



**REPORT TO:** Audit and Corporate Governance Committee

31st August 2018

**LEAD OFFICER:** Executive Director (Corporate Services)

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## Annual Governance Statement and Local Code of Governance

### Purpose

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

### 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;
4. Members should note and endorse the amendments to the updated Local Code of Corporate Governance;

### Reasons for Recommendations

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

### Background

#### 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 and the Policy & Performance teams, with input from the key stakeholders and management.
10. CIPFA have recently completed a review of the varied formats of AGS used by Councils. Subsequently they issued a report highlighting good practice, and we have taken the opportunity to review the format and presentation.
11. 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

12. 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.
13. The draft AGS was circulated to Members of this Committee, for them to review and comment prior to it being signed off by the Leader and Chief Executive.
14. Members of the Committee were invited to a further workshop to ask questions and provide feedback.
15. 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.
16. There have been minimal changes following this consultation. These are mainly typographical changes, and updated links to reports which have now been published since the draft version. For ease of reference the appended AGS include 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.

#### Local Code of Corporate Governance

18. The preparation of the AGS and the Local Code of Governance is undertaken in accordance with the guidance published by CIPFA.
19. The framework 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.

20. Guidance suggests each local authority should develop and maintain a Code of Corporate Governance based on seven core principles, supported by sub-principles that should underpin the governance structure for the whole Council.
21. The Code stands as the overall statement of the Councils corporate governance principles and commitments.
22. The Code has been reviewed as good practice. Significant changes were made last year, following revised international guidance being issued in 2016. This year there are minimal changes required, and these have been marked up using tracked changes for reference.

### **Considerations**

23. Key officers have been consulted in compiling the draft AGS and Local Code of Governance. The draft AGS was issued to Members of the Audit & Corporate Governance Committee, and the Council's External Auditors for comment.

### **Implications**

24. 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.

### **Effect on Strategic Aims**

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

### **Background documents**

26. 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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