

Agenda Item No: 7 **Report No:** 126/115

Report Title: Annual Governance Statement 2015

Report To: Audit and Standards Committee **Date:** 28 September 2015

Ward(s) Affected: All

Report By: Head of Audit, Fraud and Procurement

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Purpose of Report:

To seek Councillors' approval of the draft Annual Governance Statement 2015

Officer's Recommendation(s):

- 1 To approve the draft Annual Governance Statement 2015 (shown at Appendix A).
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Reasons for Recommendations

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

Information

2 Background

- 2.1** Lewes District Council is required to prepare an Annual Governance Statement (AGS) each year in accordance with the statutory requirement set out in the Accounts and Audit Regulations, the most recent reference being regulation 4(3) of the Accounts and Audit Regulations 2011. The AGS covers the whole control framework of the Council rather than those controls which simply have a financial aspect.
- 2.2** The Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives (CIPFA/SOLACE) in their report, Delivering Good Governance in Local Government (2007), issued guidance on the form and content of the AGS. This guidance has been followed in compiling the statement.
- 2.3** The AGS is presented to this meeting as CIPFA best practice recommends that it should be approved at the same time as the Statement of Accounts. The Accounts and Audit Regulations require that

the AGS is included with the Statement of Accounts. Accordingly the AGS is inserted after the Independent Auditor's report at the end of the Statement of Accounts.

3 Form and content of the Annual Governance Statement

3.1 The CIPFA/SOLACE framework 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).
- **The purpose of the governance framework:** An indication of the level of assurance that the systems and processes that comprise the authority's governance arrangements can provide.
- **The governance framework:** A brief description of the key elements of the governance framework including reference to group activities where those activities are significant.
- **The review of effectiveness:** A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements including some comment on the role of:
 - (i) the Authority
 - (ii) the Executive (the Cabinet)
 - (iii) the Audit and Standards Committee/Scrutiny Committee/risk function
 - (iv) Internal Audit
 - (v) other explicit review/assurance mechanisms
- **Significant governance issues:** An outline of the actions taken or proposed to deal with significant governance issues, including an agreed action plan.

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 adopted in 2006 and is subject to regular review by the Head of Audit, Fraud and Procurement, most recently in May 2015. With reference to the assurance framework the Director of Corporate Services, Assistant Director of Corporate Services and the Head of Audit, Fraud and Procurement draft the AGS. The AGS is then approved by the Audit and Standards Committee at the same time as the Statement of Accounts, and is then signed off by the Leader of the Council and Chief Executive.

4.2 The Code of Practice on Local Authority Accounting 2012/13 requires that a specific statement is included in AGS on whether or not the

Council's financial arrangements conform with the CIPFA requirements for the Role of the Chief Financial Officer in Local Government (2010).

5 Financial Appraisal

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

6 Legal Implications

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

7 Risk Management Implications

7.1 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.

8 Sustainability Implications

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

9 Equality Screening

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

10 Background Papers

10.1 Lewes District Council Local Code of Corporate Governance (Updated December 2014) <http://www.lewes.gov.uk/council/3748.asp>

11 Appendices

11.1 Appendix A: Draft Annual Governance Statement 2015.