

Wiltshire Council

Audit Committee

31 July 2014

Annual Governance Statement 2013-14

Purpose

1. To ask the Audit Committee to approve the Annual Governance Statement (AGS) for 2013 -14 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 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, creating and implementing a vision for the local area;
 - Engaging with local people and other stakeholders to ensure robust public accountability;
 - Ensuring that members and officers work together to achieve a common purpose with clearly defined functions and roles;
 - Promoting high standards of conduct and behaviour, and establishing and articulating the Council's values to members, staff, the public and other stakeholders;
 - Taking informed, risk based and transparent decisions which are subject to effective scrutiny; and
 - Developing the capacity of members and officers to be effective in their roles.
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.
8. A draft AGS was considered by the Audit Committee on 24 June 2014, by the Standards Committee on 9 July 2014 and by Cabinet on 22 July 2014. The AGS has been revised to reflect the comments received from these bodies and from the Council's external auditors, KMPG LLP.

Proposed AGS 2012/13

9. A copy of the proposed AGS for 2013/14 is attached at Appendix 1. Material changes since the last meeting of the Audit Committee are as follows:
 - Amendment of paragraphs 10, 38 and 83 to ensure consistency in the wording of the Council's priorities in the Business Plan;
 - Paragraph 16 - 'The Constitution is reviewed regularly' changed to '.. is reviewed on an ongoing basis ...'
 - Paragraph 47 - changed to accurately reflect KPMG LLP's role in considering the arrangements to secure value for money (VFM) in the use of resources;
 - Paragraph 71 – this refers to the key findings in KPMG's Annual Audit Letter 2012-13;
 - Paragraphs 83 and 84 – 'significant governance issue' is defined in paragraph 83 and the wording of the significant governance issues identified in paragraph 84 has been expanded to provide further context.
10. The draft AGS 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 2013 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. 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 – see paragraph 70 of the AGS.
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. The following have been identified as significant governance issues:

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

17. Details on these issues are set out in paragraph 84 of the draft AGS.

18. 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.

Financial implications

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

Risk Assessment

20. Ongoing review of the effectiveness of the Council's governance arrangements is an important part of the Council's arrangements for managing risk.

Environmental Impact

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

Equality and Diversity Impact

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

Reasons for the Proposal

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

Proposal

24. The Audit Committee is, therefore, asked to approve the AGS for publication with the Statement of Accounts.

Ian Gibbons

Associate Director Legal and Governance and Monitoring Officer

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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 Annual Governance Statement 2013-14

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