

Report



Governance & Audit Committee

Part 1

Date: 28th September 2023

Subject Draft Annual Governance Statement 2022/23 (AGS)

Purpose To present an updated draft of the 2022/23 AGS which will need to be signed by the Council Leader and Chief Executive before inserting into the Council's Annual Statement of Accounts

Author Head of Finance

Ward N/A

Summary A draft 2022/23 AGS went to this committee in their July meeting and general feedback was received indicating that further internal review and assessment was required. The Council has taken on board those general comments and further feedback from Corporate Management Team members have highlighted a number of issues and considerations with more recommendations to strengthen Governance and which are reflected in an updated AGS which is appended.

Proposal To review the updated draft of the 2022/23 AGS and provide specific feedback, as needed, which can be further considered before the document is finalised.

Action by HoF -consider any feedback and make changes as appropriate to the 2022/23 AGS before review and signing by Leader of the Council and Chief Executive

Timetable Immediate, to meet statement of accounts deadlines

This report was prepared after consultation with:

- Corporate Management Team
- Director of Corporate Services
- Monitoring Officer

Signed

Background

As a reminder to the committee, the Councils Governance Framework brings together / incorporates both its legislative responsibilities and various management processes such as its policies, strategies, communication, decision-making and management of risk and performance. Its arrangements are designed to fulfil the following broad principles:

Acting in the public interest:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

B. Ensuring openness and comprehensive stakeholder engagement.

Having effective arrangements for:

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

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.

The Council Code of Corporate Governance is based on the above with each one having a number of sub-set of principles. Against these are the arrangements in place at the Council to meet those principles, be they plans, strategies, policies, frameworks, processes and how we manage risk and monitor performance etc. Via these, good governance is achieved.

A first draft of the 2022/23 AGS was brought to this committee in the July meeting. Comments received then were focussed on the committees view that the AGS was unduly focussed on justifying that Governance was 'satisfactory' as opposed to a review process which identified areas for improvement.

The AGS has been developed further since then. It has benefited from feedback from many of the Council's Corporate Management Team as well as the Policy/Transformation team who are also heavily involved in the Councils 'Annual assessment review' of which the AGS is a key part. Main changes include:

1. A revised introduction / context which:
 - is more focussed.
 - includes a section ("About Newport City Council and its Governance Framework) which explains, in summary, how the Council is organised and structured and how decisions are made and the processes and procedures around these which contribute to our governance arrangements and framework. This provides a summary, high level view of how decisions are made, and risks managed.
 - explains how we have reviewed our governance arrangements.
2. Updated detailed review of the policies/procedures/plans and processes against each of the principles / sub-principles above which contribute to governance. The wider input and feedback into this have identified a greater number of improvements – 19 areas vs 11 previously. It also includes more detail of the review undertaken and some of the arrangements in place to confirm / justify the review conclusions.

The Governance & Audit Committee are asked to review and provide specific feedback to the updated 2022/23 AGS. Any changes resulting from this will be made as needed and then the document will be considered by the Council's Chief Executive and Leader who are required to then sign it when satisfied. The signed document will be incorporated into the Councils 2022/23 Statement of Accounts and the Council's external auditors will also review it to ensure it is reasonable and accurate in its coverage and content. IKt also features in the Council's annual self-assessment.

Financial Summary (Capital and Revenue)

- The annual review of the AGS has no specific financial impact. There may be a cost associated with a very small number of the improvements identified and services will need to consider and manage these appropriately.

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)					
Net Costs (Savings)					
Net Impact on Budget					

Risks

Member review and involvement in developing and finalising the AGS is a key part of the overall governance arrangements in-itself and also is a requirement of the Public Sector Internal Audit Standards. The management of risks is a significant of the Council's governance arrangements.

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Members not involved in the review of the AGS	M	L	Governance & Audit committee fully engaged in the review.	HoF

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The Governance framework and arrangements supports all of the Council's priorities and plans.

Giving management assurance on the systems in operation gives them confidence that there is sound financial management in place, that more effective services can be provided and the risk of theft, fraud and corruption is minimised. Better service provision and looking after the public pound makes our City a better place to live for all our citizens, hence delivering an ambitious, fairer, greener Newport for everyone. (Corporate Plan 2022-2027).

Options Available and considered

This is a factual report and therefore there are no specific options to be considered. The review of the original draft 2022/23 AGS was requested by the Governance & Audit Committee.

The Annual Governance Statement is a statutory requirement and forms part of the Annual Statement of Accounts. The statement sets out how the Authority is meeting its own Code of Corporate Governance.

Preferred Option and Why

That the Committee further considers the 2022/23 AGS and the improvements made and provide any further specific comments as needed.

Comments of Chief Financial Officer

In accordance with the Accounts and Audit (Wales) Regulations 2014, an Annual Governance Statement must be prepared with the Annual Statement of Accounts, setting out how well the Council complies with its Code of Corporate Governance. The Council has a comprehensive set of arrangements, processes and policies in place which meets the requirements of the Code. As expected, there are a number of improvements and developments required and these are identified in the self-assessment.

Comments of Monitoring Officer

In accordance with the Accounts and Audit (Wales) Regulations 2014, an Annual Governance Statement must be prepared with the Annual Statement of Accounts, setting out how well the Council complies with its Code of Corporate Governance. The Council's internal governance arrangements are set out in various constitutional framework documents under the umbrella of the Code of Governance. The Code has been prepared in accordance with relevant Guidance and incorporates the seven core governance principles developed by the Independent Commission on Good Governance in Public Services. It also reflects legislative requirements and ethical principles of democratic decision-making. Compliance with the Code will ensure that decisions continue to be made lawfully and with propriety and in a fair and transparent manner.

Comments of Head of People, Policy and Transformation

There are no other specific HR issues arising as a result of the report. Newport City Council is now required to self-assess its governance and performance as outlined in the Local Government and Elections (Wales) Act 2021. The Annual Governance Statement supports the Council's approach to self-assessing the effectiveness and efficiency of its performance and governance arrangements. The recommendations and actions for the Council to improve will be integrated into the Council's Annual Well-being and Self-Assessment Report. This work also aligns to the Council's statutory responsibilities under the Well-being of Future Generations Act (2015).

Scrutiny Committees

N/A as the Governance & Audit committee provides the review and scrutiny of the AGS

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

The role of Internal Audit supports the Council in complying with the principles of the Wellbeing Act and providing assurance on the activities undertaken across the Council. In compiling this report the principles of this Act have been considered:

Long term - The Internal Audit workload is based on an annual operational plan supported by a 5 year strategic plan that is aligned to the Council's Corporate Plan.

Prevention - Internal Audit identify strengths and weaknesses within the control environment of Newport City Council; addressing the weaknesses gives management the opportunity of preventing gaps in service provision getting worse. This should also minimise the potential for fraud, theft, loss or error.

Integration - Internal Audit opinions provide an objective opinion on the adequacy of the Council's corporate governance, internal control and risk management environment in operation and support sound stewardship of public money.

Collaboration - Internal Audit work in collaboration with operational managers to develop an appropriate action plan in order to address identified concerns.

Involvement - Heads of Service and Senior Managers are invited to contribute to the audit planning process each year in order to prioritise audit resources. The involvement of the Governance & Audit Committee provides assurance and oversight of an effective internal audit provision to carry out its duties.

Consultation

N/A

Background Papers

2022/23 Approved Internal Audit Plan; 2022/23 Annual Internal Audit Report; Corporate Plan; Cabinet and Scrutiny papers; Council policies and procedures. NCC Code of Corporate Governance 2020/21.

Dated: