

Wiltshire Council

Cabinet

19 July 2015

Subject: Draft Annual Governance Statement 2015-16

Cabinet Member: Councillor Dick Tonge
Finance, performance, risk, systems thinking,
procurement and welfare reform

Key Decision: No

Executive Summary

1. 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 2015-16. This will be signed by the Leader of the Council and the Corporate Directors, after final approval by the Audit Committee on 27 July 2016. The AGS will form part of the Annual Statement of Accounts for 2015-16.
2. Section C of the AGS describes the Council's governance framework for the relevant period. The final version will need to reflect the position up to the date of approval and signature in July 2016.
3. 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.
4. The Council's internal auditors have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2015-16.
5. The following have been identified as significant governance issues at this stage:
 - Delivery of the Council's Business Plan 2013-17
 - Impact of financial challenges on Procurement of Contracts
 - Information Governance
 - Safeguarding Children and Young People

6. Details of these issues are set out in Section E of the draft AGS.

7. The Council's external auditors, KPMG LLP, have been consulted and their comments are reflected in the draft AGS.

Proposal(s)

Cabinet is, therefore, asked:

- a. to consider the draft AGS as set out in Appendix 1 and make any comments or changes as they see fit;
- b. to note that the draft AGS will be revised in the light of any comments by Cabinet and ongoing work by the Governance Assurance Group before final approval by the Audit Committee and publication with the Statement of Accounts at the end of July 2016.

Reason for Proposal

To prepare the AGS 2015-16 for publication in accordance with the requirements of the Audit and Accounts Regulations 2011.

Ian Gibbons

Associate Director Legal and Governance and Monitoring Officer

Wiltshire Council

Cabinet

19 July 2016

Subject: Draft Annual Governance Statement 2015-16

Cabinet member: Councillor Dick Tonge
Finance, performance, risk, systems thinking,
procurement and welfare reform

Key Decision: No

Purpose of Report

1. To ask Cabinet to consider a draft Annual Governance Statement for 2015-16 for comment before final approval is sought from the Audit Committee on 27 July 2016.

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 2015-16. This will be signed by the Leader of the Council and the Corporate Directors after final approval by the Audit Committee on 27 July 2016. The AGS will form part of the Annual Statement of Accounts for 2015-16.
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 informed, risk-based 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 2015-16, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts in July 2016. 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 Governance Assurance Group, which comprises senior officers who have lead roles in corporate governance and a member representative from the Audit Committee.
7. The evidence for the AGS comes from a variety of sources, including service plans, relevant lead officers within the organisation, internal and external auditors and inspection agencies.

Main Consideration for the Council

Draft AGS - Content

8. Work on the draft AGS 2015-16 is in progress. A copy of the latest draft is Attached at Appendix 1. The draft will be revised in the light of further work by the Governance Assurance Group and any observations of Cabinet.

9. The draft reflects the elements described in paragraph 3 of this report and has regard to revised guidance from CIPFA.
10. Section C of the AGS describes the Council's governance framework for the relevant period.
11. 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.
12. The Council's internal auditors have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2015-16.
13. Associate Directors are required to review the effectiveness of the governance arrangements within their directorate as part of the service planning process. Any potential significant governance issues identified will be included in the final version of the AGS.
14. Section E of the draft AGS requires the Council to identify any significant internal control issues affecting the Council during the relevant period.
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 it is proposed to include the following significant governance issues in this section:

- Delivery of the Council's Business Plan 2013-17
- Impact of financial challenges on procurement of contracts
- Information Governance
- Safeguarding Children and Young People

17. Details on these issues are set out in section E of the draft AGS.

18. The Council's external auditors, KPMG LLP, have been consulted on the draft AGS and their comments are reflected in the final draft.

Safeguarding Implications

19. Safeguarding issues have been highlighted in Section E of the draft AGS.

Public Health Implications

20. There are no public health implications arising directly from this report.

Environmental and Climate Change Considerations

21. There are no environmental or climate change considerations arising directly from this report.

Equalities Impact of the Proposal

22. There is no equalities impact arising from this report.

Risk Assessment

23. Ongoing review of the effectiveness of the Council's governance arrangements is an important part of the Council's risk management strategy.

Financial Implications

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

Legal Implications

25. The production of the AGS is a statutory requirement.

Proposal

26. Cabinet is, therefore, asked:

- a. to consider the draft AGS as set out in Appendix 1 and make any comments or changes as they see fit;
- b. to note that the draft AGS will be revised in the light of any comments by Cabinet and ongoing work by the Governance Assurance Group before final approval by the Audit Committee and publication with the Statement of Accounts at the end of July 2016.

Reason for Proposal

27. To prepare the AGS 2015-16 for publication in accordance with the requirements of the Audit and Accounts Regulations.

Ian Gibbons
Associate Director Legal and Governance
and Monitoring Officer

10 July 2016

Background Papers

The following unpublished documents have been relied on in the preparation of this report:

None

Appendices

Appendix 1 - Draft Annual Governance Statement 2015-16
