

AUDIT & STANDARDS COMMITTEE

23rd January 2020

Annual Governance Review Process & Progress Against SCR's Governance Improvement Plan

Purpose of Report

This paper:

- updates the Committee on the progress against the Governance Improvement Plan described in the 18/19 Annual Governance Statement
- sets out the SCR Annual Governance Review Process for 19/20

Freedom of Information and Schedule 12A of the Local Government Act 1972

Under the Freedom of Information Act this paper and any appendices will be made available under the Mayoral Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

The Audit and Standards Committee is asked to consider:

- the progress against the Governance Improvement Plan 18/19
- the proposed Governance Review Process for 19/20

1. Introduction

- 1.1** Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require 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 SCR's governance and internal control framework spans the whole of the organisation's activities and, as recommended in the CIPFA/SOLACE Framework **Delivering Good Governance in Local Government 2016**, is described in SCR's local Code of Corporate Governance. This Code was approved by the Audit and Standards Committee in April 2017 and has been reviewed annually. The Code demonstrates that SCR's governance arrangements comply with the core and sub-principles contained in the Framework. The proposed process for conducting the annual review is outlined in section 2.1.
- 1.2** CIPFA guidance on the preparation of an Annual Governance Statement prescribes that the statement should include an 'agreed action plan showing actions taken, or proposed, to deal with significant governance issues'. This paper provides an update on the progress against the

action plan presented in the 18/19 Annual Governance Statement. This can be found at appendix A.

1.3 It is important to note that SCR operates in a very dynamic and developing environment and, as such, there is constant focus on reviewing and improving governance arrangements. For example:

- The SCR LEP has undertaken and submitted a self-assessment of governance, delivery and strategy in preparation for the Annual Performance Review with government taking place 24th January. It is anticipated that SCR will continue to be evaluated positively by government.
- New governance arrangements for Thematic Boards, agreed in 2019, have been implemented and the Boards have been operational since July. A review of their effectiveness will be undertaken in quarter 4 of 19/20.
- New arrangements for strengthening the appraisal of schemes seeking investment, agreed by the MCA and LEP during 2019 have been implemented. An effectiveness review will be undertaken alongside the review of Thematic Boards.
- The Assurance Framework which sets out how SCR will use public money (LGF funds) responsibly and achieve value for money is currently under review and a revised version presented to the LEP / MCA for approval in March alongside a set of reviewed and updated LEP terms of reference and associated policies e.g. code of conduct, expenses
- A full audit of scheme delivery has been undertaken in order to maximise the use of LGF funding and to manage the risk of underspend.
- SCR's strategic risk management approach is also focussed upon the effectiveness of the arrangements that underpin the delivery of SCR's Strategic Economic Plan. The Statutory Officers of the MCA keep Risk Management Action Plans under review to evaluate current controls and any adequacy concerns.
- To increase transparency around decision making the meeting management system 'Modern.gov' has been implemented and integrated with the SCR website. In addition, since April 2019 the MCA, Audit & Standards and Overview & Scrutiny have all been webcast live.

2. Proposal and justification

2.1 Review Process

During February and March SCR's Governance team will work with the Executive team; to conduct an assessment of compliance with SCR's Code of Corporate Governance; to gain assurance the effectiveness of current arrangements and to; identify any opportunities for improvement.

This process will include

- a group session with MCA Statutory Officers
- a group session with the Executive Team Senior Leadership Team
- One to one meetings with Assistant Directors and specific team members where required.

The findings of the review and an updated Code of Corporate Governance is scheduled to be presented to the Audit and Standards Committee in April 2020.

3. Consideration of alternative approaches

3.1 An annual review of the effectiveness of systems of internal control is required by the Accounts and Audit Regulations 2015.

4. Implications

4.1 Financial

There are no financial implications relating to the proposal set out regarding the annual governance review however, non-compliance with the Accounts and Audit Regulations may result in a qualified audit opinion for 19/20 and potentially a withdrawal or withholding of funding.

4.2 Legal

There are no legal implications relating to the proposal set out regarding the annual governance review.

4.3 Risk Management

Risks to SCR's governance arrangements are managed through the Strategic Risk Management Framework.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity or social inclusion implications relating to the proposal set out regarding the annual governance review.

5. Communications

- 5.1 The timetable of meetings required to conduct the annual governance review will be communicated internally to those involved.

6. Appendices/Annexes

- 6.1 Appendix A – Governance Improvement Plan 19/20 – Progress Update

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: None