

Audit and Standards Committee

10 June 2021

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
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:

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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 note 'Application of the Good Governance Framework 2020/21'. It also provides an update on the 20/21 Governance Improvement Plan.

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 identify any issues.
- note the progress of the 20/21 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 ¹Code of Corporate Governance. This Code stands as the overall statement of the MCA and Local Enterprise Partnership's (LEP's) corporate governance principles and commitment. The Code demonstrates that the MCA and LEP's 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 note 'Application of the Good Governance Framework 2020/21'. This guidance note recommends that the impact of the Covid-19 pandemic should be taken into account when conducting the annual review for 2020/21. In particular, it recommends that the review should identify the impact of the pandemic on governance arrangements in place and, changes to existing arrangements that have resulted from the pandemic.

2. Key Issues

- 2.1 A summary of the outcome of this assessment is outlined in appendix A.
- 2.2 In addition, this paper provides an update on the progress of the 20/21 Governance Improvement Plan (Appendix B).

2.3 Next steps

An additional report on the findings of the Annual Governance Review will be provided alongside a draft Annual Governance Statement to the Committee 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 and, in consideration of Local Growth Fund and other

¹ <https://sheffieldcityregion.org.uk/wp-content/uploads/2020/11/SCR-Code-of-Corporate-Governance20-21Final.pdf>

monies distributed from central government, could result in material financial penalties including the withholding or reduction in grant received.

4. Legal Implications and Advice

4.1 Failure to comply with the principles of good governance ultimately could lead to and External Audit opinion qualification.

5. Human Resources Implications and Advice

5.1 None

6. Equality and Diversity Implications and Advice

6.1 None

7. Climate Change Implications and Advice

7.1 None

8. Information and Communication Technology Implications and Advice

8.1 None

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 Summary of Code of Corporate Governance commitments impacted by the Covid-19 Pandemic
- B Progress Update – 20/21 Governance Improvement Plan

Background Papers

None