

AUDIT COMMITTEE

Date of Meeting	Wednesday, 13 July 2016
Report Subject	Annual Governance Statement
Report Author	Internal Audit Manager

EXECUTIVE SUMMARY

For each financial year the Council is required to produce an Annual Governance Statement (AGS) as part of its final accounts. The AGS explains how the Council has complied with its Code of Corporate Governance and it also meets the requirements of the Accounts and Audit (Wales) Act 2014.

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have produced a detailed guidance note on the preparation and contents of an AGS – ‘Delivering Good Governance in Local Government: A Framework’. The AGS is based on the six core principles of governance from that guidance note.

It is good practice for the AGS to be presented separately from the final accounts so that it can be given due consideration.

RECOMMENDATIONS

1	For the committee to consider, amend as appropriate and recommend to the Council the AGS attached to the Statement of Accounts.
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REPORT DETAILS

1.00	EXPLAINING THE ANNUAL GOVERNANCE STATEMENT
1.01	Under the Accounts and Audit (Wales) Regulations 2015 each Local Authority must ensure it has a sound system of internal control. In addition,

	each year they must conduct a review of the effectiveness of the system and prepare an Annual Governance Statement (AGS). The review must be considered and the AGS approved by a committee or members of the authority meeting as a whole.
1.02	The AGS accompanies the financial statements but is not part of them. As such it is not part of the statement on which the external auditors' opinion is given. However, the auditors review the governance statement to confirm it is consistent with the audited financial statements and other information of which they are aware.
1.03	The preparation of the AGS has been coordinated by the Corporate Governance Working Group (CGWG) which has reported to the Chief Executive, the Monitoring Officer and the Section 151 Officer on its work.
1.04	The preparation of the AGS was informed by a corporate governance self-assessment undertaken by each Chief Officer, responding to a questionnaire prepared by the CGWG and based on the CIPFA guidance. The responses received were challenged by the CGWG where, for example, they did not provide adequate supporting information for the assessment given.
1.05	In addition, questionnaires were sent to Overview and Scrutiny Committee Chairs. They all completed the questionnaire and their views have been taken into account in preparing the draft AGS.
1.06	Information was obtained from a number of other officers to complete various sections of the AGS. It was then submitted to the Chief Executive, Monitoring Officer and Section 151 Officer for their observations. Finally, it was distributed to all Members asking for any comments.
1.07	The group decided to change the format of the AGS this year, to reflect the six core principles within the CIPFA / SOLACE framework and to bring the AGS more into line with practice in other councils. The review of effectiveness is shown relating to each principle.
1.08	The AGS includes a list of significant strategic risks to the Council and the proposed mitigating actions for those risks.

2.00	RESOURCE IMPLICATIONS
2.01	None arising from this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	AGS produced using information from all Statutory and Chief Officers, Managers and Chairs of all Overview and Scrutiny Committees. Draft AGS circulated to all Members for their comments.

4.00	RISK MANAGEMENT
4.01	The AGS lists all the significant governance issues for the Council and for each one outlines the risks and the mitigation of those risks.

5.00	APPENDICES
5.01	Appendix 1 Annual Governance Statement – see paper on the Statement of Accounts.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: David Webster, Internal Audit Manager Telephone: 01352 702248 E-mail: david.webster@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p>Risk Management: the process of identifying risks, evaluating their potential consequences and managing them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the consequences if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p> <p>Financial Accounts / Statements: The Council's annual finance report providing details of the Council's financial performance and position at the end of the financial year. The format is prescribed to enable external comparison with other public and private entities.</p>