

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2019/20**

<p><b>AUDIT COMMITTEE</b></p> <p><b>20<sup>th</sup> JULY 2020</b></p>	<p><b>AGENDA ITEM NO. 3</b></p>
<p><b>REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES</b></p>	<p><b>DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20 – RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL</b></p>

Author: Paul Griffiths (Service Director – Finance & Improvement Services)

**1. PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to provide Members with the Council's draft Annual Governance Statement for the 2019/20 financial year.

**2. RECOMMENDATIONS**

In order for Audit Committee to discharge the duties as outlined in Section B<sup>1</sup> of its Terms of Reference, it is recommended that Members:

- 2.1 Critically review the Annual Governance Statement (**Appendix 1**), suggest any material amendments and recommend its certification by the Leader of the Council and the Chief Executive for inclusion within the Council's 2019/20 draft certified Statement of Accounts.
- 2.2 In the event that reports from relevant External Inspectors be provided to the Council before the Statement of Accounts are approved, authorise the Director of Finance and Digital Services to include reference within the Annual Governance Statement.

**3. REASON FOR RECOMMENDATIONS**

- 3.1 To ensure the Council's Annual Governance Statement is reviewed and approved for inclusion within the draft statement of accounts.

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<sup>1</sup> Audit Committee Terms of Reference (Section B) - *To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.*

#### **4. BACKGROUND**

- 4.1. Section 3.7 of the 'CIPFA / LASAAC<sup>2</sup> Code of Practice on Local Authority Accounting in the United Kingdom' states:  
*'The Accounts and Audit (Wales) Regulations 2018 (regulation 5) requires 'an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review within any published Statement of Accounts'.*

*The preparation and publication of an Annual Governance Statement in accordance with 'Delivering Good Governance in Local Government: Framework (2016)' would fulfil the statutory requirements across the United Kingdom for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review in its Statement of Accounts'.*

#### **Delivering Good Governance in Local Government: Framework 2016**

- 4.2. The main principle underpinning the Framework is that local government is continuing to develop and shape its own approach to governance, taking account of the environment in which it operates. It intends to assist authorities in reviewing their own arrangements and to do this has defined Core Principles, Supporting Principles and Sub-Principles that should underpin governance arrangements.
- 4.3. In addition, the framework recommends that Annual Government Statements do not need to describe in detail the authority's governance arrangements but should provide a review of their effectiveness in supporting planned outcomes. As such the framework positions the attainment of sustainable economic, societal and environmental outcomes as a key focus of governance processes and structures.
- 4.4. The Annual Government Statement should be signed by the leading member and chief executive on behalf of the authority, be approved at a meeting of the authority and be included within the Statement of Accounts and Annual Report (either in full or summary form) of the authority.

#### **5. DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20**

- 5.1 The Council's draft Annual Governance Statement 2019/20 is provided at Appendix 1 and has been compiled in accordance with 'Delivering Good Governance in Local Government: Framework (2016)'.
- 5.2 The compilation of the draft Statement has entailed reviewing the activities in place around the Council's main governance arrangements, discussing governance arrangements with senior officers across services and taking

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<sup>2</sup> CIPFA / LASAAC – the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC)

account of the findings from a range of existing reports. The review has also given key regard to the impact of Storm Dennis and the start of the coronavirus pandemic.

- 5.3 Based on the review undertaken, it is considered that the Council's governance arrangements operated effectively, ensured business was properly conducted and publicly demonstrated the proper use of resources in the delivery of Corporate Plan priorities.
- 5.4 The review has also identified proposals for improvement that aim to further improve the governance arrangements in place within the Council and these are set out in Section 7 of the Annual Governance Statement.
- 5.5 Between the date of this Audit Committee and the date the 2019/20 Statement of Accounts are approved, should any (relevant) reports be provided to the Council from its External Regulators, Members are requested to provide the Director of Finance and Digital Services with authority to include reference to such reports within the Annual Governance Statement. In the event that any reports identify significant governance issues then these will be considered at a Special Meeting of the Audit Committee where the implications on the overall conclusion can be debated.

## **6. EQUALITY AND DIVERSITY IMPLICATIONS**

- 6.1. There are no equality and diversity implications as a result of the recommendations set out in the report.

## **7. CONSULTATION**

- 7.1 There are no consultation implications as a result of the recommendations set out in the report.

## **8. FINANCIAL IMPLICATION(S)**

- 8.1 There are no financial implications as a result of the recommendations set out in the report.

## **9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 9.1 The Accounts and Audit (Wales) Regulations 2018 (regulation 5) requires an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review (i.e. an Annual Governance Statement) within any published Statement of Accounts.

**10. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 10.1 Delivery of all of the Council's priorities is underpinned by strong and robust governance arrangements.

WELL-BEING OF FUTURE GENERATIONS ACT

- 10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

**11. CONCLUSIONS**

- 11.1 It is a legal requirement for the Council to conduct a review of its system of internal control at least once a year and report the outcome of that review in the form of an Annual Governance Statement. Once approved, the Annual Governance Statement is included within the Council's Statement of Accounts.
- 11.2 The Draft Annual Governance Statement for 2019/20 has been produced in accordance with the requirements contained within the 'Delivering Good Governance in Local Government: Framework (2016)'.
- 11.3 The overall conclusion from assessing the Council's governance arrangements for 2019/20 is that they operated effectively, ensured business was properly conducted and publicly demonstrated the proper use of resources in the delivery of Corporate Plan priorities.

**Other Information:-**

***Relevant Scrutiny Committee***  
**Not applicable.**

***Contact Officer*** – Paul Griffiths

**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**20<sup>th</sup> JULY 2020**

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TAF COUNTY BOROUGH COUNCIL**

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**Item:**

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TAF COUNTY BOROUGH COUNCIL**

**Background Papers**

None.

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