

AUDIT AND GOVERNANCE COMMITTEE

Thursday, 7 March 2019

ANNUAL GOVERNANCE STATEMENT 2018/19 (REP1991)

EXECUTIVE SUMMARY

1. The Annual Governance Statement is a key document which 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 any major issues of improvement raised by the Corporate Management Team, together with emerging issues upon which the Council will need to focus over the coming year.
2. The Accounts and Audit Regulations 2015 require councils to produce an Annual Governance Statement by 31st July each year, in line with the conclusion of the audit of the Statement of Accounts.
3. However, with the move to East Suffolk Council from 1 April 2019, the Local Government (Boundary Changes) Regulations 2018 will apply. These Regulations require each predecessor council to prepare and approve an Annual Governance Statement no later than the date of reorganisation.
4. In order to comply with the Boundary Changes Regulations, the 2018/19 Annual Governance Statement has been prepared providing assurance for the period 1 April 2018 to 31 January 2019.
5. In the event of any material inaccuracy or omission from the approved AGS being identified during the period 1 February to 31 March 2019, or of any matter relevant to internal control arising on or after the reorganisation date, the Section 151 Officer will report these to the Members of East Suffolk Council and external audit.

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| Is the report Open or Exempt? | Open |
| Wards Affected: | All Wards within the District |
| Cabinet Member: | Councillor Bruce Provan Cabinet Member for Resources |
| Supporting Officer: | Siobhan Martin Head of Internal Audit (01394) 444254 siobhan.martin@east Suffolk.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, together with emerging issues upon which the Council will need to focus over the coming year. The Council's interim AGS for 1 April 2018 to the 31 January 2019 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, there continue to be areas to address and improvements are required to strengthen those overall controls.
- 1.7 The areas to address in the interim AGS (1 April 2018 to 31 January 2019) 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 control in place (Local Government Act 1972). The Council's systems of internal control are independently assessed by the Head of Internal Audit.
- 1.9 Risk management is also an integral parts of the Council's corporate governance arrangements, which is also independently assessed by the Head of Internal Audit. Recommendations made to improve the control environment and ensure good governance are assessed by External Audit and the Audit and Governance Committee.
- 1.10 Section 4 of the AGS provides a review of effective governance measures undertaken in the year. The Head of Internal Audit has included two areas which require further improvement that were highlighted within the 2017/18 AGS. Appendix C details the issues carried forward from 2017/18 and those identified in 2018/19 with status comments.

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

- 2.1 The AGS is a statutory requirement by the Accounts and Audit Regulations 2015. The AGS will help to achieve the critical success factors and planned actions set out in the Business Plan through securing good governance.

3 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 3.1 Evidence of good governance in the AGS is fundamental in supporting public purse stewardship related to all financial and policy making decisions.

4 CONSULTATION

- 4.1 There is no requirement upon the Council.

5 OTHER OPTIONS CONSIDERED

- 5.1 No other options were 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.
- 6.3 To ensure that the requirements of the Local Government (Boundary Changes) Regulations 2018 are met.

RECOMMENDATION

That the Committee reviews and approves the Annual Governance Statement for 2018/19 (01 April 2018 – 31 January 2019).

APPENDICES

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| Appendix A | WDC Annual Governance Statement 2018/19 (01 April 2018 – 31 January 2019) |
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BACKGROUND PAPERS – none other than published information