

**AUDIT COMMITTEE**  
**15 JULY 2019**

**ANNUAL GOVERNANCE STATEMENT**

**Cabinet Member** Cllr Bob Deed  
**Responsible Officer** Catherine Yandle, Group Manager for Performance, Governance and Data Security

**Reason for Report:** To present the Committee with the finalised Annual Governance Statement and Action Plan (Appendix A) and accompanying Corporate Governance Framework (Appendix B) for 2018/19

**RECOMMENDATION(S):** That the Committee approve the Annual Governance Statement and the Leader of the Council and the Chief Executive sign the Statement as per the statutory guidance.

**Relationship to Corporate Plan:** Having good governance arrangements and an effective internal control environment is a fundamental element of being a well managed council.

**Financial Implications:** None

**Legal Implications:** None

**Risk Assessment:** Failure to produce an Annual Governance Statement would result in the Council breaching the Accounts and Audit Regulations 2015.

**Equality Impact Assessment:** No equality issues identified for this report.

**1.0 Introduction**

- 1.1 Mid Devon District Council is required to prepare an Annual Governance Statement as per the requirements laid out in the Delivering Good Governance in Local Government: Framework (2016) and the CIPFA/LASAAC Code of Practice on Local Authority Accounting.
- 1.2 In addition Regulation 6(1) (a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control, and to include a statement reporting on the review with any published Statement of Accounts. Regulation 6(1) (b) of the Accounts and Audit Regulations 2015 require that for a local authority in England the statement is an Annual Governance Statement (AGS).
- 1.3 Delivering Good Governance in Local Government: Framework (2016) was an update to the 2007 publication. The Good Governance Framework sets out seven principles of Corporate Governance which are underpinned by supporting principles and requirements. Authorities are expected to comply

with the requirements of the Framework and thus meet the principles of good Corporate Governance, which are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

## **2.0 What is an Annual Governance Statement?**

2.1 The AGS should be an open and honest self-assessment of an authority's performance across all of its activities, with a clear statement of the actions being taken or that are required to address areas of concern. The AGS has been prepared in accordance with the CIPFA guidance entitled '*Delivering Good Governance in Local Government*'.

2.2 The AGS includes the following:

- An acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control)
- A description of the key elements of the systems and processes that comprise the governance arrangements
- A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements
- An outline of the proposed actions to be taken to deal with significant governance issues, including an action plan

## **3.0 Conclusion**

3.1 Following the review of the sources of assurance and evidence to support the AGS, it is the opinion of the Group Manager for Performance, Governance and Data Security that the Council's control environment was adequate in the 2018/19 financial year.

3.2 The areas where improvements are required are highlighted in the Action Plan accompanying the AGS. The action plan includes reference to the lead officers for each action and the target date for completion. The Committee will receive an update on the progress made against this action plan at their meetings throughout 2019/20.

3.3 It is a statutory requirement that the AGS is signed off by the Chief Executive (as most senior officer) and the Leader of the Council (as most senior

member), along with the Report and Accounts once they have been approved by the Audit Committee on the 15 July 2019.

- 3.4 The AGS has been subject to review by the Council's external auditor and their comments have been reflected in this document.

**Contact for more Information:** Catherine Yandle Group Manager for Performance, Governance and Data Security ext 4975

**Circulation of the Report:** Management Team and Cllr Bob Deed

**List of Background Papers:** None