

Somerset West and Taunton Council

Audit and Governance Committee – 27 September 2021

Annual Governance Statement 2020/21

This matter is the responsibility of the Leader of the Council, Cllr Federica Smith-Roberts

Report Author: Amy Tregellas, Governance Manager

1 Executive Summary / Purpose of the Report

- 1.1 To present the Committee with the finalised Annual Governance Statement 2020/21 (Appendix A) and accompanying Action Plan (Appendix B).
- 1.2 The Annual Governance Statement has been updated to reflect the feedback given by the External Auditor during the audit process.

2 Recommendations

- 2.1 That the Committee approves the Annual Governance Statement and Action Plan for 2020/21.

3 Risk Assessment

- 3.1 Failure to have robust governance arrangements in place could impact on the Council's control environment and ability to operate in an economic, efficient and effective manner. This could lead to recommendations being made by Internal and External Audit.

4 Background and Full details of the Report

- 4.1 The Annual Governance Statement (AGS) is a statutory document which provides assurance on the governance arrangements and control environment within the Council.
- 4.2 The Accounts and Audit Regulations 2015 set out that 'a relevant authority must, each financial year: (a) conduct a review of the effectiveness of the system of internal control; and (b) prepare an annual governance statement
- 4.3 The Statement is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) guidance titled '*Delivering Good Governance in Local Government: Guidance Notes for English Authorities and Framework.*'
- 4.4 The Statement has also been prepared taking into consideration the contents of the CIPFA Bulletin 06 – Application of the Good Governance Framework for 2020/21, which concerns the impact of the continuing Covid-19 pandemic on governance arrangements.

- 4.5 The Framework defines the principles that should underpin governance as:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - B. Ensuring openness and comprehensive stakeholder engagement
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
 - D. Determining the intervention necessary to optimise the achievement of the intended outcomes
 - E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
 - F. Managing risks and performance through robust internal control and strong public financial management
 - G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
- 4.6 The Annual Governance Statement includes an Action Plan to address any governance issues identified as a result of the review of the effectiveness of the system of internal control. Details of the Council's Governance Framework is included as part of the Annual Governance Statement (Appendix A).
- 4.7 In order to ensure that the actions are being delivered it is important that the Committee review progress against the Action Plan, and update reports will be brought to the Committee in December 2021 and March 2022.
- 4.8 The Governance Statement has been amended to take account of the feedback from the External Auditor. This included some minor amendments that have been tracked on the statement. Sections 3.16, 3.17, 3.18 and 3.19 have also been added giving more specific information on:
- Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.
 - Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013).
 - Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.
 - Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.

5 Links to Corporate Strategy

- 5.1 Having a robust, effective and efficient governance framework in place is a fundamental element of being a 'well managed' council and avoiding recommendations from Internal and External Auditors.

6 Finance / Resource Implications

6.1 None arising from this report

7 Legal Implications

7.1 The Council has a statutory duty under the Accounts and Audit Regulations 2015 to conduct a review of the effectiveness of the system of internal control; and prepare an annual governance statement

8 Climate and Sustainability Implications

8.1 None arising from this report

9 Safeguarding and/or Community Safety Implications

9.1 None arising from this report

10 Equality and Diversity Implications

10.1 None arising from this report

11 Social Value Implications

11.1 None arising from this report

12 Partnership Implications

12.1 None arising from this report

13 Health and Wellbeing Implications

13.1 None arising from this report

14 Asset Management Implications

14.1 None arising from this report

15 Data Protection Implications

15.1 None arising from this report

16 Consultation Implications

16.1 None arising from this report

Democratic Path:

- **Audit, Governance and Standards Committee – Yes**
- **Cabinet/Executive – No**

- **Full Council – No**

Reporting Frequency: Annually

List of Appendices

Appendix A	Annual Governance Statement
Appendix B	Action Plan

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