

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	30 JUNE 2015
TITLE	GWYNEDD COUNCIL'S ANNUAL GOVERNANCE STATEMENT FOR 2014/15
PURPOSE OF REPORT	TO PRESENT THE ANNUAL GOVERNANCE STATEMENT (INCORPORATING THE STATUTORY STATEMENT ON INTERNAL CONTROL) FOR 2014/15 TO THE AUDIT COMMITTEE FOR APPROVAL
AUTHOR	DEWI MORGAN, SENIOR MANAGER REVENUE 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:
- **Challenge the Senior Manager Revenue and Risk on the self-assessment of the 31 element in the Council's governance framework, and in particular the "Impact" and "Effectiveness" scores that have been identified, and the narrative that explains the justification for the score.**
 - **Consider the action plan contained in the Annual Governance Statement (Appendix 2).**
 - **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 (Wales) Regulations 2014, which state:

The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk, and adequate and effective financial management.

The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control. The findings of the review must be considered by the members of the body meeting as a whole or by a committee.

Following the review, the body or committee must approve a statement on internal control prepared in accordance with proper practices. The relevant body must ensure that the statement accompanies any statement of accounts which it is obliged to prepare.

- 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 Annual Governance Statement summarises the results of the governance self-assessment, as updated by the Governance Arrangements Assessment Group, in a statement that tells the People of Gwynedd what our governance framework is, and how well it is working. The members of the Group are the Chief Executive, the Monitoring Officer, the Corporate Commission Service Senior Manager, the Delivering and Supporting Change Service Senior Manager and the Senior Manager Revenues and Risk.

3.3 The diagram containing the Impact and Effectiveness scores follow the same format as the 2014 Statement. When approving that statement, the Audit Committee resolved to accept that the definition of "good governance" should be arrangements that place providing for the people of Gwynedd at their centre.

3.4 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.


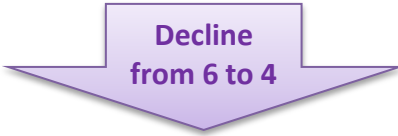

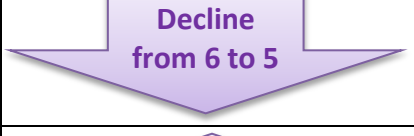
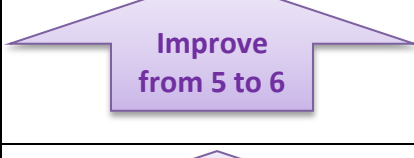
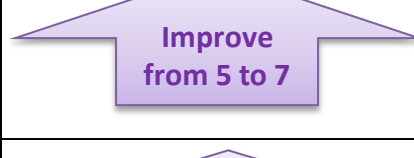
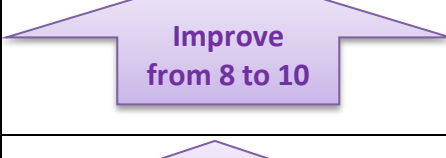
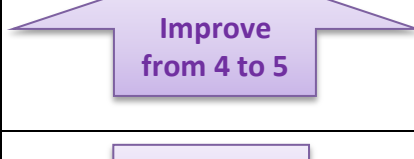

4. CHANGES IN THE SCORES SINCE THE 2014 STATEMENT

Impact Scores

4.1 In most cases (30 out of 31), the assessment by the Governance Arrangements Working Group did not suggest a need to change the impact scores, as these have remained constant since 2014. The only impact score that has changed is Equality, which has changed from 6 to 7. This was done because of the opinion that the cuts regime could effect some cohorts of the population worse than others.

Effectiveness Scores

4.2 Nine out of the 31 effectiveness scores have changed since 2014. A summary of these changes is shown below:

Integrated Public Services	 <p>Improve from 3 to 5</p>
Information Governance	 <p>Decline from 6 to 4</p>
The Constitution	 <p>Improve from 8 to 9</p>
External Auditor's Annual Letter	 <p>Decline from 6 to 5</p>
Procurement Strategy	 <p>Improve from 5 to 6</p>
Standards Committee	 <p>Improve from 5 to 7</p>
Decision Notices	 <p>Improve from 8 to 10</p>
The Complaints Process	 <p>Improve from 4 to 5</p>
Equality	 <p>Decline from 7 to 6</p>

5. THE COUNCIL'S PRIORITIES

5.1 The result of the changes described above is the following changes to the Council's governance priorities:

- Information Governance has moved from orange to red
- Integrated Public Services has moved from red to orange
- External Auditor's Annual Letter is now orange
- Procurement Strategy and The Complaints Process are now yellow

5.2 Therefore the Very High Priority Areas (red) are:

- The Council's Values
- The 'Cyflawni' arrangements
- Engagement
- Information Governance

5.3 The High Priority Areas (orange) are:

- Integrated Public Services
- Staff Appraisal, Training and Development
- The Council's Strategic Plan
- The Scrutiny Process
- Risk Management Arrangements
- Member Inter-relationships
- Leadership Programme
- External Auditor's Annual Letter

6. RECOMMENDATION

6.1 The Audit Committee is requested to

- Challenge the Senior Manager Revenue and Risk on the self-assessment of the 31 element in the Council's governance framework, and in particular the "Impact" and "Effectiveness" scores that have been identified, and the narrative that explains the justification for the score.
- Consider the action plan contained in the Annual Governance Statement (Appendix 2).
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