

AUDIT AND GOVERNANCE COMMITTEE

22 JULY 2022

DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22

Recommendation

- 1. The Chief Financial Officer recommends that the draft Annual Governance Statement 2021/22 be noted.**

Background

2. The Council is required, as part of its ongoing review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2021/22. The AGS will form part of the Annual Statement of Accounts and it is anticipated the final version will be signed by the Leader of the Council and Chief Executive and available for approval by this Committee at its meeting on 23 September 2022.
3. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2021/22 and considers any significant issues of governance up to the date of publication of the Statement of Accounts. The AGS outlines the actions taken or proposed to address governance issues identified.
4. The AGS is completed by the Corporate Risk Management Group based on information provided by senior officers. The evidence comes from a variety of sources, including service plans, relevant lead officers within the organisation, internal and external auditors and inspection agencies.

Content

5. The AGS assesses the effectiveness of the Council's governance arrangements by reference to the principles of good governance in accordance with the CIPFA / SoLACE Delivering Good Governance in Local Government Framework and identified areas where it is recognised that governance arrangements could be strengthened. These principles aim to ensure that the Council is:
 - Conducting our business in accordance with all relevant laws and regulations;
 - Safeguarding and properly accounting for public money; and
 - Using resources economically, efficiently and effectively to achieve agreed priorities which benefit local people.
6. As part of the review of the Council's effectiveness significant internal control issues affecting the Council are identified. In accordance with CIPFA guidance, an issue is regarded as significant if:

- The issue has seriously prejudiced or prevented achievement of a principal objective;
- The issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- The issue has led to a material impact on the accounts;
- The Audit and Governance Committee has advised that it should be considered significant for this purpose;
- The Chief Internal Auditor has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;
- The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
- The issue has resulted in formal action being taken by the Chief Financial Officer and / or the Monitoring Officer.

7. The draft AGS includes the following governance issues as areas for improvement. Items which were included in the 2020/21 AGS and remain governance issues following review in 2021/22 are:

- Serious harm or death of a child or young person - specific priorities for continual development and implementation are included in the Worcestershire Children First Business Plan and detailed within Social Care and Safeguarding Business Plan focussing on Ofsted recommendations for areas of improvement.
- Activity exceeds budget allocation – regular budget monitoring and a focus on demand / activity continues to strengthen and be a focus of our reporting and monitoring.
- Serious harm or death of an adult with care and support needs – the Council will continue to monitor and manage through the Safeguarding Adults Board, supported by teams where staff are trained and benchmarked against the safeguarding competency framework.

8. The following new issues have been identified as part of the 2021/22 review process:

- Ensuring a financially sustainable medium-term budget including monitoring the ongoing financial impact of COVID-19 on budget income and expenditure.
- Non-compliance with Corporate Policies and Procedures across all disciplines.

9. A detailed action plan to ensure that work is undertaken to deliver the areas where it is recognised that governance arrangements could be strengthened will be developed. Progress against the plan will be reported to this Committee on a quarterly basis.

10. The governance of the Council will continue to be monitored by Cabinet, Audit and Governance and other councillor committees, and the Council's Strategic and Wider Leadership Teams.

11. Grant Thornton, the Council's external auditors, will consider the AGS as part of their external audit, with the aim of confirming that it is consistent with their knowledge of our organisation and the financial statements. The draft AGS is included today for Members' consideration.

Contact Points

Specific Contact Points for this report

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Supporting Information

- Appendix: Draft Annual Governance Statement 2021/22

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer there are no background papers relating to the subject matter of this report.