

**TITLE OF REPORT: ANNUAL GOVERNANCE STATEMENT 2014/15****REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT****1. SUMMARY**

- 1.1 For the Finance, Audit and Risk Committee to approve the final Annual Governance Statement (AGS) for the year 2014/15. This Statement reviews the financial year 2014/15 and the period between 1<sup>st</sup> April and the completion of the Statement of Accounts.
- 1.2 For the Committee to note the improvement actions arising from the Annual Governance Statement for 2014/15 for implementation in 2015/16.

**2. RECOMMENDATIONS**

It is recommended that members of this Committee:

- 2.1 Approve the final AGS for it to be included within the Statement of Accounts;
- 2.2 Note the progress to date against the action plan.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 The final version of the AGS is to be appended to the Statement of Accounts for 2014/15.
- 3.2 Reviewing the AGS action plan in the year will provide the Committee with assurances that the Council is improving its governance arrangements.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 There are no alternative options to be considered.

**5. FORWARD PLAN**

- 5.1 This report does not cover a recommendation on a key decision and has not been referred to in the Forward Plan.

**6. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 6.1 The Council's external auditors and the Shared Internal Audit Service have been consulted on the Annual Governance Statement. The AGS and the resulting action plan have incorporated relevant findings and recommendations from the Annual Audit letter for the year ended March 2014 that was discussed at the Finance Audit & Risk Committee in December 2014. In addition the AGS refers to assurances provided by internal audit reports completed in 2014/15. The Leader of the Council and Chief Executive have reviewed and signed the AGS, subject to the final approval of the Committee.

## **7. BACKGROUND**

- 7.1 The Accounts & Audit (England) Regulations 2011 (now revoked) and now the Accounts and Audit Regulations 2015 require the Council to conduct a review at least once in a year of the effectiveness of its system of internal control. This annual review results in the AGS.
- 7.2 The findings of this review of the governance framework must be considered by a Committee. The Finance Audit and Risk Committee were provided with the opportunity to consider the draft AGS at its meeting in June 2015. Following the review, the Committee must approve an annual governance statement which is a public report on the extent to which the Council complies with its own code of governance. This includes details of how the effectiveness of the governance arrangements in the year have been monitored and evaluated. It identifies any planned changes in the coming year.
- 7.3 The AGS does not need to be included in the statement of accounts but, once approved, needs to accompany them. The statement is separate from the accounts for the purposes of external audit. The 2014/15 AGS has been included as an appendix to the accounts as it has in recent years.
- 7.4 The AGS has been compiled as a corporate document and reviewed and agreed by the Senior Management Team. The final document has been signed by the Chief Executive and Leader of the Council, subject to the final approval of the Committee.
- 7.5 The review of the effectiveness of the assurance framework has included reviews made by external and internal audit as well as the Finance, Audit and Risk Committee itself. Each Head of Service/Corporate Manager has completed an assurance statement that includes a review of their service risks and risk management practices. The annual Internal Audit and the review of the effectiveness of the Finance, Audit and Risk Committee reports presented at the June meeting have been considered in the compilation of the final AGS.
- 7.6 The draft AGS for 2014/15 was reviewed by the Finance, Audit and Risk Committee at its June 2015 meeting and the Committee resolved to approve the draft document. Since the meeting in June some minor changes have been made to the document following comments from the Council's external auditor's Grant Thornton. The review process has not identified any significant governance issues in 2014/15.

## **8. ISSUES**

- 8.1 The arrangement of obtaining assurance statements in the preparation of the AGS provides the Council with an opportunity to review the robustness of its governance and internal control arrangements. It provides an accurate representation of the arrangements that have been in place throughout the year and highlights area where governance can be further reinforced.
- 8.2 The final AGS for 2014/15 is attached as Appendix A for approval. The AGS is reviewed by the Council's external auditors and will be commented on in their Annual Report to those Charged with Governance that will be presented at the meeting of this Committee.
- 8.3 Updates on progress on actions will be reported to this Committee again at the March 2016 meeting.

## 9. IMPROVEMENT PLAN ARISING FROM THE 2014/15 AGS

9.1 The following improvement actions in Table 1 were included within the body of the draft AGS reported to the June meeting of this Committee. The following table provides an update on the actions:

**Table 1: Actions arising from the AGS 2014/15 for implementation in 2015/16**

Key Improvement Area	Lead Officer	To be delivered by
The Constitution will be updated. (Source: Assurance Statement)	Corporate Manager of Legal Services	Completed
Update the following policies <ul style="list-style-type: none"> <li>• Gifts and Hospitality for Officers</li> <li>• Conflicts of Interest</li> <li>• Confidential Reporting (Whistleblowing)</li> <li>• Gifts and Hospitality for Members</li> <li>• Planning Code of Good Practice</li> </ul> (Source: Assurance Statement)	Corporate Manager of Legal Services	March 2016
Implement the agreed actions arising from the Investors in People reassessment (Source: External review)	Corporate Manager HR	January 2016
Refresh the Council's People Strategy which incorporates the Workforce Development Plan. (Source: Top Risk)	Corporate Manager HR	October 2015
Complete a review on vacancy control (Source: Internal audit report)	Corporate Manager HR	October 2015
Implement agreed actions from the internal on the Customer Service Centre (Source: Internal audit report)	Customer Service Manager	July 2015
Improve arrangements for Data Sharing with other organisations (Source: Internal audit report)	Head of Revenues , Benefits & IT	Complete
Ensure compliance with the Local Government Transparency Code 2015 (Source: Assurance Statement)	Head of Revenues , Benefits & IT	Complete
To review National Planning Policy Guidance on the National Planning Policy Framework and any other forthcoming guidance particularly after the General Election and make appropriate changes to any key policy documents (Source: Assurance Statement)	Head of Development & Building Control	March 2016
Update the Contract Procurement Rules to ensure they meet with current legislation.	Head of Finance, Performance & Asset Management	Completed
To implement the agreed recommendations from the external review of our procurement and commissioning activities (Source: External review)	Head of Finance, Performance & Asset Management	March 2016

To complete the project for the North Hertfordshire Museum and Community Facility and open the new museum	Strategic Director of Customer Services	Autumn 2015
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## 10. LEGAL IMPLICATIONS

- 10.1 The Accounts and Audit Regulations 2015, require the Council to conduct a review at least once in a year of the effectiveness of its system of internal control. This annual review results in the AGS. The review must be considered and approved by a Committee with the legal power to do so under the Regulations
- 10.2 The Terms of Reference of this Committee state at paragraph 10.1.5(h) of the Constitution that it should “ensure that an annual review of the effectiveness of internal control (accounting records, supporting records and financial) systems is undertaken and this review considered before approving the Annual Governance Statement”.

## 11. FINANCIAL IMPLICATIONS

- 11.1 The AGS is to accompany the statement of accounts. Other than this there are no financial implications arising from this report.

## 12. RISK IMPLICATIONS

- 12.1 The process of assessing the Council’s governance arrangement enables any areas of weakness to be identified and improvement actions put in place. This ensures the risk of failing to have adequate governance arrangements is well managed.

## 13. EQUALITIES IMPLICATIONS

- 13.1 The Equality Act 2010 came into force on the 1<sup>st</sup> October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5<sup>th</sup> April 2011. There is a General duty, described in 13.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 13.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 13.3 This formal annual review of the Council’s governance framework provides a means to monitor regularly whether the Council is meeting the stated outcomes of its policies, is meeting its commitment to deliver accessible and appropriate services to the community, and complying with the requirements placed on the Council under the Local Government Equality Duty. Financial decisions exceeding £50,000 and larger projects are subject to individual equality analysis.

## 14. SOCIAL VALUE IMPLICATIONS

- 14.1 As the recommendations made in this report do not constitute a public service contract, the measurement of ‘social value’ as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraph 13.

**15. HUMAN RESOURCE IMPLICATIONS**

15.1 There are no direct human resource implications relating to this matter.

**16. APPENDICES**

16.1 Appendix A – Final Annual Governance Statement (AGS) for 2014/15.

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**18. BACKGROUND PAPERS**

18.1 Heads of Service and Corporate Manager's Assurance Statements.

18.2 *Delivering Good Governance in Local Government: Framework. Addendum December 2012.* The Chartered Institute of Public Finance and Accountancy.