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**Annual Governance Statement 2012/13**

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**Purpose of the report**

1. To ask the Audit Committee to approve the Annual Governance Statement for 2012/13 for publication with the Statement of Accounts.

**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 2012/13.
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 2012/13, but must take account of any significant issues of governance up to the date of completion in September 2013. 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 a member representative from the Audit Committee.
  
7. The evidence for the AGS comes from a range of sources, including assurance statements from service directors, relevant lead officers within the organisation, and external auditors and inspection agencies.
  
8. A draft AGS was considered by the Audit Committee on 18 June 2013, by the Standards Committee on 10 July 2013 and by Cabinet on 23 July 2013. Relevant extracts from the minutes of these meetings are attached at Appendix 1. The AGS has been revised to reflect the comments received - see paragraph 15 which clarifies the status of Wiltshire Police and Crime Panel.
  
9. Further changes have been made since the last Audit Committee meeting on 18 June 2013 as follows:

Paragraphs 11 and 53	Refers to the new Business Plan 2013 – 17 which is due for consideration by full council on 3 September 2013.
Paragraph 31	Reflects council's decision on 9 July 2013 on the discharge of the statutory of Head of Paid Service by the corporate directors.
Paragraph 33	Minor change in the reference to the South West Audit Partnership (SWAP)
Paragraph 65	SWAP overall audit opinion of reasonable assurance added.
Paragraphs 66 – 67	Key messages from KPMG's report to those charged with governance 2012-13 added.
Paragraph 81	Updated position on the significant governance issues.

9. The draft AGS has also been reviewed by the Council's external auditors, KPMG LLP who have confirmed that:

- the AGS complies with *Delivering Good Governance in Local Government: A Framework* published by CIPFA / SOLACE in June 2007; and
- it is not misleading or inconsistent with other information they are aware of from their audit of the financial statements.

### **Proposed AGS 2012/13**

10. A copy of the proposed AGS for 2012/13 is attached at Appendix 2.

9. The draft reflects the elements described in paragraph 3 of this report and has regard to revised guidance from CIPFA.

11. Section C of the AGS describes the Council's governance framework for the relevant period, namely April 2012 to date.

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. Internal Audit has given an overall audit opinion that for 2012-13 it is able to give reasonable assurance on the adequacy and effective operation of the Council's overall control environment.
14. Section E of the 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. The following have been identified as significant governance issues:
  - Safeguarding children and young people;
  - Managing significant reductions in Government funding and changes in legislation;
  - Information security.
17. Details of these significant governance issues are set out at paragraph 83 of the AGS.
18. The Assurance Group has reviewed assurance statements from directors in relation to their services. There are no significant governance issues identified, other than those set out in Section E.

## **Financial implications**

19. There are no financial implications arising from this report.

## **Risk Assessment**

20. 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**

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

## **Equality and Diversity Impact**

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

**Ian Gibbons**

**Director of Law and Governance and Monitoring Officer**

Report author: Ian Gibbons / Nina Wilton

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## **Unpublished documents relied upon in the production of this report:**

The CIPFA Finance Advisory Network - The Annual Governance Statement

Appendices:

Appendix 1     Extract from Minutes of Audit Committee on 18 June 2013,  
                         Standards Committee on 10 July 2013 and Cabinet on 23 July  
                         2013.

Appendix 2     Draft Annual Governance Statement 2012/13