



**Agenda
Item
9**

AUDIT AND GOVERNANCE COMMITTEE

Tuesday, 24 July 2018

ANNUAL GOVERNANCE STATEMENT 2017/18 (AG 11/18)

EXECUTIVE SUMMARY

1. The Accounts and Audit Regulations 2015 require councils to produce an Annual Governance Statement by 31st July in line with the conclusion of the audit of the Statement of Accounts.
2. The Annual Governance Statement is a key document that helps provide assurance to Members and other stakeholders as to how the governance of the Council is conducted, how effective it has been for the year and identifies major issues of concern raised by the Corporate Management Team and Head of Internal Audit together with emerging issues upon which the Council will need to focus over the coming year.
3. At the time of writing this report, the Annual Governance Statement for 2017/18 is still subject to audit and could change, but any changes made in the final stages of the audit would be presented to the Audit & Governance Committee at its meeting for approval.

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| Is the report Open or Exempt? | Open |
| Wards Affected: | All Wards within the District |
| Cabinet Member: | Councillor Stuart Lawson Cabinet Member with Responsibility for Resources |
| Supporting Officer: | Homira Javadi Chief Finance Officer (01394) 444529 homira.javadi@eastsoffolk.gov.uk |

1 INTRODUCTION

- 1.1 The Council has a duty to ensure that public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively. It also has a duty under the Local Government Act 2000 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is required to put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk to a reasonable level rather than eliminate all risk of failure to achieve the Council's policies, aims and objectives.
- 1.3 The Annual Governance Statement (AGS) is a key document that helps provide assurance to Members and other stakeholders as to the how governance of the Council is conducted, how effective it has been for the year and identifies major issues of concern raised by the Corporate Management Team and Head of Internal Audit together with emerging issues upon which the Council will need to focus over the coming year. The Council's AGS for 2017/18 is appended to this report.
- 1.4 The AGS is designed to give stakeholders greater assurance that the Council has a systematic strategy, framework and processes in place for the effective management of risk.
- 1.5 The Council's AGS embraces the seven core principles set out in the CIPFA framework: *Delivering Good Governance in Local Government*.
- 1.6 The overall effectiveness of the Council's governance arrangements continued to improve with positive assessments and feedback by Internal Audit, the Council's external auditors Ernst and Young LLP and other external bodies. However, almost inevitably, there continue to be areas to address and necessarily improvements are required to strengthen those overall controls.
- 1.7 The areas to address in 2018/19 within the Statement have been informed by:
- the outcomes of internal and external review bodies that report on the Council's effective governance performance during the year;
 - Corporate Management Team review and assurance (Corporate Governance arrangements);
 - the AGS Steering Group assessment and progress monitoring; and
 - changes in Government policy that impact across a wide range of the Council's activities.
- 1.8 The Council's Section 151 Officer (Chief Finance Officer) has a statutory obligation to ensure that the Council has an adequate and effective system of internal audit in place (Local Government Act 1972). A sound system of internal control and the management of risks are integral parts of the Council's corporate governance arrangements. As a consequence the Council's external auditors can place greater reliance on the outcomes of the work undertaken by the Internal Audit Team who completed their approved audit plan for the year and made recommendations as appropriate. The Audit & Governance Committee undertakes the role of an Audit Committee and monitors the progress against agreed actions and recommendations.
- 1.9 Section 4 of the AGS provides a summary and update of the key activities and reviews undertaken during the year. There remain three actions, as set out in the action plan within Section 5, relating to prior year that will be implemented in 2018/19. Appendix D provides a

progress update on the planned improvements carried forward from the 2016/17 AGS. All seven improvements have been completed during 2017/18.

2 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

2.1 The AGS is a statutory requirement by the Account and Audit Regulations 2015. The AGS does not link directly to the Vision of the Business Plan, but through securing good governance, the AGS will help to achieve the critical success factors and planned actions set out in the Business Plan.

3 FINANCIAL AND GOVERNANCE IMPLICATIONS

3.1 No financial implications have been identified.

4 CONSULTATION

4.1 There is no requirement upon the Council.

5 OTHER OPTIONS CONSIDERED

5.1 No other options considered.

6 REASON FOR RECOMMENDATION

6.1 To strengthen the Council's governance arrangements and to ensure any issues or risks are appropriately managed and resourced.

6.2 To provide further assurance to stakeholders that the Council's Statutory Statement of Accounts accurately represents the Council's overall financial position for the year.

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| RECOMMENDATIONS |
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| That the Committee approves the Annual Governance Statement for 2017/18. |
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| APPENDICES |
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| Appendix A | SCDC Annual Governance Statement 2017/18 |
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| BACKGROUND PAPERS – none other than published information |
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