

## AUDIT & STANDARDS COMMITTEE

21<sup>st</sup> January 2021

### Governance Review Process and Improvement Plan Progress

#### Purpose of Report

This paper:

- sets out the proposed process for the Annual Governance Review of the financial year ending 31<sup>st</sup> March 2021
- updates the Committee on the progress against the 2020/21 Governance Improvement Plan

#### 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 proposed process for conducting the Annual Governance Review for the financial year ending 31<sup>st</sup> March 2021
- the progress against the Governance Improvement Plan for 20/21

## 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 the MCA'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 MCA's Local Code of Corporate Governance. The Code demonstrates that governance arrangements comply with the core and sub-principles contained in the Framework.

The proposed process for conducting the required annual review of MCA governance arrangements is outlined in section 2.1. The findings of the review will inform the Annual Governance Statement which will be published with the 20/21 Accounts.

- 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' (Governance Improvement Plan). This paper also provides

an update on the progress of the Governance Improvement Plan for 20/21 which formed part of the AGS for the previous financial year. This can be found at appendix A.

## **2. Proposal and justification**

### **2.1 Review Process**

During February and March, the MCA Executive will conduct an assessment of compliance with the Local Code of Corporate Governance; to gain assurance the effectiveness of current arrangements and to; identify any opportunities for improvement.

This process will include

- a review with MCA Statutory Officers
- a review with the Executive Team full Management Board
- One to ones with Assistant Directors and specific team members where required.

The initial findings of the review will be reported to the Committee in March 2021 and an updated Code of Corporate Governance and draft Annual Governance Statement is scheduled to be presented to the Audit and Standards Committee in June 2021.

## **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 20/21 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**

The Strategic Risk Register has nine risks in the category 'Governance and Compliance Management' and will be updated as a result of the findings of the Annual Governance Review.

### **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 20/21 – 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