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## **Report to Regulation, Audit and Accounts Committee**

**1 February 2023**

### **Annual Governance Statement 2021/22**

#### **Report by Director of Law and Assurance**

**Electoral division: Not applicable**

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#### **Summary**

This report provides an update on the Annual Governance Statement for 2021/22. The Statement is updated on an annual basis and is set out within Appendix A. The review of the County Council's governance arrangements resulted in a number of actions to be taken, which are set out in Appendix B.

#### **Recommendations**

That the 2021/22 draft audited Annual Governance Statement and Action Plan be approved and that the Leader of the Council and Chief Executive be recommended to adopt and sign the Annual Governance Statement.

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#### **Proposal**

##### **1 Background and context**

- 1.1 The Accounts and Audit Regulations require the publication of an Annual Governance Statement (AGS). This statement has been produced in line with guidance issued in 2016 by The Chartered Institute of Public Finance and Accountancy (CIPFA) / SOLACE on best practice for developing and maintaining a locally adopted Code of Governance. A Code of Governance was approved by the Governance Committee at a meeting on 7 February 2022.
- 1.2 Corporate governance is the process by which the County Council ensures and gives assurance that it is doing the right things, in the right way, in a timely and accountable manner. It comprises the systems, processes, culture and values by which the County Council operates and through which it accounts to its communities.

##### **2 Proposal details**

- 2.1 The draft West Sussex County Council AGS for 2021/22 outlines:
  - the scope of governance responsibilities
  - the purpose of the governance framework
  - a description of the governance framework
  - arrangements for review of the effectiveness of the governance framework
  - governance issues that need to be addressed.

- 2.2 Information is gathered from several sources, internally and externally. The Executive Leadership Team considered the draft AGS and actions and supports the contents and actions. It is now presented to this Committee for consideration alongside the Statement of Accounts for approval. The Statement of Accounts and Annual Governance Statement are presented later than planned due to the impact of the public health emergency and a financial accounting and reporting matter being considered by auditors at a national level which has now been temporarily resolved. The Committee is asked to approve the Annual Governance Statement following review and recommend the Leader of the Council and the Chief Executive adopt and sign the statement.
- 2.3 The 2021/22 Annual Governance Statement provides an update on areas recommended for improvement. Progress against the recommendations on the issues identified for improvement including the improvements required to Children’s Services and Fire and Rescue Service are set out in the report and includes information following positive outcomes of inspections on the services conducted during the year. Further external inspections will be taken into account in next year’s Annual Governance Statement.
- 2.4 The County Council is required to comply with the Financial Management (FM) Code which CIPFA published in 2019. The Code provides guidance for good and sustainable financial management in local authorities and assessment against it provides assurance that authorities are managing resources effectively. The FM Code is based on a series of principles. It does not prescribe the financial management process local authorities should adopt but it requires an authority to demonstrate that it satisfies the principles of good financial management relevant to its size, responsibilities, and circumstances. The principles and standards of the code are set out in Appendix C.
- 2.5 Officers in Finance undertook a self-assessment during 2022 and presented this to the Executive Leadership Team. This concluded that the Council does comply with the code. Areas where improvements can be made and a progress update are also set out in Appendix C.

### **3 Other options considered (and reasons for not proposing)**

- 3.1 Not applicable.

### **4 Consultation, engagement and advice**

- 4.1 The external auditor was consulted on the draft Annual Governance Statement and the auditor’s comments have been taken into account in the final version.

### **5 Finance**

- 5.1 Not applicable.

### **6 Risk implications and mitigations**

<b>Risk</b>	<b>Mitigating Action (in place or planned)</b>
There are risks from services failing to deliver the action plan	Individual directorates, the Executive Leadership Team and this Committee, monitor these risks.
There are reputational risks from a failure to	This plan is ready for approval and has the commitment of the senior leadership team who

<b>Risk</b>	<b>Mitigating Action (in place or planned)</b>
adopt a comprehensive AGS and action plan	will be responsible collectively for its implementation.

## **7 Policy alignment and compliance**

7.1 The Statement is aligned with the Code of Governance.

Tony Kershaw

**Director of Law and Assurance**

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### **Appendices**

Appendix A - Annual Governance Statement 2021/22

Appendix B - Annual Governance Statement 2021/22 Action Plan

Appendix C – Financial Management Code – Assessment of Compliance

**Background papers** - None