



Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	15 th March 2022
Title of report:	Annual Governance Statement 2020/21
Report by:	Executive Director Finance
Decision Type:	Council
Ward(s) to which report relates	All

Executive Summary:

This report introduces the 2020/21 Annual Governance Statement (AGS), which has been produced following completion of the annual review of the Council's governance arrangements and systems of internal control. The processes followed to produce the AGS are outlined in the report.

Recommendation(s)

That:

Audit Committee Members have previously received a draft version of the Council's 2020/21 Annual Governance Statement (AGS) prior to the annual audit and are now recommended to approve the final version of the Council's 2020/21 Annual Governance Statement (AGS), following the completion of the audit by the Council's external auditors.

Key Considerations

1. Background

- 1.1 Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control. Following the review an Annual Governance Statement (AGS) must be produced, approved and published.
- 1.2 Audit Committee Members are asked to note the findings of the 2020/21 AGS and the actions proposed to further develop or strengthen elements of the Council's governance arrangements during 2021/22.

2. The purpose of the governance framework

- 2.1. The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor its achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The governance framework is designed to manage risk to a reasonable level. The associated processes cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. The Council's governance framework

- 3.1 Governance generally refers to the arrangements put in place to ensure that intended outcomes are defined and achieved. As set out in its Code of Corporate Governance, the Council aims to achieve good standards of governance by:
 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - Ensuring openness and comprehensive stakeholder engagement.
 - Defining the Council's outcomes in terms of sustainable economic, social and environmental benefits.
 - Determining the interventions necessary to optimise the achievement of the Council's intended outcomes.
 - Developing the Council's capacity, including the capability of its leadership and the individuals within it.

- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

3.2 The key policies, procedures and arrangements that support compliance with these principles are set out in the Code. As part of the compilation of this Annual Governance Statement it has been confirmed that the documents and arrangements referenced remain current. It is however recognised that a refresh of the documents and the Constitution would be beneficial going forward.

4. Key Elements of the Governance Framework

4.1 The key elements of the Council's governance framework are detailed against each principle in the CIPFA/SOLACE framework – Delivering Good Governance in Local Government as follows:

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the 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 management

Principle G – Implementing good practice in transparency, reporting and audit to deliver effective accountability

4. Process to Support the Annual Governance Statement

4.1 The following arrangements were in place to enable the production of the AGS for 2020/21

a) Annual Review of Corporate Governance (Assurance Gathering process)

An assurance mapping exercise to identify potential sources of assurance available will be carried out with the aim of:

- Mapping systems / processes in relation to which assurance is required in accordance with the existing CIPFA framework.
- Identifying existing sources of assurance to confirm that key controls / risks are operating / managed effectively. Sources include:
- Management Controls including legal compliance, performance management, and risk and financial reporting functions operating at corporate and directorate level;
- Internal assurance including Internal Audit, other compliance functions and internal review work;
- External assurance e.g. External auditor and other inspectorates, partner's compliance functions etc.

b) Production and Approval of the Annual Governance Statement

Input from Members and Officers to produce and approve the 2020/21 AGS includes:

- Executive Directors and senior managers contributed to the content of the Statement.
- Executive Directors and senior managers reviewed the adequacy/robustness of the Statement.
- Chief Executive and Leader agreed the draft AGS.
- Draft Annual Governance Statement to accompany the draft accounts was provided to the External Auditor.
- Draft Annual Governance Statement has previously been shared with the Audit Committee.
- Audit Committee is now asked to approve the final version of the AGS, which is signed by the Chief Executive and Leader, and accompanies the Council's final accounts.

5. Benefits of the Process

- 5.1 It is noted that whilst there is a legislative requirement to complete the AGS, the information provided by the exercise is of benefit to the Council as it enables an assessment of governance arrangements across the Council and identifies where strengths and areas for development exist in those arrangements. Where significant governance issues are identified, progress can be monitored as required through the year (and reflected within the following year's AGS).

Community impact / Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*
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Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
If the AGS timetable is not achieved there is a risk that the AGS is not completed to meet the statutory deadline.	The progress of completion of works for the AGS will be monitored and reported to future Audit Committees.

Consultation:

There are no consultation requirements.

Legal Implications:

The Council must have a sound system of internal control which facilitates the effective exercise of its functions, including risk management. This is both a legal requirement and a requirement of the Financial Regulations set out in the Council's Constitution. This report provides information on the work of the Council's Internal Audit Service, in ensuring compliance.

Audit committee considered the draft Annual Governance Statement on the 21st July 2021, Members are asked to agree the finalised Governance Statement which now incorporates the outcomes of the external audit of the Council's accounts, In accordance with the council constitution full council will be asked to consider this report following consideration by this Committee.

Financial Implications:

There are no financial implications arising from this report. The work of the Internal Audit Service however supports the governance framework and the work on business grants has also ensured that the risk of fraud to the Council is minimised.

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Background papers:

Appendix 1 Annual Governance Statement 2020/2021

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
CIPFA	Chartered Institute of Public Finance and Accountancy
AGS	Annual Governance Statement