

AUDIT AND RISK COMMITTEE

30 June 2015

ANNUAL GOVERNANCE STATEMENT

Report of the Director for Resources

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor King – Portfolio holder for Places (Development and Economy) and Resources	
Contact Officer(s):	Debbie Mogg, Director for Resources	Tel: 01572 758358 dmogg@rutland.gov.uk
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Ward Councillors	Not Applicable	

DECISION RECOMMENDATIONS

1. That the Committee considers whether the Annual Governance Statement (AGS) fairly represents the governance framework at place in the Council and advises on whether there are any issues it would wish to see addressed or expanded upon in the Annual Governance Statement.

1. PURPOSE OF THE REPORT

- 1.1 To meet the statutory requirement for the Council to approve an AGS for inclusion in its published Statement of Accounts for 2014/15. In advance of formal approval in September, the Committee is invited to consider an early draft.

2. BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 When publishing its statement of accounts (SoA), the Council is required by regulation 4(3) of the Accounts and Audit Regulations 2011 to consider and approve an AGS. The function is delegated to this Committee. CIPFA guidance suggests that the Committee considers a version of the Statement in advance.
- 2.2 The draft is (attached as Appendix A) sets out the Council's responsibilities, the purpose of the governance framework, a description of the governance

framework itself, illustrated by examples, and its effectiveness.

- 2.3 The governance framework is designed to facilitate the achievement of the Council's aims and objectives and policies, identifying and managing any risks to a reasonable level. The framework is embedded in the Constitution and the policies, procedures, operations and systems in place.
- 2.4 The review of the effectiveness of the governance environment is informed by a number of methods, including internal and external audit, and consideration by Council, Cabinet and Scrutiny Panels, and assurance statements given by service managers in respect of their areas of responsibility. As part of the review of effectiveness, the Council must disclose the actions any significant governance issues in relation to the Council achieving its vision.
- 2.5 While it is for individual authorities to judge whether a matter is significant, the following tests might indicate a significant issue:
- Might the issues seriously prejudice or prevent achievement of a corporate target?
 - Could the issue have a material impact on the accounts?
 - Could the issue divert resources from another important aspect of the business?
 - Does the Audit and Risk Committee advise it is significant?
 - Does internal or external audit regard it as significant?
 - Could the issue, or its impact, attract significant public interest, or seriously damage the reputation of the organisation?
- 2.6 Whilst Internal Audit and other reviewers have indicated that there are areas where internal controls must be improved, there are no significant areas of weakness identified that fall into any of the above categories. The Internal Auditors themselves have given a positive opinion on the internal control framework. The Committee should consider, based on its knowledge, whether there are any significant areas of the governance framework which it believes are not working appropriately.
- 2.7 The AGS needs to be submitted to the external auditor with the Statement of Accounts by 30 June 2015 and needs to be approved with the accounts by this Committee before 30 September 2015. The Section 151 Officer is responsible for preparing the Statement of Accounts for submission, but the AGS is signed by the Leader and the Chief Executive following the approval of this Committee. The external auditor will check the format of the AGS and whether its content is consistent with his understanding of the authority.
- 2.8 Should any issues come to light before the date of sign off, the AGS will be amended accordingly.

3. CONSULTATION

- 3.1 The Annual Governance Statement has been reviewed by Senior Management team and the Governance Group. Other officers have contributed to parts of the Statement.

4. ALTERNATIVE OPTIONS

- 4.1 At this stage the Committee is being asked to provide comment so alternative options are not appropriate.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report.

6. LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Audit and Risk Committee is responsible for reviewing the Annual Governance Statement.
- 6.2 There are no legal implications arising from this report.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 Equality Impact Assessment (EqIA) screening has been completed and there were no issues arising. A full Impact assessment has not been carried out.

8. COMMUNITY SAFETY IMPLICATIONS

- 8.1 There are no community safety implications.

9. HEALTH AND WELLBEING IMPLICATIONS

- 9.1 There are no health and wellbeing implications.

10. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 10.1 The Committee plays an important role in the oversight of the corporate governance framework. Its review of the Annual Governance Statement on behalf of the Council provides an independent assurance to the Chief Executive and Leader.

11. BACKGROUND PAPERS

None

12. APPENDICES

Appendix A – Draft Annual Governance Statement

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.