

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Audit and Corporate Governance Committee 30 September 2016  
**AUTHOR/S:** Executive Director (Corporate Services) / Policy and Performance Manager

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### SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL'S ANNUAL GOVERNANCE STATEMENT 2015/16

#### Purpose

1. To consider and endorse the draft Annual Governance Statement 2015/16 for approval and sign-off by the Leader and Chief Executive as part of the statement of accounts for the year ending 31st March 2016.

#### Recommendations

2. That the Committee:
  - (a) Endorse the draft Annual Governance Statement for approval and sign-off by the Leader and Chief Executive (enclosed) and
  - (b) Note that the final version of the Statement will be updated following the receipt of the External Auditors Opinion, to be notified to the Committee under separate cover.

#### Background

3. The requirement to publish an Annual Governance Statement ("the AGS") is a statutory requirement which was introduced with effect from the 2007/2008 financial year. The AGS provides public assurance about the effectiveness of the Council's system of internal control and the Council's corporate governance arrangements and assurance framework.
4. The CIPFA/SOLACE governance framework "Delivering Good Governance in Local Government" brings together an underlying set of legislative requirements, governance principles and management processes and highlights the fact that good governance relates to the whole organisation. Six core principles of governance in the framework focus on the systems and processes for the direction and control of the Council and its activities through which it accounts and engages with the community.

#### Considerations

5. The functions of the Audit and Corporate Governance Committee include consideration of the AGS prior to its inclusion in the annual statement of accounts. The AGS should explain the governance framework operating during the accounting period, assess the effectiveness of those controls and identify any significant issues and associated actions.
6. The draft AGS is **attached**. It retains the revised format first used for the 2012-2013 AGS, mapping core principles to the Council's performance framework into a simpler,

plain English document which presents a strategic overview of good governance, with links and appendices providing the more detailed evidence base.

7. In order demonstrate the integration between performance and governance, **Appendix 1** to the Statement provides a summary of Corporate Plan achievements during 2015-16.
8. The final AGS will include the External Audit opinion for 2015/16 on whether the council has followed the right accounting processes, delivered value for money and that the Council's finances were adequately presented; this opinion is awaited, and upon receipt will be notified to the Committee under separate cover.
9. Internal Audit has made a number of observations identifying potentially significant governance issues likely to require attention during 2016-2017 (as set out in Section 5.2.1 of the Statement), all endorsed by Executive Management Team (EMT) at its meeting on 7 September 2016:
  - (1) 3C shared services was set up in October 2016. The Council should review the effectiveness of its governance arrangements and outcomes achieved in relation to these in order to establish whether or not value for money is being achieved and the original expectations met.
  - (2) Ensure the replacement Financial Management System is delivered to timescale and meets expectations of all Councils. This will include appropriate testing prior to the system going live and being rolled out across partners.
  - (3) Following the departure of a number of senior officers, review the effectiveness of continuity planning/handover arrangements within directorates.
  - (4) Assess the possible impacts of changes imposed by government upon the viability of the business model for Ermine Street Housing
  - (5) In light of a number of services being shared between authorities, there is an opportunity to rationalise policies and procedures. Initial areas to focus on relate to HR and Risk Management.
  - (6) Ensure the effectiveness of internal controls for group entities, in light of the Group relationship with South Cambs Ltd (trading as Ermine Street Housing) and SCDC's significant activities with the company.

### **Implications**

12. In the writing of this report, the following implications have been considered:
  - Financial**
  13. Good corporate governance and internal controls reduce the risk to the Council of financial loss.
  - Legal**
  14. It is a statutory requirement to produce an Annual Governance Statement under the Accounts and Audit (Amendment) (England) Regulations 2006 and the Statement of Reporting Practice 2007 (CIPFA). Operating good corporate governance and internal control systems should demonstrate high ethical standards.
  - Risk Management**
  15. Failure to produce an Annual Governance Statement would affect the approval of the statement of accounts.

***Equality and Diversity***

16. Preliminary screening of the statement identified no significant equality and diversity implications, therefore a full Equality Impact Assessment is not required.

**Effect on Strategic Aims**

17. Delivering strategic objectives in an open, accountable and transparent manner provides evidence of strong governance. Improved service performance and a well-run business are integral of the objective to be an Innovative and Dynamic Organisation set out in the Corporate Plan 2016-2021, and to the wider delivery of the whole plan.

**Background Papers:** the following background papers were used in the preparation of this report:

Annual Governance Statement 2014/2015

Delivering Good Governance in Local Government – Guidance and Framework published by CIPFA 2007

Annual Audit Letter

Equality Impact Assessment: Initial Screening Document

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