



Report Reference Number: (A/18/6)

To: Audit and Governance Committee
Date: 25 July 2018
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Lead Officer: Karen Iveson, Chief Finance Officer
Executive Member: Cliff Lunn, Lead Member for Finance and Resources

Title: Annual Governance Statement 2017/18

Summary: The report presents the Annual Governance Statement (AGS) 2017/18 for approval.

Recommendations:

Councillors approve the 2017/18 Annual Governance statement as included within the Statement of Accounts.

Reasons for recommendation:

The AGS has been completed in accordance with good practice, and identifies a number of issues that members may wish to consider.

It must be approved by the Audit and Governance Committee and will be signed by the Leader of the Council and the Chief Executive.

1. Introduction and background

- 1.1 Good governance is important to all involved in local government, however, it is a key responsibility of the Leader of the Council and the Chief Executive.
- 1.2 The preparation and publication of an annual governance statement in accordance with the CIPFA's Good Governance Framework is necessary to meet the statutory requirements set out in Regulation 4(2) of the Accounts and Audit Regulations which requires authorities to

“conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare a statement of internal control “in accordance with proper practices”.

2. The Report

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The External Auditor has considered the AGS as part of his review of the Statement of Financial Accounts. The Auditor is required to issue his opinion on the accounts and “sign them off”.
- 2.3 The AGS provides public assurance that local authority has a sound system of internal control, designed to help manage and control risks that will impede the achievement of its objectives. The AGS should not be seen as a purely financial requirement, but as an important public expression of what the Council has done, how it sets out priorities, monitors performance and has put in place good business practice. It is also about the process for ensuring high standards of conduct and is a means of demonstrating sound governance. The requirement for it to be signed by at least the Leader and the Chief Executive reflects the importance for which it is viewed.
- 2.4 In common with most local authorities, the council has a well established systems of governance and internal control in place. However, the AGS process requires the Council to formally demonstrate what these controls are and how they safeguard against the most significant risks to the organisation and to gain assurance, based on evidence, that these controls are operating effectively, or where they are not, to identify areas for improvement.
- 2.5 Assurance can be provided by evidence from a number of sources including: external audit reports, internal audit reports and direct assurance from managers. It is the responsibility of both councillors and chief officers to obtain and provide such assurance. The production and publication of an AGS is therefore not an isolated act, but the final stage in a continuing review of internal control processes and procedures.
- 2.6 The AGS, which is contained within the Statement of Accounts under the next agenda item, highlights issues within the Council’s control and governance framework identified in 2017/18 relating to scrutiny arrangements, creditors and payroll that are felt to warrant improvement. Action plans are being progressed to address the issues.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

None as a consequence of this report.

3.2 Financial Issues

None as a consequence of this report.

4. Conclusion

4.1 The statement represents progress towards setting the highest Corporate Governance standards and meets the requirements of the Accounts and Audit Regulations.

4.2 The process of preparing the governance statement should itself add value to the corporate governance and internal control framework of an organisation.

5. Background Documents

CIPFA Good Governance Framework

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Appendices:

None