

## Audit, Standards and Risk Committee

Wednesday, 20 March 2024

### Annual Governance Review

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| <b>Is the paper exempt from the press and public?</b> | No                 |
| <b>Reason why exempt:</b>                             | Not applicable     |
| <b>Purpose of this report:</b>                        | Governance         |
| <b>Is this a Key Decision?</b>                        | No                 |
| <b>Has it been included on the Forward Plan?</b>      | Not a Key Decision |

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#### **Director Approving Submission of the Report:**

Gareth Sutton, Director of Resources & Investment/s73 Officer

#### **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 and indicates the high-level areas of governance improvement.

#### **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 consider and contribute to the draft the 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 Code of Corporate Governance. This Code stands as the overall statement of the corporate governance principles and commitment. The Code demonstrates that 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 and as agreed with the Committee in December, and proposes the high-level areas of governance improvement.

## **2. Key Issues**

### **Annual Governance Review Activity**

- 2.1 As agreed by the Committee in December, during February and March an assessment of compliance with the Code of Corporate Governance has been undertaken to gain assurance of the effectiveness of current governance arrangements and to identify any opportunities for improvement. In line with an Internal Audit recommendation quarterly review of compliance with the Local Code of Corporate Governance have also contributed to this process.
- 2.2 The review involved facilitated conversations with a range of key officers. This included:
- Chief Executive
  - Director of Legal and Governance
  - Executive Director Resource and Investment
  - Interim Chief Accountant
  - Director of Public Transport Development
  - Director of Public Transport Operations
  - Director of Skills
  - Interim Head of AEB and Skills
  - Head of Assurance and Evaluation
  - Assistant Director Trade and Investment
  - Assistant Director External Affairs
  - Interim Director of HR and OD
  - Director of Growth and Sector Development

Through this qualitative assessment, it has been concluded that there has been a good level of compliance with the Code of Corporate Governance during the year.

## 2.2 Areas for governance improvement

The Annual Governance Review, and recent risk management discussions, have identified a number of areas for improvement. The Executive Leadership Board considered these on 5<sup>th</sup> March and agreed that the 24/25 Governance Improvement Plan should focus on the development and improvement of the approach to:

- Consultation and engagement
- Customer feedback and complaints
- Employee performance and development
- Tendered services monitoring
- Digital enablement
- The generation and use of management information
- The use of data and intelligence to inform policy development

The Committee are asked to consider and comment on the proposed areas for development.

## 2.3 Next steps

A finalised governance improvement plan will be circulated to members as part of the draft AGS ahead of submission to the MCA Board 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 could result in material financial penalties including the withholding or reduction in funding received from Government.

## 4. Legal Implications and Advice

- 4.1 Failure to comply with the principles of good governance could ultimately lead to an external audit opinion qualification.

## 5. Human Resources Implications and Advice

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

## 6. Equality and Diversity Implications and Advice

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

**7. Climate Change Implications and Advice**

7.1 There are no climate change implications related to this report.

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

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

**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**

None

**Background Papers**

None