

**DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19**

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 7.1**

---

1. The Audit Committee's Terms of Reference requires Members to review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk and internal control.
2. The Audit Committee is also required to consider the Council's corporate governance arrangements against the good governance framework by way of the process of compiling the AGS.

**Background**

3. The Accounts and Audit (Wales) Regulations 2014 as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018, require Authorities to carry out an annual review of the effectiveness of the system of internal control, and this is represented in the AGS.
4. The AGS review is structured around the principles of the 'Delivering Good Governance in Local Government' framework, which has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).
5. The final AGS will form part of the Council's Statement of Accounts 2018/19. The draft AGS included in Appendix A has been prepared prior to the year-end, and currently contains a number of gaps as many of the review activities take place after the financial year end.

**Issues**

6. The AGS summarises the Council's assessment against the governance framework through three key elements:
  - 1) Statements from the Audit Manager, Audit Committee and Senior Management;
  - 2) A Senior Management review of the Council's significant governance issues;
  - 3) Supporting information and evidence mapped to the core and supporting good governance principles of the CIPFA Framework.

Assurance Statements

7. The opinion of the Audit Committee from its Annual Report will be included in the AGS, together with statements from the Audit Manager and Senior Management on the system

of internal control at the year-end position. These statements will be approved and added to the AGS following the financial year-end.

8. The Senior Management Statement represents the collective assurance from the Senior Management Team which will follow a review of the results of the year-end Senior Management Assurance Statements (SMAS) from each Director in April - May 2019.
9. Audit Committee received the mid-year SMAS analysis in January 2019, and the year-end SMAS analysis will be provided to Audit Committee in June 2019.

#### Significant Governance Issues - Action Plan

10. An AGS action plan of significant governance issues is owned and maintained by the Senior Management Team (SMT). It represents the most significant governance issues which require monitoring, reporting and management at the senior level, when reflecting on the results of the SMAS and the Corporate Risk Register.
11. On a biannual basis, the Chief Executive and all Directors each review the action plan of significant governance issues. They then meet collectively to discuss and agree the progress made against the action plan, any changes to its composition, and actions required.
12. Audit Committee received the mid-year Action Plan from the SMT in January 2019 and the year-end Action Plan will be reported to Audit Committee in June 2019.

#### Supporting Information

13. The draft AGS has been populated with supporting information against each of the core and supporting good governance principles of the CIPFA Governance Framework. The areas and sources of additional information to be populated following the financial year-end have been indicated in the appended draft AGS.

#### **Legal Implications**

14. There are no legal implications arising directly from the contents of this report.

#### **Financial Implications**

15. There are no direct financial implications arising from this report.

#### **Recommendation**

16. Audit Committee to consider:
  - the Council's corporate governance arrangements against the good governance framework.
  - whether the content of the draft Annual Governance Statement 2018/19 properly reflects the risk environment and supporting assurances.

**CHRISTOPHER LEE  
CORPORATE DIRECTOR RESOURCES**

The following Appendices are attached:

**Appendix A** - Draft Annual Governance Statement 2018/19