

Report of City Solicitor

Report to Corporate Governance and Audit Committee

Date: 24th June 2016

Subject: Annual Governance Statement

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The Council has a duty to undertake an annual review of the effectiveness of its system of internal control. Following that review a committee, in our case the Corporate Governance and Audit Committee, must approve an annual governance statement.
2. The review of effectiveness of the Council's Governance arrangements, has been informed by matters considered by;
 - Executive Board
 - Corporate Governance and Audit Committee (particularly assurance reports from officers reporting to the committee)
 - Reports and opinions from;
 - Internal Audit
 - External Audit
 - Inspectorates
 - Appropriate enquiries of management and staff with relevant knowledge and experience.
3. The attached draft Annual Governance Statement has been prepared in accordance with proper practices specified by the Accounts and Audit Regulations 2015.

Recommendations

Corporate Governance and Audit Committee is asked to;

- i. Agree that the attached draft Annual Governance Statement be released to accompany the draft accounts when they are placed on public deposit.
- ii. Authorise the Chair to agree any additions/amendments to the Statement that may be necessary following the receipt of the External Auditor's opinion.

1 Purpose of this report

- 1.1 The purpose of this report is to present the Annual Governance Statement (AGS) to the committee for approval.

2 Background information

- 2.1 The Annual Governance Statement is a public statement on the adequacy of the Council's governance arrangements, and, as directed by the Accounts and Audit (England) Regulations 2015, must accompany the statement of accounts.
- 2.2 The Regulations, specifically Regulation 6 requires authorities to conduct a review at least once a year of the effectiveness of its systems of internal control in accordance with 'proper practices'¹. These proper practices have been used as the basis for preparing the AGS which appears at Appendix 1.

3 Main issues

- 3.1 This year, as last, the review of effectiveness has been undertaken on an ongoing basis including internal and external audit of our internal control processes, and matters that have been the subject of reports to Corporate Governance and Audit Committee, the Executive Board and other member forums. In addition Directors have reviewed the attached statement and have confirmed that, to the best of their knowledge and belief, all matters of significance have been disclosed.
- 3.2 KPMG have yet to review the draft Annual Governance Statement and the comments of the External Auditor are usually contained within the 'Report to those Charged with Governance' due to be issued by KPMG in September. However as a result of requirements contained in Accounts and Audit Regulations 2015 the Authority must release an approved Annual Governance Statement (or a draft) to accompany the Accounts when they are placed on deposit.
- 3.3 Corporate Governance and Audit Committee is asked to agree the attached draft Annual Governance Statement and authorise the Chair to agree any additions/amendments to the Statement that may be necessary following the receipt of the External Auditor's opinion.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Corporate Leadership Team has been consulted on content of the draft Annual Governance Statement, particularly to ensure that there are no omissions or misrepresentations.
- 4.1.2 The draft Annual Governance Statement links to the objectives of the Council Business Plan relating to consultation– specifically that all major decisions affecting the lives of communities can evidence that appropriate consultation has taken place.

¹ CIPFA/SOLACE - Delivering Good Governance in Local Government Framework 2007

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 The draft Annual Governance Statement links to the objectives of the Council Business Plan relating to Equality – specifically that all major decisions needing to evidence that appropriate consideration has been given to equality issues.

4.3 Council Policies and City Priorities

4.3.1 The draft Annual Governance Statement reports that whilst progress has been made in agreeing policies and implementing procedures to govern the management of data and information, a number of incidents of data loss have occurred during the year.

4.3.2 Following approval of the statement a review of the Council's Code of Corporate Governance will be undertaken.

4.4 Resources and Value for Money

4.4.1 The draft Annual Governance Statement makes links to the objectives of the Council Business Plan relating to the budget and financial planning and management – specifically that all directorates work within their approved budget and that arrangements ensure the Council maintains revenue reserves.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The draft Annual Governance Statement is a public statement on the adequacy of the Council's governance arrangements, and as directed by the Accounts and Audit (England) Regulations 2015, must accompany the statement of accounts.

4.6 Risk Management

4.6.1 The Accounts and Audit (England) Regulations 2015, specifically Regulation 6, requires authorities to conduct a review at least once a year of the effectiveness of its systems of internal control in accordance with proper practices. The system of internal control, including arrangements for the management of risk, assists the Council in effectively exercising its functions.

4.6.2 In addition the committee and the Executive Board have received regular reports which demonstrate that there is an on-going process for identifying, evaluating and managing risks.

5 Conclusions

5.1 The draft Annual Governance Statement, subject to any views which may be received from the External Auditors, concludes that key systems are generally operating soundly and, where weaknesses have been identified arrangements, arrangements are in place to resolve them.

6 Recommendations

6.1 Corporate Governance and Audit Committee is asked to;

- i. Agree that the attached draft Annual Governance Statement be released to accompany the draft accounts when they are placed on public deposit.
- ii. Authorise the Chair to agree any additions/amendments to the Statement that may be necessary following the receipt of the External Auditor's opinion.

7 Background documents

7.1 None