

Audit and Governance Committee

Meeting to be held on 30 June 2015

Electoral Division affected: All

The Council's Annual Governance Statement 2014/15

(Appendix 'A' refers)

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Executive Summary

The Committee at its meeting in April considered a draft Annual Governance Statement for 2014/15.

The Committee noted that an updated Annual Governance Statement (AGS) for 2014/15 would be presented to the Committee at its meeting in June.

A draft revised version of the AGS is presented for the Committee's consideration at Appendix 'A'.

Recommendation

The Committee is asked to:

1. Consider and approve the further draft of the Annual Governance Statement for 2014/15 for inclusion in the draft Statement of Accounts.
2. Note that the Annual Governance Statement will be signed by the Chief Executive and Leader of the Council and published on the Council's website following the final approval of the Statement of Accounts at the Committee's meeting on 28 September 2015.

Background and Advice

The County Council is required to produce and approve an Annual Governance Statement (AGS) which will be included in its Annual Statement of Accounts for 2014/15.

An initial draft AGS was presented to the Committee in March. The Committee was informed that there was still further work to be done with the AGS which would need to reflect the Chief Internal Auditor's Annual Report for the year ended 31 March

2015. The Committee noted that a revised Annual Governance Statement for 2014/15 would be presented to the Committee at its meeting in June and asked for any comments on the draft AGS to be made to the Director of Governance, Finance and Public Services.

Officers have now revised the draft AGS to incorporate the opinions expressed in the Chief Internal Auditor's Annual report and the Council's response to the emerging governance issues. The revised draft is set out at Appendix 'A' on the Agenda for the Committee's consideration and approval.

The revised AGS highlights that having previously given a strong commitment to ensure that basic controls are maintained, virtually all the outstanding actions which formed part of the Audit Plan for 2014/15 which were areas of high and moderate risk have now achieved a substantial assurance assessment in the current Chief Internal Auditor's report.

The revised AGS acknowledges that 2015/16 will be a year of significant challenges for the Council with the need to embed its new operating structure. The risks around transformation will form part of a new corporate risk and opportunity register and appropriate mitigation measures will be in place.

One of the mitigation measures proposed as detailed in the AGS is that for 2015/16 the focus of Internal Audit will be limited to consideration of the key financial systems and that the focus will be to provide consultancy (without any corresponding audit opinion) to Heads of Service to identify key controls around new services/structures. As a consequence it is not proposed that Internal Audit will provide an overall assurance opinion over internal controls for 2015/16.

Once this piece of work is complete the results will be used to inform an action plan for implementation and, once implemented, the controls can be the subject of internal audit and an assurance opinion.

The AGS outlines that going forward, along with the Council's main financial controls, the Council's key strategic risks and opportunities will be identified through the process described above. Some of those risks are clearly apparent, including the ongoing Transformation Programme and the embedding of systems around debt management as well as the risk management process itself. The proposed consultancy role for Internal Audit will also assist in that process.

To ensure that continuous improvement takes place Management Team will continue to work with both the Administration and the Committee to ensure that both the governance issues identified and set in the AGS and those which emerge from the process of embedding a risk management culture, supported by a risk and opportunity register, are identified and mitigated.

The production of a revised Local Code of Corporate Governance (set out at Item 7 on the Agenda) is intended to underpin the Council's vision with mechanisms for control and the management of risk. The Council's new Corporate Strategy is central to that and it is intended that this will be in place by October 2015.

The Committee is asked to consider and approve the further draft of the Annual Governance Statement presented at Appendix 'A' to be included within the Council's Annual Statement of Accounts for 2014/15.

The final AGS will be signed by the Chief Executive and Leader of the Council and published on the Council's website following the final approval of the Statement of Accounts at the Committee's meeting on 28 September. Any consequential changes to the AGS arising at that time will be reported to the Committee for consideration and approval.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with sound arrangements for control and management of risk. An Authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk. Failure to publish an AGS means the Council would be negligent in its responsibilities for ensuring accountability and the proper conduct of public business.

Legal Implications

The Council must adopt a Code of Corporate Governance which has been produced to the standards prescribed in the best practice guidance in order to prepare the Annual Governance Statement (AGS). The best practice guidance is recognised as the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2007). The AGS is used by the Council to report publically on the extent to which the Council has complied with its adopted Code, which is a requirement of the Accounts and Audit Regulations (England) 2015.

Financial Implications

Good governance leads to good management, good performance and good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users. However, there are costs associated with embedding and continuing good governance practices, and as the Council's organisational structures develop, the costs associated with governance need to be monitored to ensure they remain proportionate.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Service/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A