



## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Monday, 5 July 2021**

<b>REPORT TITLE:</b>	<b>ANNUAL GOVERNANCE STATEMENT</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF RESOURCES</b>

### **REPORT SUMMARY**

This report presents the Audit and Risk Management Committee with the Annual Governance Statement (AGS) for consideration by Committee Members. The AGS should reflect key governance issues up to the date of the approval of the annual statement of accounts, and therefore a final version will be reported to the Committee in November 2021 for approval along with the final version of the Council's financial statements.

The Council has a responsibility for conducting an annual review of the effectiveness of its governance framework including the system of internal control. The AGS reports the outcome of the annual review.

The Council has previously approved and adopted a Code of Corporate Governance that complies with the principles of the Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) Framework Delivering Good Governance in Local Government. The Council reports publicly through the AGS the extent to which the governance processes outlined in the Code are operating effectively in practice.

This matter affects all Wards within the Borough. It is not a key decision.

### **RECOMMENDATION**

The Audit and Risk Management Committee is recommended to:

1. Note and approve, subject to comment as appropriate, the draft Annual Governance Statement, including the actions planned in 2021/22 to address the three significant governance issues identified from this year's annual governance review.
2. Delegate the Chief Executive and Council Leader to sign the draft statement prior to publication by 31 July 2021.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 The preparation and publication of an Annual Governance Statement (AGS) is necessary to meet the statutory requirement set out in the Accounts and Audit (England) Regulations 2015.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 Not applicable due to the statutory requirement.

### **3.0 BACKGROUND INFORMATION**

- 3.1 The Audit and Risk Management Committee is charged by full Council to consider the Annual Governance Statement, and be satisfied that this statement is comprehensive, properly reflects the risk and internal control environment, including the system of internal audit, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, and includes an agreed action plan for improvements where necessary.
- 3.2 The AGS has, as in previous years, been prepared in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government 2016 Framework and Guidance. The Council (members and officers) are responsible for putting in place proper arrangements for the governance of its affairs including risk management, the requirements of regulation and ensuring the effective exercise of its functions.
- 3.3 The draft AGS reports the outcome of the annual review of the effectiveness of its governance framework. Key elements of the review included:
- Completion of Governance Assurance Statements by each of the Council's Senior Leadership Team (SLT), with additional returns by the S151 and SIRO for their formal roles.
  - Individual discussions with each member of the SLT to gauge their views on progress and areas for improvement in respect of each of the seven principles in the CIPFA/SOLACE Framework for good governance.
  - Updates from Directors in respect of actions taken for the Significant Governance Issues (SGIs) included in last year's AGS and actions planned in 2021/22 for SGIs identified in this year's annual review.
  - Review of Internal Audit work completed in the year.
  - Consideration of any significant internal or external reviews of governance, including reviews by external audit and other review agencies and inspectorates as applicable.
- 3.4 The Annual Governance Statement 2020/21 covers the period from 1 April 2020 to 31 March 2021 and therefore any significant governance issues identified are those which have occurred during this period. It is also required to take into consideration any key issues that impact on the governance of the Council up to the date of the approval of the annual statement of accounts.

- 3.5 The main content of the AGS includes:
- For each of the seven principles of the CIPFA / SOLACE framework for good governance, consideration of the key aspects of the Council's governance framework that have further developed during 2020/21 and areas where it is recognised governance arrangements can be further strengthened.
  - A summary of the significant action taken during 2020/21 in respect of the four significant governance issues identified in last year's AGS.
  - A summary of the actions planned in 2021/22 to address the three significant governance issues identified from this year's annual governance review.
- 3.6 The Audit and Risk Management Committee and Corporate Governance Group will receive updates during 2021/22 on progress being made to address the significant governance issues included in this year's report.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 There are none arising directly from this report. The governance framework includes several financial elements, including the financial regulations, the budget strategy and the treasury management strategy. These are linked to a number of the core principles providing parameters, systems, processes and guidelines within which the Council must operate and therefore assist in the delivery of good governance.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 The Audit and Account (England) Regulations 2015 (Regulation 6) requires that the Council undertakes an annual review of the effectiveness of its internal control systems and prepare a governance statement. The annual governance statement must be approved in advance of the annual statement of account. The preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SOLACE Framework fulfils the statutory requirements under the Regulations.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 There are none arising directly from this report. Any implications identified in the production of the AGS and the follow-up of actions identified will be reported to the Council's SLT and the appropriate committee to identify the appropriate action that will be taken.

#### **7.0 RELEVANT RISKS**

- 7.1 Potential failure of the Council to comply with the statutory requirement set out in the Accounts and Audit (England) Regulations 2015.

#### **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 The AGS has been considered by the Senior Leadership Team and will be signed by the Chief Executive and Council Leader. The Council is required to publish the draft AGS by 31 July 2021.

## 9.0 EQUALITY IMPLICATIONS

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity. There are no equality implications arising from this report.

## 10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising directly from this report.

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## APPENDICES

Appendix 1 – Wirral Council Annual Governance Statement 2020-21

## BACKGROUND PAPERS

CIPFA / SOLACE Framework Delivering Good Governance in Local Government  
Guidance – Cipfa Bulletin 06 – Application of the Good Governance Framework 2020/21  
Meeting the Principles of Good Governance – The Impact Of The Covid-19 Pandemic  
-Briefing from the Cipfa Better Governance Forum

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Audit & Risk Management Committee - 2019/20 Statement of Accounts for Wirral Council and Merseyside Pension Fund	11 January 2021
Audit & Risk Management Committee - 2019/20 Statement of Accounts for Wirral Council and Merseyside Pension Fund Update	23 November 2020
Audit & Risk Management Committee - Annual Governance Statement	21 September 2020
Audit & Risk Management Committee - Wirral Council Statement of Accounts 2018-19	23 September 2019
Audit & Risk Management Committee - Wirral Council Statement of Accounts 2017-18	23 July 2018