

**TITLE OF REPORT: Annual Governance Statement 2015/16**

**REPORT OF: Darren Collins, Strategic Director, Corporate Resources**

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### **Purpose of the Report**

1. The Committee are asked to review the evidence of assurances provided on the Council's internal controls, risk management and governance arrangements, and approve the Annual Governance Statement 2015/16, attached at Appendix A.

### **Background**

- 2 The Accounts and Audit Regulations 2015 require Councils to produce an Annual Governance Statement giving an assessment of governance arrangements and their effectiveness. This accompanies the Annual Statement of Accounts and is signed by the Leader of the Council and the Chief Executive.
- 3 The Audit Committee agreed on 1 February 2016 the assurance framework which would provide evidence for the completion of the Annual Governance Statement. Assurances were required in the following areas:
  - Governance Arrangements
  - Cabinet Members
  - Senior Managers
  - The System of Internal Audit
  - Risk Management arrangements
  - Performance Management and Data Quality
  - Views of the external auditor and other external inspectorates.
  - The legal and regulatory framework
  - Financial controls
  - Partnership arrangements

### **Governance Arrangements**

- 4 The Council has developed a Local Code of Governance in line with the CIPFA/SOLACE publication "Delivering Good Governance in Local Government", and based on the Council's existing governance

arrangements. This was approved by the Council on 26 April 2007 and an updated version was agreed by the Audit and Standards Committee on 16 March 2015.

- 5 The effectiveness of the Council's governance arrangements will be considered through the assessment of assurances below.

### **Cabinet Members**

- 6 As in the previous year assurance has been sought from Members of the Cabinet on the effectiveness they feel can be placed on the Council's corporate governance arrangements. A report elsewhere on this agenda sets out the evidence to show that effective governance arrangements are in place.

### **Senior Managers**

- 7 Service Directors have completed self-assessment assurance statements detailing the level of assurance obtained from their key control processes and governance arrangements. The conclusion of this exercise is reported elsewhere on this agenda and found that managers agreed that effective control systems were in place.

### **The System of Internal Audit**

- 8 The Internal Audit Service has undertaken audit work throughout the year based on the risk based audit plan. In addition the Council has a framework of assurance available to satisfy that its risks have been properly identified and are being managed by controls that are adequately designed and effective in operation. This includes assurance from a variety of sources other than the Internal Audit Service, for example, the Health and Safety team. These other audit systems have been assessed as part of the Audit Plan.
- 9 The system of internal audit, which includes the Audit and Standards Committee has been reviewed and found to be operating effectively by the Council's Internal Control Group which met on 18 May 2016.
- 10 Based on this audit activity the overall opinion of the Chief Internal Auditor for the year 2015/16, which is reported elsewhere on this agenda in the Internal Audit Annual Report 2015/16, is that internal control systems, risk management and governance arrangements are considered to be effective.

### **Risk Management**

- 11 The Strategic Director, Corporate Resources reports elsewhere on this agenda that risk management arrangements during the year were effective.

## **Performance Management and Data Quality**

- 12 The Council has a Corporate Performance Management Framework which helps it deliver the priorities within the Council Plan. The monitoring of performance takes place at key performance points as identified in the framework including quarterly performance reported to Group Management Teams and Corporate Senior Officer meetings.
- 13 In addition performance is also monitored, measured, challenged and scrutinised on a six monthly basis at Cabinet and respective Overview and Scrutiny Committees.
- 14 The evidence arising from the performance management framework process for 2015/16 was presented to the Council's Internal Control Group on 18 May 2016. Based on this evidence the Group found that effective controls are in place.

## **Views of the External Auditor and other External Inspectors**

- 15 Mazars, the Council's external auditor, issued an Annual Audit Letter in October 2015 covering the financial year 2014/15. This comprised of two elements:
  - the audit of the Council's Statement of Accounts – an unqualified opinion was issued and presented to the Council's Accounts Committee on 30 September 2015
  - Value for Money Conclusion - the conclusion was that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
- 16 Other external inspectorates' reports have been issued from time to time on management and governance arrangements to the Council. The positive OFSTED report on Children Social Care informed the scope of the audit carried out during 2015/16.

## **The Legal and Regulatory Framework**

- 17 Assurance has been obtained from the Strategic Director, Corporate Services and Governance as the Monitoring Officer who has a legal duty to ensure the lawfulness and fairness of decision-making within the Council. The Council has a Constitution in place and compliance with established policies, procedures, laws and regulations is ensured by the requirement to give the Strategic Director, Corporate Services and Governance the opportunity to comment on every report submitted to a decision-making body. This evidence supporting an effective Legal and Regulatory Framework was presented to the Council's Internal Control Group on 18 May 2016.

## **Financial Controls**

18 Assurance has been obtained from the Strategic Director, Corporate Resources, who is designated as the responsible officer for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972, that financial controls are effective. Systems in place include Financial Regulations, the opportunity to comment on the financial implications of committee reports, monitoring meetings and evidence from internal and external audit. This evidence supporting effective financial controls was presented to the Council's Internal Control Group on 18 May 2016.

## **Partnership Arrangements**

19 Service Directors review partnerships within their service plans on an annual basis. As partners are key to the delivery of the Council's objectives assurance of their control and governance systems is required. Service Directors have also been required to provide assurance on governance arrangements through their self-assessment statements and all Services are required to identify, through their business plans, where delivery of activity could impact on partnership working.

20 Based on evidence arising from partnerships for 2015/16 effective controls are in place. This evidence was presented to the Council's Internal Control Group on 18 May 2016.

## **The Annual Governance Statement**

21 It was reported to the Audit Committee on 1 February 2016 that a group has been set up to continually monitor the control and governance environment and to produce the Annual Governance Statement. This group, the Internal Control Group, which is chaired by the Strategic Director, Corporate Resources and includes representatives of the Chief Executive, Strategic Director, Corporate Services and Governance, Internal Audit and Corporate Risk Management has reviewed the evidence from the sources of assurance above and prepared the Annual Governance Statement for 2015/16 which is attached at Appendix A.

22 Based on the evidence it has concluded that the Council's system of internal control and governance is effective.

23 The Annual Governance Statement therefore reflects this opinion and gives details of the evidence obtained to achieve it.

## **Recommendation**

24 The Committee is asked to approve the Annual Governance Statement to accompany the Statement of Accounts 2015/16 prior to it being passed to the Leader of the Council and Chief Executive for signature.