

Bolsover District Council

Meeting of Audit Committee on 26th September 2023

Annual Governance Report

Report of the Service Director Governance, Legal Services & Monitoring Officer

Classification	This report is Public.
Report By	Jim Fieldsend Service Director Governance, Legal Services & Monitoring Officer

PURPOSE/SUMMARY OF REPORT

To seek the agreement of the Audit Committee to the conclusions and content of the Annual Governance Statement which it is proposed to incorporate within the Council's Statement of Accounts for 2022/23.

To increase awareness of governance issues amongst Members and Employees of the Council and more generally amongst all stakeholders.

REPORT DETAILS

1. Background

1.1 As part of its Statement of Accounts the Council is required to include an Annual Governance Statement. Preparation of the Statement needs to be undertaken in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) framework, which sets out the fundamental principle of corporate governance that needs to be addressed. The CIPFA / SOLACE Framework sets out the following core principles which Authorities should follow:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder agreement.
- 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.

One of the main purposes of the Annual Governance Statement is to assess the extent to which the above key principles are in place within an authority and are adhered to in practice. In short it is an annual assessment process for the Council's governance arrangements. As part of this process the Audit Committee will also be requested to consider the Council's updated Code of Corporate Governance.

- 1.2 A key principle for CIPFA/SOLACE is that the Annual Governance Statement together with the Code of Corporate Governance are corporate documents, which must be owned by the whole organisation. Some key principles which are set out in the Code are as follows:
 - The key focus of the governance structures should be the attainment of sustainable economic, societal, and environmental outcomes.
 - Local authorities must focus on the long-term, having responsibilities to more than their current electors as they must take into account the impact of current decisions and actions on future generations.
 - Local Authorities should assess their governance structures and partnerships on at least an annual basis reporting publicly on compliance.
- 1.3 The Draft Annual Governance Statement for consideration and approval by this Committee is attached as **Appendix 1**. While it is anticipated that the version considered by the Audit Committee will effectively be the final version of the Annual Governance Statement there may be a requirement to make some final changes before the Statement of Accounts is authorised for issue by the Section 151 Officer. It is therefore recommended that delegated powers be given to the Section 151 Officer in consultation with the Chair or Deputy Chair of this Committee to agree any final changes. It should be noted that the only changes that will be made under these delegated powers will relate to amendments agreed with the Council's external auditors Mazars.
- 1.4 The preparation of the draft Annual Governance Statement sits alongside the Council's Local Code of Corporate Governance. The Code of Corporate Governance is attached at **Appendix 2** to this report for consideration by the Audit Committee. The Code is due a full review no later than 31st March 2025 however minor reviews and updates can be made in the meantime where required. No updates are proposed at this time.
- 1.5 Included in section 4 of the Code of Corporate Governance is a requirement for the Senior Leadership and Management teams to assess the arrangements which were operational within the Council during the previous financial year (in this case 2022/23) to ensure that it is meeting the requirements of the code and to set out the results in the Annual Governance Statement.
- 1.6 As can be seen from section 4 of the Annual Governance Statement the review supports the assessment that there are appropriate governance arrangements in place, and they are fit for purpose. Where significant issues have been identified the Statement says that these will be addressed to ensure governance arrangements remain robust.

2. Reasons for Recommendation

To enable the Audit Committee to assess the appropriateness of the draft Annual Governance Statement and to make recommendations concerning any amendments which they consider appropriate.

3. Alternative Options and Reasons for Rejection

There are no alternative options for consideration.

RECOMMENDATION(S)

1. That the Audit Committee consider the draft Annual Governance Statement as set out in **Appendix 1** and make any observations or recommendations which they consider to be appropriate prior to the final version being incorporated within the Council's Statement of Accounts.
2. That the Audit Committee having reviewed the effectiveness of the Governance Framework are satisfied that the Council's governance and internal control arrangements are fit for purpose.
3. That delegated powers are granted to the Section 151 Officer in consultation with the Chair or Deputy Chair of the Audit Committee to agree any changes which may be necessary in order to ensure the finalisation of the external audit currently being concluded by the Council's external auditors Mazars to ensure completion of the Statement of Accounts by the statutory deadline of 30th September 2023.

IMPLICATIONS.

Finance and Risk: Yes No

Details:

There are no additional financial implications arising from this report.

Risk Effective governance arrangements for local authorities are crucial if authorities are to meet the standards of accountability, integrity, consumer focus, democratic engagement and organisational effectiveness that are expected of them. The preparation of the Annual Governance Statement is one of the mechanisms that helps ensure that effective governance arrangements are in place. The gross impact of not having effective governance arrangements in place would be significant with the CIPFA / SOLACE guidance taking the view that effective governance lies at the heart of a Council's managerial, performance and financial arrangements. The Governance Statement and supporting documentation do, however, demonstrate that the Council has in place a range of processes and procedures which taken together amount to a culture of effective governance. While there remain a limited number of significant individual issues that need to be addressed and resolved to improve the Council's governance arrangements the overall framework is sound and provides an appropriate base from which to address the individual issues identified within this report.

On behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

The requirement to include an Annual Governance Statement within the Council's Statement of Accounts is set out within the Accounts and Audit Regulations 2015 and associated best practice. The processes outlined in the report should be sufficient to ensure that the Council's Governance Statement together with the Local Code of Corporate Governance meet the requirements of both the relevant legislation and associated good practice.

On behalf of the Solicitor to the Council

Environment: Yes No

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

Details:

There are no environmental implications contained within this report.

Staffing: Yes No

Details: There are no staffing implications contained within this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards, or which results in income or expenditure to the Council above the following thresholds: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies.</i>	No
Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i>	No

District Wards Significantly Affected	(please state which wards or state All if all wards are affected)
Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Details:

Links to Council Ambition: Customers, Economy, and Environment.
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Demonstrating good governance

DOCUMENT INFORMATION

Appendix No	Title
1	Annual Governance Statement for year ending 31 st March 2023
2	Code of Corporate Governance

Background Papers

<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive, you must provide copies of the background papers).</i>

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