

AUDIT COMMITTEE
27 JULY 2021

ANNUAL GOVERNANCE STATEMENT

Cabinet Member Cllr Bob Deed
Responsible Officer Catherine Yandle, Operations Manager for Performance, Governance and Health & Safety

Reason for Report: To present the Committee with the draft Annual Governance Statement and Action Plan (Appendix A) and accompanying Corporate Governance Framework (Appendix B) for 2020/21.

RECOMMENDATION(S): That the Committee approves the Annual Governance Statement and the Leader of the Council and the Chief Executive sign the Statement, as per the statutory guidance, alongside the Financial Statements once the audit is completed.

Relationship to Corporate Plan: Having good governance arrangements and an effective internal control environment is a fundamental element of being a well-managed council.

Financial Implications: None

Legal Implications: None

Risk Assessment: Failure to produce an Annual Governance Statement would result in the Council breaching the Accounts and Audit Regulations 2015.

Equality Impact Assessment: No equality issues identified for this report.

Impact on Climate Change: No impacts identified for this report.

1.0 Introduction

- 1.1 Mid Devon District Council is required to prepare an Annual Governance Statement as per the requirements laid out in the Delivering Good Governance in Local Government: Framework (2016) and the CIPFA/LASAAC Code of Practice on Local Authority Accounting.
- 1.2 In addition Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once a year of the effectiveness of its system of internal control, and to include a statement reporting on the review with any published Statement of Accounts. Regulation 6(1)(b) of the Accounts and Audit Regulations 2015 require that for a local authority in England the statement is an Annual Governance Statement (AGS).
- 1.3 The Good Governance Framework sets out seven principles of Corporate Governance which are underpinned by supporting principles and requirements. Authorities are expected to comply with the requirements of

the Framework and thus meet the principles of good Corporate Governance, which are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity'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.

2.0 What is an Annual Governance Statement?

2.1 The AGS should be an open and honest self-assessment of an authority's performance across all of its activities, with a clear statement of the actions being taken or that are required to address areas of concern. The AGS has been prepared in accordance with the CIPFA guidance entitled '*Delivering Good Governance in Local Government*'.

2.2 The AGS includes the following:

- An acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control)
- A description of the key elements of the systems and processes that comprise the governance arrangements
- A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements
- An outline of the proposed actions to be taken to deal with significant governance issues, including an action plan.

2.3 Again this year there is an additional section H regarding the Council's Covid 19 response in so far as it affects governance.

3.0 Conclusion

3.1 Following the review of the sources of assurance and evidence to support the AGS, it is the opinion of the Operations Manager for Performance, Governance and Health & Safety that the Council's control environment was adequate in the 2020/21 financial year.

3.2 The areas where improvements are required are highlighted in the Action Plan accompanying the AGS. The action plan includes reference to the lead officers for each action and the target date for completion. The Committee will receive an update on the progress made against this action plan at their meetings throughout 2021/22.

- 3.3 It is a statutory requirement that the AGS is signed off by the Chief Executive (as most senior officer) and the Leader of the Council (as most senior member), along with the Report and Accounts once they have been approved by the Audit Committee.
- 3.4 The AGS is subject to review by the Council's external auditor and any comments from them are not reflected in this document, none have been received to date.

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Circulation of the Report: Management Team and Cllr Bob Deed

List of Background Papers: None