

REPORT TO	ON
Governance Committee	30 May 2019



TITLE	REPORT OF
Draft Annual Governance Statement	Interim Monitoring Officer

PURPOSE OF THE REPORT

1. The report presents the council's draft Annual Governance Statement (AGS) for 2019 to provide assurance on the standards of corporate governance spanning all the council's priorities and covering all activities.

RECOMMENDATIONS

2. That the Committee review and approve the council's Annual Governance Statement and make appropriate comments.

CORPORATE PRIORITIES

3. The report relates to the following corporate priorities:

Excellence and Financial Sustainability	X
Health and Wellbeing	
Place	

Projects relating to People in the Corporate Plan:

People	
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BACKGROUND TO THE REPORT

4. 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.**
5. 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 in 2017. 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.

6. 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

PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

7. The review of the council's governance framework is directed by the Leadership team in general and by a senior officer governance group in particular comprising various senior officers including the Chief Executive, the Section 151 officer, the Head of Shared Assurance 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.
8. 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.
9. 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.
10. Reliance has been placed on the council's constitution; corporate and service planning processes; performance, risk and financial management frameworks; 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.
11. Independent assurance for the statement is also taken from the work and reporting of our external auditors and other external review bodies.
12. 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).
13. 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 ones that the council adopted in 2017.

Section 4 demonstrates our commitment to excellence

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.

14. An Annual Governance Statement Action Plan 2019 for implementation during 2019/20 is attached at Appendix C. Progress against last year's Action Plan is shown at Appendix B. Members should note the excellent progress we have made against that Plan.

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

- Management Restructure
- Corporate Plan
- Digital Strategy

16. The format of the AGS to show more clearly how we have addressed all the constituent elements of our Local Code of Governance.

17. Following the external audit of the council's accounts, the finalised accounts for 2018/19 including the AGS will again be presented to the Governance Committee in July 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.

CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

18. Amongst other things Internal Audit have fully consulted with all members of Leadership Team. Service Assurance Statements were issued to all members of the team and have been reported. Any comments/observations from External Audit will be given careful consideration.

FINANCIAL IMPLICATIONS

19. There are no direct financial implications arising.

LEGAL IMPLICATIONS

20. There are no direct legal implications arising – please see the comments of the Monitoring Officer

AIR QUALITY IMPLICATIONS

21. There are no air quality implications of this report.

COMMENTS OF THE STATUTORY FINANCE OFFICER

22. There are no financial implications arising directly from this report. The AGS will be published with the financial statements/statement of accounts.

COMMENTS OF THE MONITORING OFFICER

23. 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.

OTHER IMPLICATIONS:

▶ HR & Organisational Development	There are no specific HR implications arising from this report
▶ ICT / Technology	There are no specific ICT implications arising from this report
▶ Property & Asset Management	There are no specific Property or asset management implications arising from this report
▶ Risk	The statement and more importantly the underlying process of assessment will enhance our internal control and corporate governance status thus minimising risk.
▶ Equality & Diversity	There are no adverse implications for equality issues with this report.

There are no background papers to this report

APPENDICES

Appendix A – AGS

Appendix B – Progress against Last Year's Action Plan

Appendix C – Action Plan for 2019

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