

<b>Bath &amp; North East Somerset Council</b>			
<b>MEETING:</b>	Corporate Audit Committee		
<b>MEETING DATE:</b>	14 <sup>th</sup> July 2022	<b>AGENDA ITEM NUMBER</b>	
<b>TITLE:</b>	<b>Annual Governance Statement 2021/22 – Update Report</b>		
<b>WARD:</b>	ALL		
<b>AN OPEN PUBLIC ITEM</b>			
<b>List of attachments to this report:</b>			
Appendix 1 – Draft Annual Governance Statement 2021/22			

## **1 THE ISSUE**

1.1 The aim of the report is to update the Committee on the Annual Governance Review and the production of the Annual Governance Statement which will be included in the Council's Statement of Accounts 2021/22.

## **2 RECOMMENDATION**

2.1 The Corporate Audit Committee is asked to note the work carried out and comment on the draft Annual Governance Statement (AGS) 2021/22.

## **3 THE REPORT**

3.1 At the February 2022 meeting of the Committee the annual governance review methodology and process was presented.

3.2 The 2021/22 Annual Governance Review commenced in December 2021 and by end of February 2022 all Directors had the opportunity to contribute to the review and highlight any potential issues for consideration for reporting in the Annual Governance Statement.

3.3 As previously explained the Annual Governance Statement is a 'management' statement and as such is signed by the Chief Executive and Leader of the Council; whilst the Audit Committee oversee the process and delivery of any actions where significant issues are identified.

3.4 In deciding which issues are 'significant' Councils are required to exercise sound judgement and guidance is limited to that provided by the Chartered Institute of Financial Accounts (CIPFA) as follows:

- The issue has seriously prejudiced or prevented achievement of a principal objective;
- The issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in a significant diversion of resources from another aspect of the business;
- The issue has led to a material impact on the accounts;
- The audit committee, or equivalent, has advised that it should be considered significant for this purpose;
- The 'Head of Internal Audit' has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;
- The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
- The issue has resulted in formal action being taken by the Chief Financial Officer and / or the Monitoring Officer.

3.5 Work on the governance review will continue following this Committee meeting. Key milestones in finalising the Annual Governance Statement are:

1) Report to Strategic Leadership Team.

2) Chief Executive & Leader of the Council sign the Statement linked to the approval of the Annual Accounts.

3.6 The 'Draft Annual Governance Statement 2021/22 is attached (Appendix 1). In Section 6 it records those issues currently considered to be 'significant' for 2021/22. In addition to commenting on the issue(s) recorded the Corporate Audit Committee is also required to monitor the implementation of any agreed actions which were recorded against 2020/21 AGS 'Significant Issues'. The 2020/21 Annual Governance Statement recorded the 'Coronavirus Pandemic (Covid19)' – the impacts of Covid19 as a 'Significant Issue'. The description of the Issue, and the update on mitigating actions are recorded in Section 7 of the AGS.

## **4 STATUTORY CONSIDERATIONS**

4.1 The Accounts & Audit Regulations set out the expectations of provision of an Annual Governance Statement. This is supported by CIPFA/SOLACE standards and the Council's Local Code of Corporate Governance. Implications of not providing this statement would include potential qualification of the Accounts, increase in External Audit fees, potential significant reputational risks and ultimately additional costs to rectify.

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

5.1 There are no direct resource implications relevant to this report.

## **6 RISK MANAGEMENT**

6.1 A proportionate risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. Failure to compile an Annual Governance Statement would result in non-compliance with statutory legislation and leave the Council open to criticism by External Audit and external stakeholders.

## **7 EQUALITIES**

7.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

## **8 CLIMATE CHANGE**

8.1 There are no direct climate change implications related to this report.

## **9 OTHER OPTIONS CONSIDERED**

9.1 No other options to consider related to this report.

## **10 CONSULTATION**

10.1 The Council's Section 151 Officer has had the opportunity to input to this report and has cleared it for publication.

<b>Contact person</b>	Andy Cox, Head of Audit & Assurance (01225 477316)
<b>Background papers</b>	CAC 3 <sup>rd</sup> February 2022 – Annual Governance Statement 2021/22 (High Level Methodology for preparing the AGS)
<b>Please contact the report author if you need to access this report in an alternative format</b>	