

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

DRAFT ANNUAL GOVERNANCE STATEMENT 2021-22

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To present the draft Annual Governance Statement (AGS) 2021/22 for Members consideration, as well as providing assurance on the effectiveness of the council's governance and internal control arrangements.
- 1.2 The key message from this report is that the AGS shows that the council has well-established governance arrangements and no significant governance issues have been identified.

2. BACKGROUND INFORMATION

- 2.1 The AGS sets out the council's governance arrangements in place and considers their effectiveness. The arrangements are set out in its Code of Governance which was updated in February 2022 and subsequently approved by the Audit Committee in March 2022. The Code is based upon guidance provided by the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Society for Local Government Chief Executives (SOLACE) "Delivering Good Governance in Local Government – a framework" (April 2016).
- 2.2 The three lines of assurance model is central to the review of effectiveness of the council's governance arrangements as follows:
 - First Line – delivery/operational area. Sources of evidence include functional service area assurance frameworks, and reports to the Executive, the Overview and Scrutiny and Committees.
 - Second Line - oversight of management activity and separate from those responsible for delivery. Sources of evidence include assurance from senior officers responsible for organisational level policies and procedures including HR, Finance and Legal and a range of reports produced annually or throughout the year which provide assurance from a second line perspective.
 - Third line - independent oversight. Sources of evidence include Internal Audit reports, External Audit reports, external and regulatory assessments, or inspections.

- 2.3 The draft AGS 2021/22 is attached (appendix A) and shows that the council has well-established governance arrangements that are monitored and reviewed on a regular basis. Although there were no significant governance issues identified, during 2021/22 a number of issues have arisen relating to breaches of information governance and data protection and two cases necessitated self-reporting to the ICO. The ICO however are satisfied with the council's response.
- 2.4 This conclusion will be updated should any significant issues arise between the date of draft report and the completion of the external audit. When the Committee receives the audited accounts, it will also receive the final version of the AGS.

3. OPTIONS FOR CONSIDERATION

- 3.1 The Accounts and Audit Regulations 2015 require the council to publish with its final accounts an AGS. It also requires for the draft AGS to be published on the council's website alongside the draft accounts and that this statement is reviewed by the Audit Committee.

4. ANALYSIS OF OPTIONS

- 4.1 The AGS is designed to deliver an overall opinion upon the adequacy of governance arrangements throughout the council.
- 4.2 Members should seek clarification on its contents as necessary to ensure the AGS provides sufficient assurance to fulfil their role as set out in the Committee's terms of reference

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

- 5.1 Regular reviews of governance arrangements should safeguard the council's assets and ensure that value for money is achieved in the use of resources.

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

- 6.1 Risk management is considered as part of the governance process. Any issues in the AGS should be considered for inclusion on the council's risk register.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 7.1 Due to the nature of this report an Integrated Impact Assessment is not required.

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

8.1 There are no conflicts of interests to declare.

9. **RECOMMENDATIONS**

9.1 That the Audit Committee considers whether the draft AGS provides a sufficient level of assurance on the adequacy of the council's governance arrangements to allow the committee to fulfil its role, and for it to recommend that the council adopts the AGS.

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Background Papers:

CIPFA- Delivering Good Governance in Local Government Framework
The Accounts and Audit Regulations 2015

Code of Governance March 2022