

Meeting:	Audit and governance committee
Meeting date:	Tuesday 8 May 2018
Title of report:	Annual Governance Statement 2017/18
Report by:	Chief Finance Officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To seek the views of the committee as to whether the draft annual governance statement properly reflects the risk environment the council is operating in and the appropriateness of any actions required to improve it.

The council is required to publish a statement annually which explains to the community, service users, tax payers and other stakeholders our governance arrangements and how the controls we have in place manage risks of failure in delivering our outcomes and reflecting our particular features and challenges. The draft statement is attached at appendix 1 and sets out the arrangements we have in place, the outcome of a review of their effectiveness and actions we are taking to make improvements.

The draft will be published with our draft statement of accounts and a final draft will be presented to the committee for approval in July once the internal and external auditors' opinions in respect of 2017/18 are available.

Recommendation(s)

That:

- (a) **the committee determine whether the draft annual governance statement at appendix 1 properly reflects the risk environment the council is operating in and that actions identified are an appropriate response.**

Alternative options

1. There are no alternatives to publishing an annual governance statement which is a requirement of the Accounts and Audit Regulations 2015.
2. It is open to the committee to propose amendments to the draft statement to ensure it accurately reflects the council's governance arrangements and their effectiveness, and to ensure that proposed actions are appropriate.

Key considerations

3. The council is required to publish a statement annually which explains to the community, service users, tax payers and other stakeholders our governance arrangements and how the controls we have in place manage risks of failure in delivering our outcomes and reflecting our particular features and challenges.
4. At its meeting on 26 January the committee agreed a timetable for the production of the annual governance statement as follows:
 - 8 May 2018 - the committee receives a draft statement in order to provide assurance that the statement accurately reflects the strength of the council's governance and internal control processes, on the basis of the knowledge available to the committee at that time
 - End May 2018 – the draft statement is published with the draft accounts
 - 30 July 2018 – external and internal auditors' opinions are presented to enable the committee to confirm whether or not those opinions raise any new issues which should be reflected in the final annual governance statement
 - End July 2018 – having regard to any recommendations made by the committee the final statement is signed by the Leader and Chief Executive for publication with the statement of accounts
 - 23 January 2019 – the committee receives a progress report on implementation of the action plan
5. The preparation and publication of the annual governance statement has been carried out in accordance with the guidance produced by the Chartered Institute of Public Finance and Accountancy: 'Delivering Good Governance in Local Government'.
6. The guidance suggests that statements should be meaningful but brief, high level, strategic and written in an open and readable style, and should include:
 - an acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance
 - reference to and assessment of the effectiveness of key elements of the governance framework (set out in the code of corporate governance) and the role of those responsible for the development and maintenance of the governance environment,

such as the council, the executive, the audit committee, internal audit and others as appropriate

- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework
 - 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 annual governance statement have been resolved
 - a commitment to monitoring implementation as part of the next annual review
7. Since the last statement and action plan was produced Council has adopted a revised code of corporate governance as part of its new constitution. The current refresh of the constitution has not identified any proposed changes for this code.
8. The process for the review of effectiveness has been strengthened this year through the introduction of manager and statutory officer assurance statements. Whilst the annual governance statement is by nature a high level and strategic summary, the statement process has enabled areas for improvement at a team or service level to be identified and included in relevant service plans as necessary.

Community impact

9. Corporate governance is the term used to describe the systems, processes, culture and values the council has established to ensure we provide the right services, to the right people in a timely, open, and accountable way. Good corporate governance encourages better informed longer-term decision making using resources efficiently, and being open to scrutiny with a view to improving performance and managing risk.
10. The annual review ensures that our arrangements are effective in supporting achievement of the council's vision and corporate plan priorities.

Equality duty

11. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
- A public authority must, in the exercise of its functions, have due regard to the need to -
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
12. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Compliance with our code of conduct ensures that we demonstrate how we are fulfilling this duty.

Resource implications

13. None associated with the recommendations. If the committee proposes further actions the resource implications of implementing those actions will need to be considered.

Legal implications

14. The Accounts and Audit Regulations 2015 include a requirement for all councils to produce an annual governance statement, and set out the timescales by which they must be published. The draft statement ensures that the council will comply with these requirements.

Risk management

15. The statement itself identifies any high level or strategic governance risks and the action plan provides mitigation to those risks.

Consultees

16. The views of the council's appointed Independent Person, Mr R Stow, were sought in the drafting of the statement. Mr Stow expressed concerns about the degree to which the principles of openness and transparency were upheld in relation to the naming of parish councils in the annual report on code of conduct matters and suggesting ways in which the standards procedure for member code of conduct complaints could be improved to strengthen adherence to the principle of behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. The annual governance statement reflects these views and notes that they are being addressed through the current review of the constitution (including the code of conduct and associated procedures).

Appendices

Appendix 1: Draft Annual Governance Statement 2017/18

Background papers

Statutory Officer and Director Assurance Statements