



**Governance & Audit
Committee**

Tuesday 18th June 2019

Subject: Draft Annual Governance Statement 2018/19

Report by:

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Purpose / Summary:

To present the draft AGS for 2018/19 and review
the proposed issues for inclusion in the AGS
Action Plan for 2018/19

RECOMMENDATION(S): Members provide feedback on the draft Annual Governance Statement 2018/19 to feed into the final statement for approval at the July meeting of the Governance & Audit Committee

IMPLICATIONS

Legal: The Annual Governance Statement must comply with the Accounts and Audit (England) Regulations 2011

Financial: FIN/27/20

None from this report

Staffing: None

Equality and Diversity including Human Rights: None

Risk Assessment: Risk management arrangements are part of corporate governance and issues raised under these arrangements have been included in the Annual Governance Statement

Data Protection Implications: None

Climate Related Risks and Opportunities: None

Title and Location of any Background Papers used in the preparation of this report:

None.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1 Background

- 1.1 The Annual Governance Statement is a formal statement under the Accounts and Audit (England) Regulations 2011, which details the Council's governance arrangements and issues for the previous year as an annual report of governance.
- 1.2 The system of corporate governance is the way in which we direct and control our services and functions to ensure that we make the best use of all resources.
- 1.3 Assurance of governance arrangements involves a process to test the Council's governance framework and to gain confidence that it is operating as intended and that we are, "doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner." (CIPFA 2012).
- 1.4 The Council is required to produce an Annual Governance Statement for approval by 31st July 2019 to accompany the Council's Statement of Accounts.
- 1.5 The Annual Governance Statement includes a summary of the governance framework and identifies those areas where further action is required to achieve greater assurance.

2 Developing the Annual Governance Statement

- 2.1 Sources of information used to develop the Statement include:
 - The development of the framework itself
 - The Combined Assurance Report 2018/19
 - Internal Audit Annual Report
 - Internal Audit "limited assurance" reports
 - The management of strategic and service risks
 - External Audit Annual Audit Letter
 - Complaints and lessons learnt
 - Consultation results
 - Ombudsman investigations
 - Corporate functions assurance statements – Legal, Health & Safety, ICT, Procurement
 - Service Managers – any service or performance issues, including signed assurance that the internal control and governance assurance framework has been upheld, covering:
 - Review of key controls
 - Budget setting and allocation of resources
 - Performance management
 - Risk management
 - Financial and legal implications

3 The Framework

- 3.1 The Governance Framework follows the seven principles of good governance as set out in CIPFA's "Delivering Good Governance in

Local Government Framework (2016 edition)” and is formed by the systems and processes, standards, policies and activities through which the Council accounts to, engages with and leads the community.

- 3.2 Under each of the principles we have identified improvements that have taken place during the year, activity to support the principle, any significant issues and actions that will be undertaken to address any issues or to develop the principles further.

4. Draft Annual Governance Statement 2018/19

- 4.1 The draft version of the Statement is available for review at Appendix One. Members are asked to review its content and offer feedback to inform the production of the final version.
- 4.2 The draft is awaiting updates to a number of annual reports which will be presented to Members in the coming weeks. Once these have been concluded, the relevant links will be provided within the Statement.

5. Issues to be addressed

- 5.1 At this stage of development of the Annual Governance Statement, four matters have been identified (as a result of scrutiny of the items listed at point 2.1 above). It is proposed that these form the Action Plan for the 2018/19. The matters for consideration are:
- **Risk Management** – Assess the Council’s overall ‘risk appetite’ and subsequently undertake a review of Strategic Risks and develop a means of ensuring that project related risks are consistently recorded and managed
 - **Peer Review** - Prepare for and hold a Peer Review to set improvement targets and seek third party accreditation against a nationally recognised framework
 - **Governance Review** - Work on the findings of the recent Governance Review, undertaken by Internal Audit, to ensure the Council’s culture and values are consistently understood and exhibited
 - **Member Induction & Training** - Induct new and returning Councillors and implement the Member Development Training Plan
- 5.2 Reference has been paid to the Head of Internal Audit’s Annual Report. The report contains her opinion that the adequacy and effectiveness of the Council’s arrangements for governance, risk management and control are all performing well. This is a positive position.
- 5.3 Within the report, no additional matters were identified as worthy of consideration for inclusion in the Action Plan for 2018/19.
- 5.4 Members are asked to review the list at 5.1 above and advise as to whether they are in agreement with its contents, or whether it requires amendment at this stage.

6. Next Steps

- 6.1 In draft form, the Annual Governance Statement has been issued to both Internal and External Audit for review and comment. The results of this have helped to inform this version of the draft Statement; in particular the identification of any additional issues to be addressed via the Action Plan for 2018/19. Any further feedback will be used to inform the production of the final version of the Statement and the inclusion of any additional matters to be addressed via the aforementioned Action Plan.

- 6.2 Once a definitive set of issues has been determined, an Action Plan will be worked on and will accompany the final version of the Annual Governance Statement 2018/19 for submission to the Governance and Audit Committee on 23rd July 2019.