

## Draft Annual Governance Statement 2023-24

To: Audit & Accounts Committee

Meeting Date: 30<sup>th</sup> May 2024

From: Mairead Claydon, Head of Internal Audit & Risk Management

Electoral division(s): N/A

Executive Summary: This report presents the draft Annual Governance Statement (AGS) and Action Plan for 2023 - 24 for consideration and input from the Audit & Accounts Committee.

The final version will subsequently be signed off by the Chief Executive and the Leader of the Council and incorporated into the Council's accounts.

Recommendation: The Committee is recommended to consider whether the draft AGS at Appendix A and the Action Plan at Annex A are consistent with its own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 3.3 below. Suggested amendments can then be actioned in advance of the AGS's inclusion in the Council's accounts.

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## 1. Creating a greener, fairer and more caring Cambridgeshire

- 1.1 The Annual Governance Statement (AGS) summarises the extent to which the Council is complying with its Code of Corporate Governance and details, as appropriate, any significant actions needed to improve the governance arrangements in the year ahead. Effective governance arrangements contribute to the achievement of all seven of the Council's ambitions.

## 2. Background

- 2.1 The Council is required to include an Annual Governance Statement (AGS) as part of the Annual Statement of Accounts. The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure.
- 2.2 The draft AGS is presented to the Audit and Accounts Committee in order to ensure that the final statement is produced with the benefit of Members' insight and input. It should reflect the Committee's knowledge and experience of the Council's governance and control.
- 2.3 The final statement will be signed by the Chief Executive and the Leader of the Council and incorporated into the Council's accounts.

## 3. Main Issues

- 3.1 The draft AGS (at Appendix A) has been compiled with the input of a range of senior officers including the Corporate Leadership Team; Statutory Officers Group; the Assistant Director for Policy, Insight & Programmes, and the Heads of Service for Internal Audit & Risk Management, Procurement & Commercial, and Democratic Services. It is based upon the following:
- A review of the Council's governance framework and the extent to which the Council has complied with each element of its Code of Corporate Governance;
  - Self-assurance statements prepared by directors;
  - An assessment of the Council's governance and control environment against the principles set out in the Centre for Governance & Scrutiny's *Governance Risk & Resilience Framework*;
  - The Head of Internal Audit's opinion on the Council's internal control environment, which will also be reported to the Audit & Accounts Committee on 30<sup>th</sup> May 2024.
- 3.2 The Statement is prepared in accordance with guidance from the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (Solace). The key elements identified in the Statement are:
- The Council's responsibilities for ensuring a sound system of governance;
  - An assessment of the effectiveness of key elements of the governance framework, and the role of those responsible for the development and maintenance of the

governance environment;

- An opinion on the level of assurance that the governance arrangements can provide and whether these continue to be regarded as fit for purpose;
- The identification of any significant governance issues, and an agreed action plan (Annex A) showing actions taken, or proposed, to address identified governance issues;
- Reference to how issues raised in the previous year's Statement have been resolved;
- A conclusion demonstrating a commitment to monitoring implementation through the next annual review.

### 3.3 'Significant Governance Issues' are those that:

- Seriously prejudice or prevent achievement of a principal objective of the authority;
- Have resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- Have led to a material impact on the accounts;
- The Audit Committee advises should be considered significant for this purpose;
- The Head of Internal Audit reports on as significant in the annual opinion on the internal control environment;
- Have attracted significant public interest or have seriously damaged the reputation of the organisation;
- Have resulted in formal action being undertaken by the Chief Financial Officer and / or the Monitoring Officer.

## 4. Significant Implications

### 4.1 Finance Implications

N/A

### 4.2 Legal Implications

The delivery of an Annual Governance Statement is an important statutory requirement which enhances public reporting of governance matters.

### 4.3 Risk Implications

N/A

### 4.4 Equality and Diversity Implications

N/A

## 5. Source Documents

### 5.1 Annual Internal Audit Report (to be presented at the 30<sup>th</sup> May 2024 meeting of the Audit & Accounts Committee).