

## The Annual Governance Statement for 2019/20

### Matters to consider as a result of the coronavirus pandemic

#### Briefing from the CIPFA Better Governance Forum

7 April 2020

The Annual Governance Statement (AGS) is required under the regulations issued by the national governments of the UK. These regulations also determine the timetable for approval and publication. As a result of pressures on local government from the coronavirus pandemic a new timetable has been announced for English authorities.

Other operational and governance factors should also be taken into account for the AGS for 2019/20.

#### **Timing of the Review and Publication**

It has now been announced that English authorities will need to sign off their draft accounts by **31 August**, instead of 31 May. The draft AGS should be produced at the same time. The Accounts and Audit (Amendment) Regulations 2020 will amend the relevant sections of the Accounts and Audit Regulations 2015. Publication is expected this week (see: <http://www.legislation.gov.uk/new> ) but authorities can plan on the basis of the new date.

The date for final publication of the accounts and AGS has also been put back to **30 November** in England. This is also the target date for the accounts to be audited, although this is not a statutory requirement.

The amended dates will ease the immediate pressure whilst staff are absent or involved in emergency response work, although it is still likely to be challenging for some. Typically some update to the AGS takes place after the initial draft is shared, following review by the audit committee for example. It is important that the AGS is current at the time of final publication.

At the moment there has been no change to the timetable for Wales and Scotland but these deadlines were not quite as pressing as those in England. (Wales: 15 June for draft and 15 September publication; Scotland 30 June draft and 30 September for approval).

#### **Conducting the Review**

With significant organisational disruption, new emergency responsibilities, increased staff absence and also staff working from home, conducting a review in the normal way is likely to be impossible. The following points should be used to ensure a meaningful but focused review.

- Use existing reports and assessments where possible. Annual reports that provide assurance may be delayed but interim reports may still be available.

- The Public Sector Internal Audit Standards (PSIAS) require the chief audit executive to deliver an annual opinion and report to inform the governance statement. This is a major source of assurance for the AGS. Normally this would inform the draft AGS but interim reports should be used if the annual report and opinion is delayed. The annual opinion and report should be completed and considered before the final publication of the AGS however.
- Make it risk based. Don't ask for additional reviews from across the organisation as a matter of course – focus on any key gaps and risk areas. Assurance over core corporate areas should be available from appropriate lead officers. Where possible use existing performance and exception reports rather than asking for new evidence.
- Consult the audit committee chair or full committee over where they are satisfied with the application of the governance framework and where they have any concerns.
- Be clear about any limitations to the review undertaken when the review is presented to the leadership team and audit committee. It is important that they do not take greater assurance than it is possible to give from a more limited review.

Before the date of the final publication of the AGS (30 November or as appropriate) it will hopefully be possible to undertake a more in-depth review and address any gaps. Where there is a clear need for this, it should be made clear when the draft AGS is published.

### **Reflecting the challenges from Coronavirus in the AGS**

The AGS assesses governance in place during 2019/20 so the majority of the year will be unaffected by coronavirus. The conclusion on whether or not governance is fit for purpose should reflect the normal operations. However coronavirus will have impacted on governance during March 2020 and authorities also need to ensure that the AGS is current at the time of publication (which could be as late as 30 November) so it is essential that the AGS also reflects the impact on governance. Where necessary a second conclusion on the adequacy of governance arrangements during this period could be included to make clear the impact.

The impact on governance will be felt by all organisations and there will be some aspects experienced by all, for example changes to decision making arrangements and the conduct of meetings. Other aspects will reflect changes to the organisation's priorities and programmes. These may fall into the following broad categories:

- 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, eg
  - Implementation of new policies and processes
  - Emergency assistance
- The funding and logistical consequences of delivering the local government response, eg

- Changes to council meetings and decision making arrangements
- New collaborative arrangements
- Funding and cash flow challenges
- Assessment of the longer term disruption and consequences arising from the coronavirus pandemic, eg
  - Existing projects and programmes may have been put on hold
  - New priorities and objectives introduced
  - New risks identified or existing risks escalated

By the date of final publication the crisis may be over and the organisation may have conducted or be in the process of reviewing lessons learned from its response. This is likely to be a suitable area for inclusion as one of the organisation's significant governance issues. If the lessons learned review has not concluded as at the date of final publication of the AGS then its completion could be included as an improvement area.

### **Approval arrangements**

In the [Coronavirus Act](#) provision has been made for regulations to be issued to amend the legislation around local authority meetings. [The Local Authorities and Police and Crime Panels \(Coronavirus\) \(Flexibility of Local Authority and Police and Crime Panel Meetings\) \(England and Wales\) Regulations 2020](#) are now available and should guide the provision of online meetings and allow decisions to be made that way. As a result the approval of the AGS, alongside the statement of accounts, can proceed even if a physical meeting cannot be held.

By 30 November it may be possible to hold a meeting in the usual way, but the provision for online meetings should mean that the timetable can proceed with greater confidence.

### **Any questions?**

If you have any questions about the review, the AGS or approval arrangements please do contact me.

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