

## AUDIT COMMITTEE

<b>Date of Meeting</b>	Thursday, 23 July 2020
<b>Report Subject</b>	Annual Governance Statement 2019/20
<b>Cabinet Member</b>	Cabinet Member for Corporate Management and Assets
<b>Report Author</b>	Chief Executive
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

Each financial year the Council is required to produce an Annual Governance Statement (AGS) as part of its final accounts. The AGS explains how the Council has complied with its Code of Corporate Governance, and fulfils the requirements of the Accounts and Audit (Wales) Regulations 2018.

The AGS is based on the seven core principles of governance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) guidance note on the preparation and contents of an AGS – ‘Delivering Good Governance in Local Government: Guidance notes for Welsh authorities’ (December 2016).

The report also mentions the intended approach to the AGS for 2019/20, which due to the Covid 19 emergency and lock down was not possible. Assurance is provided that Audit Committee Member participation will be an integral part of the 2020/21 process.

It is considered to be good practice for the AGS to be presented separately from the final accounts.

### RECOMMENDATIONS

1	That the Committee endorses the Annual Governance Statement 2019/20 to be attached to the Statement of Accounts for adoption.
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## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE ANNUAL GOVERNANCE STATEMENT</b>
1.01	<p>Under the Accounts and Audit (Wales) Regulations 2018 each local authority must ensure it has a sound system of internal control. Each year they must conduct a review of the effectiveness of the system and prepare an Annual Governance Statement (AGS). The review must be considered and the AGS approved by a committee or members of the authority meeting as a whole. It was decided last year that Audit Committee would have this responsibility.</p>
1.02	<p>The AGS accompanies the financial statements but is not part of them. As such it is not part of the statement on which the external auditors opinion is given. However, the auditors review the governance statement to confirm it is consistent with the audited financial statements and other information of which they are aware.</p>
1.03	<p>The Corporate Governance Working Group (CGWG) prepared the AGS which was then submitted to the Chief Executive, Monitoring Officer and the Section 151 Officer.</p>
1.04	<p>For 2019/20, It had been our intention to have a formal contribution to the Annual Governance Statement (AGS) from the Members of the Audit Committee. This would have taken the form of a questionnaire (similar to that currently used for the Overview &amp; Scrutiny chairs). There would then have been a 'challenge' workshop, where the draft statement would be submitted to ensure that the key themes within the CIPFA framework have received appropriate consideration and to highlight those areas where we think we are strong and where more work is needed. Audit Committee members would have been able to comment and ask questions. However, the Covid 19 emergency and subsequent lock down meant this innovation was not possible.</p>
1.05	<p>For the 2020/21 edition, the AGS will look different, as it will need to concentrate on the Council's response to the emergency, how the Council's risks have been managed during it, the impact that this had on the democratic process and the change in emphasis to the work of Internal Audit. However, Members are to be assured that the Audit Committee Member questionnaire and the challenge workshop will be factored in to the production timetable to ensure their inclusion.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p>There are no direct resource implications related to this report.</p>

<b>3.00</b>	<b>RISK MANAGEMENT</b>
3.01	The main risk is in not reviewing the Annual Governance Statement, which the Council is required to produce as part of its final accounts. The AGS explains how the Council has complied with its Code of Corporate Governance, and fulfils the requirements of the Accounts and Audit (Wales) Regulations 2018.

<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
4.01	The Annual Governance Statement has been produced using information from Statutory and Chief Officers, Service Managers and Chairs of all Overview and Scrutiny Committees.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Annual Governance Statement (AGS) 2019/20

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	Questionnaires completed by committee chairs.

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
7.01	<b>Contact Officer:</b> Robert Robins, Head of Democratic Services <b>Telephone:</b> (01352) 702320 <b>E-mail:</b> <a href="mailto:robert.robins@flintshire.gov.uk">robert.robins@flintshire.gov.uk</a>

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
	<p><b>Wales Audit Office:</b> works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p><b>Corporate Governance:</b> the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p>