

Agenda Item No: 11

Report No: 84/17

Report Title: Annual Governance Statement 2017

Report To: Audit and Standards Committee **Date: 19 June 2017**

**Ward(s)
Affected:** All

Report By: Head of Audit and Counter Fraud

**Contact
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Purpose of Report:

To seek Councillors' approval to the draft Annual Governance Statement (AGS) 2017

Officer's Recommendation(s):

- 1** To comment on and approve the draft Annual Governance Statement (AGS) 2017 (shown at Appendix A).
 - 2** To delegate to officers any final adjustments required to the AGS in the period up to the approval of the Statement of Accounts in September 2017.
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Reasons for Recommendations

- 1** To meet the Council's legal requirement to produce an Annual Governance Statement (AGS).

Information

2 Background

- 2.1** Lewes District Council is required to prepare an AGS each year in accordance with the statutory requirement set out in the Accounts and Audit Regulations, the most recent reference being regulation 6 (1) of the Accounts and Audit Regulations 2015. The AGS covers the whole control framework of the Council rather than just those controls that have a financial aspect.
- 2.2** The Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives (CIPFA/SOLACE) issued updated

guidance in 2016 on what should be included in the AGS with effect from the financial year 2016/17¹.

- 2.3** The AGS is presented to enable members to comment on and approve it in advance of its publication with the draft Statement of Accounts by 30 June 2017. Adjustments can be made to the AGS up to the date of approval of the audited Statement of Accounts which must be published by 30 September 2017.

3 Form and content of the Annual Governance Statement

- 3.1** The CIPFA/SOLACE guidance (2016) recommends that the following information be included:

- **Scope of responsibility:** An acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and reference to the authority's Code of Corporate Governance.
- **Reference to and an assessment of the effectiveness of the key elements of the governance framework:** This should include the role of those responsible for the development and maintenance of the governance environment, such as:

- (i) the Authority,
- (ii) the Executive (the Cabinet),
- (iii) the Audit and Standards Committee,
- (iv) Internal Audit, and
- (v) Others as appropriate

- **Significant governance issues:** An agreed plan showing actions taken, or proposed to deal with, significant governance issues.
- **Previous issues:** A reference to how issues raised in the previous AGS have been resolved.
- **Conclusion:** A commitment to monitoring implementation as part of the next annual review.
- **Opinion on assurance:** 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.

- 3.2** The new guidance is less prescriptive which means councils can adopt more innovative approaches in preparing their AGS's.

4 Assurance and the Annual Governance Statement

- 4.1** Best practice recommends that a system of management assurance is in place to underpin the AGS. The Council's assurance framework was

¹ Delivering Good Governance in Local Government - Framework and Guidance Notes (2016)

adopted in 2006 and is subject to regular review by the Head of Audit and Counter Fraud.

4.2 With reference to the assurance framework the following steps take place:

- The Deputy Chief Executive, Assistant Director – Legal and Democratic Services and the Head of Audit and Counter Fraud draft the AGS, evaluating sources of assurances and the supporting evidence. The AGS is also circulated and reviewed with key officers (April/May 2017).
- The Corporate Management Team each complete assurance statements for their service areas and then review the draft AGS and consider significant governance issues (May 2017).
- The Audit and Standards Committee comment on and approve the draft AGS (June 2017).
- The AGS is published with the draft Statement of Accounts (30 June 2017).
- The AGS with any amendments required is included with the Statement of Accounts and presented to the Audit and Standards Committee (September 2017).
- The AGS is signed off by the Leader of the Council and Chief Executive by 30 September 2017.
- The AGS is published with the audited Statement of Accounts (30 September 2017).

4.3 The AGS will also be published on the Council's website.

4.4 The Code of Practice on Local Authority Accounting 2016/17 requires that a specific statement is included in AGS on whether or not the Council's financial arrangements conform to the CIPFA requirements for the Role of the Chief Financial Officer in Local Government (2015).

5 Code of Corporate Governance

5.1 The CIPFA/SOLACE guidance (2016) has revised the principles for good governance for local government. A review of the Council's Code of Corporate Governance, and that of Eastbourne Borough Council, is underway to take account of the revised principles. The aim is for this work to be completed by the time the AGS is signed on 30 September 2017. This review is being undertaken by the Head of Audit and Counter Fraud and the Assistant Director – Corporate Governance. This work will ensure a consistent approach to corporate governance at both Lewes District Council and Eastbourne Borough Council.

6 Financial Appraisal

6.1 There are no additional financial implications arising from this report.

7 Legal Implications

7.1 None other than those identified in the body of the report.

8 Risk Management Implications

- 8.1** Failure to produce an AGS and maintain proper assurance arrangements to support its production can reduce the likelihood of the Council meeting its objectives and attract criticism from the Council's stakeholders and the Council's external auditor. The Audit and Standards Committee review of the AGS significantly reduces these risks.

9 Sustainability Implications

- 9.1** I have not completed the Sustainability Implications Questionnaire as this report is exempt from the requirement because it is a progress report.

10 Equality Screening

- 10.1** I have given due regard to equalities issues and, as this is an internal monitoring report, screening for equalities is not required.

11 Background Papers

- 11.1** Lewes District Council Local Code of Corporate Governance (Updated March 2016) <http://www.lewes.gov.uk/council/3748.asp>

12 Appendices

- 12.1** Appendix A: Draft Annual Governance Statement 2017.