

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	ANNUAL GOVERNANCE STATEMENT 2018-19		
DATE OF DECISION:	11 FEBRUARY 2019		
REPORT OF:	CHIEF FINANCIAL OFFICER		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
None			
BRIEF SUMMARY			
In accordance with the Accounts and Audit Regulations the Council is required to develop and publish an Annual Governance Statement ('AGS'). The AGS reports on the extent to which the Council has complied with its Code of Corporate Governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year and on any planned changes in the coming period.			
RECOMMENDATIONS:			
	(i)	To note and approve the assurance gathering process to support the development of the 2018-19 AGS (Appendix 1).	
	(ii)	To note the status of the agreed actions arising from the 2017-18 AGS (Appendix 2).	
REASONS FOR REPORT RECOMMENDATIONS			
1.	The Governance Committee has responsibility to provide independent assurance on the adequacy of the risk management framework and the internal control and reporting environment, including (but not limited to) the reliability of the financial reporting process and the annual governance statement.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	The development and publication of an AGS is a requirement under the Accounts and Audit Regulations.		
DETAIL (Including consultation carried out)			
3.	Regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 requires that the relevant body must conduct a review at least once a year of the effectiveness of its system of internal control and to prepare a statement on internal control in accordance with proper practices.		
4.	The purpose of the AGS, which is published with the Statement of Accounts, is to provide an accurate representation of the corporate governance arrangements in place during the year and to identify or highlight those areas where there are significant gaps or where improvements are required.		
5.	The AGS is produced following a review of the Council's governance arrangements. The review requires the systems and processes that comprise the Council's corporate governance arrangements to be brought together and reviewed.		

6.	The 'assurance gathering process' to support development of a robust AGS remains unchanged from the previous year. This is on the basis that the process is considered to be aligned with good practice and that the council's external auditors, Ernst & Young, did not identify any areas of concern when considering the AGS. This is reflected in their 'Annual Audit Letter for the year ended 31 March 2018' presented to the Governance Committee at the November 2018 meeting. The external auditors, as part of their programme of work "consider the completeness of disclosures in the Council's AGS, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading".
7.	The key elements of the assurance gathering process comprise completion of the updated 'Assurance Framework' document together with 'Annual Governance - Self Assessment Statement' that is required to be completed by each Service Director. Both the documents cover the key processes and systems that comprise the Council's governance arrangements and are intended to identify any areas where improvement or further development is required.
8.	<p>The Council has in place a 'Controls Assurance Management Group' (comprising the Section 151 Officer, Chair of the Governance Committee, Monitoring Officer, Chief Strategy Officer (or equivalent) and the Chief Internal Auditor) which is responsible for evaluating the assurances and supporting evidence provided, and for drafting the AGS. This reflects CIPFA/Solace guidance which confirms that authorities should nominate an individual or group of individuals within the authority who have appropriate knowledge and expertise and levels of seniority to:</p> <ul style="list-style-type: none"> • Consider the extent to which the authority complies with the principles of good governance; • Identify systems, processes and documentation that provide evidence of compliance; • Identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified; • Identify issues that have not been addressed in the authority and consider how they should be addressed; and • Identify the individuals who would be responsible for undertaking the actions that are required.
9.	As per Appendix 1 the draft AGS will be presented to the Governance Committee on two occasions for review and approval prior to being forwarded to the Chief Executive and Leader of the Council for signing.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
10.	None
<u>Property/Other</u>	
11.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
12.	The Accounts and Audit (England) Regulations 2015 require that the Council must each financial year conduct a review of the effectiveness of the system of internal control and prepare an AGS for approval by a committee

	or members of the authority. The AGS must be approved in advance of the relevant authority approving the statement of accounts.	
Other Legal Implications:		
13.	None	
RISK MANAGEMENT IMPLICATIONS		
14.	The assurance gathering process as detailed in the body of the report together with process and timelines document (Appendix 1) manage the risk in respect of the need to comply with the Accounts and Audit Regulations.	
POLICY FRAMEWORK IMPLICATIONS		
15.	None	
KEY DECISION		No
WARDS/COMMUNITIES AFFECTED:		n/a
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	AGS 2018-19: Process and Timelines	
2.	AGS 2017-18: Action Plan Status Report	
Documents In Members' Rooms		
1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None	