

TRURO CITY COUNCIL

ANNUAL GOVERNANCE STATEMENT

2015-16

1. Scope of responsibility

Truro City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for establishing and maintaining appropriate risk management processes, governance arrangements, and control systems (including operational procedures) which facilitate the effective exercise of its functions.

The Council has responsibility for conducting (financial regulation 1.5), at least annually, a review of the effectiveness of the system of internal control and of the system of internal audit. The Committee is asked to review the information in this report which summarises review work carried out by the Council during the year.

The review of the effectiveness of the system of internal control is also informed by the work of the independent internal auditors (South & West Internal Audit), and also by comments made by the external auditors (Grant Thornton) and other review agencies and inspectorates in their annual audit letter and other reports.

In terms of compliance with statutory powers the Council in 2012-13 adopted the "General Power of Competence" as defined by the Localism Act 2011, and has re-adopted it following the May 2013 election.

The Council is further asked to consider how the internal control process will be strengthened over the coming year.

2. Purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be

realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Truro City Council for the year ended 31 March 2016 and accords with proper practice. However the Council recognizes that, in a changing world of increasing risks, there are areas where it could strengthen its arrangements and these planned improvements are set out in section 4.

In the governance review for the 2014-15 financial year the following areas were listed for improvement. Below is a review of the actions relating to each: -

Subject	Action
Complete the review of Financial Regulations and Standing Orders to reflect the ability to make payments by automatic bank transfers.	This work was completed in April 2015.

3. The internal control environment

The key elements of the Council's internal control environment together with actions during the 2015-16 year are below: -

Element	Action Related to 2015-16 Financial year
Standing orders and Financial Regulations detailing arrangements for policy setting and decision making and the delegation of powers to members and officers.	Standing orders have been comprehensively reviewed by the Council and new orders, based on the national template have been adopted by the Council. In addition, the financial regulations and standing orders have been amended to comply with the Public Contracts Regulations 2015
An established business planning process, which sets clear objectives and targets and reconciles policy priorities with financial resources;	The approval of Estimates process for 2016-17 included a three year medium term financial forecast and a review of the Councils objectives. An action plan was also included.

	<p>Work continues by a subcommittee of the Park Committee on a Long Term asset strategy.</p> <p>The Council has a four year strategy in place which will be reviewed in 2017-18.</p>
<p>The inclusion within the business planning process of risk assessments and a clear statement of the ways in which identified risks will be managed;</p>	<p>A Risk management Policy has been approved by the Council. This was reviewed in the year by the Finance & General Purposes committee. The risk register has been reviewed twice by the Finance Committee during the year. The Disaster Recovery Plan was also approved by the committee.</p>
<p>A robust and established budget setting and budgetary management process, ensuring the economical, effective and efficient use of resources.</p>	<p>The embedded budget setting process was followed in the year. Regular monthly reporting of the latest financial information to the Finance & General Purposes Committee.</p>
<p>Comprehensive codes of conduct for members that set out clear expectations for standards of behaviour;</p>	<p>An up to date Code of Conduct is in place.</p>
<p>Effective arrangements for dealing with complaints and whistle-blowing, and for combating fraud and corruption;</p>	<p>The whistle blowing policy remains in place.</p>
<p>An independent and professional internal audit service that works with officers to assess and develop the control environment, and which supports management's assessment of compliance with established policies, procedures, laws and regulations. All reports from the internal and external auditor are considered by the Finance & General Purposes Committee.</p>	<p>The Council employed South and West Internal Audit to provide an independent internal audit service. All audit reports are distributed to the Town Clerk and presented to the Finance & General purposes committee.</p>

4. Significant internal control issues

I believe that the above demonstrates that the Council has in place appropriate risk management processes and a satisfactory system of internal control which facilitates the effective exercise of its functions and satisfactory governance arrangements.

However, as part of the review, the Committee is required to identify and disclose any significant internal control issues. It is my view that no such issues currently exist. However there are a number of areas where improvements to the control environment could be made and I recommend that these are implemented over the coming year.

- The increasing volume and variety of work being carried out by the Council is leading to a requirement to review the “compliance” function. Whilst this primarily relates to health and safety it does impinge on many areas of work.
- The recommendations contained in the Transparency regulations are a concern to the Council with both a need to review our web site itself and the arrangements for updating the information on the web site.

5 Recommendations

That the Finance and General Purposes Committee approves the report.

Roger Gazzard
Town Clerk