

**Annual Governance Statement (AGS):
Framework for compiling the AGS: Setting out the process**

The Council is required to prepare an Annual Governance Statement (AGS) and to present it alongside the Statement of Accounts. The AGS is a public assurance that the Council has a sound system of internal control, and robust corporate governance arrangements, designed to help manage and control its risks. It is an important public expression of what the Council has done to put in place good business practice, high standards of conduct and sound governance.

CIPFA/SOLACE guidance suggests that the process for compiling the AGS should be clearly set out and provided as part of supporting evidence.

The document below sets out the approach Stevenage Borough Council takes in compiling its Annual Governance Statement. The development of the AGS culminates from a continuous review process designed to enable the authority to review and improve its governance arrangements.

The framework includes timescales for compiling the evidence and writing the statement and sets out who will provide evidence.

This document is intended for use by:

- a) Officers charged with the responsibility of gathering evidence and coordinating the Council's approach to compiling the Governance Statement
- b) Members and managers who need to be aware of the Council's approach to compiling the Annual Governance Statement.

This is designed to be a working document, through which areas for improvement and further development of the process will be identified.

Statutory Framework

Revising and consolidating previous legislation, the 2015 Accounts and Audit (England) Regulations came into force on 1 April 2015 and require the Council to prepare an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, to accompany the Statement of Accounts.

In 2006, CIPFA/SOLACE produced a publication called, Delivering Good Governance in Local Government: Framework and Guidance. In April 2016, CIPFA/SOLACE published a reviewed Framework and Guidance that reflects the International Framework: Good Governance in the Public Sector developed by CIPFA/IFAC published July 2014.

Local Code of Governance

The term 'Local Code' essentially refers to the governance structure in place at the council. To achieve good governance, a local authority should be able to demonstrate that its governance structures comply with those outlined in the 'Delivering Good Governance' Framework. The CIPFA/SOLACE Framework states that the authority should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles identified in the Framework.

The council's Local Code that summarises the system by which the Council directs and controls its functions and relates to the local community was revised to enhance the assessment process and approved by Audit Committee in June 2017 (for fundamental review June 2020). The revised Code:

- Better reflects the revised principles in the 'Delivering Good Governance' Framework (2016)
- Provides enhanced detail in relation to the current governance assurance policies, processes, culture and values in place at the Council to facilitate the delivery of outcomes.

The Department for Communities and Local Government clarified that the Annual Governance Statement was assigned 'proper practice' status in August 2006 and therefore has statutory backing.

The Annual Governance Statement Process

It is important that the Annual Governance Statement results from an ongoing process to contribute towards the embedding of good governance across the Council, and not just an end of year activity.

In order to proactively review governance in-year, Corporate Governance Group (CGG) meets a minimum of four times a year to oversee key elements of assurance for each of the Seven Principles of good governance. A core group of officers attends each meeting. Other corporate groups' terms of reference include the responsibility to escalate any issues to CGG which may impact on any area of the organisation's governance. From April 2013, Corporate Risk Group and Corporate Governance Group were more closely aligned (forming Part A and Part B of Corporate Risk and Governance Group) in order to enhance the links between risks and governance arrangements.

The approach to monitoring corporate governance promotes continuous review and update of information and regular monitoring of action plans.

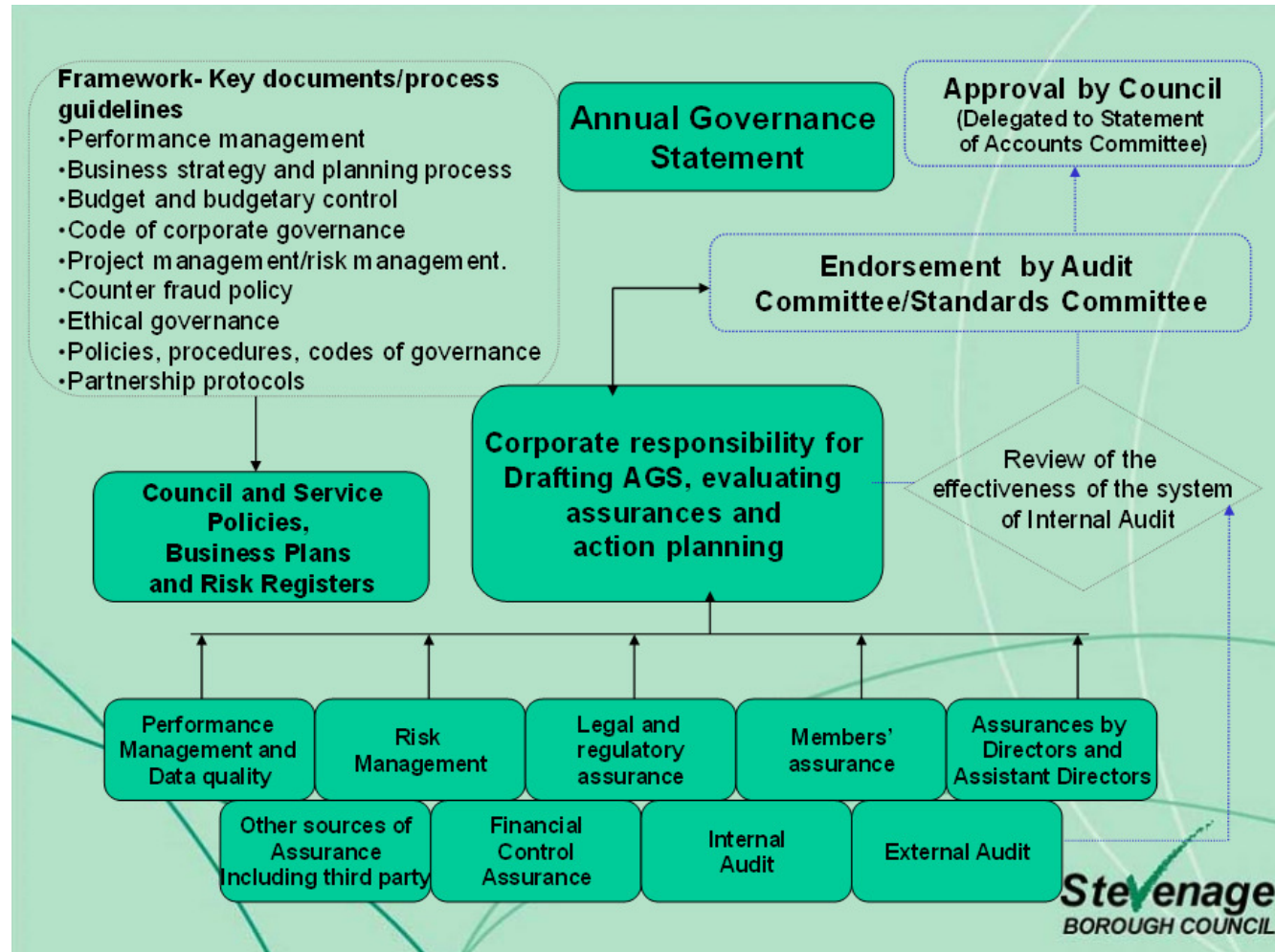
The AGS is compiled following a review of the effectiveness of systems of internal control. The review involves the Senior Leadership Team as well as specific responsibilities for Internal Audit and the Corporate Governance Group, as shown in the table below.

The AGS will be considered at the Audit Committee on 12 June 2018. The Leader of the Council and the Chief Executive will sign the statement, prior to publication along with the Statement of Accounts.

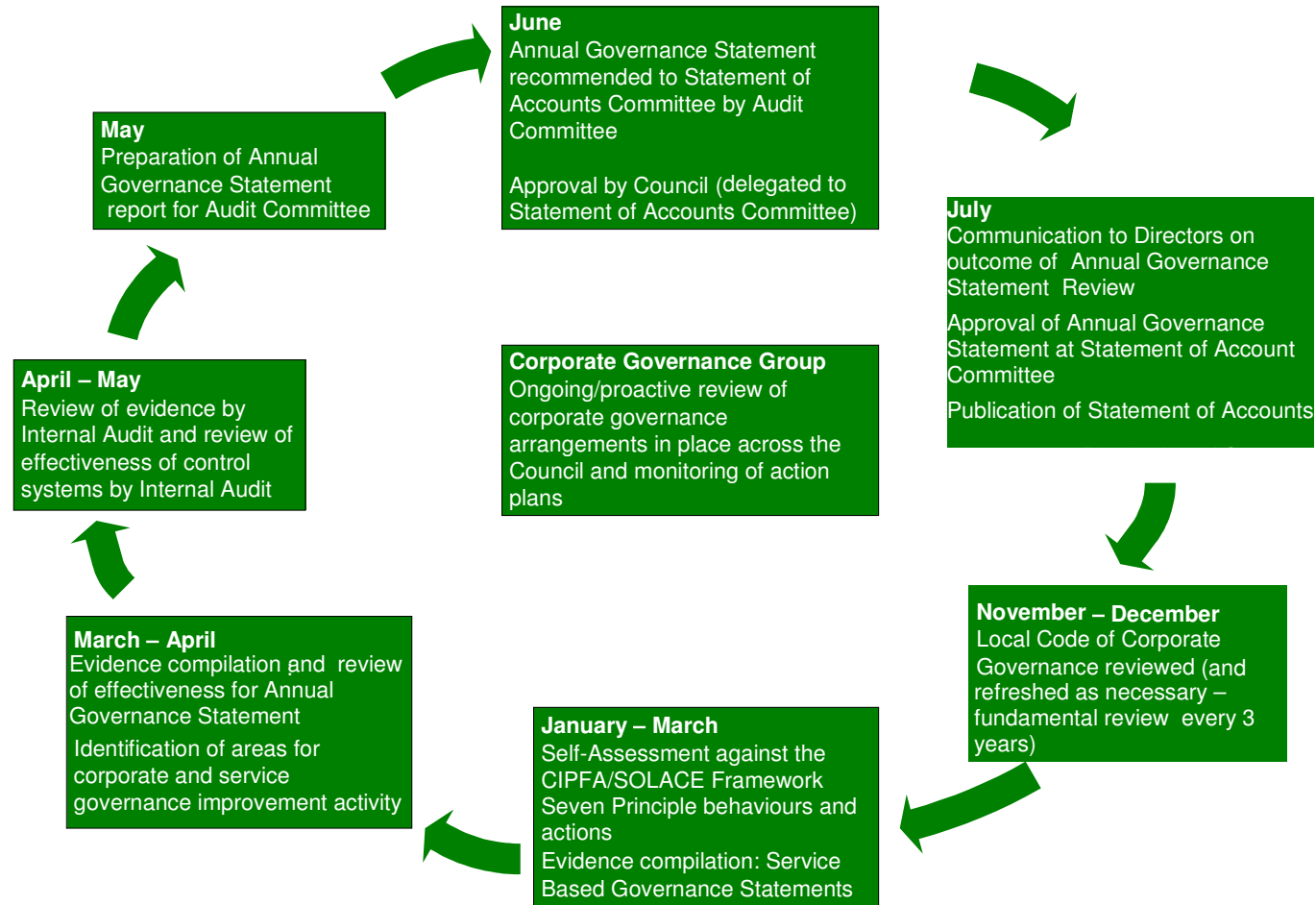
Roles and Responsibilities

Group of Individuals	Role & Responsibilities
Leader of the Council and Chief Executive	<ul style="list-style-type: none"> • Sign off the Annual Governance Statement to accompany the Statement of Accounts
Council (Delegated to Statement of Accounts Committee)	<ul style="list-style-type: none"> • Approval of Annual Governance Statement alongside the Statement of Accounts following recommendation from Audit Committee
Audit Committee	<ul style="list-style-type: none"> • Ensure the authority's Annual Governance Statement properly reflects the risk environment and identifies any actions needed for improvement • Consider the effectiveness of the authority's overall governance and control environment, risk management and anti-fraud and corruption arrangements • Seek assurance that action has been taken on risk related issues identified by Internal and External Audit and other inspections
Elected Members (individually or collectively)	<ul style="list-style-type: none"> • Approving and adopting relevant Codes and registering interest
Corporate Governance Group Core membership (for 2017/18): <ul style="list-style-type: none"> • Assistant Director Finance and Estates (S151 Officer) • Monitoring Officer (Head of Shared Legal Service) • AD Corporate Services and Transformation • Human Resources and Organisational Development 	<ul style="list-style-type: none"> • Ongoing/proactive review of corporate governance arrangements in place across the Council • Moderation of Service Based Governance Statements and ongoing support to Assistant Directors in identification of appropriate actions • Action planning in response to the review of the Council's governance arrangements

Group of Individuals	Role & Responsibilities
Management representative <ul style="list-style-type: none"> • Information Officer • AD Corporate Projects, Customer Services and Technology • AD Housing and Investment • Corporate Performance and Improvement Manager • Representative from the Shared Internal Audit Service 	<ul style="list-style-type: none"> • Compilation of evidence to support the Annual Governance Statement, including monitoring completion of identified actions • Compilation of Annual Governance Statement and supporting documentation
Monitoring Officer	<ul style="list-style-type: none"> • Contribution to Annual Governance Statement by providing assurance that the Council as a whole is responding adequately to legislation and legislative change
Section 151 Officer	<ul style="list-style-type: none"> • Contribution to Annual Governance Statement by providing assurance that the Council as a whole has effective controls in place to manage its finances efficiently and effectively
Assistant Directors	<ul style="list-style-type: none"> • Annual assurance on the effectiveness of controls in place and governance arrangements (including response to legislative change, risk management and performance management) through Service Assurance Statements • Maintain awareness of and promote service governance arrangements • Identify areas of service control weakness and action plan in response to this
Corporate Performance and Improvement Team	<ul style="list-style-type: none"> • Provide assurance on the Council's risk management processes and procedures
Internal Audit (Shared Internal Audit Service)	<ul style="list-style-type: none"> • Provide independent review of corporate governance arrangements and compliance with arrangements in place • Assist in identifying areas for improvement and action planning
Corporate Groups	<ul style="list-style-type: none"> • Escalate any significant governance issues to Corporate Governance Group
All Employees	<ul style="list-style-type: none"> • Maintain awareness and contribute to the control process where appropriate



Timeline for the compilation of the Annual Governance Statement and monitoring of governance arrangements



The process and timescales for compiling the Annual Governance Statement are part of the ongoing review and improvement of the Council's governance arrangements and not an isolated year end activity