

**LICENSING AND GENERAL PURPOSES
COMMITTEE
27TH JUNE 2016**

**SOLICITOR TO THE COUNCIL
REPORT NO. LEG1608**

ANNUAL GOVERNANCE STATEMENT 2015-2016

1 PURPOSE

This report proposes the approval of the Council's Annual Governance Statement for the year 2015/16.

2 BACKGROUND

2.1 The Accounts and Audit Regulations 2003 (as amended in 2006 and 2011) introduced the requirement for local authorities to:

- Conduct at least annually a review of the effectiveness of its system of internal control
- Prepare an Annual Governance Statement (AGS)
- Publish the AGS with the Statements of Accounts

2.2 These regulations have now been replaced by the Accounts and Audit code of Regulations 2015 and regulation 6(1) continues the requirement to prepare an annual governance statement. CIPFA have also published a revised version of their framework document on preparing the Code of Governance entitled Delivering Good Governance in Local Government: Framework (2016 Edition) and during the course of this year the Council's Code of Governance will be reviewed against this and a revised version brought to this Committee for approval

2.3 The Regulations require Councils to ensure that their financial management is adequate and effective and there is a sound system of internal control. This facilitates the effective exercise of that Council's functions including the management of risk and review of performance management.

2.4 The system of internal control includes more than just the financial aspects of the Council's business. It includes matters such as the establishment and monitoring of objectives, the arrangements for decision-making and ensuring compliance with established policies.

2.5 The AGS should be approved by this Committee, and published alongside the Statement of Accounts by 30 September 2016. However if necessary, changes can be made to the Governance Statement after approval and before it is published.

3. PROPOSED ANNUAL GOVERNANCE STATEMENT

- 3.1 CIPFA produced revised guidance in 2012 entitled “Delivering Good Governance in Local Government” and a proforma statement, which the Council's AGS is based upon. A revised Local Code of Governance was adopted by the Council in 2014 and forms part of Part 5 of the Constitution.
- 3.2 As mentioned previously, this will need reviewing during this year but this year's AGS has been prepared on the current Code of Governance as adopted based on the 2012 framework document.
- 3.3 The Statement is required to include notification of any significant internal control issues and an action plan to address them. No significant issues have been identified. A number of actions for the current year are identified and will be addressed during the year. Some of these actions were started during this year but now have further actions identified to complete the various areas of work.
- 3.4 The Leader of the Council and the Chief Executive are required to sign the AGS.

4 RECOMMENDATION

It is recommended that the Annual Governance Statement attached at Appendix 1 be:

- approved; and
- published with the Council's Statement of Accounts

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Background papers:

The Accounts and Audit code of Regulations 2015

CIPFA Guidance – Delivering Good Governance in Local Government 2012