

Title: Annual Governance Statement 2023/24

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Portfolio Holders: Councillors Davison and Chilvers

Wards of the District directly affected: Not applicable

Approvals required	Date	Name
Portfolio Holder	13 December 2024	Councillor Chilvers
Finance	13 December 2024	Andrew Rollins
Legal Services	Not applicable	
Chief Executive	13 December 2024	Chris Elliott
Strategic Director	13 December 2024	Dave Barber
Head of Service(s)	13 December 2024	Andrew Rollins
Section 151 Officer	13 December 2024	Andrew Rollins
Monitoring Officer	13 December 2024	Graham Leach
Equalities, Diversity and Inclusion Business Partner	13 December 2024	Daniel Keating
Leadership Co-ordination Group	13 December 2024	Various
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

This report sets out the Council's draft Annual Governance Statement for 2023/24 describing the governance arrangements that were in place during the financial year. The final Statement will accompany the Council's Statement of Accounts.

Due to the timescales involved in the production of this report, further consultation is required with some of the groups set out at 1.5.6 and the reviews of the draft as described at 1.5.7. However, in order to ensure that this document is in place and can be signed off alongside the 2023/24 Statement of Accounts, it was felt appropriate to provide this Committee with the draft as it currently stands to allow for any comments to be incorporated into the final version.

Recommendations

- 1 That Committee should review the Warwick District Council Draft Annual Governance Statement 2023/24 as set out at Appendix A and provide any comments as felt appropriate.
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1 Reason for the Recommendations

- 1.1 Members have responsibility for corporate governance, of which internal audit forms a key part.
- 1.2 The production of an Annual Governance Statement is a statutory requirement for local authorities.
- 1.3 Regulation 6 of The Accounts and Audit (England) Regulations 2015 states:
Review of internal control system
6.—(1) A relevant authority must, each financial year—
 - (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
 - (b) prepare an annual governance statement.
 - (2) If the relevant authority referred to in paragraph (1) is a Category 1 authority, following the review, it must—
 - (a) consider the findings of the review required by paragraph (1)(a)—
 - (i) by a committee; or
 - (ii) by members of the authority meeting as a whole; and
 - (b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of—
 - (i) a committee; or
 - (ii) members of the authority meeting as a whole.
 - (3) If the relevant authority referred to in paragraph (1) is a Category 2 authority, following the review it must—
 - (a) consider the findings of the review by members of the authority meeting as a whole; and

- (b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of members of the authority meeting as a whole.
- (4) The annual governance statement, referred to in paragraph (1)(b) must be—
 - (a) approved in advance of the relevant authority approving the statement of accounts in accordance with regulations 9(2)(b) or 12(2)(b) (as the case may be); and
 - (b) prepared in accordance with proper practices in relation to accounts(a).

1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) emphasise that corporate governance is everyone's business and define it as:

"How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities." CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives)

1.5 **Process for Completion of the Annual Governance Statement**

1.5.1 CIPFA/SOLACE has issued a framework and guidance on delivering good governance in local government. The framework is built on the seven core principles set out in the Good Governance Standard for Public Services that were themselves developed from earlier work by Cadbury and Nolan. The principles in relation to local government as set out in the framework are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions 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.

Both the Annual Governance Statement and the Council's Code of Corporate Governance reflect these seven themes.

1.5.2 The CIPFA Financial Advisory Network has published an advisory document entitled "The Annual Governance Statement: Rough Guide for Practitioners". Its advice is that the Annual Governance Statement is a key corporate document and the most senior member and the most senior officer (Leader and Chief Executive respectively) have joint responsibility as signatories for its accuracy

and completeness. It advises that it should be owned by all senior members and officers of the authority and that it is essential that there is buy-in at the top level of the organisation. It advises that the work associated with its production should not be delegated to a single officer.

1.5.3 The Leader and Chief Executive of the Council as signatories to the Annual Governance Statement need to ensure that it reflects accurately the governance framework for which they are responsible. In order to achieve this, they will rely on many sources of assurance, such as that from:

- Deputy Chief Executive and Heads of Services
- the Responsible Financial Officer
- the Monitoring Officer
- Members
- the Audit and Risk Manager
- performance and risk management systems
- third parties, e.g. partnerships
- External Audit and other review agencies.

1.5.4 'The Annual Governance Statement – Rough Guide for Practitioners' by CIPFA sets out the following stages in producing the Annual Governance Statement:

Objective 1, ESTABLISHING PRINCIPAL STATUTORY OBLIGATIONS AND ORGANISATIONAL OBJECTIVES

Step 1: Mechanisms established to identify principal statutory obligations.

Step 2: Mechanisms in place to establish organisational objectives.

Step 3: Effective Corporate Governance arrangements are embedded within the authority.

Step 4: Performance management arrangements are in place.

THEN apply the CIPFA/SOLACE Core Principles

Objective 2, IDENTIFY PRINCIPAL RISKS TO ACHIEVEMENT OF OBJECTIVES

Step 1: The authority has robust systems and processes in place for the identification and management of strategic and operational risk.

Objective 3, IDENTIFY AND EVALUATE KEY CONTROLS TO MANAGE PRINCIPAL RISKS

Step 1 - The authority has robust systems of internal control which includes systems and procedures to mitigate principal risks.

Objective 4, OBTAIN ASSURANCES ON THE EFFECTIVENESS OF KEY CONTROLS

Step 1: Appropriate assurance statements are received from specified internal and external assurance providers.

Objective 5, EVALUATE ASSURANCES AND IDENTIFY GAPS IN CONTROL/ASSURANCES

Step 1: Make adequate arrangements to identify, review and evaluate reports from the defined internal and external assurance providers to identify areas of weakness in controls.

Objective 6, ACTION PLAN TO ADDRESS WEAKNESSES AND ENSURE CONTINUOUS IMPROVEMENT OF THE SYSTEM OF CORPORATE GOVERNANCE

Step 1: Robust mechanism to ensure that an appropriate action plan is agreed to address the identified control weaknesses and is implemented and monitored.

Objective 7, ANNUAL GOVERNANCE STATEMENT

Step 1: Governance statement is drafted in accordance with regulations and timescales.

Objective 8, REPORT TO CABINET / EXECUTIVE COMMITTEE

Step 1: Report in accordance with pro-forma.

1.5.5 The Council's Annual Governance Statement is being produced in accordance with these stages.

1.5.6 Evidence sources collated for drafting the AGS are as follows:

- (a) Consultation with senior and other relevant officers.
- (b) Assurances provided by Heads of Services through the completion of Service Assurance Statements.
- (c) Consultation with a cross-party member review group comprising the Leader of the Council and Chairs of Committees.
- (d) Work undertaken during the year by Internal Audit and other review and inspection agencies.
- (e) Consultation with the Council's External Auditors.
- (f) Review of progress against the previous year's AGS action plan, which was reported quarterly to the Audit and Standards Committee.

As suggested above, some of this consultation is still to be completed (specifically items (c) and (e)).

1.5.7 The process for drafting the AGS itself, and the systems of challenge and review are as follows:

- (a) The information described above was collated and a draft Statement was circulated to relevant officers for comment and for suggestions on issues to be reflected in the AGS.
- (b) The draft Statement is to be issued to the Council's Senior Leadership Team and debated at a meeting, with discussions on whether the Council was facing any significant governance issues for inclusion in section 5 of the Statement.
- (c) A cross-party member review group will be provided the final draft AGS for comment.
- (d) A draft will be issued to the Council's External Auditors for their views.
- (e) Submission to the Audit and Standards Committee for its approval.

Again, as indicated above, some of these steps are still to be undertaken.

2 Alternative Options

- 2.1 The draft version of the statement could have been held back until all consultation and other steps detailed had been undertaken. However, this option was discounted for the reasons set out in the summary.

3 Legal Implications

- 3.1 Production of an Annual Governance Statement is a statutory requirement for local authorities.

4 Financial Implications

- 4.1 Not applicable.

5 Corporate Strategy

- 5.1 Warwick District Council has adopted a Corporate Strategy that sets three strategic aims for the organisation:
- Delivering valued, sustainable services.
 - Low cost, low carbon energy across the district.
 - Creating vibrant, safe, and healthy communities of the future.
- 5.2 The reviews undertaken in the production of this statement contributes to the delivery of these strategic aims as part of an assurance framework. This ensures that the activities necessary to deliver these aims are reviewed and, where appropriate, improved.

6 Environmental / Climate Change Implications

- 6.1 Not applicable.

7 Analysis of the Effects on Equality

- 7.1 Not applicable.

8 Data Protection

- 8.1 Not applicable.

9 Health and Wellbeing

- 9.1 Not applicable.

10 Risk Assessment

- 10.1 Clearly there are governance-related risks associated with weak internal control, risk management and governance processes.

10 Consultation

- 10.1 Please refer to 'header page' of this report.

Background papers:

[The Accounts and Audit Regulations 2015](#)

Supporting documents: Not applicable.