



Audit and Risk Management Committee
Tuesday, 14 March 2017

REPORT TITLE:	ANNUAL GOVERNANCE STATEMENT 2016/17
REPORT OF:	ASSISTANT DIRECTOR OF FINANCE (S151)

REPORT SUMMARY

This report explains the planned approach for the production of the Council's Annual Governance Statement (AGS) 2016/17. It provides an outline of the work required to prepare the Statement, and sets out indicative timescales.

RECOMMENDATIONS

It is recommended that this Committee endorses and supports the approach outlined in this report with regards to producing the Annual Governance Statement 2016/17.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 The support and endorsement of this Committee is vital in ensuring that the AGS 2016/17 is a robust, accurate document, produced in a timely manner.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND AND KEY ISSUES

- 3.1 The preparation and publication of an AGS is necessary to meet the statutory requirement set out in the Accounts and Audit (England) Regulations 2011, Regulation 4(3).
- 3.2 It is essential for the Authority to have approved and adopted its own Code Of Corporate Governance that complies with the principles of the CIPFA/SOLACE guidance *Delivering Good Governance in Local Government* (2012 and 2016); and to report in the AGS the extent to which the governance processes outlined in the Code are operating effectively in practice.
- 3.3 The Framework identifies seven core principles of good governance:
1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
 2. Ensuring openness and comprehensive stakeholder engagement.
 3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
 4. Determining the interventions necessary to optimize the achievement of the intended outcomes.
 5. Developing the entity's capacity including the capability of it's leadership and the individuals within it.
 6. Managing risk and performance through robust internal control and strong public financial management.
 7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 3.4 As a public statement of the Council's governance arrangements, it is vital that the AGS is a robust and accurate reflection of the Council's approach to governance during 2016/17. Therefore, it is important that the members of this Committee, Council's Cabinet and Strategic Leadership Team (SLT) provide the support and engagement required to produce such a document.

4.0 PRODUCTION OF ANNUAL GOVERNANCE STATEMENT 2016/17

4.1 Internal Audit is responsible for undertaking the relevant assurance work to support the AGS; however it is important to note that the Statement is not owned by the audit function and is a Council statement on the effectiveness of its governance processes.

The preparation of the statement will therefore be led by the Law and Governance Team and will be approved by the Leader and Chief Executive.

4.2 Collation of assurances in relation to governance has been undertaken on an ongoing basis throughout the year by Internal Audit. In addition, a specific review of the requirements of the CIPFA/SOLACE guidance is being undertaken, featuring the following main elements:

- A review of the adequacy and effectiveness of the key corporate governance controls (as prescribed by CIPFA/SOLACE), focusing on such areas as Performance, Risk Management, Legal and Human Resources/Organisational Development.
- Obtaining evidence of the implementation of the “Significant Governance Issues” included within the Annual Governance Statement 2015/16.
- Collation and review of Governance Assurance Statements.

4.3 On the basis of the findings arising from the review, Internal Audit will compile a list of ‘Areas of Good Practice’ and ‘Areas for Improvement’ to be considered for inclusion in the Annual Governance Statement.

4.4 The AGS will be reported to this Committee in June 2017. Members of this Committee will have the opportunity to debate the Statement and contribute to the final version at that time.

5.0 FINANCIAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 LEGAL IMPLICATIONS

6.1 There are none arising from this report.

7.0 RESOURCE IMPLICATIONS

7.1 There are none arising from this report.

8.0 RELEVANT RISKS

8.1 Failure to produce an accurate and robust AGS in a timely manner would breach the Accounts and Audit Regulations, attract external criticism and

potentially hinder the Council's continued development of robust governance arrangements.

9.0 ENGAGEMENT/CONSULTATION

9.1 The preparation of the Annual Governance Statement is led by the Council's SLT and is based on evidence provided by Internal Audit. The AGS will be considered by the Portfolio Holder responsible for Governance, external audit and Audit and Risk Management Committee in June 2017. The AGS will be signed off by the Leader and Chief Executive.

10.0 EQUALITY IMPLICATIONS

10.1 There are none arising from this report.

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REFERENCE MATERIAL

"Delivering Good Governance in Local Government" CIPFA, 2012 and 2016.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	Annual report