

**Annual Governance Statement 2015-16**

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**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 and reflects 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:
  - 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 AGS.

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

**Proposal(s)**

The Audit Committee is, therefore, asked to approve the AGS for 2015-16 as set out in Appendix 1 for publication with the Statement of Accounts.

**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**

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**Purpose of Report**

1. To ask the Audit Committee to approve the Annual Governance Statement for 2015-16 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 2015-16. This will be signed by the Leader of the Council and the Corporate Directors after 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**

### **AGS - Content**

8. A copy of the proposed AGS is attached at Appendix 1. This will be revised to reflect observations of Cabinet on 19 July 2016.

9. The AGS 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 further potential significant governance issues identified will be brought to the attention of the Audit Committee.
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. 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 AGS.

18. The Council's external auditors ,KPMG LLP, have been consulted on the AGS and their comments are reflected in the proposed 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. The Audit Committee is, therefore, asked to approve the AGS 2015-16 for publication with the Statement of Accounts.

## **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**

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13 July 2016

## **Background Papers**

The following unpublished documents have been relied on in the preparation of this report:

None

## **Appendices**

Appendix 1 - Annual Governance Statement 2015-16

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