

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	8th February 2018	AGENDA ITEM NUMBER
TITLE:	Annual Governance Statement – Update Report	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Annual Governance Review – Outline of Framework.		
Appendix 2 – Significant Issue 2016/17 and Actions		

1 THE ISSUE

- 1.1 The aim of the report is to update the Committee on the Annual Governance Review and allow the Committee to contribute to the process which will result in the publication of the Council's Annual Governance Statement 2017/18.

2 RECOMMENDATION

- 2.1 The Corporate Audit Committee is asked to note progress of the review and raise any issues for consideration as part of the Annual Governance Review.

3 FINANCIAL IMPLICATIONS

- 3.1 A robust review of the Council's internal control and governance framework and the subsequent implementation of action plans form an essential part of the financial management framework.

4 THE REPORT

- 4.1 The Council has adopted a revised Local Code of Corporate Governance during the year which the Committee recommended and uses a methodology for producing an Annual Governance Statement based on the Accounts & Audit Regulations and the CIPFA / SOLACE 'Delivering Good Governance in Local Government' (see Appendix 1).
- 4.2 The methodology requires:-
- The involvement of all Divisional Directors
 - The use of Service Specialists to review evidence with relation to :-
 - Finance
 - Strategic Performance

- Corporate Communications
- Information Governance
- Human Resources
- Health & Safety
- Environmental Impact & Sustainability
- Equalities & Diversity
- Safeguarding
- Procurement

4.3 The review of governance covers all significant corporate systems, processes and controls, spanning the whole range of Council activities, including in particular those designed to ensure:

- Council policies are implemented;
- Quality services are delivered efficiently and effectively;
- Council's values and ethical standards are met;
- Compliance with laws and regulations;
- Financial statements and other published performance information are accurate and reliable;
- Human, financial, environmental and other resources are managed efficiently and effectively.

4.4 The 2017/18 Annual Governance Review has commenced and by end of February all Divisional Directors will have had the opportunity to contribute to the review and highlight any potential issues for consideration for reporting in the Annual Governance Statement.

4.5 In addition to consulting 'key' Corporate Officers and Divisional Directors, Strategic Directors (including the Chief Executive) and Cabinet will be asked for their input.

4.6 The Annual Governance Statement is a 'management' statement and as such is signed by the Chief Executive and Leader of the Council whilst the Audit Committee oversee the process and delivery of any actions where significant issues are identified.

4.7 In deciding which issues are 'significant' Councils are required to exercise sound judgement and guidance is limited to that provided by the Chartered Institute of Financial Accounts (CIPFA) as follows:

- The issue has seriously prejudiced or prevented achievement of a principal objective;
- The issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in a significant diversion of resources from another aspect of the business;
- The issue has led to a material impact on the accounts;
- The audit committee, or equivalent, has advised that it should be considered significant for this purpose;
- The 'Head of Internal Audit' has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;
- The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;

- The issue has resulted in formal action being taken by the Chief Financial Officer and / or the Monitoring Officer.

4.8 Work on the governance review will continue following this Committee meeting. Key milestones in finalising the Annual Governance Statement are:

- 1) Report to Audit Committee.
- 2) Report to Senior Management Team.
- 3) Chief Executive & Leader of the Council sign the Statement linked to the approval of the Annual Accounts.

4.9 It should be noted that the 2017/18 audited Statement of Accounts (including the annual governance statement) will be published by the earlier date of 31st July 2018 (previously the requirement was to published by 30th September).

4.10 As part of the agreed process the Corporate Audit Committee is required to monitor the implementation of any agreed actions which have been recorded against 'Significant Issues' reported in the previous year's Annual Governance Statement. The 2016/17 Annual Governance Statement recorded the 'financial challenge' faced by the Council as a 'Significant Issue'. The description of the Issue and mitigating actions were recorded in the Statement (See Appendix 2).

4.11 'Financial challenge' continues to be a 'Significant Issue' and it will be recorded as an issue in the 2017/18 Statement. The latest position with regard to the 2016/17 actions is detailed within the reports to Council on controlling in-year budgets for 2017/18 as well as the budget proposals for 2018/19. Links to those reports are as follows –

Report to Cabinet 7th February – Revenue & Capital Budget Monitoring

<https://democracy.bathnes.gov.uk/documents/s49789/E2892%20Revenue%20and%20Capital%20Budget%20Monitoring%202.pdf>

Report to Cabinet 7th February – Budget & Council Tax 2018/19 & Financial Outlook

<https://democracy.bathnes.gov.uk/documents/s49792/E3004%20Revenue%20and%20Capital%20Budget%20201819.pdf>

4.12 Based on our review work so far and taking into account the key criteria for inclusion and actions relating to the significant issue for 2016/17 we have identified the following areas as meriting further management consideration in relation to the 2017/18 statement –

- Current and Ongoing Financial Challenge
- New Virgin Care Contract to provide community health and care services.
- East of Bath Park & Ride Scheme
- Modern Libraries Programme

This does not mean that there have been governance failures in these areas but rather that they have had a potentially significant impact on the Council's operations, its governance and/or its resources This review work is ongoing and to assist this process the Committee's views are sought about any other issues they would recommend for consideration.

5. RISK MANAGEMENT

5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance. No significant issues to report for the Committee.

6. EQUALITIES

6.1 A proportionate equalities impact assessment has been carried out using corporate guidelines, no significant issues to report.

7. CONSULTATION

7.1 The report was consulted on with the S151 Officer for comment.

Contact person	Andy Cox (01225 477316) Jeff Wring (01225 477323)
Background papers	Report to Corporate Audit Committee 12 th September – Local Code of Corporate Governance https://democracy.bathnes.gov.uk/documents/s48089/CACLocalofCGSept17.pdf
Please contact the report author if you need to access this report in an alternative format	