

Somerset West and Taunton Council

Audit and Governance Committee – 7 November 2022

Annual Governance Statement 2021/22

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 Annual Governance Statement 2021/22 (Appendix A) and accompanying Action Plan (Appendix B), which has now been through the external audit process.

2 Recommendation

- That the Committee:
- 2.1 Approves the Annual Governance Statement and Action Plan (Appendix B) for 2021/22.

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 10 – closure of the 2021/22 Financial Statements, which concerns the impact of the continuing Covid-19 pandemic on governance arrangements, the need to focus and reflect on the weaknesses in governance to identify learning points and to mitigate the risk of similar issues arising and compliance with the Financial Management Code adopted in 2021/22 and

identify any outstanding areas for improvement or change.

- 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 The unaudited draft version of the Annual Governance Statement was presented to the Audit and Governance Committee on The covering report at that time stated that the Annual Governance Statement would be brought back to the Audit and Governance Committee at the same meeting as the Annual Statement of Accounts are considered – in order to make any amendments following the External Audit process.
- 4.8 In the Grant Thornton report titled External Audit Findings Report 2021/22, it states that 'Grant Thornton are required to report if the Annual Governance Report does not comply with the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit.' Grant Thornton confirmed that 'we have nothing to report on this matter.' As a result of this, it is recommended that the Committee approve the audited version of the Annual Governance Statement for 2021/22.

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 None arising from this report

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

9.2 **Equality and Diversity Implications** None arising from this report

10 Social Value Implications

10.1 None arising from this report

11 Partnership Implications

11.1 None arising from this report

12 Health and Wellbeing Implications

12.1 None arising from this report

13 Asset Management Implications

13.1 None arising from this report

14 Data Protection Implications

14.1 None arising from this report

15 Consultation Implications

15.1 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 (delete if not applicable)

Appendix A	Annual Governance Statement
Appendix B	Action Plan

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