



Derby City Council

**Audit and Accounts Committee  
28 September 2016**

# ITEM 2d

Joint Report of the Director of Governance and  
the Head of Governance and Assurance

## Annual Governance Statement 2015/16

### SUMMARY

- 1.1 Production and publication of an Annual Governance Statement is a statutory requirement.
- 1.2 The 2015/16 Statement reflects the on-going work within the Council to improve its governance framework.

### RECOMMENDATIONS

- 2.1 To review the Annual Governance Statement 2015/16 at Appendix 2
- 2.2. To note that the final version of the Annual Governance Statement 2015/16 will need to be approved at the point that the Statement of Accounts is available for approval.

### REASONS FOR RECOMMENDATIONS

- 3.1 The Council has to publish an Annual Governance Statement to accompany the annual accounts.

### SUPPORTING INFORMATION

- 4.1 When publishing its annual accounts, the Council is required by regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 to consider and approve an Annual Governance Statement (AGS). Regulation 6 (4) (a) states that "The annual governance statement, referred to in paragraph (1)(b) must be "approved in advance of the relevant authority approving the statement of accounts in accordance with regulations 9(2)(b)". Regulation 9(2)(b) requires that the Authority "approve the statement of accounts by a resolution of that committee or meeting".

- 4.2 The AGS for the 2015/16 financial year relating to the activities of the Council is attached at Appendix 2. It has been drawn up with regard to the Code of Practice on Local Authority Accounting in the UK: A Statement of Recommended Practice (SORP). It also has regard to guidance issued by CIPFA/SOLACE in its publication "Developing Good Governance in Local Government" and the Council's Code of Corporate Governance.
- 4.3 The 2015/16 statement has been written on the basis that the Council is currently reviewing its governance framework in light of the issues raised in the 2013/14 and 2014/15 statements and Grant Thornton's report in the Public Interest. This has meant that the review of effectiveness is limited to those statutory areas of the framework. The focus of the AGS is on the work being done to assess and improve the Council's governance framework.
- 4.4 The AGS for 2015/16 must be published alongside the statement of accounts when they receive final approval, by no later than 30 September 2016. However, the Council will not meet the 30 September 2016 deadline for approving the 2015/16 statement of accounts. We have yet to receive an audit opinion on the draft statement and therefore cannot submit a final set of accounts for approval by the Audit & Accounts Committee. Significant issues have arisen within the processes undertaken to prepare asset valuations, as recognised by the Council earlier this year and backed up by the testing the External Auditors have completed to date. We are in the process of finalising our validation work so that External Audit can continue their testing.
- 4.5 The AGS should relate to the mechanism used to demonstrate that, during the financial year ended 31st March 2016, the Council had an adequate governance regime in place and all business was conducted in compliance with the existing arrangements. However, significant events or developments relating to the AGS that occur between the balance sheet date and the date on which the Annual Statement of Accounts is signed by the responsible financial officer should also be reported. The AGS has been significantly re-written since the Audit and Accounts Committee on 6 July 2016 to reflect developments in the governance framework which have taken place since that meeting.
- 4.6 The overall governance arrangements within the Council for the financial year 2015/16 have seen improvement. However, further issues have arisen during the year which are reported in the "Significant Governance Issues" section of the AGS.

#### **OTHER OPTIONS CONSIDERED**

- 5.1 None.

**This report has been approved by the following officers:**

<b>Legal officer</b>	n/a
<b>Financial officer</b>	n/a
<b>Human Resources officer</b>	n/a
<b>Estates/Property officer</b>	n/a

<b>Service Director(s)</b> <b>Other(s)</b>	n/a Governance Working Group, Chief Officer Group
<b>For more information contact:</b>  <b>Background papers:</b> <b>List of appendices:</b>	Janie Berry, Director of Governance Tel: 01332 643616 <a href="mailto:janie.berry@derby.gov.uk">janie.berry@derby.gov.uk</a> Richard Boneham, Head of Governance & Assurance Tel: 01332 643280 <a href="mailto:richard.boneham@derby.gov.uk">richard.boneham@derby.gov.uk</a> None Appendix 1 – Implications Appendix 2 - Annual Governance Statement 2015/16

<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 None arising from this report

**Legal**

- 2.1 As detailed in paragraph 4.1.

**Personnel**

- 3.1 None arising from this report

**IT**

- 4.1 None arising from this report

**Equalities Impact**

- 5.1 None arising from this report

**Health and Safety**

- 6.1 None arising from this report

**Environmental Sustainability**

- 7.1 None arising from this report

**Property and Asset Management**

- 8.1 None arising from this report

**Risk Management and Safeguarding**

- 9.1 The effective management of risk is a core principle of good governance.

**Corporate objectives and priorities for change**

- 10.1 The governance framework underpins the achievement of the Council's objectives.