

## **Wiltshire Council**

### **Audit Committee**

**9 July 2014**

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#### **Draft Annual Governance Statement 2013-14**

##### **Purpose**

1. To ask the Standards Committee to consider a draft Annual Governance Statement (AGS) for 2013 -14 for preliminary comment before final approval is sought from the Audit Committee at its meeting on 31 July 2014.

##### **Background**

2. The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an AGS for 2013-14. This will be signed by the Leader of the Council and the Corporate Directors, after final approval by the Audit Committee on 31 July 2014. The AGS will form part of the Annual Statement of Accounts for 2013-14.
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 2013-14, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts in July 2014. 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 assurance statements from associate directors, relevant lead officers within the organisation, internal and external auditors and inspection agencies.

### **Draft AGS - Content**

8. Work on the draft AGS 2013-14 is in progress. A copy of the latest draft is attached at Appendix 1. The draft will be revised in the light of further reviewing of assurance sources by the Governance Assurance Group and any observations of the Audit Committee, Cabinet, Standards Committee and the Council's external auditors, KPMG.
9. The draft 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. The final version will need to reflect the position up to the date of approval and signature in July 2014.
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 2013-14.
13. Assurance statements are being obtained from associate directors. These are being reviewed and any potential significant governance issues arising from these will be included in the final version of the AGS and highlighted at the July meeting.
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. At this stage it is proposed to include three significant governance issues in this section:

- Delivery of the Council's Business Plan 2013-17
- Information Governance
- Safeguarding Children and Young People

Details on these issues are set out in paragraph 82 of the draft AGS.

17. This report was previously considered by the Audit Committee on 24 June 2014. The draft minute extract from that meeting is attached at appendix 2.

18. Any further potential significant governance issues that are identified will be reported to the Audit Committee when the AGS is brought back for final approval on 31 July 2014.

19. KPMG will be consulted on the draft AGS and their comments will be taken into account in the presentation of the final version to the Audit Committee.

### **Financial Implications**

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

### **Risk Assessment**

21. 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**

22. There is no environmental impact regarding the proposals in this report.

### **Equality and Diversity Impact**

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

### **Reasons for the Proposal**

24. To prepare the AGS 2013-14 for publication in accordance with the requirements of the Audit and Accounts Regulations.

## **Proposal**

25. The Standards Committee is, therefore, asked:

- a) to consider the draft AGS as set out 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 comments from the Committee, Cabinet, Standards Committee and further work by the Governance Assurance Group before being brought back to the Audit committee for final approval and publication with the Statement of Accounts at the end of July.

**Ian Gibbons**

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Unpublished documents relied upon in the production of this report: None

Appendices:

Appendix 1 - draft Annual Governance Statement 2013-14

Appendix 2 - extract from draft minutes of Audit Committee 24 June 2014

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