

Audit and Standards Committee

24 March 2022

Annual Governance Review – initial findings

Is the paper exempt from the press and public?	No
<i>Reason why exempt:</i>	Not applicable
Purpose of this report:	Governance
Funding Stream:	Not applicable
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

Director Approving Submission of the Report:
Ruth Adams, Deputy Chief Executive

Report Author(s):
Claire James, Senior Governance and Compliance Manager
Claire.james@southyorkshire-ca.gov.uk

Executive Summary:

This paper reports the initial findings of the Annual Governance Review which has been carried out in line with CIPFA guidance and indicates the high-level areas of governance improvement.

What does this mean for businesses, people and places in South Yorkshire?

Good governance enables the MCA to pursue its ambitions and objectives in the most effective and efficient way, bringing about better outcomes for residents and businesses in South Yorkshire.

Recommendations:

The Committee is asked to note the initial findings of the Annual Governance Review and consider the proposed high-level areas of governance improvement.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Not applicable

1. Background

- 1.1 Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires an authority to conduct a review, at least once in a year, of the effectiveness of its systems of internal control and include a statement reporting on the review with any published Statement of Accounts.
The scope of the Mayoral Combined Authority's (MCA's) governance and internal control framework spans the whole of the organisation's activities and is described in the local Code of Corporate Governance. This Code stands as the overall statement of the corporate governance principles and commitment. The Code demonstrates that governance arrangements comply with the core and sub-principles contained in CIPFA's "Delivering Good Governance in Local Government Framework".
- 1.2 This paper reports the initial findings of the Annual Governance Review which has been carried out in line with the CIPFA guidance and as agreed with the Committee in January and proposes the high-level areas of governance improvement.

2. Key Issues

2.1 Annual Governance Review Activity

As agreed by the Committee in January, during February and March an assessment of compliance with the Code of Corporate Governance has commenced to gain assurance of the effectiveness of current governance arrangements and to identify any opportunities for improvement. Through work undertaken to date, a good level of compliance has been identified.

Activity has included Group Management Board workshops in February and March that gave focus to a number of key areas of governance and compliance including risk management, information governance and business continuity. The Board also had a broader discussion around compliance with the principles set out in the Code during the year and reflected on the challenges faced by the organisation and the effectiveness of governance arrangements in dealing with these.

The Board provided a steer on the emerging governance improvement areas for 2022/23 agreeing that the plan should be aligned with the growing maturity of the organisation and should recognise the need for governance arrangements to support the ambitions of the organisation and enable the desired change and innovation.

2.2 Areas for governance improvement

Key areas for governance improvement are across four broader areas and have a clear relationship with the CIPFA principles of good governance. At a high-level these are:

- **Strategy**

During 2022/23 we want to ensure the economic outcomes and metrics set out in our Strategic Economic Plan, and the key performance indicators in our Corporate Plan, which allow us to measure the impact of our programmes and investments

on the South Yorkshire economy, are understood and embedded into the work of all our internal teams.

- **Stakeholder Relationships**

During 2022/23 we want to give real focus to developing external relationships across all agendas with national academics and policy makers to shape options and strategies and develop new relationships with the financial sector to lever financial investment in the region.

- **Customer Focus**

During 2022/23 we want to drive improvements in the customer experience through being responsive to customer feedback and through better consultation to ensure our plans and strategies are focussed on the end user.

- **Organisational Development and Capability**

During 2022/23 we want to continue to development our workforce management processes to support continued organisation development. This will sit alongside a plan of office estate improvements to ensure workspaces support our desired ways of working for the integrated team. In addition, to realise the benefits of the integration, we want to embed the core values of the organisation drive business improvement through a number of clearly defined business improvement projects.

Management Board are working through the detail in each of these areas to develop the improvement plan for 2022/23.

2.3 **Next steps**

- A draft governance improvement plan will be circulated to members during April for comment.
- A draft annual governance statement, including an 'evidence of compliance' annex, will be presented to the committee meeting in June. This will also include the governance improvement plan.

3. **Financial and Procurement Implications and Advice**

- 3.1 The outcome of the annual governance review will be published in the Annual Governance Statement as part of the Authority's statutory accounts. It is important that the review assesses the adequacy of the Authority's internal financial controls as per the Financial Regulations. Failure to do so could result in a qualified value for money opinion issued by the external auditor, thus undermining confidence in the Authority's stewardship of public funding.

Furthermore, the risk associated with poor governance practice could result in poor financial decision making could result in material financial penalties including the withholding or reduction in funding received from Government.

4. Legal Implications and Advice

- 4.1 Failure to comply with the principles of good governance ultimately could lead to and external audit opinion qualification.

5. Human Resources Implications and Advice

- 5.1 There are no human resources implications related to this report.

6. Equality and Diversity Implications and Advice

- 6.1 There are no equality and diversity implications related to this report.

7. Climate Change Implications and Advice

- 7.1 There are no climate change implications related to this report.

8. Information and Communication Technology Implications and Advice

- 8.1 There are no information and communication technology implications related to this report.

9. Communications and Marketing Implications and Advice.

- 9.1 The activity described in this paper is internally focussed however it will culminate in the publication of the Annual Governance Statement alongside the Authority's accounts.

List of Appendices Included

None

Background Papers

None