

REPORT TO	ON
Governance Committee	28 June 2017

Jan 2017



TITLE	AUTHOR	Agenda item No.
Draft Annual Governance Statement	D Whelan	8

1. PURPOSE OF THE REPORT

1.1 The report presents the council's draft Annual Governance Statement (AGS) for 2017 to provide assurance on the standards of corporate governance spanning all the Council's priorities and covering all activities.

1.2 A great deal of work has been done in the last 12 months to strengthen and improve our governance arrangements. Much has already been achieved but this is an ongoing process of course.

2. RECOMMENDATIONS

That the Committee considers and comments upon the draft of the council's Annual Governance Statement

3. CORPORATE PRIORITIES

The report relates to the following corporate priorities:-

Clean, green and safe		Strong and healthy communities	
Strong South Ribble in the heart of prosperous Lancashire		Efficient, effective and exceptional council	X

4. BACKGROUND TO THE REPORT

4.1 The Accounts and Audit Regulations 2015 require the council to conduct an annual review of the effectiveness of its system of internal control and to prepare an annual governance statement (AGS) **This is attached at Appendix A.**

4.2 The AGS explains our governance arrangements, the review of the governance framework against our Local Code of Governance and future plans to improve and strengthen the governance environment. Members will recall that our Local Code of Governance was revised and updated earlier this year. The AGS needs to be published with the financial statements; however, it should be emphasised that the AGS is a broader reflection of the whole governance of the council, relating to not just financial controls, but covering all activities of the council.

4.3 Accordingly it is good practice that the statement is approved separate to the accounts and also signed by the Leader of the Council and the Chief Executive to emphasise its importance and corporate nature

5. DETAILS AND REASONING

The Review Process

5.1 The review of the council's governance framework is directed by a senior officer governance group comprising various senior officers including the Chief Executive, the Section 151 officer, the Head of Shared Assurance, the Corporate Governance Manager, the Corporate Improvement Manager and the Monitoring Officer. The main role of the group is to monitor and review the Council's governance practices and to continually strengthen and improve the council's arrangements. Both the governance group and this committee have a contributory role to play in improving and strengthening the governance environment.

Assurance Gathering

5.2 Due to the corporate nature of the statement and the variety of people with responsibilities a shared approach is taken to assurance and evidence gathering. Considerable evidence has been documented in support of the AGS for subsequent review by the council's external auditors.

5.3 Evaluation of the assurance evidence, identification of recommended development areas and compilation of the draft statement has been undertaken by the governance group and supported by a corporate assessment undertaken by Internal Audit.

5.4 Reliance has been placed on the council's constitution; corporate and service planning processes; performance, risk and financial management frameworks; the Our People Strategy and work plans; anti-fraud and ethical governance arrangements; the Internal Audit Service and the Governance, Joint, Standards and Scrutiny Committees. The process has also been supplemented by service assurance statements that have been signed by each Director / Head of Service and work to assess the role and duties of the Chief Financial Officer and the Head of Internal Audit.

5.5 Independent assurance for the statement is also taken from the work and reporting of our external auditors and other external review bodies.

Reporting

5.6 In preparing the draft statement the group has been guided by a good practice document published by The Chartered Institute of Public Finance and Accountancy (CIPFA) and SOLACE (Society of Local Authority Chief Executives).

5.7 The statement consists of five sections as follows:

Section 1 of the AGS "*what we are responsible for*"

Section 2 "*the purpose of the Governance Framework*" explains why it is important that we produce and publish a statement of our governance arrangements.

Section 3 of the statement identifies the key elements of the Council's governance framework and compliance with our Local Code. The principles highlighted in this section are new ones that the council has recently adopted to comply with up to date CIPFA guidance.

Section 4 demonstrates how those arrangements have been evaluated and how assurance is gathered.

Section 5 highlights areas of development that have been identified from the review process which will further enhance our governance arrangements. Some of these areas are a continuation of work that has already been started.

5.8 A highly detailed draft Annual Governance Statement Action Plan 2017 for implementation during 20/17/18 is attached at Appendix B

5.9 Members' attention is particularly drawn to some of the key actions/events set out in section 4 of the AGS. These include:

- The work of the Centre for Public Scrutiny (CfPS) Diagnostic
- LGA Corporate Peer Challenge (Peer Review)
- Commissioner Mary Ney's review of Licensing
- Further Internal Audit Reviews of Licensing, Flexitime and Overtime following on from earlier reviews last year

5.10 Members' attention is also drawn to the fact that the council has (along with Chorley Borough Council) recently acquired the Grace Risk Management System. This is an on line risk management system which requires managers/team leaders to have appropriate risk assessments/risk controls in place for their areas. Relevant training has been provided. This should improve further the risk control regime in this council.

5.11 It is fair to say that this AGS is considerably more detailed than ones in the past – that reflects the importance the council gives to ensuring that its governance arrangements are as sound and robust as possible.

5.12 Following the external audit of the council's accounts, the finalised accounts for 2016/17 including the AGS will again be presented to the Governance Committee in September prior to publication. At this time the statement will incorporate feedback and will also have been signed by the Leader of the Council and the Chief Executive.

5.13 The whole process of reviewing the council's arrangements, reporting and continuous improvement operates in a cyclical basis with progress reports to this committee at half yearly intervals.

5.14 Progress on improvement actions will continue to be reported to this committee.

6. WIDER IMPLICATIONS AND BACKGROUND DOCUMENTATION

6.1 Comments of the Statutory Finance Officer

There are no financial implications arising from this report.

The AGS will be published with the financial statements/statement of accounts.

6.2 Comments of the Monitoring Officer

The production of the AGS demonstrates compliance with the Accounts and Audit Regulations 2015. More generally it is clearly crucial that the council does everything practicable to demonstrate that its governance regime is as robust as possible – the AGS is a vital part of that process.

<p>Other implications:</p> <ul style="list-style-type: none"> • Risk • Equality • HR 	<ul style="list-style-type: none"> • The statement and more importantly the underlying process of assessment will enhance our internal control and corporate governance status thus minimising risk. • There are no adverse implications for equality issues with this report • There are no HR implications arising from this report
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7. BACKGROUND DOCUMENTS

A Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) 2016 document, entitled "Delivering Good Governance in Local Government Framework"
Regulation 6(b) of the Accounts and Audit (England) Regulations 2015.

The Chartered Institute of Public Finance and Accountancy (CIPFA) "Statement on the Role of the Chief Financial Officer" 2010

CIPFA "Statement on the Role of the Head of Internal Audit" 2010

A 2004 publication produced by the Independent Commission on Good Governance in Public Services chaired by Sir Alan Langlands entitled "Good Governance Standard for Public Services".