

Audit, Standards and Risk Committee

Wednesday, 13 December 2023

Annual Governance Review Process 2023/24

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Monitoring/Assurance
Is this a Key Decision?	No
Has it been included on the Forward Plan of Key Decisions?	Not a Key Decision

Director Approving Submission of the Report:
Gareth Sutton, Chief Finance Officer/s73 Officer

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

Executive Summary

This paper sets out the proposed process for the Annual Governance Review of the financial year ending 31st March 2024.

What does this mean for businesses, people and places in South Yorkshire?

Continually improving governance enables the Combined Authority to pursue its ambitions and objectives in the most effective and efficient way, bringing about better outcomes for people and businesses in South Yorkshire.

Recommendations

The Committee is asked to consider the proposed process for conducting the Annual Governance Review for the financial year ending 31st March 2024.

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

None

1. Background

- 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 be reported to the Committee in March and inform the Annual Governance Statement which will be published with the 23/24 Accounts.

2. Key Issues

2.1 Review Process

During quarter four, 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 will be conducted.

This process will include:

- a review with MCA Statutory Officers
- a review with the Executive Leadership 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 2024 along with a draft Annual Governance Statement and revised Code of Corporate Governance.

Members are also asked to note that in line with an Internal Audit recommendation, quarterly reviews of compliance with the Local Code of Corporate Governance have been established. This work will also inform the Annual Governance Review.

3. Consultation on Proposal

- 3.1 The Executive Leadership Board of the MCA Executive and Statutory Officers will be consulted in the undertaking of this review.

4. Timetable and Accountability for Implementing this Decision

- 4.1 The Annual Governance Review will be conducted and concluded by March 2024 in order to prepare the Annual Governance Statement 23/24 and the Governance Improvement Plan for 24/25.

5. Financial and Procurement Implications and Advice

- 5.1 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, could result in material financial penalties including the withholding or reduction in grant received.

6. Legal Implications and Advice

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

7. Human Resources Implications and Advice

- 7.1 There are no human resources implications related to this report.

8. Equality and Diversity Implications and Advice

- 8.1 There are no equality and diversity implications related to this report.

9. Climate Change Implications and Advice

- 9.1 There are no climate change implications related to this report.

10. Information and Communication Technology Implications and Advice

- 10.1 There are no information and communication technology implications related to this report.

11. Communications and Marketing Implications and Advice

- 11.1 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:

None

Background Papers

None