

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

ANNUAL GOVERNANCE STATEMENT BRIEFING

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To provide a briefing to Members of the Audit Committee on the changed timetable for the production the Annual Governance Statement (AGS) as a result of Covid-19, and also changes to the content to take account of the impact of Covid-19 on the assessment of the effectiveness of the Council's governance and internal control arrangements.

2. BACKGROUND INFORMATION

- 2.1 The attached briefing paper is designed to inform members of the changes to the timetable for the production of the Annual Governance arrangements in line with national guidance resulting from the impact of Covid-19. It is intended that a draft annual governance statement will be produced by 30 June 2020 in line with the production of the draft accounts, and be included to the Audit Committee for a discussion as its meeting on 8 July. The final version will be presented to the Audit Committee alongside the audited accounts. The final deadline for this is 30 November 2020. The briefing paper explains that there may a greater number of adjustments between the draft and final versions than would normally be the case and how assurance in relation to the Council's response to Covid-19 will be reported in the Annual Governance Statement.

3. OPTIONS FOR CONSIDERATION

- 3.1 The Committee is asked to consider the content of the briefing note and is invited to ask questions about the contents of the report and seek clarification as necessary.

4. ANALYSIS OF OPTIONS

- 4.1 The report is designed to provide the Committee with an understanding of the updated approach to the production of the AGS.

5. **FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)**

5.1 There are no specific resources implications in relation to this report

6. **OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)**

6.1 Decisions arising from this report have no implications on crime and disorder pursuant to section 17 of the Crime & Disorder Act 1998.

6.2 There are no equalities issues arising from this report in relation to the Equalities Act 2010.

6.3 There are no environmental implications or significant risks arising from this report.

7. **OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

7.1 An Integrated Impact Assessment is not required.

8. **OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

8.1 This report has not been subject to consultation. There are no interests requiring declaration in relation to it.

9. **RECOMMENDATIONS**

9.1 That the Audit Committee considers the assurance provided by the briefing note in relation to the timetable for production and approval of Annual Governance Statement

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Background Papers used in the preparation of this report –

The Annual Governance Statement for 2019/20 - Matters to consider as a result of the coronavirus pandemic: Briefing from the CIPFA Better Governance Forum

Appendix 1: Production of the Annual Governance Statement (AGS) - Update for Members of the Audit Committee

The Council is required to prepare and publish an AGS in order to report on the extent to which the Council complies with the Code of Corporate Governance (approved by the Audit & Governance Committee in January). This includes how we have monitored the effectiveness of our arrangements in year, and any issues that have been identified in relation to the design and operation of the governance framework.

Evidence to support the production of the AGS is based on the “3 lines of defence model”:

- Directors are asked to complete a self-assessment identifying how they receive assurances in their service area in relation to the seven areas of the Code of Governance. These will have to be returned and examined for any major issues by end of 31 May at the latest. (first line of defence).
- A range of reports are produced annually or throughout the year from those responsible for the oversight of management activity which provide assurance on the operation of elements of the governance framework. These are examined for any issues. Details of the reports will be reported in the main body of the AGS (second line of defence).
- Reports resulting from internal audit, external and external inspections have or will be examined and details published in the Statement (third line of defence).

On completion of this work the Council’s Leadership Team will determine whether there are any issues which require specific reporting in the AGS.

The usual timetable is for a draft AGS to be taken to the Audit and Governance Committee in June with the final version being produced with the audited Statement of Accounts in July. This includes any significant issues, if appropriate, which have arisen from the external audit of the Statement of Accounts.

As a result of Covid-19 the timetable for the production of the 2019/20 AGS has been amended. The latest possible deadline for the production of the unaudited accounts is 31 August 2020 and the audited accounts 30 November 2020, and subsequently CIPFA has issued guidance on the production of the AGS (attached) with the same deadlines. The biggest impact on these changes is that the AGS will require commentary on the effectiveness of the Council’s response to Covid-19 as the AGS is required to include any issues identified up to the point the final AGS is signed off. CIPFA has recommended that such a review should cover the following:

- Impact on business as usual in the delivery of services;
- New areas of activity as part of the national response to coronavirus and any governance issues arising; and ,
- Assessment of the longer term disruption and consequences arising from the coronavirus pandemic.

However, in relation to the production of the draft AGS we intend to keep to the original timetable as much as possible, and to publish it on the Council's website on 30 June 2020 and bring it to the audit committee scheduled for 8 July 2020. The supporting evidence has been, or in the process of being collected, and will be reviewed by the Executive Board in June.

The draft, however, will contain the following caveats,

- it will contain an initial update on Covid 19- with a more detailed assessment of its impact, and the Council's response, be provided in the final version;
- the Head of Internal Audit statement is likely to be draft as there has been delay in completing the 2019/20 Audit Plan as a result of resources being re-prioritised in quarter 1 of 2020/21 but internal audit is working to complete as much as the audit plan as possible by June;
- it will not contain any issues arising from the external audit of the accounts and the VFM opinion due to the revised external audit opinion - if appropriate this will be picked up in the final version; and
- any significant control issues which occur between the issues of the draft and the sign off of the final will need to be reported in the final version.

The final version of the AGS will be considered by the Audit Committee in November alongside the audited statement of accounts.

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