



Meeting: **Audit Committee**

Portfolio Area: All Portfolio Areas

Date: **17 November 2020**

PROGRESS OF CORPORATE AND SERVICE GOVERNANCE ACTIONS

Author: Suzanne Brightwell Ext: 2966
Contributors: Assistant Directors
Lead Officer: Clare Fletcher Ext 2933
Contact Officer: Suzanne Brightwell Ext. 2966

1. PURPOSE

- 1.1 To advise Members of the Audit Committee of:
 - 1.1.1. Progress to date of corporate governance actions to strengthen the Council's corporate governance arrangements as identified in the Council's 2019/20 Annual Governance Statement, reported to Audit Committee on 9 June 2020.
 - 1.1.2. Progress to date of service governance actions identified by the 2019/20 Service Assurance reviews carried out at business unit level to strengthen the Council's service governance arrangements, reported to Audit Committee on 9 June 2020.

2. RECOMMENDATIONS

- 2.1. That Members of Audit Committee note:
 - 2.1.1 Progress to date of corporate governance actions to strengthen the Council's corporate governance arrangements as identified in the Council's 2019/20 Annual Governance Statement, reported to Audit Committee on 9 June 2020.
 - 2.1.2 Progress to date of service governance actions identified by the 2019/20 Service Assurance reviews carried out at business unit level to strengthen the Council's service governance arrangements, reported to Audit Committee on 9 June 2020.

3. BACKGROUND

- 3.1. Governance is the policies and procedures in place and the values and behaviours that are needed to ensure the Council runs effectively and can be held to account for its actions.
- 3.2. In 2016, CIPFA SOLACE published a review Framework and Guidance that reflects the International Framework: 'Good Governance in the Public Sector, developed by CIPFA/IFAC. The Framework defines the principles that should underpin the governance of each local government organisation and outlines

the requirement for authorities to test their governance structures and partnerships against the principles contained in the Framework by:

- Developing and maintaining an up to date Local Code of Governance, including arrangements for ensuring ongoing effectiveness
- Reviewing existing governance arrangements, and
- Reporting publicly on compliance with the Local Code of Governance on an annual basis setting out how they have monitored the effectiveness of their governance arrangements in the year and identify any enhancement required.

3.3. The CIPFA/SOLACE seven core principles of good governance 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

(Principles A and B are considered fundamental and applicable through principles C to G)

C: Defining outcomes in terms of sustainable economic, social and environmental benefits

D: Determining the interventions necessary to optimise the achievement of intended outcomes

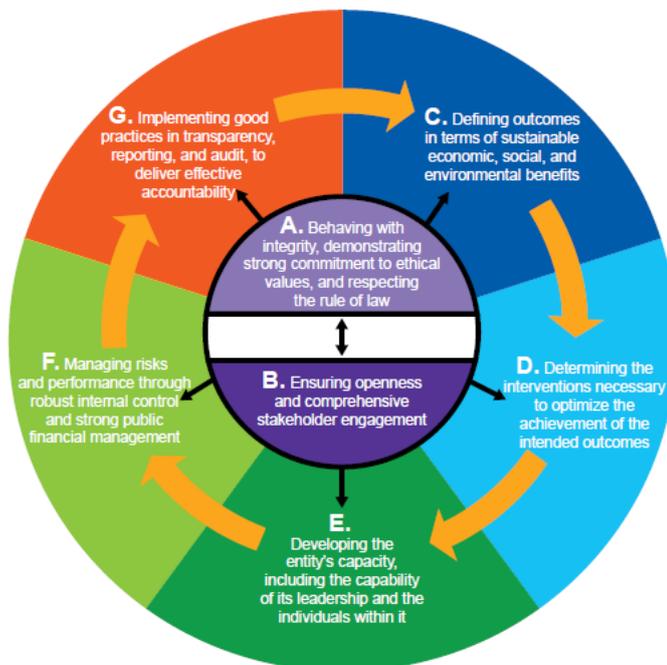
E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

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.

3.4. For each of the above core principles, the Framework outlines a set of sub-principles and a set of behaviours and actions that demonstrate good governance in practice.

3.5 The diagram on the next page, taken from the International Framework, Good Governance in the Public Sector (CIPFA/IFAC, 2014) illustrates the above principles of good governance in the public sector and how they relate to each other.



3.6 Significant Governance Enhancement Activity – April to September 2020

3.6.1 As a result of the Council's annual assessment of governance arrangements and procedures, actions were identified to improve the high quality of governance arrangements already in place for the Council. Any actions which were deemed as significant were included in the Action Plan in the 2019/20 Annual Governance Statement and these actions are reflected in Appendix A to this report.

3.6.2 Enhancement activity is deemed significant if recommended for inclusion in the Annual Governance Statement by the Shared Internal Audit Service following their review of control arrangements to meet the Audit Plan, or if identified as key to the management of 'very high/high level' strategic risks. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and the delivery of outcomes should be addressed.

3.6.3 Appendix A outlines the year to date progress of the significant governance enhancement actions included in the 2019/20 Annual Governance Statement. The full year position will be reported to Audit Committee in March 2021.

3.7 Service Governance Enhancement Activity – April to September 2020

3.7.1 At business unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year. The Service Assurance Statement is designed to provide assurance that the control environment operated effectively during 2019/20 in respect of the business units for which they have responsibility. As a result of this review 36 actions were identified for delivery in 2020/21 to enhance service governance arrangements.

3.7.2 Appendix B outlines the year to date progress of the service governance enhancement actions identified during the service assurance review of service

governance at business unit level. The full year position will be reported to Audit Committee in June 2021.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

The self-assessment of the Council's corporate and service governance arrangements against the 'Delivering Good Governance in Local Government' Framework principles and identification of significant governance actions to facilitate continued compliance with this Framework, forms part of the assurance process for the production of the Council's Annual Governance Statement to meet Regulation 6 of the 2015 Accounts and Audit (England) Regulations.

5. IMPLICATIONS

5.1 Financial Implications

There are no direct financial implications arising from this report.

5.2 Legal Implications

The governance enhancements identified in this report will inform the Annual Governance Statement which will be reported to Audit Committee in June 2021. It is a requirement for the Council to publish an Annual Governance Statement alongside its Statement of Accounts.

5.3 Risk Implications

Risk management supports robust corporate governance arrangements by identifying potential risks associated with the achievement of corporate priorities and statutory requirements. Weakness in corporate governance arrangements can increase risk for the Council. Governance arrangements need to be sound and seen to be sound to mitigate risk.

5.4 Other Corporate Implications

Corporate governance affects all aspects of the work of the Council, as well as partners of the Council contributing to outcome delivery, and other agencies with which the Council shares information. External bodies, in particular, need to have confidence in the way the Council operates and this can be achieved by demonstrating robust governance arrangements that are fully embedded and a commitment to ensuring effectiveness.

6. BACKGROUND DOCUMENTS

- CIPFA/SOLACE 'Delivering Good Governance in Local Government' 2016 Framework and Guidance
- CIPFA/IFAC International Framework: 'Good Governance in the Public Sector', published August 2014
- Audit Committee report (9 June 2020) Annual Governance Statement 2019/20

7. APPENDICES

- Appendix A: Progress Review of Corporate Governance Actions 2020/21 - April to September 2020
- Appendix B: Progress Review of Service Governance Actions 2020/21 – April to September 2020