

AUDIT COMMITTEE

31ST MAY 2016:

ANNUAL GOVERNANCE STATEMENT

Cabinet Member Cllr Clive Eginton, Leader
Responsible Officer Amy Tregellas, Head of Communities & Governance

Reason for Report: To present the Committee with the finalised Annual Governance Statement (Appendix B) and accompanying action plan (Appendix C) for 2015/16

RECOMMENDATION(S): The Governance Statement is approved 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 2003 (Amended 2006).

1.0 Introduction

1.1 Mid Devon District Council is required to prepare an Annual Governance Statement (AGS) as per the requirements laid out in the Good Governance Framework, introduced by CIPFA SOLACE in 2007 and is a statutory requirement set out in Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006.

1.2 Good Governance Framework also sets out the six 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:

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective

- Engaging with local people and other stakeholders to ensure robust public accountability.

1.3 This report gives Members an update on the progress against the last Annual Governance Statement Action Plan (Appendix A) and also includes the Annual Governance Statement for 2015/16 (Appendix B) and the accompanying action plan (Appendix C) for implementation during the 2016/17 financial year.

2.0 What is an Annual Governance Statement?

2.1 The Annual Governance Statement (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.

2.2 The Annual Governance Statement 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 (Section 3 of the Statement – Appendix A)
- A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements (Section 4 of the Statement – Appendix B)
- An outline of the proposed actions to be taken to deal with significant governance issues, including an action plan (Appendix B)

2.3 The Annual Governance Statement has been prepared in accordance with the CIPFA/SOLACE guidance entitled '*Delivering Good Governance in Local Government*' and the following sources of evidence have been obtained:

- Review and collation of evidence from the CIPFA/SOLACE annual governance statement framework
- Review of Internal Audit against the Public Sector Internal Audit Standards
- Evidence gathering meetings with each Head of Service and their relevant Service Managers
- Completion of a signed Governance Assurance Statement from each Head of Service
- Review of working practices against:
 - the CIPFA guidance on the role of the chief financial officer
 - the CIPFA guidance on the role of the Audit Committee
 - the Grant Thornton report titled Improving Council Governance
 - the Whistle-blowing Arrangements Code of Practice
 - the Local Government Fraud Strategy

3.0 Conclusion

3.1 Following the review of the sources of assurance and evidence to support the Annual Governance Statement, it is the opinion of the Head of Communities &

Governance that the Council's control environment was adequate in the 2015/16 financial year.

- 3.2 The areas where improvements are required are highlighted in the Action Plan accompanying the Annual Governance Statement (attached as Appendix C). The action plan includes reference to the lead officers for each action and the target date for completion.
- 3.3 It is a statutory requirement that the Annual Governance Statement 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 in July 2016.
- 3.4 The Annual Governance Statement has been subject to review by the Council's external auditor during the review of the Annual Report and Accounts and in previous years no recommendations have been made in respect of this document.

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Circulation of the Report: Management Team and Clive Eginton