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| <b>Item No.</b><br>12.             | <b>Classification</b><br>Open | <b>Date:</b><br>17 July 2023        | <b>Meeting Name:</b><br>Audit, Governance and Standards Committee |
| <b>Report title:</b>               |                               | Annual Governance Statement 2022-23 |   |
| <b>Ward(s) or groups affected:</b> |                               | All                                 |   |
| <b>From:</b>                       |                               | Strategic Director of Finance       |   |

## RECOMMENDATION

1. That the audit, governance and standards committee approve the Annual Governance Statement (AGS) 2022-23 as attached at Appendix 1.

## BACKGROUND INFORMATION

2. The Accounts and Audit Regulations 2015 require that the annual governance statement be presented to and approved by an appropriate committee of the council. Under the constitution, the audit, governance and standards committee is the body that formally receives the annual governance statement.
3. The 2015 Regulations require the annual governance statement to accompany the signed and dated accounts and to be approved at the same time as the statement of accounts. The draft annual governance statement for 2022-23 was reviewed by audit, governance and standards committee in June 2023. Formal approval of the statement is now sought.
4. Following this approval, the annual governance statement should be signed by the most senior member of the council and most senior officer, who are the leader of the council and the chief executive.

## KEY ISSUES FOR CONSIDERATION

5. Every year, each local authority is required by law to conduct a review of the effectiveness of its system of internal control and to publish a statement reporting on the review, the annual governance statement, with its financial statements.
6. The annual governance statement is therefore a mandatory statement that recognises, records and publishes the council's governance arrangements as defined in the CIPFA/SOLACE framework for good governance in local authorities. It reflects how the council conducts its business, both internally and in its dealings with others. Its objective is to provide assurance on the effectiveness of the corporate governance arrangements and to identify significant governance issues requiring management action.

7. The draft AGS was circulated to strategic directors, and reviewed by the Corporate Management Team (CMT) in May 2023. It was reviewed by the audit, governance and standards committee in June 2023. It was agreed by the committee that the final annual governance statement should include reference to the review of the council's scrutiny function by the Centre for Governance and Scrutiny. This has been included at paragraph 3.9. There are two further changes to the draft AGS. The final version has been revised at paragraph 6.2.5 to clarify that the draft asset management plan will be considered alongside the funding of the capital programme in 2023-24 and an additional paragraph at 7.10 on the ongoing financial risk of the rising demand for temporary accommodation.
8. The statement is produced following a review of the council's governance arrangements and system of internal control. The review consists of an evaluation of the council's governance arrangements against the best practice described in the CIPFA guidelines. This includes an assessment of the systems and processes for:
  - establishing the council's principal statutory obligations and organisational objectives and applying the six CIPFA/SOLACE core principles of good governance
  - identifying the principal risks to the achievement of the council's objectives
  - identifying and evaluating key controls to manage the council's principal risks
  - obtaining assurances on the effectiveness of key controls.
9. The statement has also been reviewed by Grant Thornton, the council's external auditor.

## **Community, equalities (including socio-economic) and health impacts**

### **Community impact statement**

10. This report is not considered to contain any proposals that would have a significant impact on any particular community or group.

### **Equalities (including socio-economic) impact statement**

11. This report is not considered to contain any proposals that would have a significant equalities impact.

### **Health impact statement**

12. This report is not considered to contain any proposals that would have a significant health impact.

### Climate change implications

13. This report is not considered to contain any proposals that would have a significant impact on climate change.

### Resource implications

14. There are no direct resource implications in this report.

### Consultation

15. There has been no consultation on this report.

### SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

16. None required.

### BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|-------------------|---------|---------|
| None              |         |         |

### APPENDICES

| No.        | Title                               |
|------------|-------------------------------------|
| Appendix 1 | Annual Governance Statement 2022-23 |

### AUDIT TRAIL

|   |  |                        |                          |
|---|--|------------------------|--------------------------|
| <b>Lead Officer</b>   | Clive Palfreyman, Strategic Director of Finance  |                        |                          |
| <b>Report Author</b>  | Geraldine Chadwick, Interim Technical Accountant |                        |                          |
| <b>Version</b>  | Final  |                        |                          |
| <b>Dated</b>  | 28 June 2023                                     |                        |                          |
| <b>Key Decision?</b>  | No   |                        |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                        |                          |
| <b>Officer Title</b>  |  | <b>Comments Sought</b> | <b>Comments included</b> |
| Assistant chief executive (governance and assurance)                    |  | No                     | N/A                      |
| Strategic Director of Finance and Governance                            |  | N/A                    | N/A                      |
| <b>Cabinet Member</b>   |  | N/A                    | N/A                      |
| <b>Date final report sent to Constitutional Team</b>                    |  |                        | 29 June 2023             |