



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2021/22

GOVERNANCE AND AUDIT COMMITTEE 12th JULY 2021	AGENDA ITEM NO. 7
REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES	DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21 – RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

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 2020/21 financial year.

2. RECOMMENDATIONS

In order for Audit Committee to discharge the duties as outlined in Section B¹ 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 2020/21 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

¹ 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.*

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

4. BACKGROUND

- 4.1 Section 3.7 of the 'CIPFA / LASAAC² 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 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 In addition to the above, CIPFA has published Bulletin 06 – 'Application of the Good Governance Framework 2020/21' in respect of conducting the review of the Council's governance arrangements for the 2020/21 financial year. This provides guidance on the impact of the continuing Covid-19 pandemic on governance in local government bodies and also the CIPFA Financial Management Code 2019, both of which should form part of local authorities' review of governance arrangements for the period April 2020 to March 2021.
- 4.5 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

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

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 2020/21

- 5.1 The Council's draft Annual Governance Statement 2020/21 is set out at Appendix 1 and has been compiled in accordance with 'Delivering Good Governance in Local Government: Framework (2016)' and the CIPFA Bulletin 06.
- 5.2 The compilation of the draft Annual Governance Statement has entailed reviewing the activities in place around the Council's main governance arrangements, discussing governance arrangements with senior officers across services on a virtual / remote basis and taking account of the findings from a range of existing reports. The review has also given key regard to the impact of the coronavirus pandemic and Storm Dennis.
- 5.3 Based on the review undertaken, it is concluded that the Council's governance arrangements provided the basis to effectively manage service delivery, Corporate Plan priority areas and resources during an unprecedented period as a result of the Covid-19 pandemic. This overall conclusion, set in the context of the pandemic, is supported by:
- The timely introduction of revised decision making and democratic engagement arrangements, in line with new coronavirus regulations and the Council's Constitution, and an on-going programme of support to elected Members to enable the continued effective discharge of their responsibilities;
 - Robust service planning and prioritisation of resources in parallel with the transformation of service delivery in many areas to ensure the continued provision of essential frontline services;
 - An open approach to engaging with stakeholders, partners and the Council's scrutiny function in the planning and delivery of services, this primarily being delivered remotely / virtually during the year;
 - Regular reporting and publishing of financial, operational performance and governance related information, and a range of service specific information such as Covid-19 recovery arrangements, customer feedback and Committee forward work programmes, to enable stakeholders to hold the Council to account in the delivery of services / Corporate Plan priorities and use of resources;
 - Robust financial management and internal control arrangements underpinning the Council's business, ensuring the appropriate use of public funds;

- An unqualified audit opinion from the Council's external auditor on the Council's latest approved Statement of Accounts (2019/20) and assurance from the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2020/21;
- A medium-term approach to financial planning, within a challenging public sector financial climate;
- On-going awareness raising within the Council to promote probity and a zero-tolerance culture in respect of fraud, bribery and corruption, and also reporting on the Council's performance in these areas; and
- The Council having a track record of implementing Annual Governance Statement recommendations in previous years.

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 2020/21 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 AND SOCIO-ECONOMIC DUTY IMPLICATIONS

6.1. There are no equality and diversity implications or socio-economic duty 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 2020/21 has been produced in accordance with the requirements contained within the 'Delivering Good Governance in Local Government: Framework (2016)' and CIPFA Bulletin 06.
- 11.3 The overall conclusion from assessing the Council's governance arrangements for 2020/21 is that they provided the basis to effectively manage service delivery, Corporate Plan priority areas and resources during an unprecedented period as a result of the Covid-19 pandemic.

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

12th JULY 2021

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TAF COUNTY BOROUGH COUNCIL**

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Item:

**7 - DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21 – RHONDDA CYNON
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Background Papers

None.

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