

Audit Committee

Date 30th July 2019

Report of: **Monitoring Officer**

ANNUAL GOVERNANCE STATEMENT

1.0 Summary:

- 1.1 This report seeks approval of the Annual Governance Statement (AGS) for 2018/19 which is a key component of the Council's governance arrangements. It is required to meet the statutory requirement for the Council to approve an AGS alongside its published Statement of Accounts (SoA) for 2018/19.

2.0 Recommendations

- 2.1 That Audit and Standards Committee approve the Council's Annual Governance Statement (AGS), as set out in Appendix A to this report.

3.0 Report Detail

- 3.1 The Accounts and Audit (England) Regulations 2011 requires the Council to conduct a review at least once a year of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS) with the Council's financial statements.
- 3.2 The purpose of the AGS process is to provide a continuous review of the effectiveness of the Council's internal control and risk management systems, so as to give assurance of their effectiveness and/or to produce a management action plan to address identified weaknesses in either process.
- 3.3 CIPFA's proper practice requires the most senior officer (the Chief Executive) and the most senior member (the Leader of the Council) to sign the AGS – accordingly they must be satisfied that the document is supported by reliable evidence and accurately reflects the internal control environment. This emphasises that the document is about all corporate controls and is not just confined to financial issues.
- 3.4 The Council has a responsibility to ensure that its business is conducted in accordance with the law and proper standards, that public money is safe-guarded, properly accounted for and used economically, efficiently and effectively.
- 3.5 In discharging these overall obligations, the Council is responsible for putting in place appropriate arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control that facilitates the effective

exercise of its functions and includes arrangements for the management of risk. The overall system of controls across the Council contributes to the effective corporate governance of the organisation

- 3.6 Governance reporting has been a requirement within local government since 2001, when CIPFA/SOLACE produced a joint publication on Corporate Governance in Local Government. An updated version was published in 2007, the CIPFA/SOLACE Framework Good Governance in Local Government. This replaced the requirement for Councils to produce an annual Statement of Internal Control (SIC), with a duty to publish an Annual Governance Statement (AGS) against which they will be judged.
- 3.7 The framework is a discretionary code and provides a framework with six core principles of good governance. These focus on the systems and processes for the direction and control of the organisation and its activities through which it accounts to, engages with and leads the community. The framework emphasises that good governance should be embedded throughout the authority and that, as a result, the statement should be corporately owned.
- 3.8 The AGS is set out at Appendix A and follows CIPFA/SOLACE guidance using a best practice format as set out in the CIPFA guide – ‘Delivering Good Governance in Local Government Framework’.
- 3.9 The AGS is a dynamic document, reflecting improvements to the Council’s governance arrangements as and when these are made. As such, it therefore forms a key part of those governance arrangements, as it can be used to give assurance to stakeholders that the Council is properly and effectively managed.
- 3.10 This is the final statement which has to be approved annually for publication alongside the financial statements and should also be up to date at the time of publication. The Framework provides guidance on what the statement should contain including:
- responsibilities for ensuring there is a sound system of governance (incorporating the system of internal control)
 - an indication of the level of assurance that the systems and processes that comprise the Council’s governance arrangements can provide
 - a brief description of the key elements of the governance framework, including reference to group activities where these are significant
 - a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance framework including reference to the roles of various Members/Officers in this process
 - an outline of the actions taken, or proposed to deal with significant governance issues, including an agreed action plan

3.11 To enable us to produce the AGS, a robust in year and year-end review process has been developed. As previously, effective management of key risks to achievement of corporate objectives (and demonstration of this) underpins the assurance process.

The following sources of assurance are used to help prepare the Annual Governance Statement:

- Internal Audit reports
- External Audit reports (including the Annual Audit Letter)
- Director/Manager Assurance
- Local Government Ombudsman Reports
- Performance Management
- Financial control assurance
- Risk registers and action plans
- Other inspection reports
- Legal and regulatory assurance
- Other sources of assurance (e.g. third party)
- Member's assurance (e.g. standards)

3.12 At the end of the AGS it sets out areas for improvement, addressing these areas will be a priority for a number of Officers during the coming months, and progress will be monitored through our performance monitoring arrangements including reporting to this committee.

3.13 The audit plan is aimed at reviewing standards of corporate governance across the Council. As such, all audits contribute to the overall judgement on corporate governance

4.0 Consultation and Feedback

4.1 Senior management has been consulted as part of the drafting process of the detailed documents that underpin this process as well as the Head of Internal audit. The council's external auditor has reviewed the draft as part of the annual audit and their comments have been incorporated.

5.0 Next Steps

5.1 Once approved the statement will be signed by the Chief Executive and Leader and published on the website alongside the Statement of Accounts.

6.0 Financial Implications

6.1 There are no direct financial implications associated with this process.

7.0 Legal and Governance Implications:

7.1 The governance framework comprises the systems and processes, cultures and values through which the Council is directed and controlled and through which it accounts to and engages with its community.

8.0 Equality and Safeguarding Implications:

8.1 There are no direct implications arising.

9.0 Community Safety Implications:
9.1 There are no direct implications arising.

10.0 Other Implications
10.1 There are no further direct implications arising.

11.0 Risk & Mitigation:
11.1 The only associated risk would be if the AGS is not published by the deadline.

Background Papers:
Annual Assurance Statements.

Appendices
Annual Governance Statement

Report Timeline:	
Equalities Check & Challenge	N/A
SLT Sign off	Statutory sign off only
Previously Considered by Cabinet	N/A
Director Approval	11/07/2019
Chief Finance Officer Sign Off	11/7/2019
Monitoring Officer Sign Off	22/7/2019

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