

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	6th February 2020	AGENDA ITEM NUMBER
TITLE:	Annual Governance Statement 2019/20	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Local Code of Corporate Governance		
Appendix 2 - Annual Governance Review – Outline of Framework.		
Appendix 3 – Annual Governance Statement 2018/19		

1 THE ISSUE

- 1.1 The aim of the report is to inform the Committee on the Annual Governance Review process and enable the Committee to fulfil its responsibilities associated with the publication of the Council's Annual Governance Statement 2019/20.

2 RECOMMENDATION

- 2.1 The Corporate Audit Committee is asked to note the process to be followed to produce the Annual Governance Statement within the prescribed timescales.

3 THE REPORT

- 3.1 The Council adopted a Local Code of Corporate Governance (Appendix 1) in May 2018 and a methodology is followed to enable the production of an Annual Governance Statement based on the Accounts & Audit Regulations and the CIPFA / SOLACE 'Delivering Good Governance in Local Government' framework.
- 3.2 The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:
 - Resources are directed in accordance with agreed policy and according to priorities.
 - There is sound and inclusive decision making.
 - There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

3.3 Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.

3.4 Our Local Code of Corporate Governance is based on the following key principles of good governance –

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable, economic, social and environmental benefits
- Determining the interventions necessary to optimize the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit, to deliver accountability

3.5 The Annual Governance Statement is a 'management' statement and as such is signed by the Chief Executive and Leader of the Council. The Audit Committee oversee the governance review process and delivery of any actions where significant issues are identified

3.6 An overview of the process for the compilation and approval of the Annual Governance Statement for 2019/20 is attached (Appendix 2). This is well established process which has been used for a number of years.

3.7 The methodology of the governance review requires 'Management Assurances' and 'Corporate Assurance Sources' including:

- The involvement of Statutory Officers and Directors
- Input from 'key' Corporate Officers and Service Managers with relation to:
 - Finance
 - Performance
 - Information Governance
 - Human Resources
 - Health & Safety
 - Climate Emergency (Environmental Impact & Sustainability)
 - Safeguarding
 - Procurement

3.8 The review of governance covers all significant corporate systems, processes and controls, spanning the whole range of Council activities, including in particular those designed to ensure:

- Council policies are implemented;
- Quality services are delivered efficiently and effectively;
- Council's values and ethical standards are met;
- Compliance with laws and regulations;
- Financial statements and other published performance information are accurate and reliable;
- Human, financial, environmental and other resources are managed efficiently and effectively.

3.9 Key milestones in finalising the Annual Governance Statement are:

1) Report to Audit Committee - At the next meeting in April we will update the position in relation to the last statement and provide an opportunity for the committee to input any views they have on governance or significant issues. It remains likely that significant financial challenges will remain as key issue moving forward for potential inclusion.

2) Report to Senior Leadership Team.

3) Chief Executive & Leader of the Council sign the Statement linked to the approval of the Annual Accounts. It should be noted that the 2019/20 audited Statement of Accounts (including the annual governance statement) will be published by the 31st July 2020.

3.10 The Annual Governance Statement will record any 'significant issues' and associated action plans. The definition of a significant issue can be summarised as follows:

- Significant failures in decision making at Council or Executive
- Significant unexpected use of Resources
- Significant performance failings or failures in service delivery
- Significant issues from inspections, audits, complaints etc
- Significant issues failures in respect of statutory duties
- Significant issues from operational issues and third parties

3.11 As part of the agreed process the Corporate Audit Committee is required to monitor the implementation of any agreed actions which have been recorded against 'Significant Issues' reported in the previous year's Annual Governance Statement. The 2018/19 Annual Governance Statement continued to record the 'financial challenge' faced by the Council as a 'Significant Issue' (See Appendix 3).

3.12 'Financial challenge' continues to be a 'Significant Issue' and it is expected that it will be recorded as an issue in the 2019/20 Statement.

3.13 At the next meeting of the Committee in April we will update the position in relation to the Financial Challenge issue and provide an opportunity for the Committee to input any views they have on governance or significant issues.

4. STATUTORY CONSIDERATIONS

4.1 The review and publication of the Annual Governance Statement is a requirement of the Accounts and Audit (England) Regulations 2015.

5. RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 The Annual Governance Review is carried out by Audit West on behalf of the Council. The Chief Executive & Leader of the Council sign off the Annual Governance Statement which are incorporated into the Council’s statement of Accounts. The resource implications are therefore limited to the time spent by Audit West Officers to complete the review.

6. RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. The key risk of failing to complete a governance review and sign off an Annual Governance Statement by the required deadline is that the Council’s External Auditors would have to report non-compliance with the Accounts and Audit (England) Regulations 2015.

7. CLIMATE CHANGE

7.1 No direct implications however the review process will consider key risks (& assurances) which may include Climate Change and any associated significant issues where identified through the review process.

8. OTHER OPTIONS CONSIDERED

8.1 None.

9. CONSULTATION

9.1 The report was consulted on with the S151 Officer for comment.

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Background papers	Report to Council 10 th May 2018 – Appointment of Committees & Panels & Other Annual Business (Local Code of Corporate Governance) https://democracy.bathnes.gov.uk/documents/s50927/Appointme nt%20of%20Committees%20Panels.pdf
Please contact the report author if you need to access this report in an alternative format	