

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

Date

REPORT AUTHOR: County Councillor Cllr David Thomas
Portfolio Holder for Finance

REPORT TITLE: Annual Governance Statement Revised Process

REPORT FOR: Information

1. Purpose

- 1.1 This report describes a number of changes proposed to strengthen and formalise the process underpinning the drafting and authorisation of the Authority's Annual Governance statement.
- 1.2 The revised process is presented here for the attention and agreement of the Committee.

2. Background

- 2.1 The Authority is required to produce an Annual Governance Statement (AGS) each year alongside its statement of accounts, in fulfilment of its obligations under the Accounts and Audit (Wales) Regulations 2014 (6).
- 2.2 The AGS provides an account of the processes, systems and records that the council has in place in order to demonstrate the effectiveness of its governance arrangements during the financial year. It is structured around the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government (2016 Edition).
- 2.3 Overall ownership of the AGS sits with Finance, however, authorship of the document has historically resided with other services; previously with Democratic Services and for the 2021/22 report with the Strategic Planning, Policy and Performance team (SPPP). The most recent AGS was developed in tandem with the Annual Corporate Self-Assessment Report as the two documents jointly provide a holistic overview of the Authority's performance in the previous year.
- 2.4 Much of the evidence required to draft the 2021/22 AGS was collected via the Self-Assessment process and this proved to be an effective (if largely unplanned) route for the gathering of the necessary information. Historically, there has not been a formal process in place to gather this evidence efficiently

3 Advice

It is proposed:

3.1 That the mechanisms for obtaining the necessary information from the services should be formally aligned with those of the Corporate Self-Assessment to maximise value and ensure a more comprehensive representation of service activity in the AGS.

3.2 That overall ownership of the AGS remains with Finance and authorship of the AGS remains with SPPP going forward.

3.3 That final approval continues to be provided by the Governance and Audit Committee.

3.4 It is proposed that the AGS should, going forward, adhere to the timeline indicated below in order to best align with its dependencies and deadlines.

Milestone	Notes	Date
Circulation of Self-Assessment/Safeguarding/AGS workbooks to services and Scrutiny Committees	<ul style="list-style-type: none"> Workbook will be similar to last year's template but revised and updated as necessary and will include additional questions to collect AGS information No template for presentation this year to avoid confusion and this will avoid any need to separate Self-Assessment/AGS responses 	By the end of January 2023
AGS Framework (draft)	Initial draft for comments	February/March
Communications	Communications put out to raise the profile of the AGS and encourage services to submit relevant evidence	February – April
Executive Management Team provide Assurance levels	A rubric to be developed to support decision-making around assurance levels	Early June
Governance and Audit Committee for review		23 rd June
Draft Statement of Accounts	Sign off S151 Officer	By 30 th June
Draft AGS complete	Sign Off Leader/ Chief Executive	By 30 th June
Submission of draft AGS to Audit Wales		By 30 th June
Audit Wales recommendations received, and any required amendments made		July – November*
Cabinet		August – November*
Governance and Audit Committee Sign-off	Alongside the annual accounts	By 24 th November (29 th September if Audit Wales/PCC resource allows)
Publication of AGS		By 30 th November*
Publication of Statement of Accounts		By 30 th November*

* TBC in due course

3.5 That responsible officers are assigned to have oversight for specific areas of governance and provide their assessment of assurance for the Authority's performance in the following areas:

Responsible Officer	Area of Assurance
Monitoring Officer	Operating within the rule of the law and constitutional arrangements including the member code of conduct
Head of Workforce and Organisation Development	Human resources arrangements and policies
Section 151 Officer	Finance matters
Health and Safety Manager	Health and Safety matters
Lead on Procurement	Procurement
Head of Economy and Digital Services	Information Governance and Complaints
Director of Corporate Services	Policy, Strategy and Resources
Director of Social Services and Housing	Safeguarding

3.6 That a rubric, similar in outline to that shown below (although still liable to alteration), is adopted to support the Executive Management Team and Responsible Officers in assessing the levels of assurance to be recorded:

3.7 The criteria shown in the first column of the rubric are the primary characteristics that form the landscape of an assessment of governance performance. The evidence presented by the AGS supporting each Cipfa principle can be assessed against these characteristics to compare where the Authority's governance performance is placed using the scales shown (rows). The colour of the cells indicate how the sum of the combined criteria relevant to that principle may support the choice of a particular assurance level.

3.7 The rubric is not intended to be prescriptive but would provide a focus for discussion and assist in maintaining consistency between different years and potential changes of responsible Officers.

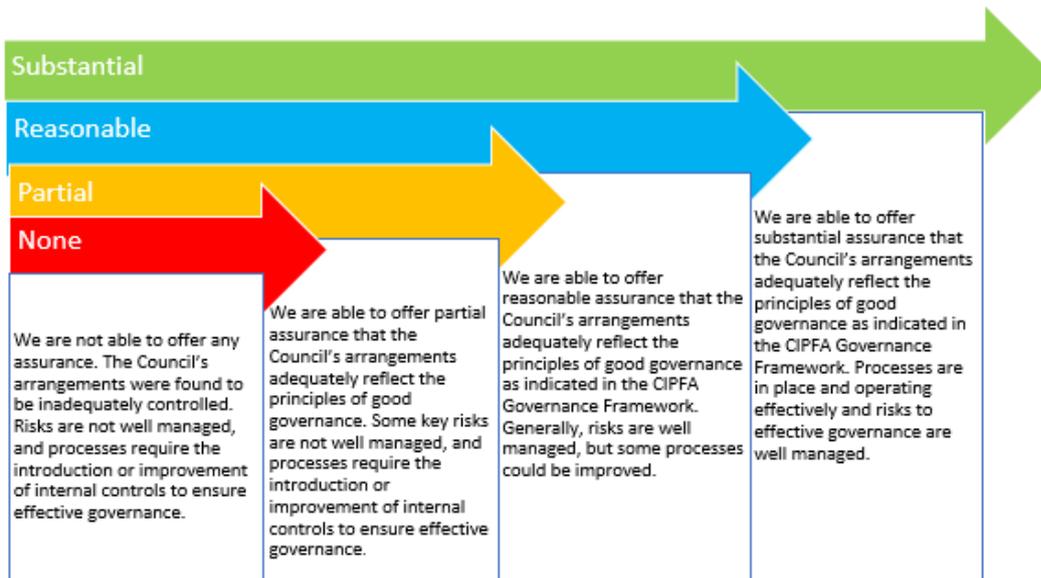
3.8 The colours shown in the key do not represent a RAG rating system but rather reflect the relative significance that might be apportioned to the criteria attainment levels. E.g., some attainment levels appearing in the 'reasonable' column may be assumed to support an assurance level of 'reasonable' but where, for instance, controls are only judged to cover some risks, this would indicate that a judgement of 'partial' should be considered for that criterion. In other words, a failure to meet a particular standard of performance may have a widely variable level of impact on governance assurance levels, dependent on the criterion that is being assessed.

Key:

None	
Partial	
Reasonable	
Substantial	

	None	Partial	Reasonable	Substantial
Controls	Significant concerns regarding adequacy of controls in place	Many controls are in place but coverage is inconsistent/unclear	Controls are not in place to cover some risks	Controls in place
Review	No cyclical review is taking place	Cyclical review is taking place in most areas but not all. Level of detail is inconsistent.	Assurance is not cyclically performed in all areas/not sufficiently detailed	Detailed cyclical review
Governance evidence	The evidence presented does not reduce risks	The evidence presented reduces risks to an agreed (but not necessarily desired) level	The evidence presented reduces risks to an acceptable level	The evidence presented reduces risks to a low level
Risk	Key risks are not adequately mitigated	Key risks are adequately Mitigated	Risk is adequately Mitigated	Risk is adequately Mitigated
Policy	Significant gaps exist in policy	Policies in some areas are not in place, not appropriate/fit for purpose	Policies are generally in place as required but not communicated	Policies in Place and Communicated
Automation of Controls	Significant concerns exist regarding efficacy of manual controls	Concerns exist regarding efficacy of manual controls	Manual controls are present, work well but are not automated	ICT Tools are being used to automate controls and report red flagged transactions
Business Planning	Business Planning not monitored	Business Planning monitored but inconsistent	Business Planning monitored adequately	Business Planning closely monitored

3.9 The levels of assurance are defined as follows:



3.10. That the Committee approve the above amendments to the current process.

4. Resource Implications

4.1.1 The Deputy Head of Finance notes the report and confirms that the Annual Governance Statement will continue to be completed and presented alongside the Statement of Accounts each year, with officers in Finance and SPPP working together to gather evidence alongside the annual self-assessment process to deliver within the timetable set out. The need to have a clear framework for establishing the level of assurance will be improved by the use of the Rubric approach.

5. Legal implications

(State here any legal implications and confirmation that the report has been approved by the Monitoring Officer)

5.1

6. Data Protection

N/A

7. Comment from local member(s)

7.1 The proposed changes outlined in this report refer to corporate reporting processes and therefore will therefore have equal (no) effect on any specific electoral wards.

8. Impact Assessment

8.1 Not applicable

9. Recommendation

9.1 That the Committee approve the amendments and additions contained in this report.

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