

## **Wiltshire Council**

### **Audit Committee**

**24 July 2018**

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## **Draft Annual Governance Statement 2017/18**

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### **Purpose of Report**

1. To approve an Annual Governance Statement for 2017/18.

### **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 2017/18. This will be signed by the Leader of the Council and the Corporate Directors after final approval by the Audit Committee on 24 July 2018. The AGS will form part of the Annual Statement of Accounts for 2017/18.
3. The format of the AGS follows recent advice from the Chartered Institute of Public Finance and Accountancy (CIPFA), with an onus on making it focused and readable.
4. The AGS for Wiltshire Council should demonstrate how the Council is meeting the principles of good governance adopted in its Code of Corporate Governance. These principles aim to ensure the Council is:
  - Behaving with integrity, demonstrating strong commitment to ethical values, and representing the rule of law.
  - Ensuring openness, transparency and comprehensive stakeholder engagement – delivering accountability
  - Defining outcomes in terms of sustainable economic, social and environmental benefits
  - Determining the interventions necessary to optimise the achievement of intended outcomes
  - Developing capacity, including the capacity of the Council's leadership and the individuals within it
  - Managing risks and performance through robust internal controls and strong public financial management.

5. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2017/18, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts in July 2018. The AGS should outline the actions taken or proposed to address any significant governance issues identified.
6. The AGS is drafted by senior officers who have lead roles in corporate governance. 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**

7. A draft AGS for 2017/18 is attached at Appendix 1. The draft has been shared with Cabinet and external audit (KPMG) who have had the opportunity to comment.
8. Cabinet noted the draft AGS and that this would be referred to the Audit Committee on 24 July for final approval.
9. KPMG have advised (at page 19 of their External Audit ISA 260 Report July 2018):

*We have reviewed the Authority's 2017-18 Annual Governance Statement and confirmed that it is not misleading and is consistent with other information we are aware of from our audit of the financial statements.*

*We have made a number of comments in respect of its format and content which the Authority has agreed to amend where significant.*

The draft AGS incorporates these amendments.

10. The Council's internal auditors have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2017/18.
11. The final section of the draft AGS requires the Council to identify any significant internal control issues affecting the Council during the relevant period. 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.

12. At this stage it is proposed to include the following governance issues as areas for improvement:

- Responding to the recommendations in peer reviews including the Corporate Peer, SEND and CQC reviews. This will include assessing the impacts on the

delivery of the Council's Business and Financial Plans of external factors including the Social Care Green Paper expected in the summer 2018, changes to the Business Rates system and lessons learnt from the section 114 notice issued at Northamptonshire County Council in February 2018.

- Embedding improvements to data protection to be compliant with the new regulatory framework.
  - Responding to an event in March 2018 that occurred in Salisbury and a further more recent event in Amesbury, the Council will seek to learn and share lessons surrounding the event, as well as assess the long-term impact and actions needed for the County, Council and Partners.
  - Ensuring the new waste contract is mobilised effectively in line with current plans for July 2018.
  - Improving the Council's counter fraud framework including greater awareness and response.
  - There will be a review of the inter-relationship between key policies to improve clarity and consistency of processes including: Anti-Fraud and Corruption, Whistle Blowing, complaints and some staff policies, such as Registering interests, gifts and hospitality.
  - How the Council collects general feedback from individuals and communities to assess improvements in approach and reviewing the arrangements for the governance of partnership working.
  - Reporting of finance and performance and risk management will be more closely aligned. A review of the relevant Corporate Performance Strategy and Risk Management Strategy will take place to ensure a focus on links between the use of resources and the outcomes being achieved. Alongside this there will be a focus on delivery of comprehensive plans for change for council services and a review of council commissioning, procurement and contract management.
13. The governance of the Council will continue to be monitored by Cabinet, other councillor committees and the Council's Corporate Leadership Team. That will include the areas to address identified above.

### **Safeguarding Implications**

14. Safeguarding issues have been covered in in Section 2.1 and 4.7 -4.9 of the draft AGS.

### **Public Health Implications**

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

### **Environmental and Climate Change Considerations**

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

### **Equalities Impact of the Proposal**

17. There is no impact on equality arising from this report.

### **Risk Assessment**

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

### **Financial Implications**

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

### **Legal Implications**

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

### **Proposal**

The Audit Committee is, therefore, asked to approve the draft AGS for publication with the Annual Statement of Accounts 2017-18.

### **Reason for Proposal**

21. To prepare the AGS 2017/18 for publication in accordance with the requirements of the Audit and Accounts Regulations.

### **Ian Gibbons**

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**Background Papers**

The following unpublished documents have been relied on in the preparation of this report: None

**Appendices**

Appendix 1 Wiltshire Council's Draft Annual Governance Statement 2017/18