



**Report To:** Audit and Corporate Governance Committee  
**Lead Officer:** Head of Shared Internal Audit

29<sup>th</sup> September 2020

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## Annual Governance Statement and Local Code of Governance

### Purpose

1. This report presents the draft Annual Governance Statement (AGS) for 2018/19, 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.

### 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).

### 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, 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 approving the AGS

10. The Accounts and Audit regulations require the Committee to approve the AGS. Good practice guidance recommends the final version of the AGS is also 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 final version of the 2017/18 AGS was approved with the accompanying Statement of Accounts. The draft 2018/19 AGS was published with the 2018/19 Statement of Accounts in the following month. Consequently, there was not any significant changes to the governance arrangements in the Council at the time of publication. The 2019/20 AGS is already drafted. Despite the short period between both the AGS 17/18 and AGS 18/19 being produced, this process still provides an opportunity for the Council to document what has happened in the 18/19 financial year, through the Review of Effectiveness.
12. 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.
13. Any material governance changes arising between the report date and the conclusion of the Statement of Accounts, may need to be recorded in the 2018/19 AGS if relevant. For example, we have added a paragraph reflecting the impact of Coronavirus. Further examples could include the current progress of the Statement of Accounts, plus any progress at delivering the action plan.
14. Members should approve the AGS, containing the tracked changes, appended to this report. The final, and formatted, version of the AGS also accompanies the Statement of Accounts.

#### Local Code of Corporate Governance

15. 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.
16. 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.

17. The Code stands as the overall statement of the Councils corporate governance principles and commitments and is reviewed annually. It is published on the [Council website](#).
18. The Code has been reviewed as good practice, and no changes were required for 2018/19. We have undertaken a thorough review as part of the 2019/20 AGS process and these will be shared with the Committee using tracked changes for reference.

### **Considerations**

19. Key officers have been consulted in compiling the draft AGS and Local Code of Governance. The AGS is issued to Members of the Audit & Corporate Governance Committee and may need to be updated to reflect the governance framework up to the conclusion of the Statement of Accounts. Where further changes are made, we will provide members with a version showing tracked changes for clarity.

### **Implications, risks and opportunities**

20. 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.

### **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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