

REPORT OF: FINANCIAL SERVICES MANAGER

TO: EXECUTIVE

DATES: 25th MAY 2017

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DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17

PURPOSE OF REPORT

The purpose of this report is to seek comments from the Executive on the Council's draft Annual Governance Statement for 2016/17.

RECOMMENDATION

It is recommended that Executive review and comment as appropriate on the draft Annual Governance Statement.

REASON FOR RECOMMENDATION

To give an opportunity for the Executive to comment on the Annual Governance Statement prior to it being signed by the Strategic Director and Council Leader and submitted for approval to the Accounts and Audit Committee in July together with the Statement of Accounts for 2016/17.

ISSUE

Background

1. In compliance with the CIPFA/SOLACE¹ 'Delivering Good Governance' Framework (as updated in 2016), the Council is required to undertake a review of its governance framework and arrangements and publish an Annual Governance Statement (AGS) as part of its Statement of Accounts.
2. Part 2 of the Accounts and Audit Regulation 2015 also make the production of the AGS a statutory requirement.
3. The purpose of the AGS process is to provide a continuous review of the effectiveness of the Council's Governance Framework so as to give assurance on its effectiveness and/or to produce a management action plan to address any issues highlighted. The process of preparing the AGS should add value to the corporate governance and internal control framework of the Council.

¹ Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE)

4. Corporate ownership of the AGS and its preparation is key. The AGS must be signed by the most senior officer (the Strategic Director) and the most senior Member (the Leader) of the Council. Both must be satisfied that the document is supported by reliable evidence and accurately reflects the Governance Framework and how it has operated in the last financial year. The document is, therefore, about the extent and adequacy of the framework and is not confined to financial issues.
5. A key component of the preparation of the AGS is the assurance gathering process. Evidence on the extent, adequacy and effectiveness of Governance Framework can be obtained from a range of sources including External Audit, Internal Audit, the Council's Performance Management System, the Risk Management process and so on. The diagram at [Appendix A](#) sets out broadly the framework for obtaining assurances to support the preparation of the AGS and the subsequent approval of the document.

The Annual Governance Statement 2016/17

6. Work has been underway to obtain the necessary assurances and evidence in support of the AGS which is now presented in draft at [Appendix B](#). This process is nearing completion and at this time the Executive is requested to consider the draft AGS and comment as appropriate. Following this, the AGS will be confirmed and signed off by Strategic Director and the Leader and submitted for formal approval to the Accounts and Audit Committee in July.

'Delivering Good Governance in Local Government: A Framework'

7. Amongst a number of related governance issues that arise from this is a requirement for the Council to state that it is compliant with the CIPFA *Statement on the Role of the Chief Finance Officer (CFO) in Local Government*; in particular that the CFO reports directly to the Head of Paid Service (Strategic Director) and is a member of the leadership team with a status equivalent to other members. Where this is not the case, the Council is required to explain publicly the reasons why the organisational arrangements differ but deliver the same outcome.
8. At this Council, the organisational arrangements for the CFO (the Financial Services Manager) do, and did so throughout 2016/17, comply with the requirements set out in the CFO Statement and, therefore, no further action is required other than to make this clear in the Annual Governance Statement.

IMPLICATIONS

Policy

9. There are no policy implications arising directly from the contents of this report.

Financial

10. There are no financial implications arising directly as a consequence of this report.

Legal

11. The review and production of the AGS is a statutory requirement as set out in Part 2 of the Accounts and Audit Regulations 2015.

Risk Management

12. The preparation of the AGS is part of the Council's risk management arrangements.

Health and Safety

13. There are no Health and Safety implications arising directly from the contents of this report.

Climate Change

14. There are no climate change or sustainability implications arising directly from this report.

Community Safety

15. There are no community safety issues arising directly from the contents of this report.

Equality and Diversity

16. There are no equality and diversity issues arising from the contents of this report.

APPENDICES

Appendix A - Annual Governance Statement – Framework for Preparation and Approvals

Appendix B - Draft Annual Governance Statement 2016/17

LIST OF BACKGROUND PAPERS

None.

Annual Governance Statement – Framework for Preparation and Approval

