

Audit, Standards and Risk Committee

Wednesday, 22 March 2023

Annual Governance Review – Initial Findings

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

Director Approving Submission of the Report:

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Report Author(s):

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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 and contribute to the draft the governance improvement plan.

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 been undertaken to gain assurance of the effectiveness of current governance arrangements and to identify any opportunities for improvement. In line with the Internal Audit recommendation (reported to the Committee in October) a quarterly review of compliance with the Local Code of Corporate Governance was established during the year and has contributed to this process. This evidence base has also been reviewed as part of the Governance audit (item 10, appendix A) which has made recommendations to enhance this process further.

The assessment has culminated in sessions with the Executive Leadership Board on the 28 February and 7 March where the Code of Corporate Governance was reviewed along with the compliance evidence base. The Board also considered the draft Annual Governance Statement and reflected on the challenges faced by the organisation and the effectiveness and robustness of governance arrangements in dealing with these.

Through work undertaken to date, a good level of compliance has been identified.

The Board provided a steer on the emerging governance improvement areas for 2023/24 agreeing that the plan should be aligned to the key objectives of the organisational review.

2.2 Areas for governance improvement

The Governance Improvement Plan (section 7 of the draft Annual Governance Statement) consists of actions identified from the Annual Governance Review 22/23 and are grouped around 5 key principles:

Principle	Deliverables
Strengthening MCA officer leadership and organisation performance	Reviewed and updated officer scheme of delegation
Increasing agility and responsiveness	Implemented Revised Assurance Framework
Changing structures and processes to facilitate deepening of relationships and collaboration	Reviewed governance decision making process and implementation of any agreed changes
Supporting team members to thrive	Reviewed and consolidated HR policies Induction for new elected members Programme of knowledge development sessions for members
Driving a new operating ethos and culture	Embedded Risk Management Framework Cyber Essentials Plus attainment Reviewed Information Governance policies and training delivered Reviewed and updated Information Asset Registers Corporate Document Management Process implemented

2.3 **Next steps**

- A finalised governance improvement plan will be circulated to members before April for comment.
- The draft annual governance statement including the governance improvement plan (Appendix A) will be presented to the MCA Board in June.

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 could ultimately lead to an 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

A Draft Annual Governance Statement

Background Papers

None