

## Mayoral Combined Authority Board

Tuesday, 04 June 2024

### Annual Corporate Governance Update 2024

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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 of Key Decisions? Not a Key Decision

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#### Director Approving Submission of the Report:

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#### Executive Summary

This report provides a summary of key corporate governance activities during the year 2024/25 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 embedding 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
  - To consider the Overview and Scrutiny Chair's Annual Report (appendix E) and the action plan at section 6 to address the findings of the Overview and Scrutiny Committee Effectiveness Survey
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**Consideration by any other Board, Committee, Assurance or Advisory Panel**

Audit, Standards and Risk Committee

20th March 2024

Overview and Scrutiny Committee

14<sup>th</sup> March 2024

**1. Background**

“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 2024/25 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 forms part of the Constitution and sits alongside the Code of Corporate Governance for the Office of the Police and Crime Commissioner.

The Code of Corporate Governance was considered by the Audit, Standards and Risk Committee at its meeting 20<sup>th</sup> 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 December 2023, the Audit, Standards and Risk Committee endorsed the approach to the Annual Governance Review and during January and February, a review was undertaken with SYMCA officers. The findings of the Annual Governance Review were reported to the Committee on 20<sup>th</sup> 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 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 2024/25 can be found at section 8 of the Annual Governance Statement.

Due to the delay in auditing the statement of accounts, depending on the findings, it may be necessary to amend the Annual Governance Statement before it is published with the accounts in the autumn.

### **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 has been considered by the Audit, Standards and Risk Committee.

### **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)**

The Risk Management 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.

The 2023/24 year end position on risk was considered by the Audit, Standards and Risk Committee at their meeting 20<sup>th</sup> March. 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 17<sup>th</sup> July and is included in the Committees Work Plan as a standing item at each of their meetings. The format of the dashboard will continue to evolve and adapt along with the organisations risk profile and reporting requirements.

An internal audit on the organisations risk management arrangements took place in Q3 and concluded a 'reasonable assurance' opinion. Six management actions were agreed to further strengthen arrangements and drive risk maturity – one considered a 'medium' priority and five considered 'low' priority. The Risk Management Framework has been updated where appropriate to reflect the recommendations.

#### **Recommendation**

The MCA Board is asked to note the progress made in embedding 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 2024 (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 4C 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 2023/24 is therefore provided at Appendix D.

The Annual Report sets out the Committee membership for 2023/24 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 21<sup>st</sup> February. The Committee considered the results of the survey at its meeting 20<sup>th</sup> March. The outcome of the self-assessment and an improvement plan to address the findings is included in the Annual Report at sections 5 and 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.

### **2.5 Overview and Scrutiny Chair's Annual Report 2024 (Appendix E)**

The Overview and Scrutiny Committee plays a key role in scrutinising the decisions of the Mayor and the MCA, and to make recommendations for improvement and/or change. The Committee investigates matters of strategic importance to residents and businesses within South Yorkshire and to reports recommendations as appropriate to the Mayor and the MCA. The terms of reference for the Overview and Scrutiny Committee are included in Part 4D of the MCA Constitution.

The Scrutiny Protocol (2023) recommends that Scrutiny Committees undertake an assessment of their own effectiveness, and that an Annual Report of the Scrutiny Committee should be *published to broadcast the work of the committee demonstrating how the committee's work influences and benefits the outcomes of the institution and its strategic goals and priorities. This report should be formally considered by the Authority's constituent members.* A copy of the Annual Report for 2023/24 is therefore provided at Appendix E. A survey to facilitate self-reflection took place in quarter four. The Committee considered the results of the survey at its meeting 14<sup>th</sup> March. The outcome of the self-assessment and an improvement plan to address the findings is included in the Annual Report at section 7.

The Annual Report demonstrates the MCA's commitment to operating the highest standards of scrutiny and governance. It demonstrates how the Overview & Scrutiny Committee has successfully fulfilled its terms of reference and acted as a 'critical friend' challenge to the Mayor, the MCA, its committees, and Officers.

### **Recommendation**

The MCA Board is asked to consider the Annual Report and the action plan at section 7 to address the findings of the Overview and Scrutiny Committee Effectiveness Survey.

## **3. Options Considered and Recommended Proposal**

Not applicable to this report.

4. **Consultation on Proposal**

Not applicable to this report.

5. **Timetable and Accountability for Implementing this Decision**

The 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 published by 30<sup>th</sup> November 2024.

6. **Financial and Procurement Implications and Advice**

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

7. **Legal Implications and Advice**

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.

8. **Human Resources Implications and Advice**

There are no human resource implications associated with this report.

9. **Equality and Diversity Implications and Advice**

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

10. **Climate Change Implications and Advice**

There are no climate change implications associated with this report.

11. **Information and Communication Technology Implications and Advice**

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

12. **Communications and Marketing Implications and Advice**

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 30<sup>th</sup> November 2024.

## **List of Appendices Included:**

- A. Code of Corporate Governance
- B. Draft Annual Governance Statement including Governance Improvement Plan
- C. Risk Management Dashboard
- D. Audit Standards and Risk Committee Chair's Annual Report 2024
- E. Overview and Scrutiny Chair's Annual Report 2024

## **Background Papers:**

The papers considered by the Audit, Standards and Risk Committee on 20<sup>th</sup> March along with the minutes of the meeting can be accessed here:

[South Yorkshire MCA \(southyorkshire-ca.gov.uk\)](https://www.southyorkshire-ca.gov.uk)

Item 245 – Risk Monitoring Report

Item 246 – Code of Corporate Governance Review

Item 247 – Governance Improvement Plan

Item 248 – Findings of Annual Governance Review 23/24

Item 249 – ASRC draft annual report (inc committee effectiveness survey)