

Wards Affected:*'All Wards'***Draft Annual Governance Statement 2016/17**

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Executive Summary:

As part of the Annual Accounts and in accordance with the principles of the CIPFA / SOLACE Delivering Good Governance in Local Government Framework. Milton Keynes Council is required to undertake a review of its corporate governance processes, systems and the assurances on the governance framework to create an annual governance statement.

1. Recommendation(s)

- a. That the Committee approves the 2016/17 Annual Governance Statement and Action Plan attached at Annex A.
- b. That the Audit Committee (re)appoints the Chair and Vice Chairs as the Committee's AGS Overview Working Group to assist with scrutiny of the draft Annual Governance Statement 2017/18, together with any amendment to the Local Code of Corporate Governance, during the coming year.
- c. That the Committee refer the draft AGS to external audit.

2. Issues

- 2.1 The Accounts and Audit Regulations 2011 (2015 amended) require that the Authority must agree an Annual Governance Statement (AGS), prepared in accordance with proper practices published by CIPFA in relation to internal control, for publication with its Statement of Accounts. Guidance on the required design and content for the 2016/17 AGS was further revised in 2016 via the CIPFA/Solace Delivering Good Governance in Local Government: Framework.
- 2.2 The review of the effectiveness of the Council's system of internal control that underpins the Annual Governance Statement must be carried out at least annually. The Council's AGS forms part of the Annual Accounts. Its content is prepared from various sources and assurance processes including but not only the Internal Audit Annual Report.
- 2.3 Corporate governance is defined as the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate lead their communities. There is a strong correlation between effective governance and

effective service delivery. To deliver the Council's vision and support the drive for continuous improvement strong governance arrangements need to be in place.

2.4 The AGS is presented to the same Audit Committee meeting as the Statement of Accounts. The AGS sets the context, describing the internal control and governance environment of Milton Keynes Council, and the controls that have been in place in the last year.

2.5 Evidence sources collated for drafting the 2016/17 AGS were as follows.

- A review against the Council's own Code of Corporate Governance and an external peer review against the Public Sector Internal Audit Standards (PSIAS).
- Consultation with, and assurances provided by, Corporate Directors, key officers and a cross party councillor review group.
- Work undertaken during the year by Internal Audit and other inspection bodies.
- Finally a review of progress against the delivery of the 2015/16 AGS action plan.

2.6 The process for drafting the AGS itself, and the systems of challenge and review were as follows;

- The information described above was collated and an early draft Statement was circulated to key officers for comment.
- Key officers e.g. S151 Officer, Chief Executive, monitoring officer, considered and suggested issues to be reflected in the Action Plan.
- A cross party councillor review group Presentation (tonight) to the Audit Committee for approval.

3. **Implications**

3.1 The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakness of the control environment and to oversee the financial reporting process.

3.2 This report has therefore been provided within this context to ensure the committee is able to perform its core function and to consider summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

3.3 Legal - The Council is under a duty to produce an Annual Governance Statement by virtue of regulation 4 of the Accounts and Audit Regulations 2011 and amended in 2015 which requires authorities to "conduct a review at least once a year of the effectiveness of its system of internal control."

4. **Risk and Resources**

None

X	Capital	x	Revenue	X	Accommodation
X	IT	x	Medium Term Plan	X	Asset Management

5. **Other Implications**

None

X	Equalities/Diversity	x	Sustainability	x	Human Rights
X	E-Government	x	Stakeholders	x	Crime and Disorder

Background Papers: