



## Report of the Chief Legal Officer

Audit Committee – 13 August 2019

### Draft Annual Governance Statement 2018/19

<b>Purpose:</b>	This report provides the draft Annual Governance Statement 2018/19 and allows the Audit Committee the opportunity to contribute to the annual review of governance.
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Corporate Management Team, Legal, Finance and Access to Services.
<b>Recommendation(s):</b>	It is recommended that the Audit Committee reviews the Annual Governance Statement prior to approval by Council as part of the Statement of Accounts.
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#### 1. Introduction

- 1.1 The Council is required by the Accounts and Audit (Wales) Regulations 2014 to undertake a review of its governance arrangements, at least annually. The review is intended to show how the Council has complied with its Code of Corporate Governance.
- 1.2 The Audit Committee's role in Corporate Governance is set out in the Local Government (Wales) Measure 2011. Paragraph 9.2 of the

statutory guidance relating to the Measure states that one of the functions of the Audit Committee is to:

*'Review, scrutinise and issue reports and recommendations on the appropriateness of the authority's risk management, internal control and corporate governance arrangements'*

- 1.3 The review of governance is brought together in the Annual Governance Statement (AGS) which is to accompany the Council's Annual Statement of Accounts. The AGS is a key document informed by a number of both internal and external assurance sources.
- 1.4 This report provides the opportunity for the Audit Committee to review and contribute to the amended AGS prior to being signed off and published.

## **2. Code of Corporate Governance**

- 2.1 Following a number of high profile cases of failed corporate governance, in both the private and public sectors, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published a Framework for Delivering Good Governance in Local Government in 2007. The Framework was reviewed by CIPFA and SOLACE in 2015 to ensure it remained fit for purpose and a revised Framework was published in spring 2016. The new *'Delivering Good Governance in Local Government Framework 2016'* applies to annual governance statements prepared for the financial year 2016/17 onwards.

- 2.2 The revised framework defines governance as:

*'Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.'*

The Framework also states that:

*'To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.'*

*Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.'*

- 2.3 The Framework introduces 7 principles as follows:
  - A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - B) Ensuring openness and comprehensive stakeholder engagement.
  - C) Defining outcomes in terms of sustainable economic, social and environmental benefits.

- D) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E) Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F) Managing risks and performance through robust internal control and string public financial management.
- G) Implementing good practices in transparency, reporting and audit to deliver effective accountability.

2.4 To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework. It should therefore develop and maintain a local Code of Corporate Governance reflecting the principles set out in the Framework.

### **3. Annual Governance Statement**

3.1 The AGS should report publically on the extent to which the Council has complied with its own code of governance on an annual basis, including how it has monitored and evaluated the effectiveness of the governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the AGS should itself add value to the effectiveness of the corporate governance and internal control framework.

3.2 The draft AGS 2018/19 is attached in Appendix 1.

3.3 The final version of the AGS will be reported to Council in September before being signed by the Chief Executive and Leader and then published with the audited Statement of Accounts 2018/19.

### **4. Equality and Engagement Implications**

4.1 An EIA is not required as there are no equality and engagement implications associated with this report.

### **5. Financial Implications**

5.1 There are no financial implications associated with this report.

### **6. Legal Implications**

6.1 Production of the Annual Governance Statement is required under the Accounts and Audit (Wales) Regulations 2014 and supports the Annual Statement of Accounts.

**Background Papers:** None.

**Appendices:** Appendix 1 Draft Annual Governance Statement 2018/19.