



<b>Report to:</b>	Audit and Corporate Governance Committee	28 <sup>th</sup> July 2022
<b>Lead Officer:</b>	Head of Shared Internal Audit	

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# Annual Governance Statement and Local Code of Governance

## Executive Summary

1. This report presents the draft Annual Governance Statement (AGS) for 2019/20, 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, to communicate any new governance issues, and provide an update of the Local Code of Corporate Governance.

## Key Decision

3. No

## Recommendations

4. 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

5. The Accounts and Audit Regulations and the CIPFA guidance establishes that the committee should approve the Annual Governance Statement (AGS).

## **Details**

### **Scope of the AGS**

6. 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**

7. 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.
8. 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.
9. Arrangements for compiling the AGS have been coordinated through Internal Audit, with input from the stakeholders and colleagues.
10. 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 approving the AGS**

11. The Accounts and Audit regulations require the Committee to approve the AGS. The AGS should reflect the governance matters from the relevant financial year, plus up to the date when the accounts are signed.
12. The final version of the 2018/2019 AGS was approved with the accompanying Statement of Accounts in March 2022. The draft 2019/2020 AGS was published with the 2019/2020 Statement of Accounts at the earliest opportunity. Consequently, there were not any significant changes to the governance arrangements in the Council at the time of publication. Despite the short period between both the AGS 2018/2019 and AGS 2019/2020 being produced, this process still provides an opportunity for the Council to document what has happened in the 2019/2020 financial year, through the Review of Effectiveness.
13. The draft AGS is issued to the External Auditors to review as part of the draft Statement of Accounts. No further amendments have been requested at this stage.
14. Any material governance changes arising between the report date and the conclusion of the Statement of Accounts, may need to be recorded in the 2019/2020 AGS if relevant. For example, we have added a paragraph reflecting the impact of the Coronavirus pandemic.
15. The AGS is included in the Statement of Accounts on pages 71-83. Members of the Committee should approve the AGS in advance of the Statement of Accounts, and we have included a separate agenda item to reflect this.

## **Local Code of Corporate Governance**

16. The preparation of the AGS and the Council's Local Code of Governance is undertaken in accordance with the guidance published by CIPFA. The guidance is intended to assist authorities in ensuring their own governance arrangements are suitably resourced, there is sound and inclusive decision making and there is clear accountability for the use of resources to achieve the desired outcomes for stakeholders.
17. Guidance suggests each local authority should develop and maintain a Local Code of Corporate Governance based on seven core principles, supported by sub-principles that should underpin the governance structure for the whole Council.
18. The Code stands as the overall statement of the Councils corporate governance principles and commitments and is reviewed regularly as good practice. It is appended to this document – Appendix B. Recent updates have been recorded as tracked changes.
19. The Code includes the Seven principles of public life, as it applies to anyone who works for local government and supports good governance. It is updated to reflect any changes made by the Committee on Standards in Public Life. The Leadership descriptor was recently updated.

## **Options**

20. The AGS reflects events from the 2019/2020 Financial Year, and significant events up to the current date. Members are invited to comment on the contents prior to approval in advance of the Statement of Accounts.

## **Implications**

21. 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.

## **Alignment with Council Priority Areas**

22. The Annual Governance Statement considers all of the Council Priority Areas.

## **Background Papers**

23. 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

## **Appendices**

Appendix A: Local Code of Governance

## **Report Author:**

Jonathan Tully – Head of Shared Internal Audit  
Telephone: (01223) 458180  
Email: [jonathan.tully@scambs.gov.uk](mailto:jonathan.tully@scambs.gov.uk)