

DRAFT ANNUAL GOVERNANCE STATEMENT 2019 - 20

To: **Audit & Accounts Committee**

Date: **30th July 2020**

From: **Duncan Wilkinson, Chief Internal Auditor**

Electoral division(s): **All**

Forward Plan ref: **N/A** *Key decision:* **N/A**

Purpose: **This report presents the Annual Governance Statement (AGS) for 2019-20 for consideration by the Audit and Accounts Committee, prior to sign off by the Chief Executive and the Chairman of the General Purposes Committee.**

Recommendation: **Audit and Accounts Committee is requested to consider if the AGS published alongside the Statement of Accounts on page 234 onwards on the original page numbering of the Accounts appendix document is consistent with the Committee's own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 3.2.**

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1.0 PURPOSE

- 1.1 The Council is required to include an Annual Governance Statement (AGS) as part of the Annual 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 Chairman of the General Purposes Committee.
- 1.2 The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure. Similarly its disclosures should not be mis-used which can create a 'blame culture' that in itself undermines governance.
- 1.3 The draft AGS is presented to the Audit and Accounts Committee in order to ensure that it reasonably reflects the Committee's knowledge and experience of the Council's governance and control.

2.0 BACKGROUND

- 2.1 The draft AGS included in Appendix A of the next report on the agenda titled 'Draft CCC Statement of Accounts 2019/20' has been compiled by staff in Internal Audit and Risk Management based upon the following sources of evidence:
 - 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.
 - Self-assurance statements prepared by directors;

3.0 The Annual Governance Statement

- 3.1 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 key elements identified in the Statement are:
 - 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.

3.2 '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;
- Have resulted in formal action being undertaken by the Chief Financial Officer and / or the Monitoring Officer.

4.0 RECOMMENDATION

4.1 The Audit and Accounts Committee is requested to consider whether the draft AGS published alongside the Statement of Accounts from page 234 is consistent with the Committee's own perspective on internal control within the organisation and the definition of significant governance and control issues noted in paragraph 3.2 above.

Source Documents: AGS included in Appendix A report 6 on the 30th July Audit and Accounts Committee 2020 agenda titled 'Draft CCC Statement of Accounts 2019/20'