



Draft Annual Governance Statement

Corporate Priority:	Ensuring the right conditions to support delivery
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No

1 Summary

1.1 This report asks Committee to note the content of the draft Annual Governance Statement (AGS) for 2019/20 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 2019/20. Due to the delay in the finalisation of the SoA and subsequent audit as a result of the Covid -19 crisis a draft is being brought to members in advance of the final version prior to the review by external audit so it can be considered in a timely manner and alongside the internal audit annual report.

2 Recommendation(s)

That Committee:

2.1 **Note the content of the draft Annual Governance Statement as set out in Appendix A to this report.**

3 Reason for Recommendations

3.1 The final AGS would normally be considered at this meeting alongside the internal audit annual report, the SoA and the external audit report on these. Due to Covid-19 the SoA and associated audit and opinion are delayed and likely to be considered at the meeting of this committee in November 2020. As the draft AGS is now complete and available for the external audit review it was considered that this committee should be afforded the

opportunity of considering this in a timely manner by reporting the draft AGS to this meeting.

4 Background

- 4.1 The Accounts and Audit (England) Regulations 2015 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.
- 4.2 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.
- 4.3 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
- 4.4 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.
- 4.5 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.
- 4.6 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.
- 4.7 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.

5 Main Considerations

- 5.1 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'.
- 5.2 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

5.3 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.

5.4 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)

5.5 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.

6 Options Considered

- 6.1 The council is required to approve and publish an AGS annually

7 Consultation

- 7.1 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

8 Next Steps – Implementation and Communication

- 8.1 The draft AGS will be subject to audit. This may result in changes being made. The final version will be presented to this committee alongside the SoA and the external audit report. Once the final version is approved the statement will be signed by the Chief Executive and Leader and published on the website alongside the Statement of Accounts.

9 Financial Implications

- 9.1 There are no direct financial implications associated with this process.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 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

Legal Implications reviewed by: Director for Governance and Regulatory Services

11 Equality and Safeguarding Implications

- 11.1 There are no direct implications arising.

12 Community Safety Implications

- 12.1 There are no direct implications arising.

13 Environmental and Climate Change Implications

- 13.1 There are no direct implications arising.

14 Other Implications (where significant)

- 14.1 There are no other implications arising.

15 Risk & Mitigation

- 15.1 The AGS considers the various risks facing the council as a key piece of information informing the review.

16 Background Papers

- 16.1 There are no specific background papers

17 Appendices

- 17.1 Appendix A - Draft Annual Governance Statement

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