

Audit Committee

11 September 2025

Annual Governance Statement 2024/25

Report from/Author: Bhupinder Gill, Assistant Director, Legal and Governance

Summary

This report explains the requirements for reporting and approving an Annual Governance Statement (AGS) covering the financial year 2024/25, and asks Members to approve the Statement.

1. Recommendations

1.1. The Committee is recommended to comment on and

1.1.1. approve the Annual Governance Statement

1.1.2. Delegate authority to Assistant Director of Legal and Governance, in consultation with the Chairperson of the Audit Committee, to make minor changes to the documents prior to signing by the Leader of the Council.

2. Budget and policy framework

2.1. The purpose of the report is to provide Audit Committee with details of the AGS for comment and approval.

2.2. The AGS is within the budget and policy framework and is a matter for the Audit Committee to consider and approve.

3. Background

3.1. The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.

3.2. The Council approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government. The AGS, which is at Appendix 1 to this report, explains how the Council has complied with the

Code and also meets the requirements of Regulation 6 (1b) of the Accounts and Audit Regulations 2015 in relation to the publication of a governance statement.

- 3.3. There is a prescribed framework for the AGS that requires the Council to set out its governance arrangements and key elements of internal control and the sources of assurance; a review of the effectiveness of those governance and internal controls and a requirement to identify significant governance issues. The Council must ensure that it can provide evidence for any of the systems of internal control included in the AGS.
- 3.4. The guidance was recently updated, May 2025, Delivering Good Governance in Local Government: framework, Addendum, covering the Annual Governance and Annual Governance Statement, which will be applicable to Annual Governance Statements for 2025/26. Where appropriate the new guidance has been utilised in preparation of the AGS for 2024/25 in advance of the requirement.
- 3.5. The Council's local code of corporate governance based on the original guidance and approved in November 2008 will need to be reviewed in light of this recent addendum, a separate report will be presented.
- 3.6. Additionally, CIPFA issued a Financial Management Code (2019) and the Local Government Association have produced an Improvement and Assurance Framework for Local Government May 2024. These multiple codes/ frameworks result in a myriad of partially overlapping requirements rather than a single governance assurance framework. In order to simplify compliance and reporting (inclusive of these non-mandatory codes/ frameworks) their recommended practice has also been reflected upon in the AGS presented to this committee. By adopting such an approach it provides a broader review of the Council's governance framework and an enhanced base from which assurance can be based.
- 3.7. Guidance issued by CIPFA regarding the AGS also recommends that a suitable independent management group should review the content of the AGS. The Council's Audit Committee will undertake this role.
- 3.8. A draft of the AGS was shared with members of CMT and the Head of Internal Audit and Counter Fraud by email (28 August 2025) seeking any comments and also an assurance that the details provided in the draft AGS, where applicable were complied with in their division. Any material feedback has been incorporated in the draft presented to this Committee.
- 3.9. The Chief Executive and the Leader of the Council will be requested to sign the AGS once the Audit Committee has approved it.

4. Annual Governance Statement

- 4.1. The AGS is the formal document that recognises, records and publishes a Council's governance arrangements. It is designed not only to give an

opportunity for Councils to consider the robustness of their governance arrangements but also provide an accurate representation of arrangements in place during the year and to identify areas where improvement is required or particular focus is needed. Regulations require the Council to conduct a review at least once a year of the effectiveness of its system of internal control and to publish a statement on internal control each year with the Council's financial statements.

5. Risk management

- 5.1. Failure to produce an AGS could expose the Council to the risk of receiving a qualified opinion on the Statement of Accounts.

6. Financial implications

- 6.1. There are no financial implications arising directly from this report. CIPFA published guidance in January 2018 (Delivering Good Governance in Local Government: Framework (CIPFA/ Solace) Review of Annual Governance Statements 2016/17) based on a review of some local authority Annual Governance Statements. This did not represent a shift in the guidance, rather some tips on better reporting. The current guidance of 2016 (delivering good governance in Local Government Framework 2016 Edition) on which our framework and Annual Governance Statement are based, still stands. At 7.4 on page 23 of the 2016 Framework it says:

“The annual governance statement should be focused on outcomes and value for money and relate to the authority's vision for the area. It should provide an assessment of the effectiveness of the authority's governance arrangements in supporting the planned outcomes – not simply a description of them.”

7. Legal implications

- 7.1. The legal implications are set out in the body of the report.

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Appendices

Appendix 1 – Annual Governance Statement 2024/25

Background papers

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: FRAMEWORK
(CIPFA/SOLACE) Review of annual governance statements 2016/17

Delivering good governance in Local Government Framework 2016 Edition