

Report for: Corporate Committee – 24 July 2018

Item number: 9

Title: Draft Annual Governance Statement 2017/18

Report authorised by : Assistant Director of Corporate Governance

Lead Officer: Minesh Jani, Head of Audit and Risk Management
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision: Information**

1. Describe the issue under consideration

- 1.1 To inform the Corporate Committee of the statutory requirements to produce an Annual Governance Statement (AGS) and provide a draft statement relating to the 2017/18 financial year for review and approval.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 The Corporate Committee review and approve the draft 2017/18 AGS.
- 3.2 That the Corporate Committee notes the approval timescale and processes for the draft 2017/18 AGS.

4. Reasons for decision

- 4.1 The Corporate Committee is responsible for approving the Council's draft AGS as part of its Terms of Reference. In order to facilitate this, and provide information on its sources of assurance from across the Council, reports have been provided on a regular basis for the Corporate Committee, culminating in the production of the draft AGS.

5. Alternative options considered

- 5.1 Not applicable.

6. Background information

- 6.1 The Council is required to produce an Annual Governance Statement (AGS) for publication with the Council's annual accounts. The AGS comments on the Council's governance framework as a whole. Corporate governance brings together an underlying set of legislative requirements, governance principles and management processes.
- 6.2 The preparation of an AGS is a statutory requirement of the Accounts and Audit Regulations 2015. These regulations require local authorities to produce an annual statement, in accordance with 'proper practice'.

- 6.3 In order to comply with the statutory reporting deadlines, the AGS for 2017/18 has to be approved by 31 July 2018. The Leader and Chief Executive will sign the statement assurance that responsibilities have been adopted at a corporate level and adequate processes exist and are effective before they sign the AGS.
- 6.4 Prior to its final approval, the Council needs to demonstrate that the AGS has been reviewed and agreed by relevant senior managers across the authority and an appropriate member body. The Statutory Officers' Group have reviewed a draft AGS and a copy of this is provided at Appendix A.
- 6.5 The AGS has been produced in line with the revised guidance issued in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in their report 'Delivering Good Governance in Local Government: Framework'. The guidance applies to governance statements produced from 2016/17 onwards.
- 6.6 The 2016 guidance covers broadly the same areas as the previous 2012 guidance by CIPFA and SOLACE, but now includes a new section: 'Implementing good practice in transparency, reporting and audit to deliver effective accountability'. This has been incorporated into the draft AGS as section G.
- 6.7 The revised guidance is recommended to be used as 'best practice' for developing and maintaining a locally adopted code of governance. The Council's existing and published Local Code of Corporate Governance will be revised to incorporate the updated guidance and submitted to the Corporate Committee for approval at a subsequent meeting in 2018/19.
- 6.8 It is acknowledged that the draft AGS is presented for review prior to the statutory external audit of the accounts. However, any significant governance or internal control issues which arise as a result of the final accounts audit can be included in the AGS and re-submitted for officer and member consideration and approval before the closure of the statutory audit period on 30 September 2018.

7. Contribution to strategic outcomes

- 7.1 Corporate governance is an important element of the external assessment processes. The annual accounts, including the AGS, are subject to audit by the council's external auditors. While the whole of the financial statements may not be qualified, an incorrect or inaccurate AGS may be raised as a recommendation by the external auditors. Ensuring the adequacy and effectiveness of the Council's governance arrangements, which cover all Priority areas, will assist in improving services to residents and other stakeholders.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance and Procurement

There are no direct financial implications arising from this report. The work

within service areas which supports and provides evidence for the AGS, is contained and managed within their revenue budgets. Service departments manage risks and governance arrangements as part of the routine work to achieve their business plans and costs are contained within their revenue budgets.

Internal audit undertake reviews of matters arising at the Statutory Officers Meeting and in consultation with the Priority Owners identified the significant governance issues. Additionally, the Head of Audit and Risk Management provides an annual report to support the assurance processes for the AGS. This work is part of the annual internal audit plan and costs are included within Audit and Risk Management's budget.

The Chief Finance Officer confirms that the presentation of the attached draft AGS for approval by this Committee meets the Council's statutory requirement under the 2015 Accounts and Audit Regulations.

8.2 Legal

The Assistant Director of Corporate Governance has been consulted in the preparation of this report, and in noting that the AGS has been produced in accordance with current and best practice guidelines, has no comments.

8.3 Equality

There are no direct equality implications for the Council's existing policies, priorities and strategies as a result of this report. However, ensuring that the Council has effective governance arrangements in place and taking appropriate action to improve these where required will assist the Council to use its available resources more effectively.

This report deals with governance arrangements and their implementation across all areas of the Council, which have an impact on various parts of the community. Improvements in managing governance will therefore improve services the Council provides to all sections of the community.

9. **Use of Appendices**

Appendix A – Draft Annual Governance Statement 2017/18

10. **Local Government (Access to Information) Act 1985**

Not applicable.