



Audit Committee
Monday, 5th September, 2016 at 6.00 pm
in the Committee Suite, King's Court, Chapel Street,
King's Lynn

Reports marked to follow on the Agenda and/or Supplementary Documents

9. **Annual Governance Statement** (Pages 2 - 5)

Contact

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POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	5 September 2016		
TITLE:	2016 Annual Governance Statement – covering the 2015-16 year		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Leader		
REPORT AUTHOR:	Vanessa Dunmall, Performance & Efficiency Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

<p>PURPOSE OF REPORT/SUMMARY:</p> <p>The Terms of Reference of the Audit Committee¹ state <i>“The main areas of responsibility for the Audit Committee will be to: ...</i></p> <p><i>b. Review the Council’s assurance statements, including the Annual Governance Statement (AGS), to check that it properly reflects the risk environment and any actions required to improve it.”</i></p> <p>This report brings the Council’s 2016 Annual Governance Statement (covering the 2015/16 year) to the Committee.</p> <p>The preparation and publication of an Annual Governance Statement (AGS) is a statutory requirement². The AGS is a public statement that describes and evaluates the Council’s overall governance arrangements, in particular how it has complied with its Code of Corporate Governance during a particular financial year. The Statement is attached at Appendix A.</p>
<p>KEY ISSUES:</p> <ol style="list-style-type: none"> 1. CIPFA³ issue guidance and a template to aid authorities in their work on their AGS; this is used as a framework, but the document is written each year. 2. Sections 5 and 6 are new additions this year 3. Section 7 refers to the Action Plan devised for the 2016/17 year (shown on the final page of the document) 4. Input is gathered from Executive Directors, Service Managers, Internal Audit and External Audit prior to coming to the Audit Committee.
<p>OPTIONS CONSIDERED:</p> <p>Options do not apply; the Council must prepare, approve and publish a statement.</p>
<p>RECOMMENDATIONS:</p> <p>The Committee is recommended to</p> <ol style="list-style-type: none"> 1. Confirm that the 2016 Annual Governance Statement (as attached) properly reflects the risk environment and that actions required to improve it are in hand 2. Approve the 2016 Annual Governance Statement (as attached) and confirm that the Chair of the Audit Committee should sign accordingly.

¹ As agreed by Full Council in June 2016

² Accounts and Audit Regulations 2015, regulation 6(1)

³ Chartered Institute of Public Finance and Accountancy

REASONS FOR RECOMMENDATIONS:

In order to

- comply with the Audit Committee Terms of Reference
- ensure that Council complies with the Accounts and Audit Regulations 2015, regulation 6(1)

REPORT DETAIL

1. Introduction

1.1 The Council's Local Code of Corporate Governance sets out six core principles of good governance that focus on the systems and processes for the direction and control of the Council and its activities through which it accounts to, engages with and leads the community. These core principles include:

- Focusing on the purpose of the Council
- Roles and responsibilities of members and officers
- Standards of conduct and behaviour
- Decision making, scrutiny and risk management
- Developing capacity and capability of members and officers
- Engaging with local people and stakeholders

1.2 The extent to which the Council adheres to these principles is described in the Annual Governance Statement.

1.3 The preparation and publication of an Annual Governance Statement (AGS) is a statutory requirement. The AGS is a public statement that describes and evaluates the Council's overall governance arrangements during a particular financial year. It includes a self-assessment of the effectiveness of the governance arrangements, across all areas of activity, together with a statement of the actions being taken or required to address any areas of concern.

2. The Statement

2.1 The Statement has been produced in accordance with relevant professional guidance and good practice and a comprehensive review has taken place to ensure that the suggested areas are all included in the Council's AGS for 2015/16.

2.2 Sections 5 and 6 are new additions this year, they cover 'Areas of Special Interest in Governance Terms' – Leisure and Legal arrangements; and 'Known Changes in the 2016/17 year

2.3 Section 7 refers to the Action Plan devised for the 2016/17 year (shown on the final page of the document)

2.4 The production of the statement, and the consultation process, has involved input from Executive Directors, and all Service Managers have been given the opportunity to provide comments. In particular, comment has been sought from the Monitoring Officer, the Audit Manager, the S151 Officer, the Democratic Services Manager and

the ICT Manager. The external auditors, Ernst & Young have also provided comment. All input obtained is reflected in the attached version.

- 2.5 The Statement is required to include notification of any significant internal control issues identified and include an action plan to address them. No significant governance issues have been identified through the work undertaken; an Action Plan has been drawn up based on the work undertaken and this is being worked on during the current 2016/17 year, this is on the final page of the statement. The Statement also comments on actions progressed from the previous year.
- 2.6 The Statement has been signed by the Leader of the Council and the Chief Executive who are satisfied that
- Key systems are operating soundly and that there are no fundamental weaknesses
 - There is an ongoing process for identifying, evaluating and managing key risks
 - The steps outlined in the Action Plan will address the need for improvements that were identified in the review of effectiveness

3. Issues for the Panel to Consider

- 3.1 The following areas have been identified as things the Committee may wish to consider:
- i. Does the AGS cover all areas of our operations?
 - ii. Is it meaningful, easy to read and underpinned by robust evidence?
 - iii. Does it accurately reflect our control structure and a sense of its risks, vulnerabilities and resilience to challenges?
 - iv. Has compliance with the Code of Corporate Governance been assessed and have any departures from it been disclosed and explained?

4.0 Corporate Priorities

Not applicable, statutory requirement

5.0 Policy Implications

None

6.0 Financial Implications

None

7.0 Personnel Implications

None

8.0 Statutory Considerations

- 8.1 The adoption of the Annual Governance Statement is required to comply with the Accounts and Audit Regulations.

9.0 Equality Opportunity Considerations

None

10.0 Risk Management Implications

- 10.1 The Annual Governance Statement forms part of the Council's risk management process and provides reasonable assurance (as defined in section 8 of the AGS itself) that the Council is complying with the adopted Code of Corporate Governance.
- 10.2 Failure to maintain an effective approach to producing the AGS may lead to the Council being
- unable to meet its statutory duty
 - unable to demonstrate it has effective corporate governance arrangements in place
 - open to criticism from external audit.

11.0 Recommendations

- 11.1 From the review undertaken, the assessment and ongoing monitoring work completed and supported by the verification work undertaken by internal audit, we have reached the opinion that key systems are operating soundly and that there are no fundamental weaknesses.
- 11.2 The Committee is recommended to
1. Confirm that the 2016 Annual Governance Statement (as attached) properly reflects the risk environment and that actions required to improve it are in hand
 2. Approve the 2016 Annual Governance Statement (as attached) and confirm that the Chair of the Audit Committee should sign accordingly.

12.0 Declarations of Interest / Dispensations Granted

None

Background Papers

CIPFA/SOLACE Framework including Guidance Notes and Addendum

Cabinet / Panel agendas

Various policies, strategies, procedures