

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 27 SEPTEMBER 2017

Title of report	ANNUAL GOVERNANCE STATEMENT 2016/17
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Interim Director of Resources 01530 454833 Andrew.hunkin@nwleicestershire.gov.uk</p> <p>Financial Planning Manager 01530 454707 tracy.ashe@nwleicestershire.gov.uk</p>
Purpose of report	To present the Annual Governance Statement 2016/17 for consideration and approval.
Reason for Decision	To ensure that members of the Committee have considered the Council's governance during 2016/17 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 AGS 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	None
Recommendations	THAT COMMITTEE MEMBERS APPROVE THE ANNUAL GOVERNANCE STATEMENT (AS ATTACHED TO THIS REPORT AT APPENDIX A)

1.0 BACKGROUND

- 1.1 An Annual Governance Statement (AGS) is a requisite part of the annual review of corporate governance. Good practice dictates that an AGS 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 annually joint 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:

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Core Principle B: Ensuring openness and comprehensive stakeholder engagement

Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Core Principle D: Determining the interventions necessary to optimise the

Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it
achievement of the intended outcomes

Core Principle F: Managing risks and performance through robust internal control and strong public financial management

Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

2.0 REVIEW OF EFFECTIVENESS

- 2.1 A new approach in developing the AGS has been taken for the 2016/17 year. This has included a line by line assessment of the Council's governance framework against the CIPFA/SOLACE guidance 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 listed in support of the AGS.

3.0 THE ANNUAL GOVERNANCE STATEMENT

- 3.1 The Annual Governance Statement is subject to audit and requires final approval from this Committee.
- 3.2 The Council's governance framework is summarised in Section 3 of the AGS, and was in place throughout 2016/17.

- 3.3 Section 4 of the AGS summarises the Council's governance framework and structure.
- 3.4 Section 5 details the responsibility for undertaking a review of governance.
- 3.5 Section 6 summarises the new review process that has been undertaken to 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.
- 3.6 There were no significant issues identified for 2016/17, however a number of areas for improvement were identified and summarised in Table 1 (page 10).
- 3.7 Evidence gathered throughout the review is detailed as an appendix to the AGS statement. 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.
- 3.8 The Council's external auditors, KPMG, have reviewed the AGS and confirmed that it complies with the CIPFA/SOLACE framework and that it is not misleading or inconsistent with any other information they are aware of from their audit of the financial statements.
- 3.9 After this Committee gives its approval to the AGS it will be signed by the Leader of the Council and the Chief Executive.