

REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	04 SEPTEMBER 2024	CATEGORY
REPORT FROM:	EXECUTIVE DIRECTOR – RESOURCES AND TRANSFORMATION	OPEN
MEMBERS’ CONTACT POINT:	TRACY BINGHAM tracy.bingham@southderbyshire.gov.uk	DOC:
SUBJECT:	PROGRESS OF ACTIONS IDENTIFIED IN THE ANNUAL GOVERNANCE STATEMENT 2023- 24	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS04

1.0 Recommendations

1.1 That the Audit Sub-Committee note the report.

2.0 Purpose of the Report

2.1 The Terms of Reference for the Audit Sub-Committee include the consideration of the Council’s arrangements for corporate governance and to agree any necessary actions to ensure compliance with best practice.

2.2 This report is intended to update the Audit Sub-Committee on the progress of improvement actions identified through the annual assurance review undertaken in the drafting of the Annual Governance Statement (AGS) for 2023/24, pending final approval of the AGS once the audit for 2023/24 is complete.

3.0 Detail

Background

3.1 An AGS is a requisite part of the annual review of corporate governance and is published alongside the statement of accounts but considered in its own right.

3.2 The Chartered Institute of Public Finance & 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.

3.3 The CIPFA/SOLACE guidance 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 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
 - E. Developing the entity's capacity, including the capability of its leadership and the individuals within it achievement of the intended outcomes
 - 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
- 1.4 The Council's duty in respect of the Annual Governance Statement is to undertake an annual review of its governance arrangements, which includes the effectiveness of its system of internal control and produce a statement regarding its overall level of governance.

The Council's Annual Governance Statement for 2023/24

- 3.4 The AGS was shared with the Committee to note at its meeting in June 2024, following publication on the Council's website on 31 May 2024 alongside the draft accounts (see background papers listed below).
- 3.5 Once the audit of the 2023/24 year is complete, the Committee will be asked to approve the final AGS. The timescales for this remain to be confirmed, as the conclusion of the 2023/24 audit by external auditors Forvis Mazars LLP is dependent upon the timetable for completion of the audit backlog for 2021/22 and 2022/23 which will be carried out by EY LLP.
- 3.6 As reported to the Audit Sub-Committee in June 2024, three areas of the Council's corporate governance arrangements in respect of complying with relevant laws and regulations and internal policies and procedures were identified as not meeting an acceptable level during 2023/24 and requiring significant improvement. Along with several other areas identified to be require improvement, these actions are being progressed by the Leadership Team.

Areas of improvement identified, and progress made to date

- 3.7 In total, there are 23 improvements recognised in the AGS. Of these, four are complete. Target dates for completion/conclusion have been set by the relevant Executive Director/Chief Executive.
- 3.8 A progress update against each action is set out in **Appendix A**.
- 3.9 Members can expect a further update at the Audit Sub-Committee meeting in March 2025.

4.0 Financial Implications

- 4.1 There are no financial implications arising directly from this report.

5.0 Corporate Implications

Employment Implications

5.1 There are no employment implications arising directly from this report.

Legal Implications

5.2 Strong and effective governance arrangements promote lawful decision making. The AGS improvements, as detailed in this Report, improve and strengthen the governance and decision-making processes.

Council Plan Implications

5.3 Good corporate governance affects the whole authority and as part of the process, all members of senior management have been consulted and made aware of its contents. Generally, senior managers are briefed at corporate meetings in respect of governance generally, together with the AGS.

5.4 Maintaining good governance underpins delivery of the priorities contained in the Council Plan.

Risk Impact

5.3 Effective governance, risk management and control arrangements rely heavily on the Council's internal governance framework, as set out in the AGS.

6.0 Community Impact

Consultation

6.1 There are no consultation matters to be considered.

Equality and Diversity Impact

6.2 There are no equality and diversity impact matters to be considered.

Social Value Impact

6.3 There are no social value impact matters to be considered.

Environmental Sustainability

6.4 There are no environmental sustainability matters to be considered.

7.0 Background papers

7.1 [Draft Annual Governance Statement 2023-24, Audit Cub-Committee, 19 June 2024](#)