
Annual Governance Statement 2010/11

Purpose of the report

1. To ask the Audit Committee to approve the Annual Governance Statement for 2010/11 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 2010/11.
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 informal 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 2010/11, but must take account of any significant issues of governance up to the date of completion on 28 September 2011. 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 member representatives from the Audit Committee and the Standards Committee.

7. The evidence for the AGS comes from three primary sources - an assurance framework, directors' assurance statements, and from relevant lead officers within the organisation.

8. A draft AGS was considered by the Audit Committee on 29th June 2011, by the Standards Committee on 20th July 2011, and by Cabinet on 13 September 2011. Relevant extracts from the minutes of these meetings are attached at Appendices 2 and 3. The AGS has been revised to reflect the comments received.

9. The draft AGS has also been submitted to the Council's external auditors, KPMG for comment. Consequential amendments to the AGS have been made.

Proposed AGS 2010/11

10. A copy of the proposed AGS for 2010/11 is attached at Appendix 1.
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 2010 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 2010-11 it is able to give a substantial assurance on the adequacy and effective operation of the Council's overall control environment - see paragraph 70 of the AGS.
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 in view of their size, complexity and impact on the delivery of the Council's services and priorities:
 - SAP Financial Systems

- Housing Landlord Service Improvement Plan
- Implementation of the Transformation Programme
- Managing Significant Reductions in Government Funding and Changes in Legislation
- Governance Arrangements for Dealing with Complaints Involving Third Parties

17. 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.

18. The Committee will note Cabinet's decision to add the following to Section E in relation to the proposed senior management restructuring. This proposal is due to be considered by Cabinet on 6 October 2011. The wording has been changed to reflect this date.

The Leader has initiated a consultation process on a proposal to achieve financial savings through a restructuring of the senior management team, involving the removal of the post of chief executive and a corporate director post. The Cabinet will be considering this proposal in the light of the outcome of the consultation on 6 October 2011. The risks and governance issues associated with this proposal will be considered as part of the decision making process.

19. The Assurance Group considered the governance arrangements for section 106 agreements in the light of the Committee's comments in June. The Group noted that the monitoring of section 106 agreements was being undertaken under the direction of the Cabinet Member for Development Control Services with progress being reviewed by a dedicated Task Group. The Assurance Group were satisfied that the matter is being properly addressed and there was no reason to include this as a significant governance issue in the AGS.

Financial implications

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

Risk Assessment

19. 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

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

Equality and Diversity Impact

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

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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 - draft Annual Governance Statement

Appendix 2 – relevant extracts from the minutes of Audit and Standards Committees and Cabinet