

CITY OF CARDIFF COUNCIL CYNGOR DINAS CAERDYDD

AUDIT COMMITTEE: 22 MARCH 2016

DRAFT ANNUAL GOVERNANCE STATEMENT 2015/16

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 5.2

Reason for Report

1. The Audit Committee's Terms of Reference requires Members to review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk and internal control.
2. The Audit Committee is also required to consider the Council's corporate governance arrangements against the good governance framework by way of the process of compiling the AGS. In February 2016, Audit Committee received a report on the AGS framework and an update of the Senior Management Assurance Statement (SMAS) mid year responses. The SMAS responses are supporting assurance documents which contribute to the Annual Governance Statement (AGS).

Background

3. The Accounts and Audit (Wales) Regulations 2015 requires Authorities to carry out an annual review of the effectiveness of the system of internal control. The Council has approved and adopted a Governance Framework, which is consistent with the principles of the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government.
4. The Council uses the above governance framework to identify evidence against each of the 6 core principles outlined below:
 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
 - Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 - Taking informed, transparent decisions which are subject to effective scrutiny and managing risk.
 - Developing the capacity and capability of Members and Officers to be effective.
 - Engaging with local people and other stakeholders to ensure robust public accountability.

5. Good governance leads to effective management, improving performance, stewardship of public money, successful public engagement and ultimately, the desired outcomes for citizens and service users. Sound governance enables the Council to pursue its vision with effective mechanisms for control and the management of risk.
6. All Senior Managers have a responsibility to ensure sound governance arrangements within their Directorates. The SMAS responses from Directors provide the opportunity to provide evidence of performance in a number of key areas for good governance, and to identify any matter/s which could significant impact on the Council. A Chief Executive Assurance Statement has also been developed in 2015/16 and introduced to ensure a complete set of assurance statements from Senior Management to inform the AGS.
7. Once all assurance statements have been completed any reported, significant governance issues are compiled and checked against the Corporate Risk Register (CRR). Issues raised that are captured on the CRR are not highlighted in the statement to avoid duplication (this is highlighted in the AGS). The Senior Management Team is then presented with the list of significant governance issues for corporate consideration and collective approval.
8. Following approval by management, the AGS will be updated and reported to Audit Committee in June within the draft Financial Statements 2015/16. Thereafter the AGS will be finalised in preparation for September Council where the Financial Statements are presented.
9. The Governance Framework provides a useful source for collating the evidence to inform the AGS, but in order for the AGS to show a true assessment of the Council during the financial period further sources are relied upon.
10. The process of compiling the AGS begins in quarter 4 of each financial year, but a process of engagement and consultation with officers across the Council is ongoing. The Governance Framework is reviewed annually by officers to ensure there are no gaps in the evidence required to meet the principles of the Framework.

Issues

11. Audit Committee are sighting the AGS prior to year end, therefore there are a number of gaps in the statement as much of the final drafting takes place after the financial year end. The AGS is split in two parts; firstly, a reflection of the good governance principles and then a review of effectiveness of the Council's governance arrangements.
12. Following year end the review of effectiveness will be completed when all sources of information are readily available.

Legal Implications

13. There are no legal implications arising directly from the contents of this report.

Financial Implications

14. There are no direct financial implications arising from this report.

Recommendation

15. The Audit Committee considers the content of the draft Annual Governance Statement 2015/16, mindful that certain sections cannot be completed until year end.
16. The Committee reinforces the requirement for all Directors to complete a Senior Management Assurance Statement at the year-end position 2016/17 in order for the draft Annual Governance Statement to be finalised.
17. Members of the Committee agree that once the Audit Committee's Annual Report is drafted that the opinion contained within informs the Annual Governance Statement, both of which will be presented to the Committee in June.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES

The following Appendices are attached:

Appendix A – Draft Annual Governance Statement 2015/16