

**Open Report on behalf of Andrew Crookham, Executive Director -
Resources**

Report to:	Audit Committee
Date:	17 June 2019
Subject:	Approval of the Council's Annual Governance Statement 2018/19

Summary:

Each year the Council is required to reflect on how well the Council's governance framework has operated during the year and identify any governance issues that we need to draw to the attention of Lincolnshire's residents.

Good governance underpins everything we do as a Council and how we deliver services often comes under close scrutiny.

A 'good' Annual Governance Statement is an open and honest self-assessment of how well we have run our business across all activities - with a clear statement of any areas of significant concern.

The Audit Committee oversees the development of the Annual Governance Statement and recommends its adoption by the Council.

The Committee considered the draft statement at the meeting on 25th March 2019.

Recommendation(s):

That the Committee considers the contents of the Annual Governance Statement 2018/19 and:-

- (1) Agree that it accurately reflects how the Council is run.
- (2) That the Statement includes the significant governance issues/key risks it would have expected to be published.
- (3) Approves the Statement and recommends it for adoption by the Council.

Background

What do we mean by Governance?

1. Good Governance can mean different things to people – in the public sector it means:

"Achieving the Intended Outcomes While Acting in the Public Interest at all Times"

2. It is comprised of systems, processes and culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

What is the Governance Framework?

3. Our Governance Framework brings together an underlying set of legislative requirements, governance principles and management processes. It ensures that the Council's business is conducted in a legal and proper way – ensuring that public money is properly used - economically, efficiently and effectively.
4. At its meeting on the 25th March 2019, the Audit Committee considered the draft Annual Governance Statement for 2018/19.

Governance Issues

5. The areas identified where further work is required to improve systems or monitor how the key risks facing the Council are being managed are:-
 - IT governance

This area is highlighted because of the need for the Council to be realistic and open about those functions and activities which require, or are likely to require, support (including but not limited to financial support) over the next year in order to ensure that they are working effectively and efficiently. This in turn should ensure that any future problems in those areas are averted or at the very least minimised.

6. Over the coming year the matters identified will be monitored as part of the Council's Corporate Leadership Team and Executive.

7. The key changes to the Statement since the draft are:-

- Executive Summary completed (page 1)
- Significant Governance issue – Fairer Funding – financial sustainability removed (page 1)
- Looking back – notes on progress updated (page 4)
- Updated value for money (pages 7 / 8)

- Performance data – diagram simplified. **We are still awaiting the outturn performance figures – this data will not be available until the 14th June. The updated page will be provided at the Committee meeting on the 17th June.**
- Head of Internal Audit opinion on Internal Control and Financial Control - updated (page 13)

8. The Annual Governance Statement can be found in Appendix A. It is presented to the Committee for your consideration of the contents e.g.

- Does the Statement accurately reflect the Committee's understanding of how the Council is run?

Conclusion

9. The Council has strong governance arrangements which are demonstrated by the realistic and open assessment of its functions and activities.

10. A number of governance issues and improvement areas to be included in the Annual Governance Statement – demonstrating accountability, transparency and openness to local taxpayers.

Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

Any changes to services, policies and projects are subject to an Equality Impact Analysis. The considerations of the contents and subsequent decisions are all taken with regard to existing policies.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire County Council - Annual Governance Statement 2018/19

Background Papers

Document title	Where the document can be viewed
Draft Annual Governance Statement 2018/19	Audit Committee records for 25th March 2019

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