

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	15 JULY 2014
TITLE	GWYNEDD COUNCIL'S ANNUAL GOVERNANCE STATEMENT FOR 2013/14
PURPOSE OF REPORT	TO PRESENT THE ANNUAL GOVERNANCE STATEMENT (INCORPORATING THE STATUTORY STATEMENT ON INTERNAL CONTROL) FOR 2013/14 TO THE AUDIT COMMITTEE FOR APPROVAL
AUTHOR	DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK
ACTION	TO APPROVE THE STATEMENT AND ALLOW IT TO BE SIGNED BY THE COUNCIL LEADER AND THE CHIEF EXECUTIVE

1. INTRODUCTION – WHAT DOES THE AUDIT COMMITTEE NEED TO DO?

- 1.1 In order fulfil its duties as "those charged with governance", it is necessary for the Audit Committee to:
- **Consider amendments to the Statement as suggested by the Cabinet (following its informal meeting on 9 July) and Management Group (following meeting on 14 July), that will be presented orally by the Senior Manager Audit and Risk.**
 - **Challenge the Senior Manager Audit and Risk on the content of the Annual Governance Statement, and in particular the "Impact" and "Effectiveness" scores that have been identified, and the narrative that explains the justification for the score.**
 - **Approve the Statement, and recommend that the Council Leader and Chief Executive sign it.**

2. BACKGROUND

2.1 There is a statutory requirement for an Annual Governance Statement as a result of:

- The Accounts and Audit Regulations (Wales) 2005 (as amended by the Accounts and Audit Regulations (Wales) 2010), which state:

The local government body shall conduct a review at least once in a year of the effectiveness of its system of internal control and shall include a statement on internal control, prepared in accordance with proper practices, when relevant, with any statement of accounts it is obliged to publish.

- CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom (the "SORP")
- CIPFA / SOLACE Framework *Delivering Good Governance in Local Government* and subsequent addenda. The latest addendum was published in December 2012.

3. SELFASSESSMENT OF THE EFFECTIVENESS OF THE GOVERNANCE ARRANGEMENTS

3.1 The Audit Committee has a key function in challenging the preparation procedures and the contents of the draft Annual Governance Statement. When signing the Governance Statement, the Chief Executive and Council Leader confirm:

"We have been advised on the implications of the result of the **review of the effectiveness of the governance framework** by the Audit Committee, and that the arrangements **continue to be regarded as fit for purpose in accordance with the governance framework**. The areas already addressed and those to be specifically addressed with new actions planned are outlined below".

3.2 The Statement has been drafted by the Governance Arrangements Assessment Group, and as it developed its contents have been reviewed, challenged and confirmed by the Corporate Management Team (in February, April and June 2014) and the Audit Committee (in December 2013 and February and May 2014).

3.3 In addition, members of the Audit Committee attended a Workshop in January 2014 to share ideas about governance.

3.4 The diagram containing the Impact and Effectiveness scores were presented to the Audit Committee at its meeting in May 2014. At that time, the Committee accepted these scores, and suggest modifications (such as adding Equality as an element in the Framework). The Committee resolved:

(i) To accept that the definition of "good governance" should be arrangements that place providing for the people of Gwynedd at their centre;

(ii) To agree that the Governance Arrangements Assessment Group should continue with its current direction in developing arrangements for the self assessment of the effectiveness of the Council's governance arrangements.

3.5 The Annual Governance Statement summarises the results of the self-assessment in a statement that tells the People of Gwynedd what our governance framework is, and how well it works. The Audit Committee needs to satisfy itself that the narrative justifying the scores is a fair reflection of the Council as far as it is aware, based on the information that it has received over the year.

3.6 As well as the Corporate Management Team, the draft has been presented to the Informal Cabinet (9 July) and the Management Group (14 July). Their comments will be submitted to the Audit Committee orally.

4. RECOMMENDATION

4.1 The Audit Committee is requested to

- Consider amendments to the Statement as suggested by the Cabinet (following its informal meeting on 9 July) and Management Group (following meeting on 14 July), that will be presented orally by the Senior Manager Audit and Risk.
- Challenge the Senior Manager Audit and Risk on the content of the Annual Governance Statement, and in particular the "Impact" and "Effectiveness" scores that have been identified, and the narrative that explains the justification for the score.
- Approve the Statement, and recommend that the Council Leader and Chief Executive sign it.