

WELWYN HATFIELD COUNCIL

AUDIT COMMITTEE – 25TH JULY 2016

REPORT OF THE CHIEF EXECUTIVE

DRAFT ANNUAL GOVERNANCE STATEMENT FOR THE FINANCIAL YEAR 2015/16

1 Executive Summary

1.1 This report presents the Draft Annual Governance Statement for the financial year 2015/16 (attached at Appendix A), which has been compiled in accordance with the best practice set out in the CIPFA / SOLACE Guidance Framework “Delivering Good Governance in Local Government”.

2 Financial Implication(s)

2.1 There are none.

3 Recommendation(s)

3.1 That the Executive Board / Cabinet:-

- (a) considers and, once satisfied, approves the Draft Annual Governance Statement.
- (b) authorises the Chief Executive, in conjunction with the Leader of the Council, to make any subsequent amendments to the Draft Annual Governance Statement necessitated by the comments made by both the Standards and Audit Committees,
- (c) recommends its certification by the Leader of the Council and the Chief Executive.

4 Background

4.1 The preparation and publication of an annual governance statement in accordance with the CIPFA / SOLACE Guidance Framework is necessary to meet the statutory requirement set out in the appropriate regulations. The Annual Governance Statement (AGS) is the formal statement that recognises records and publishes the Council’s governance arrangements.

4.2 Regulation 6(1)(a) of the Accounts and Audit (England) Regulations 2015 requires a local authority to conduct a review at least once a year of the effectiveness of its system of internal control and to include a statement on this review with any Statement of Accounts. Regulation 6(1)(b) requires that for a local authority in England that the statement is a governance statement.

4.3 Proper practices require the AGS should include:-

- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control)
- an indication of the level of assurance that the systems and processes that comprise the authority's governance arrangements can provide
- a brief description of the key elements of the governance framework, including reference to group activities where those activities are significant
- a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comments of the role of:
 - the Council
 - the Cabinet
 - the Audit Committee, the Overview and Scrutiny function and the Standards Committee
 - the Internal Audit function
 - other explicit review / assurance mechanisms
- an outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan

5 Policy Implication(s)

5.1 There are none.

6 Risk Assessment

6.1 A risk assessment has not been prepared in relation to the proposals in this report as there are no significant risks inherent in the proposals.

7 Explanation

7.1 The CIPFA / SOLACE Guidance Framework emphasises that the AGS is a key corporate document. The most senior Member and the most senior officer have joint responsibility as signatories for its accuracy and completeness.

7.2 The signatories need to ensure that the AGS accurately reflects the governance framework for which they are responsible. In order to achieve this, they are likely to rely on many sources of assurance, e.g. Chief Officers, Members, Senior Managers and the Council's External Auditors and other review agencies.

7.3 As in previous years, the production of the AGS has been co-ordinated by the Governance Group, an officer group chaired by the Chief Executive in his capacity as Head of Corporate Governance

7.4 The Group's membership also comprises:

- the Director (Governance) – the Council's Monitoring Officer
- the Director (Finance and Operations) – the Council's S151 Officer

- the Head of Resources
- the Head of Law & Administration – the Council’s Deputy Monitoring Officer
- the Head of Policy & Culture
- the Head of Housing Strategy
- the Head of Public Health & Protection
- the Principal Governance Officer
- the Governance Services Manager
- the Risk & Resilience Manager

7.5 The Governance Group has considered the following sources of assurance:-

Internal

- existing policies and procedures
- internal review activity (at both Member and officer level)
- Directors’ and Heads of Service’s Management Assurance Statements
- the work of the Shared Internal Audit Service, Performance Management, Procurement and Risk Management

External

- the work of the Council’s External Auditors

7.6 Members are asked to note that there is one Significant Governance Issue highlighted in the AGS for the financial year 2015/16

7.7 Members are also asked to note that the AGS is subject to review by the Council’s External Auditors.

8 Equality and Diversity

8.1 An equalities impact assessment has not been carried out as there are no proposals within this report that are likely to have a differential impact on diverse communities.

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Date	4 th July 2016