

**REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE
OF 27th JULY 2016**

Meeting: Governance and Audit Committee
Date: 26th July 2016
Subject: Annual Governance Statement
Report of: Simon Riley, Head of Financial Services and S.151 Officer
Portfolio Holder:
Status: For Review
Relevant Ward(s): All

1 Purpose of the Report

- 1.1 This report explains the requirements for the Council to produce an Annual Governance Statement (AGS) and requests the Committee to approve it.
- 1.2 The Annual Governance Statement is a critical component of the Council's governance arrangements. It is an evidenced self assessment by the Council on the Council's governance, assurance and internal control frameworks for the financial year 2016/17, As such, those who are responsible for those arrangements must approve it.

2 Recommendations:

- 2.1 **To review the draft Annual Governance Statement for 2016/17 at Appendix A and suggest any amendments , prior to formal signature by the Leader and the Corporate Directors and S151 Officer for inclusion in the 2016/17 Statement of Accounts.**

3 Summary of Reasons for the Recommendations

- 3.1 To bring to Members attention the review of governance arrangements for 2016/17 financial year. The review does not take into account any changes which have come into effect since the 1 April 2017.

4 Key Facts

- 4.1 The review of the effectiveness of the governance arrangements in respect of 2016/17 financial year is attached to this report. The Council's arrangements for delivering good governance are based on the seven core principles set out in the CIPFA/Solace guidelines (adopted by Governance and Audit Committee, March 2017) these being:
- (a) Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
 - (b) Ensuring openness and comprehensive stakeholder engagement
 - (c) Delivering outcomes in terms of sustainable economic, social and environmental benefits
 - (d) Determining the interventions necessary to optimise the achievement of the intended outcomes
 - (e) Developing the Council's capacity including the capability of its leadership and the individuals within it
 - (f) Managing risks and performance through robust internal control and strong public management
 - (g) Implementing good practice in transparency, reporting and audit to deliver effective accountability
- 4.2 For readability of the AGS the control environment continues to be described against 6 core outcomes
- (a) Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
 - (b) Councillors and officers working together to achieve a common purpose with clearly defined functions and roles.
 - (c) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 - (d) Taking informed and transparent decisions, which are subject to scrutiny and managing risk.
 - (e) Developing the capacity and capability of councillors and officers to be effective.
 - (f) Engaging with local people and other stakeholders to ensure robust public accountability.
- 4.3 The Annual Governance Statement summarises the internal control frameworks across the Council and provides an opinion of the standards achieved. In essence, the Annual Governance Statement includes:
- (a) Details of responsibilities for ensuring there is a sound system of governance (incorporating the system of internal control)
 - (b) A brief description of the key elements of the governance framework
 - (c) An indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide
 - (d) An outline of the actions taken, or proposed to deal with in 2017/18 with 'significant' governance issues, including an agreed action plan

4.4 The following sources of assurance are used to help prepare the Annual Governance Statement:

- Internal Audit reports
- External Audit reports (including the Annual Audit Letter)
- CMT/SMT/Executive Assurance submissions.
- Performance Management
- Financial controls
- Risk registers
- External Reviews and Reports
- Statutory Officer (S151 Officer, Monitoring Officer and Head of Paid Service) assurances

4.5 The Annual Governance Statement will subject to any comments by the committee will be formally signed by the Head of Paid Service (Corporate Directors) and the Leader of the Council This emphasises that the document is about all corporate controls and is not just financial controls

4.6 The Annual Governance Statement forms part of the Annual Statement of Accounts. As such, the Governance and Audit Committee recommend approval of the Annual Governance Statement for inclusion into the Statement of Account in September.

5 Legal Issues

5.1 None arising directly out of this report.

6 Resource Issues

6.1 None arising directly out of this report.

7 Equality Impact Assessment Implications/Outcomes

7.1 None arising directly out of this report.

8. Risk Management Implications

8.1 None arising directly out of this report.

9 Consultation

9.1 None

10 Background Papers

10.1 2015/16 Annual Governance Statement & Action Plan.
Internal Audit Reports & Head of Internal Audit Annual Report

Previous report(s):

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N

Appendices:

A. Annual Governance Statement