# Audit and Governance Committee

# 3 August 2026

# Draft Annual Governance Statement and Local Code of Corporate Governance

# For Review and Consultation

**Cabinet Member:**
Cllr N Ireland, Leader of the Council, Climate, Performance and Safeguarding

**Local Councillor(s): n/a**

**Senior Leadership Team:**

J Mair, Director for Assurance and Governance

**Report author and job title:** Marc Eyre, Service Manager for Assurance
**Email:** marc.eyre@dorsetcouncil.gov.uk

**Statutory Authority:** n/a

**Report status:** Public (the exemption paragraph is N/A)

## 1. Executive summary

1.1. The Accounts and Audit (England) Regulations 2015 require a body such as the Council to "approve an annual governance statement, prepared in accordance with proper practices in relation to internal control." The attached draft Annual Governance Statement (AGS) covers financial year 2025-26 and sets out key features of the governance framework in place in the Authority and provides a review of its effectiveness. It has been prepared in line with the recommendations published by CIPFA and SOLACE, which were revised in 2016. An addendum to this guidance was issued in May 2025 and comes into effect for this years' statement, and puts greater emphasis on:

- Demonstrating how the governance arrangements support the delivery of Council objectives;
- Assessing the mechanisms in place to demonstrate good governance, and identify any areas for improvement;

- Providing sources of assurance across the three lines of defence: line management (first line); risk and compliance functions (second line); and internal audit (third line);
- Looking ahead to the risks and challenges that the authority is facing.

1.2. Much of the evidence supporting the AGS is found within our Local Code of Corporate Governance which is included as an appendix. This has been enhanced to reflect the requirements of the Addendum to provide an assessment of the effectiveness of each control/process detailed, utilising the scoring criteria used by SWAP Internal Audit for consistency. The AGS also sights the very high risks noted within the Council's risk register.

1.3. Under the regulations, the accounts are not approved by the Council (or the Committee to which the responsibility is delegated) until after the external audit has been carried out. At this stage this draft allows members an early view and an ability to inform the content. Final adoption of the AGS will take place alongside the accounts, signed off by both the Council Leader and Chief Executive. As the AGS must reflect any significant issues that arise prior to its final approval, if necessary, subsequent amendments will be made to the draft document to reflect them and reported to this Committee.

2. **Recommendation(s)**

2.1 The Committee is asked to consider and comment on the draft Annual Governance Statement (AGS) for 2025-26.

3. **Reason for the recommendation(s)**

3.1 Approval and publication of an Annual Governance Statement by the Council is a statutory requirement and provides evidence that Dorset Council maintains high standards of governance and addresses significant shortcomings and risks.

**4. Alternative options considered**

4.1 N/A

5. **Legal considerations**

5.1 Publication of an annual governance statement is a statutory requirement.

**6. Financial implications**

6.1 There are no budget requirements arising directly from this report. The overall financial position of the Council is one of the significant issues covered in the

AGS. Addressing other issues identified in the compliance assessment or the AGS may have budgetary implications, which will be considered in the relevant action plans.

**7. Natural environment, climate & ecology implications**

7.1 None

**8. Well-being and health implications**

8.1 None

**9. Other implications**

9.1 None

**10. Risk implications**

10.1 The AGS references risks on the Council's corporate risk register which have been assessed as being "Very High"

**11. Equalities**

11.1 Considering equalities issues is a key aspect of good governance, but there are no equalities issues arising directly from this report

**12. Appendices**

12.1 A) Draft Annual Governance Statement 2025/26

B) Local Code of Corporate Governance

**13. Background papers**

13.1 None

**14. Report sign-off**

14.1 This report has been through the internal report clearance process and has been signed off by the Director for Assurance and Governance (Monitoring Officer), the Director for Resources (Section 151 Officer) and the appropriate Portfolio Holder(s)