

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

23 July 2019

Report of the Director of Finance & ICT

ANNUAL GOVERNANCE STATEMENT & SYSTEM OF INTERNAL CONTROL

1 Purpose of the Report

To inform Members of progress on the review of the County Council's compliance with Best Practice requirements in respect of the annual review of the system of internal control and the production of the Draft Annual Governance Statement (AGS). In accordance with previously stated aims the AGS now also includes details of the Council's compliance with International Auditing Standards.

To request that Members consider the Draft Annual Governance Statement and recommend its inclusion in the Authority's Statement of Accounts for 2017-18.

2 Information & Analysis

Regulation 6 of the Accounts and Audit Regulations 2015 requires a relevant body to "conduct a review of the effectiveness of the system of internal control" and "prepare an annual governance statement in accordance with proper practices". Cipfa/Solace have produced a framework Delivering Good Governance in Local Government which is supplemented by an Application Note specifically developed to advise on Cipfa's Statement on the Role of the Chief Financial Officer.

The Cipfa/Solace framework outlines the approach which should be taken to review existing governance arrangements and produce an Annual Governance Statement. The Draft Annual Governance Statement for 2018-19 is attached as Appendix 1 to this report and was included in the pre-audit accounts reported to Audit Committee on 20 June 2019.

Members will recall that a Governance Group is established to conduct an ongoing review of key systems and processes operated within the County Council to ensure that they deliver effective Corporate Governance. This is undertaken utilising an objective assessment process prescribed by the

Cipfa/Solace Framework, which provides a checklist of best practice standards against which compliance can be assessed.

The Annual Governance Statement once approved will be included in the Council's Post Audit Statement of Accounts for 2018-19.

The External Auditors have specific duties placed on them under International Auditing Standards relating to fraud in the audit of financial statements, laws and regulation and litigation and claims. The Council's assurance is detailed in Appendix 2.

3 Legal Considerations

Regulation 6 of the Accounts & Audit Regulations 2015 requires the Authority to produce an Annual Governance Statement.

4 Other Considerations

In preparing this report the relevance of the following factors has been considered: financial, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, transport and social value considerations.

5 Officer's Recommendation

That Members consider the information provided in this report as evidence of the Authority's effective compliance with the statutory requirement to produce an Annual Governance Statement and recommend it for inclusion in the Authority's Statement of Accounts.

PETER HANDFORD

Director of Finance & ICT