



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

1 February 2022

**Report of the Interim Executive Director for Corporate Services &
Transformation and Assistant Director of Finance (Audit)**

**Local Code of Corporate Governance and
Annual Governance Statement 2020-21 – Progress Against Action Plan**

1. Purpose

- 1.1 To obtain approval for the Derbyshire County Council Local Code of Corporate Governance.
- 1.2 To inform Members of arrangements relating to the Annual Governance Statement (AGS) including progress of the associated Action Plan.

2. Information and Analysis

- 2.1 At the meeting of the Audit Committee held on 7 December 2021 Members approved the Council's Statement of Accounts 2020-21, which included the Annual Governance Statement and Action Plan.
- 2.2 Regulation 6 of the Accounts and Audit Regulations 2015 requires a relevant body to "conduct a review of the effectiveness of the system of internal control" and "prepare an annual governance statement in accordance with proper practices". The Chartered Institute of Public Finance and Accountancy (Cipfa) and the Society of Local Authority Chief Executives (Solace) have produced a framework Delivering Good Governance in Local Government to promote good governance. This framework has been used to inform the production of the Council's Local Code of Corporate Governance and the Annual Governance Statement.

- 2.3 One of the responsibilities of the Council's Governance Group is to conduct an ongoing review of key systems and processes operated within the Council to ensure that effective Corporate Governance is promoted and delivered. The Governance Group has a key role in the ongoing review and development of the Local Code of Corporate Governance and the production of the Annual Governance Statement and Action Plan.
- 2.4 The proposed Local Code of Corporate Governance has been finalised by the Governance Group and is shown at Appendix 2. This identifies the Council's policies, procedures and actions which demonstrate compliance with each sub-principle of the Delivering Good Governance in Local Government and underpin good governance. The existence of a Local Code of Corporate Governance will help inform the production of future Annual Governance Statements and will be subject to scrutiny to ensure that expected actions are being delivered and any gaps identified and addressed.
- 2.5 Progress against the Annual Governance Statement Action Plan which was included with the Council's Statement of Accounts 2020-21 is monitored by the Governance Group. The implementation of the areas for improvement which are identified in the Action Plan are subject to regular review and is attached at Appendix 3. The current position together with the further actions required to implement the improvements are summarised by this Appendix.

3. Consultation

- 3.1 No formal consultation was undertaken in the preparation of this report.

4. Alternative Options Considered

- 4.1 Not Applicable – The Council is required to produce an Annual Governance Statement as set out in the Accounts and Audit Regulations 2015. The Constitution makes it clear that the Audit Committee is responsible for considering the Annual Governance Statement and monitoring any necessary actions.

5. Implications

- 5.1 Appendix 1 sets out the relevant implications considered in the preparation of the Report.

6. Background Papers

- 6.1 Electronic files and Audit working papers held by Audit Services, Finance & ICT Services, County Hall Complex.

7. Appendices

- 7.1 Appendix 1 – Implications.
- 7.2 Appendix 2 – Derbyshire County Council Local Code of Corporate Governance.
- 7.3 Appendix 3 – Annual Governance Statement 2020-21 Action Plan.

8. Recommendations

That the Audit Committee:

- a) Approves the Local Code of Corporate Governance
- b) Notes the progress against the Annual Governance Statement Action Plan.

9. Reasons for Recommendation

- 9.1 To ensure that the Council has a robust Corporate Governance Framework, adheres to Regulation 6 of the Accounts and Audit Regulations 2015 and meets the best practice guidance identified within the Delivering Good Governance in Local Government framework.

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Implications

Financial

1.1 None.

Legal

- 2.1 The Council is required to produce an Annual Governance Statement as set out in the Accounts and Audit Regulations 2015.
- 2.2 The CIPFA Practical Guidance for Local Authorities and Police sets out a suggested terms of reference for Audit Committees which included the following: “To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit’s opinion on the overall adequacy and effectiveness of the council’s framework of governance, risk management and control.”
- 2.3 The Constitution makes it clear that the Audit Committee is responsible for considering the Annual Governance Statement and monitoring any necessary actions.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

- 6.1 The Council’s Governance Framework ensures that the Council meets the Values which are identified in the Council Plan 2021-25 in respect of the way in which we work demonstrating engagement, openness and accountability.

Other (Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.