness of the Council's governance arrangements will be considered through the assessment of assurances below.

Councillors

6. As in the previous year assurance has been sought from Members of the Cabinet on the effectiveness they feel can be placed on the Council's corporate governance arrangements. A report elsewhere on this agenda sets out the evidence to show that effective governance arrangements are in place.

Senior Managers

7. All Service Directors have completed self-assessment assurance statements detailing the level of assurance obtained from their key control processes and governance arrangements. The conclusion of this exercise is reported elsewhere on this agenda and found that managers agreed that effective control systems were in place.

The System of Internal Audit

8. The Internal Audit Service has undertaken audit work throughout the year based on the risk-based audit plan. In addition, the Council has a framework of assurance available to satisfy that its risks have been properly identified and are being managed by controls that are adequately designed and effective in operation. This includes assurance from a variety of sources other than the Internal Audit Service, for example, the Health and Safety team. These other assurance sources have been assessed as part of the Audit Plan.
9. The system of Internal Audit, which includes the Audit and Standards Committee, has been reviewed and found to be operating effectively by the Council's Internal Control Group which met on 22 May 2024.
10. Based on evidence arising from planned internal audit activity during 2023/24, the overall opinion of the Chief Internal Auditor for the year which is reported elsewhere on this agenda in the Internal Audit Annual Report 2023/24, is that internal control systems and governance arrangements are considered to be effective.

Risk Management Arrangements

11. The Strategic Director, Resources and Digital reports elsewhere on this agenda that risk management arrangements during the year were effective.
12. Following the review of the Corporate Risk Policy during the year, incorporating changes that will assist in a clearer understanding of relevant risks, improving risk management and embedding the risk culture in the decision making and delivery of Council objectives, the next steps are to continue work to revise the Strategic Risk Register to ensure it reflects risks to effective delivery of the Council's Corporate Plan.

Counter Fraud Arrangements

13. The Strategic Director, Resources and Digital reports elsewhere on this agenda that Counter Fraud Arrangements during the year were effective.

Performance Management and Data Quality

14. The Council has a corporate suite of strategic performance indicators to enable effective monitoring of the Council's strategic approach through which quality of service is measured via strategic outcome indicators. The monitoring of performance takes place at key performance points as identified in the framework including quarterly performance reported to Group Management Teams and Corporate Senior Officer meetings.
15. In addition, performance is also monitored, measured, challenged and scrutinised on a six monthly basis at Cabinet and respective Overview and Scrutiny Committees.
16. The Performance Management Framework (PMF) will be reviewed to ensure it continues to provide optimum information for assisting informed decision making and links to strategic corporate planning and delivery of objectives, and a remodelled Senior Management Group Terms of Reference is planned to further strengthen the framework, governance and oversight of the PMF
17. The evidence arising from the performance management framework process for 2023/24 was presented to the Council's Internal Control Group on 22 May 2024. Based on this evidence the Group found that effective controls are in place.

Views of the External Auditor and other External Inspectors

18. As reported to this committee on 25 April 2024, the Council's external auditor, Mazars, issued an unqualified opinion, without modification, on the financial statements for 2022/23. No significant weaknesses were reported in relation to the arrangements the Council has in place for securing economy, efficiency and effectiveness in its use of resources, financial sustainability or governance.

19. Other external inspectorates' reports have been issued from time to time on management and governance arrangements to the Council.

The Legal and Regulatory Framework

20. Assurance has been obtained from the Strategic Director, Corporate Services and Governance as the Monitoring Officer who has a legal duty to ensure the lawfulness and fairness of decision-making within the Council. The Council has a Constitution in place and compliance with established policies, procedures, laws and regulations is ensured by the requirement to give the Strategic Director, Corporate Services and Governance the opportunity to comment on every report submitted to a decision-making body. This evidence supporting an effective Legal and Regulatory Framework was presented to the Council's Internal Control Group on 22 May 2024.

Financial Controls

21. Assurance has been obtained from the Strategic Director, Resources and Digital, who is designated as the responsible officer for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972, that financial controls are effective. Systems in place include Financial Regulations, the opportunity to comment on the financial implications of committee reports, monitoring meetings and evidence from internal and external audit. In addition, the Council undertook a self-assessment of compliance with the CIPFA Financial Management Code during 2023/24. The assessment considered seventeen financial management standards grouped into seven sections underpinning the six principles. Following the self-assessment, the Council is considered to be compliant with the Financial Management Code. This evidence supporting effective financial controls was presented to the Council's Internal Control Group on 22 May 2024.

Partnership Arrangements & Governance

22. Service Directors review partnerships within their service areas on an annual basis. As partners are key to the delivery of the Council's objectives, assurance of their control and governance systems is required. The consensus amongst Service Directors was that all Partnership Arrangements have been established in compliance with the Council's Guide to Partnership Working. In addition, the most recent review of this area by the Internal Audit Service found it to be operating satisfactorily.
23. A corporate group, SMG Partnerships, is to be established to enhance relationships and communications with partners to maximise the opportunity partnerships represent to contribute to effective delivery of the Corporate Plan and the Health and Wellbeing Strategy.

24. Based on evidence arising from partnerships for 2023/24 effective controls are in place. This evidence was presented to the Council's Internal Control Group on 22 May 2024.

The Annual Governance Statement

25. As reported to the Audit and Standards Committee on 7 March 2024, a corporate group uses the findings of the above sources of assurance to form a view on the adequacy of the Council's overall internal control and governance arrangements. Using evidence from this assessment the Group prepares the Annual Governance Statement for approval by this Committee, which will then accompany the Statement of Accounts.
26. This group, the Internal Control Group, which is chaired by the Strategic Director, Resources and Digital and includes the Strategic Director, Corporate Services and Governance along with representatives of Internal Audit and Corporate Risk Management has reviewed the evidence from the sources of assurance above and prepared the Annual Governance Statement for 2023/24 which is attached at Appendix A.
27. Based on the review of the Council's governance arrangements during 2023/24, including the internal control and risk management environments, the opinion is that the Council's governance arrangements continue to be regarded as fit for purpose.
28. The Annual Governance Statement therefore reflects this opinion and gives details of the evidence obtained to achieve it, actions taken to improve governance following the previous Annual Governance Statement, and an action plan for the next year.

Recommendation

29. The Committee is asked to approve the Annual Governance Statement to accompany the Statement of Accounts 2023/24 prior to it being passed to the Leader of the Council and Chief Executive for signature.