

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE
AUDIT & RISK COMMITTEE**

Date 4 July 2016

HEADING **ANNUAL GOVERNANCE STATEMENT**

Submitted by: Audit Manager

Portfolio Finance IT and Customer

Ward(s) affected All

Purpose of the Report To recommend that the Annual Governance Statement 2015/16 be approved for inclusion in the financial statements.

Recommendations

That Members approve the Annual Governance Statement 2015/16(AGS)

Reasons

To seek members approval of the Annual Governance Statement 2015/16 based upon their satisfaction that it is based upon relevant and reliable evidence.

1. **Background**

- 1.1 Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal.
- 1.2 The Council has approved and adopted a Code of Corporate Governance. A copy of the Code is on our website.
- 1.3 Under the Accounts and Audit Regulations 2015 the Council is required to publish an AGS with the financial statements and emphasise the importance of embedding internal control, including the process of risk management throughout the Council. In response the Council produced an Annual Governance Statement for 2015/16 covering corporate governance, financial and other key control issues.
- 1.4 The AGS is published with the financial statements. In considering the approval of the AGS Members should satisfy themselves that the statement is based upon relevant and reliable evidence. Details of the evidence relied upon when collating the AGS will be placed in the members' area on the Council's intranet site, and can also be made available by contacting the Audit Manager.
- 1.5 The AGS includes the following headings:

- Scope of responsibility;
- Delivering Good Governance in Local Government: Framework;
- The governance framework;
- Review of effectiveness and
- Significant governance issues.

2. **Issues**

- 2.1 In preparing the AGS your officers have considered the Chartered Institute of Public Finance and Accountancy's (C.I.P.F.A.'s) and the Society of Local Authority Chief Executives (S.O.L.A.C.E) 'Delivering Good Governance Framework' guidance document
- 2.2 The AGS has been produced combining findings from a Corporate Governance review, Assurance statements from Executive Directors, informed by Heads of Service, the work of Internal Audit and various corporate working parties and comments from external auditors and other review agencies.
- 2.3 Section 5 of the AGS identifies those areas, following the review of internal controls for the financial year 2015/16 that need addressing. Action plans where not already in place will be drawn up by your officers to address the issues highlighted.

3. **Options Considered** (if any)

Not to complete an AGS would be in breach of the legislation already outlined in the background. Completion of the Statement is best practice and demonstrates the transparency of the Council's Governance arrangements for 2015/16.

4. **Proposal**

The statement is provided as Appendix A.

5. **Reasons for Preferred Solution**

The statement identifies areas of good practice provided from various sources where internal controls are strong and those areas for improvement.

6. **Outcomes Linked to Corporate Priorities**

- 6.1 The Council has adopted a Code of Corporate Governance which demonstrates that it is complying with the principles of openness and inclusivity, integrity and accountability.
- 6.2 By managers ensuring that they have strong controls in all their systems, processes and activities the potential for fraud and error can be reduced whilst providing value for money services.

7. **Legal and Statutory Implications**

Under the Accounts and Audit Regulations 2015 the Council is required to publish an AGS with the financial statements.

8. **Equality Impact Assessment**

There are no differential equality impact issues identified from this proposal.

9. **Financial and Resource Implications**

There are none for the AGS, resource requirements linked to action plans will be brought to members as separate projects if required.

10. **Major Risks**

10.1 If internal controls are not managed effectively and within the law, public resources will not be safeguarded from waste or properly accounted for.

10.2 If internal controls are not reviewed regularly, continuous improvement may not be exercised.

11. **Key Decision Information**

Not applicable

12. **Earlier Cabinet/Committee Resolutions**

Not applicable

13. **List of Appendices**

Appendix A: Annual Governance Statement 2015/16

14. **Background Papers**

Executive Directors, Corporate and Service Managers - Assurance Statements
 Corporate Governance Reviews
 CIPFA/SOLACE guidance – Delivering Good Governance in Local Government

15. **Management Sign-Off**

Each of the designated boxes need to be signed off and dated before going to Executive Director/Corporate Service Manager for sign off.

| | Signed | Dated |
|---|--------|-------|
| Financial Implications Discussed and Agreed | | |
| Risk Implications Discussed and Agreed | | |

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| Legal Implications Discussed and Agreed | | |
| H.R. Implications Discussed and Agreed | | |
| ICT Implications Discussed and Agreed | | |
| Report Agreed by: Executive Director/ Head of Service | | |

