

CABINET
22ND SEPTEMBER 2009

ANNUAL GOVERNANCE STATEMENT 08/09

Purpose of report

1. To ask Cabinet to consider a draft Annual Governance Statement for 2008/09 for comment before final approval is sought from the Audit Committee at its meeting on 30th September 2009.

Background

2. The Council is required to prepare and publish an Annual Governance Statement (AGS) as part of its annual review of the effectiveness of its governance arrangements. 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.
3. The Assurance Group has met regularly to review of the Council's governance arrangements and has prepared a draft of the AGS for 2008/09. A first draft was considered by the Audit Committee at its meeting on 30th June and the AGS has been revised to reflect the Audit Committee's comments.
4. The revised AGS will be considered by the Standards Committee on 9th September and the Committee's comments will be reported to Cabinet and to the Audit Committee on 30th September 2009 when final approval will be sought.

Draft AGS - Content

5. A copy of the revised draft AGS is attached at Appendix 1.
6. The draft reflects the elements described in paragraph 2 of this report and has regard to revised guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The draft is based on work undertaken to date and the

initial comments of the Audit Committee. It will be revised in the light of further reviewing of assurance sources by the Assurance Group and any observations of the Standards Committee, Cabinet and the Audit Commission.

7. Section C describes the Council's governance framework for the relevant period, namely April 2008 to date. The final version will need to reflect the position up to the date of approval and signature on 30th September 2009.
8. Section D provides a review of the effectiveness of the Council's governance framework, drawing upon evidence from the various sources of assurance agreed previously by the Final Accounts and Audit Committee. The review of effectiveness has been formatted to reflect the key governance principles set out in the Council's Code of Corporate Governance, which was brought before the Final Accounts and Audit Committee on 25th March 2009.
9. The overall audit opinion based on the audit work completed during the year is that internal control is in place and is operating satisfactorily.
10. The Assurance Group is obtaining assurance statements from directors in relation to their services. These will be reviewed by the Assurance Group and any issues which impact upon the Council's governance arrangements will be included in a further revision of the draft and highlighted prior to final approval by the Audit Committee.
11. 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 2008/09 through to the date of publication of the AGS at the end of September 2009.
12. 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.
13. At this stage it is proposed to include the following as significant governance issues for the period covered by this Annual Governance

Statement:

- a. Implementation of local government reorganisation in Wiltshire, including transition to unitary status, elections, induction of new members, revision of constitution, harmonisation of policies and practices (including staff terms and conditions), and the ongoing transformation of services;
 - b. Implementation of BMP and the realisation of benefits from the system;
 - c. Business continuity and resilience in relation to potential events, such as a serious influenza epidemic.
14. The Audit Commission has been consulted on the content of the draft AGS and their comments will be taken into account in the presentation of the final version to the Audit Committee in September.

Financial implications

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

Risk Assessment

16. There are no risks arising directly from the issues covered in this report.

Recommendation

17. Cabinet is therefore asked:
- a. to consider the draft 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 then be taken back to the Audit Committee for final approval for publication by 30th September 2009.

IAN GIBBONS
MONITORING OFFICER

Report Author: Marie Lindsay, Ethical Governance Officer

Unpublished documents relied upon in the production of this report:

The CIPFA Finance Advisory Network - The Annual Governance Statement

Environmental impact of the recommendations contained in the support: None