

	<p>Audit Committee</p> <p>17 July 2018</p>
<p style="text-align: right;">Title</p>	<p>Annual Governance Statement and Code of Corporate Governance</p>
<p style="text-align: right;">Report of</p>	<p>Assurance Director</p>
<p style="text-align: right;">Wards</p>	<p>None</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix A: Annual Governance Statement 2017/18 Appendix B: Code of Corporate Governance 2018/19</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Clair Green, Assurance Director, 020 8359 7719 clair.green@barnet.gov.uk</p> <p>Andrew Charlwood, Head of Governance, 020 8359 2014 andrew.charlwood@barnet.gov.uk</p>

<h2>Summary</h2>
<p>The Council is required to produce an Annual Governance Statement (AGS), which is a statutory reported public statement which is included within the Statement of Accounts for 2017/18. The Annual Governance Statement outlines the governance framework, any significant governance issues and steps taken to mitigate those issues.</p> <p>A Code of Corporate Governance is reported alongside the AGS which has been prepared in accordance with the CIPFA Delivering Good Governance in Local Government Framework 2016. This includes the principle and sub-principles of good governance and how the council complies with them.</p> <p>The report seeks approval for the Annual Governance Statement 2017/18 to be included alongside the Statement of Accounts.</p>

Officer Recommendations

- 1. That the Committee comment on and approve the Annual Governance Statement for inclusion within the Statement of Accounts for 2017/18 as set out in Appendix A.**
- 2. That the Committee comment on and note the Code of Corporate Governance 2018/19 as set out in Appendix B.**

1. WHY THIS REPORT IS NEEDED

- 1.1 Part 2 Section 6 of the Accounts and Audit Regulations 2015 requires a local authority to conduct a review at least once a year of the effectiveness of its system of internal control and publish an Annual Governance Statement each year with the authority's financial statements.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Audit Committee is required to consider the Annual Governance Statement and recommend its adoption and inclusion within the Statement of Accounts.
- 2.2 The Code of Corporate Governance applies to Annual Governance Statements from the 2017/18 financial year onwards.
- 2.3 Both the Annual Governance Statement and Code of Corporate Governance enable the Council to be compliant with the provisions of the Accounts and Audit Regulations 2015.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None considered. The Council is required to have an Annual Governance Statement.

4. POST DECISION IMPLEMENTATION

- 4.1 The governance issues identified within the Annual Governance Statement will be monitored throughout the year.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Annual Governance Statement and Code of Corporate Governance are public documents that shows that the council recognises that there are areas for improvement:

- 5.1.2 The committee's scrutiny of their progress supports the priorities in the 2015-2020 Corporate Plan of Barnet as place:

➤ 'Where services are delivered efficiently to get value for money for the tax

- payer' within which is the further aim; and
- 'To improve Customer Services and increase transparency.'

5.1.3 Barnet Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency and effectiveness.

5.1.4 Barnet Council has approved and adopted a Code of Corporate Governance via the Council's Constitution which is consistent with the principles of the CIPFA Delivering Good Governance in Local Government Framework 2016. The Code included in the Constitution is expanded to detail how the Council complies with the CIPFA principles and sub-principles and will be updated annually and reported to the Audit Committee.

5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 The council is able to confirm that its financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). In addition, the authority's assurance arrangements conform to the governance requirement of the CIPFA Statement on the role of the Head of Internal Audit.

5.3 **Social Value**

5.3.1 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going.

5.4 **Legal and Constitutional References**

5.4.1 There are no legal issues in the context of this report.

5.4.2 Council Constitution, Article 7 - the Audit Committee terms of reference includes "...to oversee the production of the Annual Governance Statement (AGS) and to recommend its adoption".

5.5 **Risk Management**

5.5.1 The Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions including the management of risk. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of

effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to achievement of London Borough of Barnet policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

5.5.2 The Annual Governance Statement is a process of identifying governance issues and suggesting key actions to mitigate potential risks to the Council. These are then monitored throughout the year until resolution.

5.6 Equalities and Diversity

5.6.1 Effective systems of audit, internal control and corporate governance provide assurance on compliance with laws, regulation, internal policies and procedures, including compliance with the Council's duties under the 2010 Equalities Act.

5.7 Consultation and Engagement

5.7.1 Not applicable

5.8 Insight

5.8.1 Not applicable

6. BACKGROUND PAPERS

6.1 Accounts and Audit Regulations 2015:
http://www.legislation.gov.uk/ukxi/2015/234/pdfs/ukxi_20150234_en.pdf

6.2 CIPFA / SOLACE – Delivering Good Governance in Local Governance Framework 2016 Edition:
<http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

6.3 CIPFA Statement on the Role of the Chief Financial Officer in Local Government 2015:
<http://www.cipfa.org/policy-and-guidance/reports/the-role-of-the-chief-financial-officer-in-local-government>