

Report Title: Annual Governance Statement 2018

Report To: Audit and Standards Committee **Date:** 17 July 2018

Ward(s) Affected: All

Report By: Head of Audit and Counter Fraud

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Purpose of Report:

To seek Councillors' approval to the draft Annual Governance Statement (AGS) 2018

Officer's Recommendation(s):

- 1 To comment on and approve the draft Annual Governance Statement (AGS) 2018 (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 July 2018 (or deferred date).
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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 ¹.
- 2.3 The AGS is presented to enable members to comment on and approve it at this meeting of the Committee so that it can be included with the

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

Statement of Accounts. Adjustments can be made to the AGS up to the date of approval of the Statement of Accounts.

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 the 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.

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 and Counter Fraud. In 2017/18 a process of alignment in the management assurance arrangements between Lewes District Council and Eastbourne Borough commenced.

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

- The Corporate Management Team (CMT) and Heads of Service each complete assurance statements for their service areas and consider whether there are any significant governance issues (May/ June 2018).
- 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 (May/ June 2018).
- CMT as whole review the draft AGS (June 2018)
- The Audit and Standards Committee comment on and approve the draft AGS so that it can be included with the Statement of Accounts (July 2018 (subject to deferment)).
- The AGS is signed off by the Leader of the Council and Chief Executive by 31 July 2018 (subject to deferment)

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

4.4 The Code of Practice on Local Authority Accounting 2017/18 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) revised the principles for good governance for local government. A review of the Council’s Code of Corporate Governance (the Code), and that of Eastbourne Borough Council, was completed in September 2017. It was approved at the Audit and Standards Committee in September 2017 and Full Council approved the inclusion of the Code in the Councils Constitution at its October, 2017 meeting.

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 September 2017) <https://www.lewes-eastbourne.gov.uk/access-to-information/financial-information/corporate-governance/>

12 Appendices

12.1 Appendix A: Draft Annual Governance Statement 2018.