

Title: Annual Governance Statement 2021/22  
Lead Officer: Richard Barr  
Portfolio Holder: Councillor Hales  
Wards of the District directly affected: Not applicable

---

## **Summary**

This report sets out the Council's Annual Governance Statement for 2021/22 describing the governance arrangements that were in place during the financial year. The Statement will accompany the Council's Statement of Accounts.

## **Recommendations**

- 1 That Committee should approve the Warwick District Council Annual Governance Statement 2021/22 for as set out at Appendix A.
- 

## **1 Background to the Annual Governance Statement**

8.1 The production of an Annual Governance Statement is a statutory requirement for local authorities.

8.2 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).

8.3 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)

## 9 **Process for Completion of the Annual Governance Statement**

9.1 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.

9.2 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.

- 9.3 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 Executives and Service Area Managers
- 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.

- 9.4 '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

- 9.5 The Council's Annual Governance Statement has been produced in accordance with these stages.
- 9.6 Evidence sources collated for drafting the AGS were 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 Finance & Audit Scrutiny Committee.
- 9.7 The process for drafting the AGS itself, and the systems of challenge and review were as follows:
- (a) The information described above was collated and an early draft Statement was circulated to relevant officers for comment and for suggestions on issues to be reflected in the AGS.
  - (b) The draft Statement was 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 considered and provided comment on the final draft AGS.
  - (d) A draft was issued to the Council's External Auditors for their views.
  - (e) Submission to the Finance & Audit Scrutiny Committee for its approval.

**2 Alternative Options available to Committee**

- 2.1 The report is not based on 'project appraisal' so this section is not applicable.

**3 Consultation and Members' comments**

- 3.1 Include any comments received in response to the consultation on the report.

Drafting of the Annual Governance Statement involved extensive consultation – with Members and Officers alike.

#### **4 Implications of the proposal**

##### **4.1 Legal/Human Rights Implications**

4.1.1 Include a summary of the legal or human rights implications of the proposal.

Not applicable.

##### **4.2 Financial**

4.2.1 Include a summary of the financial implications of the proposal

Not applicable.

##### **4.3 Council Plan**

###### **4.3.1 External Impacts**

**People - Health, Homes, Communities**

**Services - Green, Clean, Safe**

**Money- Infrastructure, Enterprise, Employment**

Although there are no direct policy implications, governance is a major factor in shaping the Policy Framework and Council policies.

###### **4.3.2 Internal Impacts**

**People - Effective Staff**

**Services - Maintain or Improve Services**

**Money - Firm Financial Footing over the Longer Term**

Although there are no direct policy implications, governance is a major factor in shaping the Policy Framework and Council policies.

##### **4.4 Environmental/Climate Change Implications**

4.4.1 An effective governance framework can assist the Council achieve its environmental and climate emergency objectives.

##### **4.5 Analysis of the effects on Equality**

4.5.1 An effective internal audit function can help the Council achieve its equality obligations.

##### **4.6 Data Protection**

9.6.1 An effective governance framework can help the Council achieve its data protection objectives.

##### **4.7 Health and Wellbeing**

- 9.7.1 An effective governance framework can help the Council achieve its health and wellbeing objectives.

## **5 Risk Assessment**

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

## **6 Conclusion/Reasons for the Recommendation**

- 6.1 The Council's Annual Governance Statement for 2021/22 is a statutory document that describes the governance arrangements in place during the financial year and which accompanies the financial statements. The Committee is required to consider the Annual Governance Statement and, if satisfied, approve it.

### **Background papers:**

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

All Papers referred to in this report are published documents.

### **Supporting documents:**

Internal Audit Reports.

Service Assurance Statements.

Minutes of Senior Leadership Team.

Internal Audit Annual Report.

Quarterly Internal Audit Progress Reports.

Quarterly AGS Action Plan Review Reports.

## Report Information Sheet

<b>Committee/Date</b>	Audit & Scrutiny Committee – 14 June 2022	
<b>Title of report</b>	Annual Governance Statement 2021/22	
<b>Consultations undertaken</b>		
<b>Consultee *required</b>	<b>Date</b>	<b>Details of consultation / comments received</b>
<b>Ward Member(s)</b>		
<b>Portfolio Holder WDC &amp; SDC *</b>	12/5/2022	
<b>Financial Services</b>		
<b>Legal Services</b>		
<b>Other Services</b>		
<b>Chief Executive(s)</b>	5/5/2022	
<b>Head of Service(s)</b>	5/5/2022	
<b>Section 151 Officer</b>	5/5/2022	
<b>Monitoring Officer</b>	5/5/2022	
<b>CMT (WDC)</b>	5/5/2022	
<b>Leadership Co-ordination Group (WDC)</b>	5/5/2022	
<b>Other organisations</b>		
<b>Final decision by this Committee or rec to another Cttee/Council?</b>		The former.
<b>Contrary to Policy/Budget framework</b>		No
<b>Does this report contain exempt info/Confidential? If so, which paragraph(s)?</b>		No
<b>Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?</b>		No.
<b>Accessibility Checked?</b>		File/Info/Inspect Document/Check Accessibility