

Body:	AUDIT AND GOVERNANCE COMMITTEE
Date:	25 JULY 2018
Subject:	Annual Governance Statement
Report Of:	Internal Audit Manager
Ward(s)	All
Purpose	To consider the Annual Governance Statement to be signed by the Council Leader and Chief Executive.
Recommendation(s):	The Committee considers and approves the Annual Governance Statement.
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1.0 Background

1.1 Corporate governance involves everyone in local government. Two definitions are:

“Ensuring the organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner” – Audit Commission.

“How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.” – CIPFA/SOLACE

1.2 The Council has a legal requirement to produce an Annual Governance Statement each year. The statement accompanies the Statutory Statement of Accounts once adopted.

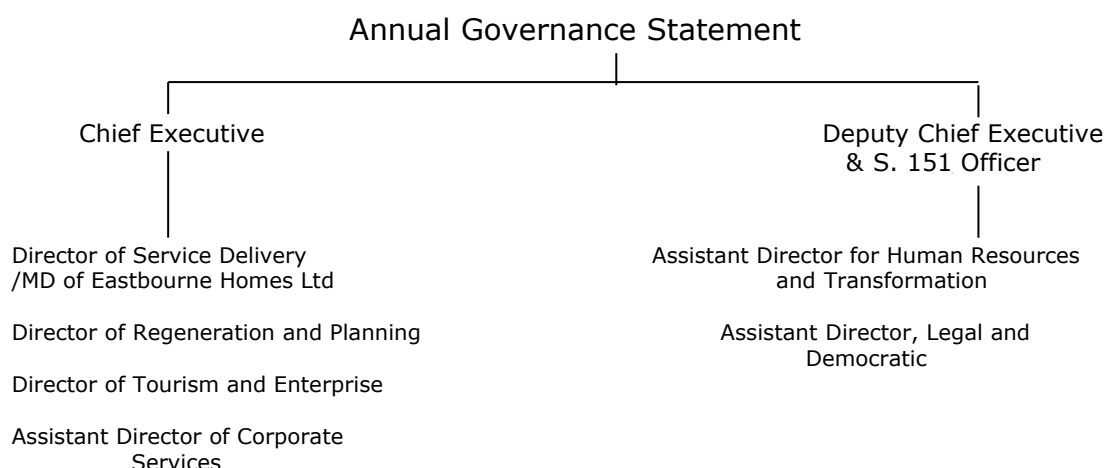
1.3 The Audit and Governance Committee is tasked with overseeing the risk management, internal control and reporting to the Council. A key component of this work is to approve the Annual Governance Statement.

2.0 Governance Framework

2.1 The Annual Governance Statement is the report produced at the end of the year on the control environment of the Council. However this is just the end product of the framework of governance operating within the

authority throughout the year.

- 2.2 Appendix 1 shows the framework for gathering the assurances and how this is affected by and affects the relationship with partners, stakeholders and the community. Following this framework should ensure that the Council meets the six principles of corporate governance.
- 2.3 Use of this framework also allows the Council to demonstrate how its assurance gathering process links the strategic objectives and statutory requirements of the authority and how these objectives are to be delivered.
- 2.4 Appendix 2 shows a timetable for the gathering of assurances to produce the Annual Governance Statement. Certain elements are ongoing throughout the year whereas others are specifically produced at the year-end in order to feed directly into the Annual Governance Statement.
- 2.5 It is important to have a defined timeline for the gathering of information on assurance as there is a deadline for the publication of the Statement of Accounts alongside of which the Annual Governance Statement must be published.
- 2.6 Appendix 3 shows the Managers' Assurance Statement which includes coverage of the Bribery Act, Safeguarding, RIPA and frauds over £10k. The statements are intended to cover the operational, project and partnership responsibilities of Heads of Service. These can also be used to highlight concerns and actions required to improve governance throughout the Council.
- 2.7 These statements are completed by Directors, Assistant Directors and Heads of Service. The comments made on the statements are considered for inclusion in the Annual Governance Statement.



3.0 Annual Governance Statement

3.1 The Annual Governance Statement is a document that provides a structure in which to consider the Council's governance arrangements and their effectiveness. This ensures that major control issues are identified and action taken to address these issues.

3.2 There are essentially three parts to the statement:

- A statement of responsibility and purpose
- A description of the components of the governance framework that exist in the Council
- The resulting issues and actions arising from those arrangements

3.3 The Annual Governance Statement also carries a statement on the adequacy of the Authority's counter fraud arrangements.

4.0 The 2017/18 Review

4.1 The 2017/18 governance issues and subsequent action plan has been compiled from:

The annual report of the Internal Audit Manager
Corporate Management Team
Scrutiny reports
Standards reports
External Audit reports
Reports of external review bodies
Managers' Assurance Statements
Evidence from the Council's Monitoring Officer(s)
Review by the Deputy Chief Executive and Audit Manager (Eastbourne).

4.2 This Council is continuing with its transformation programme. Eastbourne is working with Lewes District Council on a Joint Transformation Programme. This will create a more flexible, customer-focussed and cost-effective way of delivering services by integrating Eastbourne Borough and Lewes District to form a single team. These changes will both improve customer service and reduce costs enabling each authority to reach their savings targets by 2020. A strategy for integration of services across the Councils has been agreed and from January 2016 the authorities share a Chief Executive. The Cabinets of both authorities have agreed the Joint Transformation Programme Business Case and Implementation Plan.

4.3 Completed Managers' Assurance Statements were returned from all Directors, Assistant Directors and Heads of Service and from Eastbourne Homes Limited. Many statements contained minor concerns around the impact of the Joint Transformation Programme. These included: ensuring officer delegations are updated, aligning policies, testing effectiveness of IT to deliver efficiencies, ongoing vacancies, training staff, developing new teams and building a joint culture.

CMT were asked to consider whether any of these individual issues or the Joint Transformation Programme as a whole should be noted as a significant

governance issue or just noted in the body of the Annual Governance Statement.

CMT agreed these risks still exist and felt that the statement made last year in the Annual Governance still stands with a couple of additions which covered other minor issues highlighted. The following paragraph is therefore included in the body of the Annual Governance Statement.

CMT recognised that these were indeed risks inherent in the current programme. However it is felt that these risks are being prioritised and work is ongoing to mitigate the risks. Phase one of the programme has gone well and it is felt that this demonstrates that controls are already in place. For example, extended notices have already been issued for those leaving post where the transfer of knowledge is important. The bulk of recruitment was carried out in January 2018 and most vacancies were filled by the end of the financial year. There is also a new development programme in place Heads of Service. It was therefore agreed that it should appear in the body of the Annual Governance Statement but not as a separate significant governance issue.

4.4 Cipfa suggests it is good practice to make a statement on the adequacy of an authority's counter fraud arrangements in the annual governance report. In September 2015 it produced a Counter Fraud Assessment Tool to sit alongside its Code of Practice on Managing the Risk of Fraud and Corruption.

4.5 Having considered all the principles the Head of Audit and Counter Fraud is satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

5.0 Recommendation

5.1 The committee considers and approves the Annual Governance Statement

Jackie Humphrey
Internal Audit Manager

Background Papers:

The Background Papers used in compiling this report were as follows:

None