

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**AUDIT AND GOVERNANCE COMMITTEE – 10 OCTOBER 2018**

Title of report	<b>ANNUAL GOVERNANCE STATEMENT 2017/18</b>
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Purpose of report	To present the Annual Governance Statement 2017/18 for consideration and approval.
Reason for Decision	To ensure that members of the Committee have considered the Council's governance during 2017/18 and agreed the report.
Council Priorities	Value For Money
Implications:	
Financial/Staff	Not Applicable
Link to relevant CAT	Could impact on all CATs.
Risk Management	Failure to produce an accurate and comprehensive Annual Governance Statement could result in adverse comment from the External Auditor and failure to comply with current guidance.
Equalities Impact Screening	Not Applicable
Human Rights	Not Applicable
Transformational Government	Not Applicable
Consultees	None
Background papers	<p>Annual Governance Statement 2017/18 (unaudited) – <a href="https://www.nwleics.gov.uk/files/documents/annual_governance_statement_2017_18/2017%2018%20Annual%20Governance%20Statement.pdf">https://www.nwleics.gov.uk/files/documents/annual_governance_statement_2017_18/2017%2018%20Annual%20Governance%20Statement.pdf</a></p>

Recommendations	<b>THAT COMMITTEE MEMBERS APPROVE THE ANNUAL GOVERNANCE STATEMENT (AS ATTACHED TO THIS REPORT AT APPENDIX A)</b>
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## **1.0 BACKGROUND**

- 1.1 An Annual Governance Statement is a requisite part of the annual review of corporate governance. Good practice dictates that the Annual Governance Statement is published alongside the statement of accounts, but is considered in its own right.
- 1.2 The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issue joint annual guidance on corporate governance, which encourages Local Authorities in going beyond consideration of the internal control environment to look at wider arrangements for supporting sound corporate governance.
- 1.3 The CIPFA/SOLACE guidance outlines seven core principles for good governance, with a number of supporting principles. These seven principles are:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
  - B. Ensuring openness and comprehensive stakeholder engagement
  - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
  - D. Determining the interventions necessary to optimise the
  - E. Developing the entity's capacity, including the capability of its leadership and the individuals within it achievement of the intended outcomes
  - F. Managing risks and performance through robust internal control and strong public financial management
  - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability
- 1.4 The Council's duty in respect of the Annual Governance Statement is to undertake an annual review of its governance arrangements, which includes the effectiveness of its system of internal control.

## **2.0 REVIEW OF EFFECTIVENESS**

- 2.1 To undertake the annual review, a line by line assessment of the Council's governance framework against the CIPFA/SOLACE guidance has been undertaken to arrive at an assessment score of either:
- Good – Good governance exists and there are no improvements required
  - Fair – Satisfactory governance exists but improvements are required to meet good governance
  - Poor – Significant issues with governance exists which need addressing
- 2.2 The review is documented with details of evidence provided as part of the Annual Governance Statement.

### **3.0 THE ANNUAL GOVERNANCE STATEMENT**

- 3.1 The Annual Governance Statement has been subject to audit and requires final approval from this Committee.
- 3.2 The Council's governance framework and how we have complied with the CIPFA/SOLACE framework is summarised in Section 3 of the statement and was in place throughout 2017/18.
- 3.3 Section 4 summarises the review the effectiveness of the Council's governance, including details of any significant issues or areas for improvement which have arisen from the review of effectiveness, and proposals for addressing them.
- 3.4 There were no significant issues identified for 2017/18, however 6 improvements identified through the Annual Governance Statement review in 2016/17 have been carried forward for completion and there have been 8 new improvements identified. One of these improvements (the requirement to undertake a review of all of the council's hosted systems) has been included following the external audit and was not included in the draft published Annual Governance Statement. The total 14 improvements are summarised in Table 2 of the Annual Governance Statement (pages 13 – 14).
- 3.5 Evidence gathered throughout the review is detailed as an appendix to the statement. As detailed in 3.4, additional information relating to a new improvement has been updated in Principle F "Managing risks and performance through robust internal control and strong public management" (page 41).
- 3.6 Progress against improvement areas will be reported to the Audit and Governance Committee at regular intervals and the AGS of future years will report on the progress/completion of improvements areas or significant issues from the prior period.