

BABERGH AND MID SUFFOLK DISTRICT COUNCILS

TO: Joint Audit and Standards Committee	REPORT NUMBER: JAC/19/2
OFFICER: John Snell – Corporate Manager – Internal Audit	DATE OF MEETING: 29 July 2019

JOINT ANNUAL GOVERNANCE STATEMENT 2018/19

1. PURPOSE OF REPORT

- 1.1 This report reviews the Council's Corporate Governance arrangements as required by the Accounts and Audit Regulations.
- 1.2 The Joint Audit and Standards Committee has responsibility for being satisfied that the Joint Annual Governance Statement (AGS), to accompany each Council's financial accounts 2018/19, properly reflects the risk environment and any actions required to improve it.

2. OPTIONS CONSIDERED

- 2.1 The Committee could request further information on which to base its views. Failure to act will weaken corporate governance and could have an impact on service delivery and lead to adverse comments from the External Auditor and other inspectorates and impact on how the Councils demonstrate good governance to its residents.

3. RECOMMENDATIONS

- 3.1 That Councillors satisfy themselves that the Joint Annual Statement (AGS) 2018/19 (Appendix A to this report) properly reflects the governance environment and any actions to improve it.
- 3.2 That subject to 2.1 above, the AGS be endorsed subject to the Assistant Director – Corporate Resources (in the absence of the Assistant Director – Law & Governance and Monitoring Officer) being authorised to make any minor amendments and corrections prior to the Statement being finalised for publication.
- 3.3 Further that approval of any significant amendments identified by the Assistant Director – Corporate Resources be delegated to her in consultation with the Chairs of this Committee and the Leaders of each Council.
- 3.4 That it be noted that the finalised AGS will be signed by the Leader of each Council on behalf of the respective Council together with the Chief Executive on behalf of both Councils.

REASON FOR DECISION

The preparation and publication of the AGS will meet the statutory requirement of the Accounts and Audit Regulations 2015 which require an authority to, each year, conduct a review of the effectiveness of its system of internal control, and to prepare an annual governance statement. It is the responsibility of the Joint Audit and Standards Committee to review the Councils' Corporate Governance arrangements.

4. KEY INFORMATION

- 4.1 The preparation and publication of an AGS is necessary to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit Regulations 2015.
- 4.2 Governance is about how each Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems, processes, cultures and values, by which the Council is directed and controlled and through which it is accountable to, engages with and, where appropriate, leads communities.
- 4.3 This Committee is responsible for overseeing each Council's work around corporate governance.
- 4.4 The Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government 2016.
- 4.5 The AGS explains how the Councils have complied with the Local Code and also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.
- 4.6 The AGS is required to be published to accompany the published Statement of Accounts.
- 4.7 The AGS has been prepared in consultation with key senior officers to reflect the operations of each Council during 2018/19.
- 4.8 The AGS provides an assurance of the effectiveness of each Council's system on internal control. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. There have been no governance issues identified during the year that are considered significant in relation to each Council's overall governance framework.
- 4.9 We are already addressing the key governance risks and challenges set out in this Annual Governance Statement and will continue to do so over the coming year to further strengthen our governance arrangements. We are satisfied that these steps will continue to address the need for any improvements that are required and that arrangements are in place to monitor the issues raised as part of each Council's annual review.

5. LINKS TO JOINT STRATEGIC PLAN

5.1 Governance touches all aspects of the Councils' activities. To ensure the successful delivery of the Joint Strategic Plan it is essential that the principles of good governance are applied consistently across the Councils.

6. FINANCIAL IMPLICATIONS

6.1 A sound system of internal controls forms a significant part of the framework and is essential to underpin the effective use of resources.

7. LEGAL IMPLICATIONS

7.1 Regulation 6 (Part 2) of the Accounts and Audit Regulation 2015 requires the Councils to conduct an annual review of its systems of internal control and following the review, the Councils must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

8. RISK MANAGEMENT

8.1 A strong internal control environment contributes to the overall effective management of each Council and will help minimise the risks of each Council failing to achieve its ambitions and priorities, and service improvements.

Risk Description	Likelihood	Impact	Mitigation Measures
Failure to regularly monitor and improve the Council's arrangements could weaken corporate governance, have an impact on service delivery and lead to adverse comments from the External Auditor.	Highly Unlikely (1)	Bad (3)	Internal and External Audit help ensure a systemic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

9. CONSULTATIONS

9.1 The AGS was prepared following input from key senior officers.

10. EQUALITY ANALYSIS

10.1 Equality and diversity implications have been considered within the AGS arrangements.

11. ENVIRONMENTAL IMPLICATIONS

11.1 There are no known environmental implications associated with the AGS.

12. APPENDICES

Title	Location
(a) Joint Annual Governance Statement 2018/19	Attached

13. BACKGROUND DOCUMENTS

- 13.1 CIPFA/SOLACE framework – ‘Delivering good Governance in Local Government 2016’