

Wiltshire Council

Cabinet

13 September 2011

Subject: Annual Governance Statement 2010/11

Cabinet member: Councillor John Brady – Finance, Performance and Risk

Key Decision: No

Executive Summary

To ask Cabinet to consider a draft Annual Governance Statement for 2010/11 for preliminary comment before final approval is sought from the Audit Committee at its meeting on 28 September 2011.

Proposal

Cabinet is asked:

- (a) to consider the draft Annual Governance Statement for 2010/11(AGS) in Appendix 1 and to make any amendments or observations on the content.
- (b) to note that the draft AGS will be revised in the light of any comments Cabinet may wish to make and the ongoing review work by the Assurance Group. It will be reconsidered by the Audit Committee for final approval for publication at the end of September 2011.

Reason for Proposals

To prepare the AGS 2009/10 for publication in accordance with the requirements of the Audit and Accounts Regulations.

Ian Gibbons
Director of Law and Governance

Wiltshire Council

Cabinet

13 September 2011

Subject: Annual Governance Statement 2010/11

Cabinet member: Councillor John Brady – Finance, Performance and Risk

Key Decision: No

Purpose of the report

1. To ask Cabinet to consider a draft Annual Governance Statement for 2010/11 for preliminary comment before final approval is sought from the Audit Committee at its meeting on 28 September 2011.

Background

2. The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2010/11. This has to be signed by the Leader of the Council and the Chief Executive after final approval by the Audit Committee on 28 September 2011.
3. Based on advice from the Chartered Institute of Public Finance and Accountancy (CIPFA), the AGS should include:
 - an acknowledgement of responsibility for ensuring there is a sound system of governance, incorporating the system of internal control;
 - an indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide;
 - a brief description of the key elements of the governance framework, including reference to group activities where those activities are significant;
 - a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements;
 - an outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan.

4. The AGS for Wiltshire Council should demonstrate how the Council is meeting the six principles of good governance adopted in its Code of Corporate Governance. These principles are:
 - focusing on the purpose of the council and on outcomes for the community and creating and implementing a vision for the local area;
 - councillors and officers working together to achieve a common purpose with clearly defined functions and roles;
 - promoting values for the council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
 - taking informal and transparent decisions which are subject to effective scrutiny and managing risk;
 - developing the capacity and capability of councillors and officers to be effective;
 - engaging with local people and other stakeholders to ensure robust accountability.
5. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2010/11, but must take account of any significant issues of governance up to the date of completion on 28 September. The AGS should outline the actions taken or proposed to address any significant governance issues identified.
6. The AGS is drafted by members of the Assurance Group, which comprises senior officers who have lead roles in corporate governance and member representatives from the Audit Committee and the Standards Committee.
7. The evidence for the AGS comes from three primary sources - an assurance framework, based on the Use of Resources assessment documents, directors' assurance statements, and from relevant lead officers within the organisation.

Draft AGS - Content

8. A copy of the draft AGS for 2010/11 is attached at Appendix 1.
9. The draft reflects the elements described in paragraph 3 of this report and has regard to revised guidance from CIPFA. The draft is based on work undertaken to date and will be revised in the light of further reviewing of assurance sources by the Assurance Group and any observations of Cabinet.

10. A first draft of the AGS was considered by the Audit Committee on 29th June 2011 and by the Standards Committee on 20th July 2011. Relevant extracts from the minutes of these meetings are attached at Appendix 2. The AGS has been revised to reflect the comments of both committees. A draft of the AGS has also been submitted to the Council's external auditors, KPMG who have also had the opportunity to comment. Consequential amendments to the AGS have been made.
11. Section C of the AGS describes the Council's governance framework for the relevant period, namely April 2010 to date. The final version will need to reflect the position up to the date of approval and signature in September 2011.
12. Section D provides a review of the effectiveness of the Council's governance framework. This section has been structured to reflect the key governance principles set out in the Council's Code of Corporate Governance.
13. The Assurance Group is obtaining assurance statements from directors in relation to their services. These will be reviewed over the summer period and any issues which impact upon the Council's governance arrangements will be included in a further revision of the draft and highlighted at the next meeting.
14. Section E of the draft AGS requires the Council to identify any significant internal control issues affecting the Council during the relevant period. i.e. the financial year 2010/11 through to the date of publication of the AGS at the end of September 2011.
15. CIPFA guidance suggests that an internal control issue is to be regarded as significant if:
 - the issue has seriously prejudiced or prevented achievement of a principal objective;
 - the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
 - the issue has led to a material impact on the accounts;
 - the audit committee, or equivalent, has advised that it should be considered significant for this purpose;
 - the Head of Internal Audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;
 - the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;

- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.
16. At this stage the following have been identified as potential significant governance issues in view of their size, complexity and/or impact on the delivery of the Council's services and priorities:
- SAP Financial Systems
 - Housing Landlord Service Improvement Plan
 - Implementation of the Transformation Programme
 - Managing Significant Reductions in Government Funding and Changes in Legislation
 - Governance Arrangements for Dealing with Complaints Involving Third Parties
17. Any further significant governance issues that are identified will be reported to the meeting of Audit Committee in September for final consideration and approval.

Financial implications

18. There are no financial implications arising directly from the issues covered in this report.

Risk Assessment

19. The production of the AGS is a statutory requirement. Ongoing review of the effectiveness of the Council's governance arrangements is an important part of the Council's risk management strategy.

Environmental Impact

20. There is no environmental impact arising from the proposals in this report.

Equality and Diversity Impact

21. There are no equality and diversity issues arising from this report.

Ian Gibbons
Director of Law and Governance

Report Author: Nina Wilton, Head of Governance

Unpublished documents relied upon in the production of this report:

The CIPFA Finance Advisory Network - The Annual Governance Statement

Appendices

Appendix 1 – draft Annual Governance Statement

Appendix 2 – relevant extracts from the minutes of Audit and Standards Committees