

GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 14 th June 2023
Report Subject	Annual Governance Statement 2022/23
Report Author	Chief Officer, Governance
Type of Report	Assurance

EXECUTIVE SUMMARY

Each financial year the Council is required to produce an Annual Governance Statement (AGS) as part of its final accounts. The AGS explains how the Council has complied with its Code of Corporate Governance, in securing good governance and managing its risks.

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issue detailed guidance notes on the preparation and contents of an AGS – ‘Delivering Good Governance in Local Government: Guidance notes for Welsh authorities’ (December 2016). The AGS is based on the seven core principles of governance from that guidance note. It is good practice for the AGS to be presented separately from the final accounts to enable it to be given more detailed consideration.

This Annual Governance Statement has been prepared following a challenge workshop with members of the Governance and Audit Committee and questionnaires with Overview & Scrutiny Chairs and Cabinet for members to contribute their views on governance.

The AGS for 2022/23 is presented to Governance and Audit Committee today with a commitment that the Governance and Audit Committee would receive a mid-year progress update report on the areas for improvement within the AGS.

RECOMMENDATIONS

1	That the Committee review the Annual Governance Statement 2022/23 to be attached to the Statement of Accounts and recommended to Council for adoption
2	That the Committee notes for the next Annual Governance Statement, views on governance will be sought from all Committee Chairs

REPORT DETAILS

1.00	EXPLAINING THE AGS REPORT
1.01	Under the Accounts and Audit (Wales) Regulations 2018 each local authority must ensure it has a sound system of internal control to ensure good governance and manage risks. Each year they must conduct a review of the effectiveness of the system and prepare an Annual Governance Statement (AGS). The review must be considered and the AGS approved by a Committee or Full Council.
1.02	The AGS accompanies the financial statements but is not part of them. As such it is not part of the statement on which the external auditors' opinion is given. However, the auditors review the governance statement to confirm it is consistent with the audited financial statements and other information of which they are aware.
1.03	The preparation of the AGS has been coordinated by the Corporate Governance Working Group (CGWG) which has reported to the Chief Executive, the Monitoring Officer and the Section 151 Officer on its work.
1.04	<p>The working group continued this year with the format of the previous reports - keeping it aligned to the revised seven core CIPFA/SOLACE principles. These are as follows:</p> <ul style="list-style-type: none"> • Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law; • Principle B - Ensuring openness and comprehensive stakeholder engagement ; • Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits; • Principle D- Determining the interventions necessary to optimise the achievement of the intended outcomes; • Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it • Principle F - Managing risks and performance through robust internal control and strong public financial management • Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
1.05	It is this set of principles on which the assessment questionnaires and the resultant final draft governance statement is based. With regard to Principle E, Members asked that the term 'entity' not be used. In the text, it has been changed to 'organisation'.
1.06	<p>The process has been:</p> <ol style="list-style-type: none"> i) Self-assessment questionnaire reviewed by Corporate Governance Working Group members, with challenge provided by statutory officers; ii) Challenge Workshop with members of the Governance and Audit Committee

	<ul style="list-style-type: none"> iii) Questionnaire with Cabinet and Chairs of the Overview and Scrutiny Committee iv) Outstanding 'red' (major) risks contained within risk register; v) Red / limited assurance internal audit reports issued during the year (where relevant?).
1.07	Progress against mitigating actions to address governance issues identified in the Annual Governance Statement last year has also been included. Those actions closed are noted.
1.08	The Governance and Audit Committee will receive a mid-year report on progress against the areas for improvement.
1.09	To shorten and simplify the Annual Governance Statement, it has been divided into two parts: a framework document, which explains the process and the AGS for 2022/23 itself.

2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications related to this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The Annual Governance Statement has been produced using information from all Statutory and Chief Officers, Service Managers, Chairs of all Overview and Scrutiny Committees and Members of the Governance and Audit Committee.

4.00	RISK MANAGEMENT
4.01	The Annual Governance Statement lists all the significant governance issues arising from the self-assessment along with any outstanding 'red' (major) risks. The Statement also describes actions taken against the governance issues reported in last year's Annual Governance Statement.

5.00	APPENDICES
5.01	Appendix A: 2022/23 Annual Governance Statement Part 1 Appendix B: 2022/23 Annual Governance Statement Part 2

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	N/A

7.00	CONTACT OFFICER DETAILS	
7.01	Contact Officer:	Lisa Brownbill, Internal Audit, Performance and Risk Manager
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7.00	GLOSSARY OF TERMS	
7.01	Corporate Governance:	the system by which Local Authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.
	Risk Management:	the process of identifying risks, evaluating their potential consequences and managing them. The aim is to reduce the frequency or likelihood of risk events occurring (wherever this is possible) and minimise the consequences if they occur. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.
	Financial Accounts / Statements:	The Council's annual finance report providing details of the Council's financial performance and position at the end of the financial year. The format is prescribed to enable external comparison with other public and private entities.