

<b>Title of Report</b>	<b>ANNUAL GOVERNANCE STATEMENT 2021/22 AND 2022/23</b>	
<b>Presented by</b>	Paul Stone Strategic Director of Resources	
<b>Background Papers</b>	<a href="#">Annual Governance Statement 2020/21</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no financial implications.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	Under regulation 3 of the Accounts and Audit Regulations 2015, the Council is required to conduct a review of the effectiveness of the system of internal control and as such must prepare an Annual Governance Statement.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no staffing implications.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To present the Annual Governance Statement 2021/22 and 2022/23 for consideration and approval.	
<b>Recommendations</b>	<b>THAT AUDIT COMMITTEE APPROVES THE ANNUAL GOVERNANCE STATEMENT 2021/22 AND 2022/23 (AS ATTACHED AT APPENDIX ONE)</b>	

## 1.0 BACKGROUND

- 1.1 Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control. Following the review an Annual Governance Statement (AGS) must be produced, approved and published. Good practice dictates that the document is published alongside the statement of accounts but is considered in its own right.
- 1.2 In light of the delays to the publication of the Council's Statement of Accounts, which was considered at the Council meeting on 22 February 2024, the Council's external auditor, Mazars, has agreed that the Council's AGS will encompass both the 2021/22 and 2022/23 financial years.

- 1.3 Audit Committee Members are asked to note the findings of the AGS and the actions proposed to further develop or strengthen elements of the Council's governance arrangements, which are outlined in the AGS shown in Appendix 1.
- 1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issue joint annual guidance on corporate governance which encourages local authorities in going beyond consideration of the internal control environment to look at wider arrangements for supporting sound corporate governance.
- 1.5 The CIPFA/SOLACE guidance - 'Delivering Good Governance in Local Government : Framework (2016)', outlines seven core principles for good governance, with a number of supporting principles. These seven principles 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 Authority'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.
- 1.6 A key element of compiling the Annual Governance Statement is an assessment of the extent to which the Council has adhered to the governance standards set out in its Code, and providing a robust evidence base for this, set out in a transparent way. This is seen in section 3 of the report.
- 1.7 The AGS includes the following sections:
- 1 **Background and Scope of Responsibility** – this section provides the purpose of the document and outlines the legal requirements for an AGS and its link to the Council's Code of Corporate Governance.
  - 2 **The Purpose of the Governance Framework** – describes the Council's system of internal control.
  - 3 **The Governance Framework** – describes how the Council has complied with the principles in its Code of Corporate Governance and includes links to online documents where the reader can access more detailed information.
  - 4 **Effectiveness** – explains the mechanisms by which the Council assesses its governance arrangements, and what conclusions have been drawn.
- 1.8 There were several areas for improvement identified in the review of the AGS 2020/21, for which updates have been provided.
- 1.9 The review of the 2021/22 and 2022/23 AGS, has identified further areas for improvement which are set out in Table 2 in Section 4 of the AGS. The Annual Governance Statement is a snapshot document that reflects the governance arrangements, performance, and structure of the Council at a specific point in time. Typically, it is prepared to coincide with the end of the financial year, and it provides a transparent account of the Council's governance policies and practices over that

period. The AGS 2023/24 will demonstrate the progress the Council has made in improving its governance arrangements.

1.10 Finally, Section 5 of the AGS details the overall opinion and conclusion.

1.11 Following Audit and Governance Committee approval, the final AGS will be published on the Council's website.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	- A Well-Run Council
Policy Considerations:	Code of Corporate Governance.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment, Climate Change and Zero Carbon	None.
Consultation/Community/Tenant Engagement:	None.
Risks:	The AGS is a mandatory requirement for local authorities. Failure to produce an AGS may result in non-compliance with relevant regulations namely the Accounts and Audit Regulations 2015.
Officer Contact	Paul Stone Strategic Director of Resources <a href="mailto:Paul.stone@nwleicestershire.gov.uk">Paul.stone@nwleicestershire.gov.uk</a>