

**Report to** Audit committee  
23 June 2015  
**Report of** Head of internal audit, LGSS  
**Subject** Draft annual governance statement 2014-15

**Item**

**8**

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### **Purpose**

To review the effectiveness of the council's governance arrangements and approve the draft annual governance statement for 2014-15.

### **Recommendations**

To:

- (1) review the effectiveness of the council's governance arrangements;
- (2) approve the draft annual governance statement for 2014-15.

### **Corporate and service priorities**

The report helps to meet the corporate priority "Value for money services".

### **Financial implications**

None directly.

**Ward/s:** All wards

**Cabinet member:** Councillor Stonard – Resources and income generation

### **Contact officers**

Neil Hunter 01223 715317

Steve Dowson 01603 212575

### **Background documents**

None

# Report

## Background

1. One of the requirements in the Accounts and Audit Regulations 2015 is for the reporting of an annual governance statement (AGS) for the financial year 2014-15. The governance statement provides public assurance that the council's governance framework is adequate and effective.
2. In 2001 CIPFA and SOLACE produced a framework of good governance for use in local government. The framework recommended that local authorities review their existing governance arrangements and report annually on their effectiveness in practice.
3. The framework states that "good governance leads to good management, good performance, good stewardship of public money, good public engagement, and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk."
4. Using the principles in section three of the framework the council adopted a revised code of governance in October 2008. In November 2014 the council approved an update to the code to include the additional governance requirements from the CIPFA statement on the role of the chief financial officer in local government.
5. Both the framework and the CIPFA code of practice on local authority accounting in the United Kingdom 2014-15 state that the governance statement should cover all significant corporate systems, processes and controls, including in particular those designed to ensure that:
  - the authority's policies are implemented in practice
  - high quality services are delivered efficiently and effectively
  - the authority's values and ethical standards are met
  - laws and regulations are complied with
  - required processes are adhered to
  - performance statements and other published performance information are accurate and reliable
  - human, financial and other resources are managed efficiently and effectively.
6. The draft statement has already been considered by the corporate leadership team, chief finance officer and monitoring officer.
7. The draft annual governance statement accompanies the statement of accounts which has to be published by 30 June, but may subsequently be amended following review by the external auditor (EY).

## **The annual review of the effectiveness of governance arrangements**

8. The framework requires that the council should undertake regular, at least annual, reviews of its governance arrangements to ensure continuing compliance with best practice as set out in the framework. It is important that such reviews are reported on both within the council, in the council's case to corporate leadership team and audit committee, and externally with the published accounts, to provide assurance that:
  - governance arrangements are adequate and operating effectively in practice, or
  - where reviews of the arrangements have revealed gaps, action is planned that will ensure effective governance in future.

## **The draft annual governance statement**

9. The draft annual governance statement for 2014-15 accompanies the unaudited statement of accounts for the year ending 31 March 2015 which will be reported to audit committee in July. The draft governance statement can be found at **appendix 1**.
10. A 'good' governance statement is an open and honest self-assessment of the council's performance across all of its activities, with a clear statement of the actions being taken or required to address any areas of concern.
11. The format and contents follow the guidance in the CIPFA/SOLACE framework and addendum. The statement also complies with the requirements of the CIPFA code of practice on local authority accounting in the United Kingdom 2014-15.