



REPORT TO: Audit and Corporate Governance Committee
LEAD OFFICER: Executive Director (Corporate Services)

26th March 2019

Annual Governance Statement and Local Code of Governance

Purpose

1. This report presents the Annual Governance Statement (AGS) for 2017/18, for approval by the Audit & Corporate Governance Committee.
2. The purpose of this report is to provide an update on the Annual Governance Statement, including any progress of actions identified in the previous year, the annual review of effectiveness, and to communicate any new governance issues.

Recommendations

3. Members of the committee should approve the Annual Governance Statement in advance of the Statement of Accounts. To help complete this members should note:
 - the arrangements for compiling, reporting on and signing the AGS;
 - the progress made on issues reported in the previous year;
 - the current review of effectiveness
 - the issues considered for inclusion in the current AGS;

Reasons for Recommendations

4. The Accounts and Audit Regulations and the CIPFA guidance establishes that the committee should approve the Annual Governance Statement (AGS). The AGS has been updated, following the previous committee approval in July 2018.

Background

Scope of the AGS

5. Internal control and risk management are recognised as important elements of good corporate governance. The scope of governance, as covered in the AGS, spans the whole range of the Council's activities and includes those designed to ensure that:
 - The Council's policies are implemented in practice;
 - High quality services are delivered efficiently and effectively;
 - The Council's values and ethical standards are met;
 - Laws and regulations are complied with;
 - Required processes are adhered to;
 - Its financial statements and other published information are accurate and reliable;
and
 - Human, financial and other resources are managed efficiently and effectively.

Arrangements for compiling the AGS

6. The Accounts and Audit Regulations require the Council to review its governance arrangements, and prepare an AGS to accompany the Statement of Accounts. The AGS should communicate how we are complying with our Local Code of Governance.
7. The Chartered Institute of Public Finance and Accountancy (CIPFA), in conjunction with the Society of Local Authority Chief Executives (SOLACE), have produced a framework for delivering good governance in local government. The framework guidance "Delivering Good Governance in Local Government Framework 2016" is used as a guide in compiling the AGS.
8. Arrangements for compiling the AGS have been coordinated through Internal Audit and the Policy & Performance teams, with input from the key stakeholders and management.
9. Assurances from the work of the Internal Audit team have been reviewed and have been used to inform the AGS and its associated action plan. A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.

Arrangements for reporting on and signing off the AGS

10. The Accounts and Audit regulations require the Committee to approve the AGS. Good practice guidance recommends the AGS is signed by the Leader and Chief Executive. The AGS should reflect the governance matters from the relevant financial year, plus up to the date when the accounts are signed.
11. The draft AGS was circulated to Members of this Committee, in May 2018, for review and comment prior to it being approved by the Leader and Chief Executive.
12. Members of the Committee were invited to a further workshop to ask questions and provide feedback.
13. The draft AGS was then issued to the External Auditors to review as part of the draft Statement of Accounts. No further amendments were requested at this stage.
14. The draft AGS was presented to this Committee, and approved, in July 2018. The Committee was advised that further updates may be required, to reflect any changes arising between the report date and the conclusion of the Statement of Accounts.
15. The AGS has now been updated to reflect changes to the governance framework, since it was originally approved in July 2018. Examples include the current progress of the Statement of Accounts, plus any progress at delivering the action plan. In addition, as the Council website has been recently refreshed, a number of hyperlinks required updating to ensure they directed the reader to the correct web-pages. The latest version has been issued to the External Auditors.
16. For ease of reference the appended AGS highlights the updates using tracked changes. Members should approve the revised AGS, containing the tracked changes, appended to this report.
17. The final, and formatted, version of the AGS accompanies the Statement of Accounts.

Considerations

18. Key officers have been consulted in compiling the draft AGS and Local Code of Governance. The AGS was previously issued to Members of the Audit & Corporate Governance Committee, and this version has been updated to reflect the governance framework up to the conclusion of the Statement of Accounts.

Implications, risks and opportunities

19. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, there are no significant implications or risks.
20. The changes to the AGS are not significant, and the content is mostly the same as the document approved in July 2018. Updating the AGS provides an opportunity improve the quality of the document for the reader, reflect the current governance framework, and also be compliant with regulations and professional guidance. Presenting a document with tracked changes helps the Committee to understand what changes have been made.

Effect on Strategic Aims

21. The annual review reflects the Strategic Aims of the Council, and may also inform development of future Strategic Aims where this helps to improve the governance framework.

Background documents

22. Background papers used in the preparation of this report:
 - Delivering Good Governance in Local Government (CIPFA 2016)
 - Accounts and Audit (England) Regulations 2015
 - CIPFA good practice guidance on AGS presentation

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