

Item for Audit Committee 15th June 2017

DRAFT ANNUAL GOVERNANCE STATEMENT 2016-17 AND THE INTRODUCTION OF A NEW LOCAL CODE OF GOVERNANCE 2017.

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Proposed decision

1. The Committee is advised to review and endorse the new 2017 Local Code of Governance and the draft Annual Governance Statement for 2016/17 and the areas highlighted for improvement, prior to submission to the Leader and Chief Executive for formal sign off alongside the Annual Accounts.

Corporate Implications

2. The Council is required by statute to review the effectiveness of its system of internal control and publish an annual governance statement with their accounts.
3. The Annual Governance Statement is scrutinised by External Audit.

Executive Summary

4. The publishing of the Annual Governance Statement (AGS) is the formal reporting of the Council's governance arrangements: it is an opportunity to report on the quality of our governance arrangements and identify actions to improve those arrangements.
5. For 2016/17, new guidance was issued by CIPFA/SOLACE "Delivering Good Governance in Local Government Framework 2016" and in consultation with the Strategic Management Board it was agreed that this would be used to develop and introduce a new Local Code of Governance that supports the Annual Governance Statement process.
6. The Audit Committee terms of reference require it to review the "Council's Framework for Corporate Governance"

Sustainable Community Strategy/Council Priorities – Implications

7. This report directly relates to the Council's corporate priority 'pounds': delivering value for money in everything we do as a Council is the foundation to ensure all the Council's priorities comply with legislative and Council requirements.

Background and Issues

8. The Annual Governance Statement (AGS) follows the guidance as issued in 2016 by CIPFA /SOLACE in its publication "Delivering Good Governance in Local Government Framework 2016"
9. The draft AGS to 31 March 2017 is attached at Appendix A, along with the new Local Code, Appendix B which details how the Council has had due regard to the guidance contained in the new framework and also meets the requirements of the Account and Audit regulations.
10. The Local Code and the draft AGS has been prepared by the Audit, Risk and Fraud Manager in consultation with the Strategic Management Board.
11. The draft AGS has been prepared based on the Annual Assurance Statements which are completed by each Head of Service (signed off by the Corporate Director or Chief Executive as appropriate).
12. The improvement areas highlighted are also included in the Council's Strategic Risk Register, where applicable, which is being used as the formal mechanism for recording the governance issues and the resultant improvement tasks, as it integrates the governance actions, thus avoiding duplication and provides consideration of issues together.
13. Detailed below are the areas for improvement identified from the 2016/17 assurance process.

People

Partial compliance in that job descriptions (JD) need to be reviewed.

Use of Resources

Partial compliance in regards to the Services being able to demonstrate performance levels across the range of services provided.

Partial compliance in that further work is required to inform contractors /suppliers of the controls and procedures that are to be followed in the event of a fraud being perpetrated against the Council.

Information Governance and Records Management

Partial compliance in that further work was required in relation to the management of paper and electronic records which would enable both the ease of location and disposal of records at the appropriate time.

Business Continuity

Partial compliance in that further work was required in ensuring that services had made adequate arrangements to ensure continued service delivery and that the arrangements have been communicated to all relevant staff.

Project Management

Partial compliance in that Lessons Learnt reports are not produced and shared corporately for projects completed within a Service, during the year.

- 14 Attached at Appendix 1 is a table that records the Areas for Improvement that have arisen from the introduction of a Local Code of Governance in 2016/17.

Options

15. None, as this is a requirement for the Council to undertake.

Conclusions

16. The Council continues to operate within a strong corporate governance framework and the areas identified for improvement are seen as developmental actions, rather than having to tackle activities as a result of fundamental weaknesses.

Next Steps

17. The final version of the Annual Governance Statement will be submitted to the Leader and Chief Executive for formal sign-off as part of the Final Accounts process.
18. The approved Annual Governance Statement will be published on the Council's website and the agenda and minutes of this Committee are made publicly available.
19. The Audit Committee will have the opportunity to review progress when the Strategic Risk register is presented to future meetings.
20. Strategic Management Board continue to have clear oversight of the Strategic Risk Register to ensure that risks are clearly identified, subject to a detailed evaluation process considering the control environment as mitigation and the identification of improvements tasks that are required to minimise the level of risk exposure faced by the Council.
21. Strategic Management Board to monitor the progress of implementing agreed areas for improvement when conducting the half yearly review of the Annual Governance Statement.

Background Papers

CIPFA/SOLACE: Delivering Good Governance in Local Government Framework 2016.

Appendix 1

No	Area for Improvement	Owner
1	Consider introducing an Annual report outlining the work of the Standards Committee, detailing: training provided number of referrals and outcomes, any outside assurance as regards operational processes.	District Solicitor
2	Reminder to be issued to All Members of the need to ensure that all disclosures are made.	District Solicitor
3	Consideration is given to compiling an annual report that details, where as a Council, it has learnt from the outcome(s) of a complaint.	Head of Democratic Legal and Policy
4	Review to be undertaken as regards the: currency of the WB policy, approval process: Member and Officer awareness.	Head of HR, ICT & Shared Support Services
5	Further work to be undertaken in 2017/18 in the Democratic, Legal & Policy Team consisting of a review covering both the Constitution and the wider decision making & governance arrangements.	Head of Democratic Legal and Policy
6	Review to be undertaken of current corporate Plan objectives to refresh and update.	Head of Democratic Legal and Policy
7	Review to be undertaken to assess the purpose and applicability of the quarterly financial and performance process.	Head of Finance and Commercial (S151)
8	Review to be undertaken to refresh and update the current Communications policy.	Head of Democratic Legal and Policy
9	Review to be undertaken to refresh and update the current Engagement strategy and toolkit	Head of Democratic Legal and Policy