

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

29 JUNE 2017

REPORT OF THE HEAD OF FINANCE AND SECTION 151 OFFICER

ANNUAL GOVERNANCE STATEMENT 2016-17

1. Purpose of the Report

- 1.1 The purpose of this Report is for Audit Committee to note the reviewed Code of Corporate Governance (Appendix A) and approve the Annual Governance Statement (AGS) for inclusion in the Council's Statement of Accounts for 2016-17.

2. Connection to Corporate Improvement Objectives and Other Corporate Priorities

- 2.1 Achievement of the corporate priorities and well-being objectives defined by the Corporate Plan is underpinned by ensuring that effective governance arrangements are in place.

3. Background

- 3.1 Regulation 5 (2) of the Accounts and Audit (Wales) Regulations 2014 requires an authority to undertake, as part of its arrangements for corporate governance, an annual review of governance and report on internal control.
- 3.2 The CIPFA Code of Recommended Practice (the Code) states that the preparation and publication of an Annual Governance Statement (AGS) in accordance with 'Delivering Good Governance in Local Government' fulfils the statutory requirement regarding the production of a statement of internal control in England, Wales and Northern Ireland.
- 3.3 In 2016, CIPFA published its new "Delivering Good Governance in Local Government Framework", which positions the attainment of sustainable economic, social, and environmental outcomes as a key focus of governance processes and structures. Guidance Notes related to the new framework were also published for Welsh Local Authorities. The Guidance has considered the requirements of the Well-being of Future Generations (Wales) Act 2015 and embedded the five ways of working into the CIPFA framework.
- 3.4 The Council had an existing Code of Corporate Governance that followed the six core principles of CIPFA's previous edition (2007) of good governance framework, and the Council's AGS 2015-16 was produced in accordance with this.

4. Current Situation / Proposal

- 4.1 A working group was established to review the Council's existing Code of Corporate Governance against the new CIPFA framework (2016 edition) and the Guidance

Notes for Welsh Authorities. Corporate Management Board also considered the reviewed Code together with the Framework. Their comments were incorporated into a revised Code of Corporate Governance that was considered by Cabinet in June. The draft that Cabinet considered has been included as Appendix A.

- 4.2 Good corporate governance requires the active participation of Members and Officers across the Council. These arrangements are reviewed on an annual basis and the findings used to update the AGS. This helps to ensure the continuous improvement of the Council's corporate governance culture. The inclusion of the AGS within the Statement of Accounts provides an overall assessment of the Council's corporate governance arrangements and an appraisal of the controls in place to manage the Council's key risks and identifies where improvements need to be made.
- 4.3 It was decided that due to time constraints, the AGS 2016-17 was produced on the historical six principles as set out in the 2007 Framework in demonstrating strong governance. However, where possible, evidence has also been included to support governance against the new 2016 principles. Next year, the Council will use the new principles in producing its AGS 2017-18 in line with the new 2016 framework.
- 4.4 The AGS 2016-17 was produced by the same working group that reviewed the Code of Corporate Governance. Comments from Corporate Management Board have also been taken into consideration. It now needs to be approved by the Audit Committee for inclusion within the Statement of Accounts 2016-17. The AGS for 2016-17 is attached as Appendix B.

5. Effect upon Policy Framework & Procedural Rules

- 5.1 There are no implications upon policy framework and procedural rules.

6. Equality Impact Assessment

- 6.1 There are no equality implications.

7. Financial Implications

- 7.1 There are no financial implications.

8. Recommendations

- 8.1 It is recommended that Audit Committee:
- Note the reviewed Code of Corporate Governance (Appendix A) and consider the Annual Governance Statement (Appendix B) and approve its inclusion in the Statement of Accounts 2016-17.

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Background Papers: Accounts and Audit (Wales) Regulations 2014 CIPFA/SOLACE:
Delivering Good Governance in Local Government - Framework