

Classification: Part 1 – Public

Key Decision: No

Gravesham Borough Council

Report to: Finance & Audit Committee

Date: 23 June 2015

Reporting officer: Ben Turner, Policy Officer

Subject: Annual Governance Statement 2014-15

Purpose and summary of report:

To seek approval from Members of the Annual Governance Statement for the 2014-15 financial year.

Recommendations:

1. Members consider the findings of the review of the council's governance arrangements for 2014-15.
2. Members approve and support the Annual Governance Statement for the 2014-15 financial year.

1. Background

- 1.1 The council is required to conduct a review at least once a year of the effectiveness of its system of internal control and to prepare an annual governance statement in accordance with proper practice in relation to internal control.
- 1.2 The intention of the review is to provide a continuous assessment of the council's governance arrangements including corporate governance, risk management and internal control, to provide assurance of the effectiveness of these arrangements and to identify any areas of weaknesses which require attention.
- 1.3 The Annual Governance Statement (AGS) is intended to provide a public assurance statement of the governance and internal control arrangements adopted by the council in operating on behalf of the community it represents.

2. Review of Governance Arrangements

- 2.1 A review of the authority's governance arrangements for 2014-15 has been undertaken by the council's Assurance Group, in line with revised guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA), issued in December 2012.
- 2.2 As part of this review, assurance of the effective operation of the governance arrangements has been sought from a number of sources. The evidence examined in this process has been electronically provided to Members of this committee via the supporting meeting agenda pack in order to facilitate consideration of the evidence prior to this meeting. A summary of the evidence provided to Committee Members is outlined at appendix two of this report.
- 2.3 The review has established that the authority does have adequate governance arrangements in place; whilst no significant issues have been identified, the review has highlighted some opportunities to further develop and strengthen the council's governance arrangements.

3. Annual Governance Statement 2014-15

- 3.1 The Annual Governance Statement for 2014-15 has been prepared based on the findings of the review of governance arrangements. A copy of the statement is attached at appendix three to this report.
- 3.2 Members are requested to approve and support the Annual Governance Statement for the 2014-15 financial year.

4. Background Papers

- 4.1 Background papers pertaining to this report are as follows:
 - “*Delivering Good Governance in Local Government – Guidance note for English Authorities – 2012 Edition*” – published by the Chartered Institute of Public Finance and Accountancy (CIPFA) 2012
 - “Assessment of Governance Arrangements – Review of Framework 2014-15” – undertaken and approved by the Assurance Group

Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

IMPLICATIONS**APPENDIX ONE**

<p>Legal</p>	<p>The Accounts and Audit Regulations 2011 place a statutory requirement on authorities to conduct a review at least once a year of the effectiveness of its system of internal control and to prepare an annual governance statement in accordance with proper practice in relation to internal control. Proper practice has been defined as that set out in Delivering Good Governance in Local Government, the latest version of which was published by CIPFA/SOLACE in December 2012. The review referred to in this report and the AGS have both been prepared with due consideration of this proper practice.</p> <p>Assurances are sought from the Monitoring Officer in relation to ensuring all legal functions have been undertaken during the 2014-15 financial year.</p> <p>The Monitoring Officer is also a member of the AGS Assurance Group and as such, comments made by the Monitoring Officer have been taken into account in drafting the Annual Governance Statement.</p>
<p>Finance and Value for Money</p>	<p>There is a statutory requirement for the Annual Governance Statement to accompany the Statement of Accounts. Therefore it is intended that the draft statement is presented to Members of the Finance & Audit Committee on 23 June 2015 for approval, prior to presentation of the Statement of Accounts to the committee on 14 July 2015.</p> <p>Assurances are sought from the Chief Financial Officer/Section 151 Officer in relation to ensuring all financial functions have been undertaken during the 2014-15 financial year.</p> <p>The Chief Financial Officer/Section 151 Officer is also a member of the AGS Assurance Group and as such, comments made by the Chief Financial Officer/Section 151 Officer have been taken into account in drafting the Annual Governance Statement.</p>
<p>Risk Assessment</p>	<p>Failure to approve the Annual Governance Statement 2014-15 could expose the authority to the risk of the 2014-15 Statement of Accounts receiving a qualified opinion.</p> <p>The purpose of the governance review is to identify any potential areas of weakness or areas of further improvement, in order to minimise the risk facing the council in these areas. Failure to take action in relation to the issues identified at section five of the Annual Governance Statement 2014-15 would have a negative effect on the continuous development of the governance arrangements operated by Gravesham Borough Council.</p> <p>It is important to note that the governance arrangements are designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve the authority's aims and objectives. The review of the authority's governance arrangements can therefore only provide reasonable and not absolute assurance of the effectiveness of the governance arrangements in place.</p>

Equality Impact Assessment	Screening for Equality Impacts		
	Question	Answer	Explanation
	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	--
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	--
	c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?	N/A	--
<i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i>			
Corporate Plan	Ensuring the council has the right governance and internal control arrangements in place contributes to strategic objective five – managing the council’s business responsibly.		
Crime and Disorder	The Annual Governance Statement reviews all governance and control arrangements in place throughout the authority. Whilst there are no direct implications in relation to Crime and Disorder, good governance makes a positive contribution to Community Safety in its broadest sense.		