

AUDIT SCRUTINY COMMITTEE

CHAIRMAN: Councillor Sally Morgan

DATE: 20 June 2019

REPORT OF: Audit Manager

SUBJECT: ANNUAL GOVERNANCE STATEMENT 2018-2019

PART I

RECOMMENDATION

To:

Consider the Annual Governance Statement and recommend it to the Council for approval.

1. PURPOSE

1.1 To present the Annual Governance Statement (AGS) for 2018-2019, which has been compiled following a review of the effectiveness of the Council's control systems and governance arrangements.

2. BACKGROUND

2.1 The preparation and publication of an AGS is a mandatory requirement for local government bodies, set out in statutory regulations. It tells stakeholders how well the Council has delivered on governance over the course of the previous year.

2.2 The CIPFA¹ and SOLACE² Framework introduced in April 2016, "*Delivering Good Governance in Local Government 2016*" includes seven governance principles and a structure against which local authorities can measure their own governance performance. This publication is also cited in the CIPFA Code of Practice on Local Authority Accounting as the proper practice for production of the AGS.

2.3 The Framework has been used to benchmark the arrangements at Teignbridge, the results of which, have been captured in the AGS.

2.4 The AGS must be included in the Financial Statements which are to be reviewed and approved by full Council in July.

2.5 The Audit Scrutiny committee should be satisfied that the AGS fairly reflects the arrangements within the Council.

¹ Chartered Institute of Public Finance Accountants

² Society of Local Authority Chief Executives

3. GOVERNANCE REVIEW

3.1 Existing governance systems have been assessed against the CIPFA / SOLACE framework, to determine whether the Council has processes in place that work effectively to meet the following principles:

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

Principles A and B provide the overarching requirements for acting in the public interest, while principles C to G focus on the implementation of governance and achievement of outcomes.

3.2 The assessment has been undertaken by the Audit Manager in consultation with other key officers e.g. Monitoring Officer (responsible for legality) and Section 151 Officer (finance), and the Council's management team. The outcomes have been fed into the AGS, along with the information from other assurance sources below.

Other Assurance Sources

3.3 In addition to the governance review, assurance may be drawn from other sources such as:

- internal and external audits, including internal audit's annual assurance opinion;
- performance and risk management systems;
- reports from other external review bodies such as the Ombudsman and audits of our ICT partnership, Strata Services Solutions Ltd;
- a review of any contingent liabilities and legal cases in case underlying causes point to governance weaknesses; and
- the key systems and processes that regulate, monitor and control the Council's activities. Many of these systems have been audited by internal audit during the year and the findings notified to members of this committee.

3.4 Finally, the Council's senior managers have completed assurance statements in which they have certified that they have understood their managerial responsibilities and put procedures in place to ensure that their service objectives were achieved; legal requirements were met; risks were managed; budgets were controlled; performance was managed; and more.

Conclusion

3.5 Considering the results of the above review and the additional sources of assurance, the general conclusion is that the governance framework in Teignbridge is fit for purpose and operating effectively, subject to the improvements outlined in the AGS action plan attached.

4. ANNUAL GOVERNANCE STATEMENT (AGS)

4.1 The draft AGS is attached at **Appendix 1**.

4.2 Members are recommended to satisfy themselves that it is commensurate with their own knowledge of the authority, and fairly reflects the systems and processes in place.

5. RECOMMENDATION

5.1 **To recommend the Annual Governance Statement to Council for approval.**

Sue Heath
Audit Manager

Wards affected	<i>All</i>
Contact for any more information	<i>Sue Heath – Audit Manager – 01626 215258</i>
Background Papers (For Part I reports only)	<i>CIPFA/SOLACE Delivering Good Governance in Local Government Framework and Guidance.</i>
Key Decision	-
In Forward Plan	-
In O & S Work Programme	-