

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	16 December 2019		
TITLE:	Annual Governance Statement 2019 – covering the 2018/19 financial year		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Leader		
REPORT AUTHOR:	Ged Greaves, Senior Policy and Performance Officer		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:

The Terms of Reference of the Audit Committee¹ state:

“The main areas of responsibility for the Audit Committee will be to:

- a. Monitor the Council’s responsibilities under the Accounts and Audit Regulations 2015, and approve the Statement of Accounts.*
- 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.”*

This report brings the Council’s final version of the Annual Governance Statement (AGS) 2019 to the Committee for approval. The draft AGS has been considered at the Committee’s meetings in June and July 2019.

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 final AGS is attached at Appendix 1.

KEY ISSUES:

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 with fresh content each year.
2. Section 7 refers to the draft Action Plan devised for the 2019/20 year (shown on the final page of the document)
3. Input has been collated from Executive Directors, Service Managers and Internal Audit for the draft statement
4. External Audit will have reviewed the document prior to the final version coming to the Audit Committee in December 2019.

OPTIONS CONSIDERED:

Options do not apply; the Council must prepare, approve and publish a statement.

RECOMMENDATIONS:

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

The Committee is invited to

1. Confirm that the 2019 Annual Governance Statement (as attached) properly reflects the risk environment and that actions required to improve it are in hand
2. Approve the 2019 Annual Governance Statement (as attached) and confirm that the Chairman of the Audit Committee should sign accordingly.

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 (AGS).
- 1.3 The preparation and publication of the 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 Annual Governance Statement

- 2.1 The AGS has been produced in accordance with relevant professional guidance and notable practice and a comprehensive review has taken place to ensure that the suggested areas are included in the Council's AGS for 2018/19.
- 2.2 Sections 1 and 2 are broadly the same as with the 2018 AGS, these are 'introductory sections'.
- 2.3 Section 3 is the main body of the document and uses the CIPFA guidance as headings, the content has been updated to reflect practices during the year under review.

- 2.4 Section 4 contains information based on standard reports and events that inform the Review of Effectiveness.
- 2.5 Section 5 draws attention to the 'Areas of special interest in terms of governance' that the Council has in place.
- 2.6 Section 6 covers 'Known Changes in the 2019/20 year'.
- 2.7 Section 7 refers to the Action Plans devised for the 2018/19 year (see Appendix B) and for the year ahead 2019/20 (see Appendix C).
- 2.8 The development of the AGS, and the consultation process, has engaged Service Managers and Executive Directors. In particular, input has been obtained at this stage from the Audit Manager, the S151 Officer, the Monitoring Officer, the Democratic Services Manager, the ICT Manager, the Policy, Performance and Personnel Manager and the Assistant Director - Central and Community Services.
- 2.9 A draft AGS was considered by the Audit Committee on 3 June 2019 and 29 July 2019 with amendments incorporated into the document (see Appendix D of the AGS). A briefing on the requirement for the AGS was provided to the committee on the 29 July 2019.

3. Issues for the Panel to Consider

- 3.1 The following areas have been identified as aspects 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 approval of the Annual Governance Statement will be 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 will provide reasonable assurance once adopted (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:
 - a) Confirm that the Annual Governance Statement 2019 (as attached) properly reflects the risk environment and that actions required to improve it are in hand
 - b) Approve the Annual Governance Statement 2019 (as attached) and confirm that the Chairman 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

Code of Corporate Governance

Various policies, strategies, procedures

Council Constitution