
ANNUAL GOVERNANCE STATEMENT

To: Resources & Finance Committee

Date: 21st September 2017

From: Chief Internal Auditor, LGSS

[S110]

1. **ISSUE**

1.1. This report presents the final version of the Annual Governance Statement (AGS) for 2016/17 for consideration by the Resources & Finance Committee.

2. **RECOMMENDATION**

2.1. To approve the Annual Governance Statement for 2016-17.

3. **BACKGROUND/OPTIONS**

3.1. The Audit and Account Regulations 2015 requires 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.

3.2. The draft AGS is considered by the Corporate Management Team, and then presented to the Resources and Finance committee in order to ensure that it reasonably reflects the committee's knowledge and experience of the Council's governance and controls. It accompanies the draft Statement of Accounts, and may subsequently be amended following review by the external auditor. The final statement is signed by the Chief Executive and the Leader of the Council and approved by the Resources and Finance committee.

3.3. At its meeting on 19th June 2017 the Resources and Finance committee approved the draft AGS.

3.4. The external auditors have reviewed the document, and there were no issues arising. It is good practice to reflect developments up to the date the final version is approved, for example where planned meetings have now occurred, and the AGS has been updated where appropriate. Updates have been highlighted in the report using tracked changes.

3.5. The Accounts and Audit Regulations 2015 require that the final version of the AGS is approved by the Resources and Finance committee in advance of the Annual Financial Report.

The Annual Governance Statement

3.6. The 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;
- A review of the Council's Code of Corporate Governance itself, based on the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016.
- Self-assurance statements prepared by Service Leads;

- The Chief Internal Auditor's opinion on the Council's internal control environment, which was reported to the committee on 19th June 2017.
- 3.7. 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.
- 3.8. '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 Resources and Finance 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 S151 Officer and / or the Monitoring Officer.

4. ARGUMENTS/CONCLUSIONS

- 4.1. The AGS has been prepared, in accordance with professional guidance, and accompanies the Statement of Accounts. The Resources and Finance committee approved the draft AGS on 19 June 2017. It has also been reviewed by the external auditors, and 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 – Annual Governance Statement

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
None	LGSS, Room 207 The Grange Ely	Duncan Wilkinson, Chief Internal Auditor duncan.wilkinson@milton-keynes.gov.uk Rachel Ashley-Caunt Head of Internal Audit RAshley-Caunt@rutland.gov.uk Jonathan Tully Principal Audit Manager jonathantully@norwich.gov.uk