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**Draft Annual Governance Statement**

To: Resources & Finance Committee

Date: 18th June 2018

From: Chief Internal Auditor, LGSS

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1. ISSUE

- 1.1. This report presents the draft Annual Governance Statement (AGS) for 2017/18 for consideration by the Resources & Finance Committee prior to sign off by the Chief Executive and Leader of the Council.

2. RECOMMENDATION

- 2.1. The Committee is asked to consider whether the AGS is consistent with their own perspective on internal control within the Council, plus the governance issues and actions.

3. BACKGROUND/OPTIONS

- 3.1. The Audit and Accounts Regulations 2015 require the Council to produce an Annual Governance Statement (AGS) to accompany the Statement of Accounts. The AGS summarises the extent to which the Council is complying with its Code of Corporate Governance and details, as appropriate, any significant actions needed to improve the governance arrangements in the year ahead. The final statement will be signed by the Chief Executive and the Leader of the Council.
- 3.2. The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure.
- 3.3. The draft AGS is presented to the Committee in order to ensure that it reasonably reflects the Committee's knowledge and experience of the Council's governance and controls.

**The Annual Governance Statement**

- 3.4. The draft AGS has been compiled using sources of evidence, including:
- A review of the extent to which the Council has complied with each element of its Code of Corporate Governance;
  - Self-assurance statements prepared by Service Leads;
  - The Chief Internal Auditor's opinion on the Council's internal control environment, which will be formally reported to the Resources and Finance Committee on 18<sup>th</sup> June 2018.
- 3.5. The Statement is prepared in accordance with guidance from the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The guidance states that the AGS should include:
- The Council's responsibilities for ensuring a sound system of governance;

- An assessment of the effectiveness of key elements of the governance framework, and the role of those responsible for the development and maintenance of the governance environment;
  - An opinion on the level of assurance that the governance arrangements can provide and whether these continue to be regarded as fit for purpose;
  - The identification of any significant governance issues, and an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
  - Reference to how issues raised in the previous year's Statement have been resolved;
  - A conclusion demonstrating a commitment to monitoring implementation through the next annual review.
- 3.6. 'Significant governance issues' are those that:
- seriously prejudice or prevent achievement of a principal objective of the authority;
  - have resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
  - have led to a material impact on the accounts;
  - the Audit Committee advises should be considered significant for this purpose;
  - the Chief Internal Auditor reports on as significant in the annual opinion on the internal control environment;
  - have attracted significant public interest or have seriously damaged the reputation of the organisation; or
  - have resulted in formal action being undertaken by the Chief Financial Officer and / or the Monitoring Officer.
- 3.7. At the time of publishing the draft AGS on the Council's website no significant governance issues have been identified.
4. ARGUMENTS/CONCLUSIONS
- 4.1. The draft AGS has been prepared, in accordance with professional guidance, and must accompany the Statement of Accounts. The process demonstrates good governance, it has been based on various sources of assurance, and the Committee is asked to consider the AGS. It will also be reviewed by the external auditors, and the final version will be signed by the Chief Executive and the Leader of the Council.
5. FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT
- 5.1. There are no additional financial implications arising from this report. An Equality Impact Assessment is not required.
6. APPENDICES
- 6.1. Appendix 1 – Draft Annual Governance Statement

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<b><u>Background Documents</u></b>	<b><u>Location</u></b>	<b><u>Contact Officer</u></b>
None	LGSS, Room 207 The Grange Ely	Duncan Wilkinson, Chief Internal Auditor <a href="mailto:duncan.wilkinson@milton-keynes.gov.uk">duncan.wilkinson@milton-keynes.gov.uk</a>  Rachel Ashley-Caunt Head of Internal Audit <a href="mailto:RAshley-Caunt@rutland.gov.uk">RAshley-Caunt@rutland.gov.uk</a>  Trevor Bowd Principal Auditor <a href="mailto:trevor.bowd@eastcamb.gov.uk">trevor.bowd@eastcamb.gov.uk</a>