

AUDIT AND RISK COMMITTEE

26 March 2019

ANNUAL GOVERNANCE STATEMENT

Report of the Director for Resources

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Oliver Hemsley, Leader and Portfolio Holder for Rutland One Public Estate & Growth, Tourism & Economic Development, Communications, Resources (other than Finance)	
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Ward Councillors	All	

DECISION RECOMMENDATIONS

That the Committee considers whether the Annual Governance Statement (AGS) fairly represents the governance framework in place at the Council and advises on whether there are any issues it would wish to see addressed or expanded upon in the Annual Governance Statement.

1 PURPOSE OF THE REPORT

- 1.1 To meet the statutory requirement for the Council to approve an AGS for inclusion in its published Statement of Accounts (SoA) for 2018/19. In advance of formal approval in July, the Committee is invited to consider an early draft.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 When publishing its SoA, the Council is required by regulation 4(3) of the Accounts and Audit Regulations 2011 to consider and approve an AGS. The function is delegated to this Committee. The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance suggests that the Committee considers a version of the Statement in advance.

- 2.2 The AGS, which is attached as Appendix A, sets out the Council's responsibilities, the purpose of the governance framework, a description of the governance framework itself, illustrated by examples, and its effectiveness.
- 2.3 The governance framework is designed to facilitate the achievement of the Council's aims and objectives and policies, identifying and managing any risks to a reasonable level. The framework is embedded in the Constitution and the policies, procedures, operations and systems in place.
- 2.4 The structure of the AGS remains largely unchanged from the prior year but the content has been updated.
- 2.5 The core principles of good governance 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
- 2.6 The AGS shows that we have arrangements in place to comply with these core principles.
- 2.7 Section 7.9 of 'Delivering Good Governance in Local Government' says that key elements of the structures and processes that comprise an authority's governance arrangements do not need to be described in detail in the annual governance statement if they are already easily accessible by the public.
- 2.8 The review of the effectiveness of the governance environment is informed by a number of methods, including internal and external audit reviews, consideration by Council, Cabinet and Scrutiny Panels of various matters including corporate performance, and assurance statements given by service managers in respect of their areas of responsibility. As part of the review of effectiveness, the Council must disclose the actions of any significant governance issues in relation to the Council achieving its vision.
- 2.9 Whilst it is for individual authorities to judge whether a matter is significant, the following tests might indicate a significant issue

- Might the issues seriously prejudice or prevent achievement of a corporate target?
 - Could the issue have a material impact on the accounts?
 - Could the issue divert resources from another important aspect of the business?
 - Does the Audit and Risk Committee advise it is significant?
 - Does Internal or External Audit regard it as significant?
 - Could the issue, or its impact, attract significant public interest, or seriously damage the reputation of the organisation?
- 2.10 Whilst Internal Audit and other reviewers have indicated that there are areas where internal controls must be improved, there are no significant areas of weakness identified that fall into any of the above categories. This is reflected by the overall Internal Auditor's positive opinion on the internal control framework. The Committee should therefore consider, based on its knowledge, whether it agrees with this assessment.
- 2.11 The AGS will be submitted to the External Auditors, along with the SoA, at the end of May. The AGS and SoA must be approved before the end of July 2019. The Section 151 Officer is responsible for preparing the SoA for submission, but the AGS is signed by the Leader and the Chief Executive following the review of this Committee. The External Auditor will check the format of the AGS and whether its content is consistent with his understanding of the authority.
- 2.12 If any issues come to light before the date of sign off, the AGS will be amended accordingly.

3 CONSULTATION

- 3.1 The AGS has been reviewed by the Strategic Management Team. Other officers have also contributed to this Statement.
- 3.2 The AGS has also been reviewed by the Leader and Chief Executive.

4 ALTERNATIVE OPTIONS

The Committee is being asked to comment on a draft submission therefore at this stage. Other options are not appropriate. The Council has a statutory duty to submit the AGS as part of the SoA.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Audit and Risk Committee is responsible for reviewing the AGS.
- 6.2 Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015 requires the

Council to conduct an annual review of its system of internal control and following the review, the Council must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are risks/issues to the rights and freedoms of natural persons.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has been completed and there were no issues arising. A full impact assessment has not been carried out.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 11.1 The Committee plays an important role in the oversight of the corporate governance framework. Its review of the Annual Governance Statement on behalf of the Council provides an independent assurance to the Chief Executive and Leader.

12 BACKGROUND PAPERS

- 12.1 None

13 APPENDICES

- 13.1 Appendix A – Draft Annual Governance Statement

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.