

Report to: Audit & Risk Assurance Committee
Agenda item: 5.2
Date: 26 January 2016
Subject: Governance Statement requirements
Sponsor: Authority Finance Director
For: Information

1. Purpose of Paper

- 1.1 The purpose of this report is to inform the Audit and Risk Committee of the content of the Governance Statement and to discuss our year end disclosure requirements.

2. Governance Statement outline

- 2.1 The Governance statement brings together the organisations disclosures in relation to governance, risk and control. The Accounting Officer is personally responsible for the statement which should give the user a clear understanding of the dynamics and control structure of the business as well as the judgements about the use of public resources.
- 2.2 The statement should be assembled from work through the year to gain assurance about performance and insight into the organisation's risk profile, its responses to the identified and emerging risks and its success in tackling them.

3. Governance Statement inputs

- 3.1 A number of sources of information drive the governance statement as follows:
 - Authority's annual review of the processes and practices, informed by the Audit committee
 - Internal audit insights including their audit opinion on the quality of the systems of governance, management and risk control
 - Feedback from within the business as to its use of resources, responses to risk, target achievements
- 3.2 It is important that the governance statement covers the material factors affecting the organisation and does not ignore more serious risks, emerging technology and cutting edge developments.

4. Content of the Governance Statement

- 4.1 The governance statement must include the following:
 - Governance framework including board committee structure, attendance and scope of work

- Board performance including assessment of effectiveness
- Highlights from committee reports particularly Audit
- Corporate Governance information including assessment of compliance with the 'Corporate Governance Code'
- Information about the quality of the data used by the Board
- Risk assessment including risk profile and how it is managed, covering newly identified risks, record of ministerial directions, summary of and significant lapses of protective security (eg data losses)

5. Additional disclosure requirements

5.1 There is no set template for the governance statement, however the Accounting Officer should take a view as to the extent to which items are significant enough to the organisation and therefore require additional disclosure. The following factors should be considered:

- Whether the issue might prejudice the achievement of the business plan?
- Could the issue undermine the integrity or reputation of the organisation?
- What view does the Board's audit committee take on the issue?
- What advice or opinion have internal/external audit given on the issue?
- Could the delivery of the standards expected of the Accounting Officer be at risk?
- Does the issue bring about a fraud risk or misuse of resources?
- Could the issue have a material impact on the accounts?

6. Consideration for 2015/16 disclosures

6.1 The Governance statement should incorporate any issue that has been raised and discussed at the Audit & Risk committee during the financial year, Therefore the additional disclosures should include the following:

- Finance review and investigation
- Management Information
- Strategic risk register – BTPA
- Strategic risk register – BTP red rated risks that have remainder red for the full financial year:
 - Health & Safety
 - Funding for Airwave replacement
 - Transformation

- PSN-P compliance (red rated at the beginning of the year, moved to green rated at year end)
- Spending Review 2015
- ISP and Mobile – as emerging technology and cutting edge developments

7. Recommendations

- 7.1 Members are asked to agree the items for additional disclosure within the 2015/16 Governance Statement
- 7.2 Members are asked to note the statutory requirements of the rest of the Governance Statement