

Annual Governance Statement 2014-15

Purpose

1. To ask the Audit Committee to approve the Annual Governance Statement (AGS) for 2014 -15 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 2014-15. This will be signed by the Leader of the Council and the Corporate Directors, after final approval by the Audit Committee on 29 July 2015. The AGS will form part of the Annual Statement of Accounts for 2014-15.
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 2014-15, but should take account of any significant issues of governance up to the date of publication of the Statement of Accounts in July 2015. The AGS should outline the actions taken or proposed to address any significant governance issues identified.
6. The AGS is prepared 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 23 June 2015, by the Standards Committee on 24 June 2015 and by Cabinet on 21 July 2015. The AGS has been revised to reflect comments received from these bodies and from the Council's external auditors, KPMG LLP.

Proposed AGS 2014-15

9. A copy of the proposed AGS for 2014-15 is attached at Appendix 1. Material changes since the last meeting of the Audit Committee are as follows:

- Paragraph 15
Added reference and link to the terms of reference of the Health and Wellbeing Board;
- Paragraph 34
Added reference and link to the terms of reference of the Local Pension Board
- Paragraph 35
Added reference to Wiltshire Council as the Accountable Body within the Governance and Assurance Framework for the SWLEP.
- Paragraph 40-41
Added reference to the role and function of the Council's Corporate Fraud Team
- Paragraph 44
Added Treasury Management under financial management and reporting.
- Paragraph 48
Added reference to the Citizen's Dashboard which has been introduced to capture measures and activities as part of the Council's strategic performance framework.
- Paragraphs 78-80
Included key findings of KPMG LLP in their annual audit letter published in October 2014.
- Heading after paragraph 89 amended to read ' Developing the capacity and capability of councilors and officers to be effective in their roles'

10. The final 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 2014 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 2014-15.

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:

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

17. These issues are covered in paragraph 94 of the AGS.

18. Assurance statements from Associate Directors in relation to their services have been reviewed. 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.

Legal Implications

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

Risk Assessment

21. 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 approve the AGS 2014-15 for publication in accordance with the requirements of the Audit and Accounts Regulations.

Proposal

25. The Audit Committee is, therefore, asked to approve the AGS 2014-15 for publication with the Statement of Accounts.

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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 2014-15

