

Mayoral Combined Authority Board

05 June 2023

Annual Corporate Governance Update 2023

Is the paper exempt from the press and public?	No
Reason why exempt:	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
Steve Davenport, Director of Legal and Governance

Report Author(s):
Claire James, Head of Corporate Governance
Claire.james@southyorkshire-ca.gov.uk

Executive Summary

This report provides a summary of key corporate governance activities during the year 2022/23 and brings together the key documents that demonstrate SYMCA's commitment to good governance.

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 MCA Board is asked:

- To consider and approve the Code of Corporate Governance (appendix A) as recommended by the Audit, Standards and Risk Committee

- To consider and approve the draft Annual Governance Statement and Governance Improvement Plan (appendix B) as recommended by the Audit, Standards and Risk Committee
- To note the progress made in strengthening the approach to risk management and to consider and comment on the Risk Management Dashboard (appendix C)
- To consider the Audit, Standards and Risk Chair's Annual Report (appendix D) and the action plan at section 6 to address the findings of the Audit, Standards and Risk Committee Effectiveness Survey

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

Audit, Standards and Risk Committee

22nd March 2023

1. Background

- 1.1 "Corporate governance" describes how an organisation directs and controls what it is accountable for. This report provides a summary of key corporate governance assurance activities during the year 2022/23 and brings together the key documents that demonstrate SYMCA's commitment to good governance.

2. Key Issues

2.1 Code of Corporate Governance (Appendix A)

The Code of Corporate Governance is a public statement setting out how South Yorkshire Mayoral Combined Authority (SYMCA) will fulfil the principles of good governance in practice. The Code demonstrates that, collectively, SYMCA's governance arrangements comply with the core and sub-principles contained in the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government 2016'.

The underpinning principle of the CIPFA/SOLACE framework is that local government organisations should develop and shape an approach to governance that takes account of the unique environment the organisation is operating in. The Framework assists authorities in developing their approach to ensure that resources are used in accordance with agreed priorities, and that there is sound and inclusive decision making and clear accountability for the use of resources to achieve the desired outcomes for service users and communities.

In line with a commitment to review the Code of Corporate Governance annually, the existing SYMCA Code has been reviewed against the CIPFA Framework, taking into account the priorities and operating environment of the organisation. Minor amendments are shown in track changes.

The Code of Corporate Governance was considered by the Audit, Standards and Risk Committee at its meeting 22nd March where the changes were endorsed.

Recommendation

The MCA Board is asked to consider and approve the Code of Corporate Governance (appendix A) as recommended by the Audit, Standards and Risk Committee.

2.2 **Annual Governance Review, Annual Governance Statement & Governance Improvement Plan (Appendix B)**

It is a statutory requirement for the Authority to review its systems of governance and internal control at least once each year, and to publish an Annual Governance Statement with its Statement of Accounts.

In January 2023, the Audit, Standards and Risk Committee endorsed the approach to the Annual Governance Review and during February and March, a review was undertaken with SYMCA officers, with the output feeding into a workshop with the Executive Leadership Board. The findings of the Annual Governance Review were reported to the Committee on 22nd March.

The outputs from the Annual Governance Review process have assisted in the preparation of the Annual Governance Statement (Appendix B) which has been prepared in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework 2016'.

CIPFA guidance also advises that the statement should be a meaningful but brief communication regarding the review that has taken place and should be high level, strategic and written in an open and readable style. In addition, there is a requirement to have in place a Governance Improvement Plan (GIP) which highlights any identified governance issues. The proposed Governance Improvement Plan for 2023/24 can be found at section 8 of the Annual Governance Statement.

Conclusion of the Review

As stated in the draft Annual Governance Statement, the outcome of the Annual Governance Review has resolved that governance arrangements during the year were fit for purpose and robust, yet flexible enough to respond to the challenges presented.

A draft Annual Governance Statement and Governance Improvement Plan were considered by the Audit, Standards and Risk Committee on 22nd March. The Committee asked that the Statement be amended to include the highest scoring corporate risks the Authority had faced during the year. These have been included at section 6 along with a year-end position.

Recommendation

The MCA Board is asked to consider and approve the draft Annual Governance Statement and Governance Improvement Plan as recommended by the Audit, Standards and Risk Committee.

2.3 **Risk Management Annual Update (Appendix C)**

Following the recommendation of the Audit, Standards and Risk Committee, the MCA Board approved the Risk Management Framework at their meeting in July 2022. The Framework recognises that the MCA Board has an accountability for ensuring robust risk management arrangements are in place and operating effectively and sets out that the MCA Board will receive a report annually on the risks, detailing their type and exposure.

During the year a post-implementation self-assessment of the Framework was undertaken. The findings culminated in a report to the Executive Leadership Board in December and an amended Framework which was endorsed by the Committee in January.

The implementation of the Framework over the last 12 months has involved the roll out of a new version of the 4Risk IT system and the development of dashboard reporting. The most recent internal audit report on the progress of the implementation of the Framework gave a 'significant assurance with some improvement required' opinion and recognised the shift the Authority has made in terms of its risk management maturity.

The 2022/23 year end position on risk was considered by the Audit, Standards and Risk Committee at their meeting 22nd March. An extract of the dashboard report considered that meeting is included at Appendix C.

In line with the agreed reporting timetable the next risk dashboard will be considered by the Audit, Standards and Risk Committee on 21st June and is included in the Committees Work Plan as a standing item at each of their meetings. The format of the dashboard will develop and enhance over time with the inclusion of comparative and trend data to show changes to the Authority's risk exposure over time.

Recommendation

The MCA Board is asked to note the progress made in strengthening the approach to risk management and to consider and comment on the Risk Management Dashboard.

2.4 Audit, Standards and Risk Committee Chair's Annual Report 2023 (Appendix D)

The Audit, Standards and Risk Committee is a key component of the Authority's corporate governance arrangements, providing an independent, high-level focus on the audit, assurance and reporting framework underpinning financial management and governance arrangements. Its purpose is to provide independent review and assurance of governance arrangements, risk management and control frameworks. It also undertakes the Authority's Standards Committee function. The terms of reference for the Audit, Standards and Risk Committee are included in Part 4D of the MCA Constitution.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance to help ensure that Audit Committees operate effectively. The guidance recommends that Audit Committees should report annually on how they have

discharged their responsibilities. A copy of the Annual Report for 2022/23 is therefore provided at Appendix D.

The Annual Report sets out the Committee membership for 2022/23 and provides detail on attendance and quoracy levels as well as an overview of the work of the Committee. The report also summarises the work of the internal and external audit functions, provides information on the level of public engagement with the Committee and aims to demonstrate how the Committee has fulfilled its terms of reference and provided assurance during the year.

CIPFA guidance also recommends that Audit Committees undertake an assessment of their own effectiveness on an annual basis. A survey to facilitate this took place in quarter four, closing on 24th February. The Committee considered the results of the survey at its meeting 22nd March. The outcome of the self-assessment and an improvement plan to address the findings is included in the Annual Report at section 6.

Recommendation

The MCA Board is asked to consider the Annual Report and the action plan at section 6 to address the findings of the Audit, Standards and Risk Committee Effectiveness Survey.

3. Timetable and Accountability for Implementation

3.1 Code of Corporate Governance, if endorsed, it will be adopted with immediate effect.

The Annual Governance Statement will be included in the Authority's Statement of Accounts which are due to be published by 30th November 2023.

The timetable for the implementation of the improvement plan will be agreed with the Audit, Standards and Risk Committee.

4. Financial and Procurement Implications and Advice

4.1 There are no financial or procurement implications associated with this report.

5. Legal Implications and Advice

5.1 The Accounts and Audit Regulations 2015 requires Combined Authorities to prepare an Annual Governance Statement in order to report publicly on the extent to which they comply with their own code of governance.

6. Human Resources Implications and Advice

6.1 There are no human resource implications associated with this report.

7. Equality and Diversity Implications and Advice

7.1 There are no equality and diversity issues associated with this report.

8. Climate Change Implications and Advice

8.1 There are no climate change implications associated with this report.

9. Information and Communication Technology Implications and Advice

9.1 There are no information and communication technology implications associated with this report.

10. Communications and Marketing Implications and Advice.

10.1 There are no communications or marketing implications associated with this report, however, the Code of Corporate Governance will be published on the Authority's website and the Annual Governance Statement will be included in the Authority's Statement of Accounts which are due to published by 30th November 2023.

List of Appendices Included

A	Code of Corporate Governance
B	Draft Annual Governance Statement including Governance Improvement Plan 2023/24
C	Risk Management Dashboard – March 2023
D	Audit, Standards and Risk Committee Chair's Annual Report 2023

Background Papers

The papers considered by the Audit, Standards and Risk Committee on 22nd March along with the minutes of the meeting can be accessed here

Morning session

<https://governance.southyorkshire-ca.gov.uk/ieListDocuments.aspx?CId=142&MId=1554&Ver=4>

Item 126 - appendix B – Risk Management Internal Audit Report

Item 129 - Risk Management Update and Dashboard – March 2023

Afternoon session

<https://governance.southyorkshire-ca.gov.uk/ieListDocuments.aspx?CId=142&MId=1601&Ver=4>

Item 134 - Code of Corporate Governance

Item 135 – Findings of the Annual Governance Review and Draft Annual Governance Statement including Governance Improvement Plan 2023/24