

This report will be made public on 22 July 2019



Report Number **AUG/19/08**

**To: Audit and Governance Committee**  
**Date: 30 July 2019**  
**Status: Non-Executive Function**  
**Director: Charlotte Spendley, Assistant Director, Finance, Customer and Support Services**

**SUBJECT: ANNUAL GOVERNANCE STATEMENT 2018/19**

#### **SUMMARY**

Under the Accounts and Audit (England) Regulations 2011 (as amended), local authorities are required to produce an Annual Governance Statement. This report describes the process followed and seeks approval for the Annual Governance Statement for the year 2018/19.

#### **REASONS FOR RECOMMENDATIONS:**

The Committee is asked to agree the recommendations set out below because:-

- a) The Council is required to publish an annual Governance Statement under the Accounts and Audit (England) Regulations 2011.
- b) In order to comply with best practice, those charged with governance should independently contribute to the maintenance of an effective programme of internal control.
- c) Those charged with governance are required to consider the statement independently of the financial statements.

#### **RECOMMENDATIONS:**

1. To receive and note report AuG/19/08.
2. To approve the draft Annual Governance Statement for 2018/19.
3. To approve the council's corporate action plan outlined in Appendix 3 for 2019/20.

## 1. INTRODUCTION

1.1 The Annual Governance Statement is a corporate document and should involve a variety of people charged with delivering good governance across the authority. This includes:

- Head of Paid Service, Corporate Directors, Assistant Directors, Chief Officers and managers who are responsible for managing risks and the delivery of services.
- The Chief Financial Officer who is responsible for the accounting control systems and the preparation of the Statement of Accounts.
- The Monitoring Officer in meeting his/her statutory responsibilities.
- Members (e.g. the Leader and the Audit and Governance Committee).
- Others responsible for providing assurance, such as Internal Audit.

1.2 As a corporate document the Annual Governance Statement should be owned by all senior officers and members of the local authority. A successful statement will support the Council in achieving its statutory obligations and objectives, therefore satisfying the regulations.

## 2. LEGISLATIVE REQUIREMENTS

2.1 Regulation 4 of the Accounts and Audit (England) Regulations 2011, states:

### **Responsibility for financial management**

(1) The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

(2) The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.

(3) The findings of the review referred to in paragraph (2) must be considered—

(a) in the case of a larger relevant body, by the members of the body meeting as a whole or by a committee, and

(b) in the case of a smaller relevant body, by the members of the body meeting as a whole, and

following the review, the body or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

(4) The relevant body must ensure that the statement referred to in paragraph (3) accompanies—

(a) any statement of accounts it is obliged to prepare in accordance with regulation 7, or

(b) any accounting statement it is obliged to prepare in accordance with regulation 12.

2.2 The Annual Governance Statement, as required by 4(3) above is appended to this report. The format of the statement follows the guidance given by the CIPFA in its document [“delivering good governance” addendum.pdf](#).

2.3 The Council’s external auditor, Grant Thornton, reviews the assurance process annually, as part of its work programme. The assurance process must show evidence that the Council has “effective corporate governance arrangements embedded within the authority”.

### 3. Annual Governance Statement 2018/19

3.1 A number of officers have been involved in the production of the Annual Governance Statement, and they have updated and reviewed the sections relevant to their service area. These officers include the S151 officer, the Monitoring Officer, the Assistant Director for Finance, Customer and Support Services, the Solicitor to the Council, the Chief Human Resources Officer and the Policy and Improvement Officer. The Annual Governance Statement has also been reviewed by the Head of the East Kent Audit Partnership.

3.2 The Action Plan for 2018/19 has been reviewed and progress against last year’s actions is detailed in Appendix 2 of the Annual Governance Statement.

3.3 As part of the review of the council’s governance arrangements a number of areas for development have been identified, which are detailed in the action plan for 2019/20, which can be found at Appendix 3 of AGS.

### 4. RISK MANAGEMENT ISSUES

4.1 The risk associated with this report are summarised as follows:

Perceived risk	Seriousness	Likelihood	Preventative Action
The Annual Governance Statement is prepared incorrectly	High	Low	The statement has been reviewed by the council’s monitoring officer, with input from the council’s finance officer and the council’s external auditors, Grant Thornton.
The Annual Governance Statement is prepared without involving members	High	Low	The Audit and Governance Committee’s Terms of Reference includes responsibility for reviewing the Annual Governance Statement.

The action plan contained with the Annual Governance Statement is not carried out	Medium	Low	The action plan is reviewed and monitored regularly throughout the year and actions are regularly reported to the Audit and Governance Committee by the council's Monitoring Officer.
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## 5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

### 5.1 Legal Officer's Comments (AK)

The council's statutory duties to produce an Annual Governance Statement are set out in the body of the report.

### 5.2 Finance Officer's comments (RH)

The requirements for sound financial management/reporting are set out in the body of the report. The Annual Governance Statement sets out how the council's complies with these requirements.

### 5.3 Equalities (GE)

No issues arising directly from the report. The council has sound governance arrangements to ensure it complies with all its statutory duties, as set out in the Equality Act 2010.

### 5.4 Transformation (SR)

The AGS refers to the Transformation programme governance, ensuring it is up to date and relevant. However, there are no direct implications on the delivery of the transformation programme arising from this report.'

## 6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Gavin Edwards, Policy and Improvement Officer

Tel: 01303 85 3436

Email: [gavin.edwards@folkestone-hythe.gov.uk](mailto:gavin.edwards@folkestone-hythe.gov.uk)

The following background documents have been relied upon in the preparation of this report:

CIPFA Delivering Good Governance in Local Governance: Framework.

CIPFA Delivering Good Governance in Local Governance: Framework. - Addendum

CIPFA Delivering Good Governance in Local Governance: Guidance Note for English Authorities

**Appendices:**

**Appendix 1:** Annual Governance Statement 2018/19

**Appendix 2:** Review of the 2018/19 Action Plan for improvement following review of effectiveness of governance arrangements.

**Appendix 3:** Action Plan for improvement following review of effectiveness of governance arrangements for 2019/20.