

Draft Annual Governance Statement

Audit Committee

Date: 5th June 2018

Author: Head of Internal Audit

Wards: None

Locality Affected: None

Parishes Affected: None

1. Purpose and Reasons

- 1.1 It is a requirement of the Accounts and Audit Regulations 2015 that the Council prepares an Annual Governance Statement.
- 1.2 The purpose of this report is to provide Audit Committee with an Annual Governance Statement in respect of 2017/18 for approval.
- 1.3 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.4 The Annual Governance Statement sets out the Council's governance arrangements and is therefore a key source of assurance for the Audit Committee.

2. Recommendations

The Committee is recommended to:

- 2.1 It is recommended that the Audit Committee reviews and approves the Annual Governance Statement prior to sign off by the Leader and Chief Executive.

3. Detail

- 3.1 The Annual Governance Statement (AGS) is the formal statement that recognises records and publishes an authority's governance arrangements.
- 3.2 It is designed not only to give an opportunity for authorities to consider the robustness of their governance arrangements, but also provide an accurate representation of arrangements in place during the year and to identify areas where improvement is required.
- 3.3 The Council has approved and adopted a local code of corporate governance, <http://ww5.swindon.gov.uk/moderngov/ecSDDisplay.aspx?NAME=SD6032&ID=6032&RPID=5721575>, which is consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government.
- 3.4 The Annual Governance Statement (see Appendix 1) explains how the Council has complied with the local code and also meets the requirements of the

Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, nhobbs@swindon.gov.uk.

Draft Annual Governance Statement

Audit Committee

Date: 5th June 2018

Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement.

- 3.5 The guidance for the AGS requires the Council to set out its governance arrangements and key elements of internal control and the sources of assurance; a review of the effectiveness of those governance and internal controls and a requirement to identify significant governance issues. The Council must ensure that it can provide evidence for any of the systems of internal control included in the AGS.
- 3.6 Guidance issued by CIPFA regarding the statement also recommends that a suitable independent management group should review the content of the AGS. The Council's Audit Committee will undertake this role. The Chief Executive and the Leader of the Council will sign the statement once the Audit Committee has approved it.
- 3.7 CIPFA/SOLACE has issued guidance '*Delivering good governance in Local Government*' which came in to effect from 1st April 2016 and will impact on the AGS for 2017/18. The revised guidance requires more focus in the Statement to be on outcomes and value for money.
- 3.8 The Annual Governance Statement is set out in Appendix 1 to this report.
- 3.9 Details of the review of the effectiveness of corporate governance arrangements is set out in Appendix 2.
- 3.10 As part of the document the Council must identify any areas of significant governance or internal control issues that have occurred during 2017/18. Potential areas for inclusion were discussed at Corporate Management Team and with the Council's Monitoring officer and Chief Finance Officer. This included a review of last year's statement and agreeing whether any issues raised for 2016/17 could be taken off and whether any new issues needed to be included.
- 3.11 It is recommended that the following issues could be removed from the statement (further detail is provided in the Annual Governance Statement):
- ☐ Transfer of staff from SEQOL
 - ☐ Parishes
 - ☐ Housing maintenance contract management
- 3.12 It was agreed that further progress was still required in the following areas before they can be taken off the statement (again further detail is provided in the Annual Governance Statement):
- ☐ Information Governance and Security
 - ☐ GCSE attainment
- 3.13 There are three new areas recommended for inclusion in the statement for 2017/18 (again, further detail is provided in the Annual Governance Statement):

Draft Annual Governance Statement

Audit Committee

Date: 5th June 2018

- ❑ Financial stability and the Swindon Programme
- ❑ Children services
- ❑ Premises management

- 3.14 The Council also recognises that there has been significant changes to its senior management including at Corporate Management Team including a new Corporate Director: Resources and Growth; Corporate Director: Children and a new Corporate Director: Communities and Housing as well as the retirement of the Chief Executive, in addition to a number of Heads of Service leaving the Council.
- 3.15 There are various sources of assurance that can inform both Corporate Management Team and Audit Committee on how the governance arrangements and systems of internal control within the Council have been operating (see Appendix 3).
- 3.16 The definition used in the CIPFA guidance regarding what constitutes a significant issue is set out in Appendix 4.

4. Alternative Options

- 4.1 Not Applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

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

Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2015. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 None

Diversity Impact Assessment

- 5.4 None

Draft Annual Governance Statement

Audit Committee

Date: 5th June 2018

Risk Management

- 5.5 Potential risk areas identified in the report are taken from the Council's Corporate Risk register.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- 6.2 Corporate Management Team

7. Background Papers

- 7.1 None

8. Appendices / Background papers

Appendix 1 – The Annual Governance Statement 2017/18

Appendix 2 – Review of the effectiveness of corporate governance arrangements (detail)

Appendix 3 – Assurance Framework

Appendix 4 – Definition of significant governance or control issues

9. Key Decision/Decision in Forward Plan

Not Applicable