

Annual Governance Statement 2020/21

Report of the Finance Portfolio Holder

Recommended:

That the Annual Governance Statement for 2020/21 be approved and that the Leader and Chief Executive be authorised to sign it on behalf of the Council.

Recommendation to Council

SUMMARY:

- The purpose of this report is to seek approval for the Annual Governance Statement, which accompanies the 2020/21 Statement of Accounts.
- Best practice requires that the approval of this Statement is considered separately from the Statement of Accounts, although both are published together each year.

1 Introduction

- 1.1 Test Valley Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

2 Background

As part of its responsibilities outlined above, the Council is also required to produce an Annual Governance Statement (AGS) and publish the Statement alongside its Annual Statement of Accounts. The format of the statement is based on guidance produced in 2016 by the Chartered Institute of Public Finance (CIPFA) in conjunction with the Society of Local Chief Executives (SOLACE) titled “Delivering Good Governance in Local Government: Framework”.

- 2.1 The Statement is attached as an Annex to this report and covers the following areas:
- (a) Scope of responsibility
 - (b) The purpose of the Governance Framework

- (c) The impact of Covid-19 on the governance framework
- (d) The Governance Framework in place at the Council
- (e) A review of its effectiveness
- (f) A separate Annex of Significant Governance Issues that need to be addressed during 2021/22.

- 2.2 The Review of Effectiveness (item 2.2 (e)) has been carried out by the Temporary Chief Internal Auditor (DCIA) of Portsmouth City Council.
- 2.3 The TCIA has reviewed all of the internal audit work carried out during the year and familiarised himself with the Council's governance arrangements. To inform this work, a self-assessment of the internal audit function's conformance with the Public Sector Internal Audit Standards (PSIAS) was carried out in March 2021.
- 2.4 On the basis of Internal Audit work completed in 2020/21 only, the TCIA of Portsmouth City Council has provided a "substantial assurance" in respect of the Council's risk management, control and governance arrangements.
- 2.5 The emergence of the Covid 19 pandemic towards the end of March 2020 has had an unprecedented impact on the Council's budgets and governance arrangements for the 2020/21 financial year. The impact that this has had on governance arrangements is explained throughout the AGS. The financial effects of Covid 19 will be shown more fully in the Revenue Outturn report on a future agenda.
- 2.6 The date for final publication of the Council's accounts and Annual Accounts and Annual Governance Statement has been extended from 31 July to 30 September for financial years 2020/21 and 2021/22. Once post-Covid 19 assurance work has been undertaken, this Annual Governance Statement may need to be updated, prior to the deadline, to reflect any governance changes or issues that arose.

3 Corporate Objectives and Priorities

- 3.1 In addition to its legal responsibilities, approval of an AGS is considered to be best practice and will ensure that proper arrangements are in place to deliver the aims of the Council's Corporate Plan.

4 Consultation / Communications

- 4.1 The Chief Executive, Deputy Chief Executive and all Heads of Service have been asked to review the AGS and consider whether there are any areas which they felt are appropriate for disclosure. All comments received have been incorporated in the Statement. The Audit Panel has also reviewed and endorsed the draft AGS at its meeting on 18 March 2021.

5 Options

- 5.1 The Council has a statutory duty to approve an AGS. In view of this, if the annexed AGS is not approved, Council should provide a clear indication as to what changes are needed in order for a revised version to be presented as soon as possible.

6 Risk Management

6.1 A review of the risks associated has identified three significant governance issues as detailed in the annex to the Statement. The required actions proposed to mitigate these risks include timescales and officers responsible for completing them.

7 Resource Implications

7.1 There are no direct resource implications in approving the AGS. The publication costs can be met within existing budgets.

8 Legal Implications

8.1 The Council is required by the Accounts and Audit (England) Regulations 2015 to approve, and subsequently publish, the AGS with the Statement of Accounts.

9 Equality Issues

9.1 This report has not identified any equality matters.

10 Conclusion and reasons for recommendation

10.1 The AGS is part of the framework for delivering good governance in local authorities. The Statement is a high profile document signed by the Leader and Chief Executive and is published with the Statement of Accounts each year to demonstrate a commitment to improving corporate governance.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
Accounts and Audit (England) Regulations 2015			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended and can be made public.			
No of Annexes:	1	File Ref:	N/A
(Portfolio: Finance) Councillor M Flood			
Officer:	Carl Whatley	Ext:	8540
Report to:	Cabinet	Date:	26 May 2021