

## AUDIT & GOVERNANCE COMMITTEE

3rd JUNE 2015

### REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

#### ANNUAL GOVERNANCE STATEMENT & CODE OF CORPORATE GOVERNANCE

##### EXEMPT INFORMATION

None

##### PURPOSE

To inform Members of the Committee of the process followed in producing an Annual Governance Statement and revised Code of Corporate Governance in accordance with statutory requirements, and to approve the proposed draft Annual Governance Statement and Code of Corporate Governance.

##### RECOMMENDATIONS

That the proposed

- a) Annual Governance Statement be agreed by the Committee as appropriate for presentation to the External Auditor and for inclusion in the Annual Statement of Accounts; and
- b) Code of Corporate Governance be agreed.

##### EXECUTIVE SUMMARY

The Authority is required to produce a public Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations 2009 (as amended). The AGS must be published with the Authority's Annual Statement of Accounts. The AGS is a document which sets out the arrangements within the Authority for ensuring:

1. That there is a sound and robust governance framework, that the framework is regularly reviewed; and
2. It is expected that any instances of significant shortfalls in governance issues/arrangements are referred to within the AGS.

The Accounts and Audit (Amendment) (England) Regulations 2011 require that the Statement should be considered by a Committee of the Council – the Audit and Governance Committee is charged with this function.

Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) sets out the process by which the outcomes of the various arrangements within the Authority forming part of the governance framework should be brought together to inform the AGS. The guidance provides a

model “Assurance Gathering Process” setting out the typical expected control arrangements and gives examples of the sorts of evidence which may be available within an authority to show that these controls are in place.

Relevant officers responsible for/involved in the main assurance processes have followed a process in accordance with CIPFA’s guidance to enable the model “Assurance Gathering Process” document to be completed. Members should also note that the AGS is informed by other processes such as the annual accounts closedown process, managers’ assurance statements, external audit reviews and inspections and the Head of Internal Audit Services Annual Audit Report.

The proposed Annual Governance Statement 2014/15 arising from these processes is attached as Appendix 1 for Members’ consideration. It should be noted that the Annual Governance Statement only includes significant governance issues.

To achieve good governance, the Authority should be able to demonstrate that it is complying with the core and supporting principles contained in the guidance and should therefore develop and maintain a local code of governance appropriate to its circumstances and comprising the requirements for best practice as set out in the CIPFA/SOLACE guidance. As such the Code of Corporate Governance 2015/16 has been reviewed and is attached as Appendix 2. The Code indicates what is expected as per the CIPFA/SOLACE guidance and what we have completed to ensure that the principles of good governance are met. The Authority can demonstrate that it complies with the core and supporting principles and complies with best practice.

#### **RESOURCE IMPLICATIONS**

None

#### **LEGAL/RISK IMPLICATIONS**

Failure to produce an Annual Governance Statement would result in non-compliance with the Accounts and Audit (Amendment) (England) Regulations 2011. There is a risk that failures in Governance would not be identified.

#### **SUSTAINABILITY IMPLICATIONS**

None

#### **BACKGROUND INFORMATION**

None

#### **REPORT AUTHOR**

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## **LIST OF BACKGROUND PAPERS**

Managers Assurance Statements

## **APPENDICES**

**Appendix 1 Annual Governance Statement 2014/15**

**Appendix 2 Code of Corporate Governance 2015/16**

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