

**REPORT TO:           AUDIT AND STANDARDS COMMITTEE**

**DATE:                 22 JUNE 2016**

**TITLE:                ANNUAL GOVERNANCE STATEMENT 2015-16**

**LEAD OFFICER:      SIMON FREEMAN, HEAD OF FINANCE**  
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**RECOMMENDED** that the Committee recommends to Cabinet the approval of the Annual Governance Statement for 2015-16.

## **BACKGROUND**

- 1.1. The Accounts and Audit Regulations 2015 require the Council to conduct, at least annually, a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement which is required to accompany the Council's Statement of Accounts.
- 1.2. The Statement should be prepared in accordance with proper practices in relation to internal control. The CIPFA/SOLACE document *Delivering Good Governance in Local Government (2012)* defines the format.
- 1.3. The Council must review its systems of internal control and governance annually and assure itself that its internal control environment is effective. Various sources of assurance are relied upon to enable preparation of the Annual Governance Statement. These include:
  - (i) work of the internal auditors;
  - (ii) work carried out by the external auditors and
  - (iii) if applicable, reports from any other review agencies and inspectorates.
- 1.4. Heads of Service, as Officers who have responsibility for the development and maintenance of the internal control environment, provide annual declarations assessing the rigour of the control environment in their service. The Internal Audit annual report (also on this Committee Agenda) and review of the effectiveness of internal audit form a key element of the review, as does the Council's work on risk and performance management.
- 1.5. The Statement covers all significant corporate systems, processes and controls, spanning the whole range of the Council's services, including those designed to ensure that:
  - (i) the Council's policies are implemented in practice;
  - (ii) high quality services are delivered efficiently and effectively;
  - (iii) the Council's values and ethical standards are met;
  - (iv) laws and regulations are complied with;
  - (v) required processes are adhered to;

- (vi) financial statements and other published performance information is accurate and reliable; and
- (vii) human, financial, environmental and other resources are managed efficiently and effectively.

- 1.6. The Statement is required to disclose any governance issues which may impact on the Council being able to achieve its corporate objectives. These are set out at section 5 of the Statement, together with actions proposed to address these issues and improve performance.
- 1.7. Preparation of the Statement has been managed by the Council's Governance Group. This group will continue to monitor the actions set out in section 5 of the Statement, along with other work that is relevant to governance. This will include, but is not limited to managing the external audit recommendation tracker and reviewing progress with risk and performance management.
- 1.8. A draft of the Statement was considered by the Corporate Management Team with the Heads of Service on 31 May 2016.

## **CONSIDERATIONS**

- 1.9. Although the Annual Governance Statement is not subject to audit by the external auditors, it is a public document, and auditors form a view of governance arrangements by comparing statements with their accumulated knowledge of systems and controls. Any significant differences between the two are likely to raise questions about the Council's willingness to acknowledge and address problem areas.
- 1.10. Approval of the Annual Governance Statement should be at a corporate level and should be confirmed by the most senior Officer and Councillor signing the Statement on behalf of the Council. It is good practice for the Council to review and approve the Annual Governance Statement separately from the accounts, as proposed in this report, as this helps to ensure its robustness and reinforce its corporate standing.
- 1.11. As the Annual Governance Statement is published with the Council's accounts, it is an opportunity to demonstrate that the Council is self-aware, and to set a transparent agenda for improvement.

## **CONCLUSION**

- 1.12. The review of the Council's systems of internal control and governance has confirmed that, although there are some areas where arrangements could be strengthened, the Council's overall control environment remains satisfactory. Work will continue during 2016-17 led by the Governance Group to address areas where improvement or further development is needed.

## **IMPLICATIONS**

### **Place (Includes Sustainability)**

None specific.

Author: **Graeme Bloomer, Head of Place**

### **Finance (Includes ICT)**

This Statement explains how the Council delivers good governance and reviews the effectiveness of these arrangements.

Author: **Simon Freeman, Head of Finance**

### **Housing**

None specific.

Author: **Andrew Murray, Head of Housing**

### **Community Wellbeing (Includes Equalities and Social Inclusion)**

None specific.

Author: **Jane Greer, Head of Community Wellbeing**

### **Governance (Includes HR)**

Approval of the Annual Governance Statement is required by section 4(3) of the Accounts and Audit (England) Regulations 2011.

Author: **Brian Keane, Head of Governance**

## **APPENDICES**

Appendix A – Annual Governance Statement 2015-16

## **BACKGROUND PAPERS**

*NB: These are papers referred to in the preparation of the report that are not attached as appendices but that are available for public or Councillor study.*

Accounts and Audit (England) Regulations 2015

Delivering Good Governance in Local Government (Framework and Guidance Note for English Authorities) CIPFA/SOLACE