

<b>Title of Report:</b>	<b>Annual Governance Statement - Statement in Support by the Section 151 Officer</b>
<b>Report to be considered by:</b>	Governance and Audit Committee
<b>Date of Meeting:</b>	1 September 2014
<b>Forward Plan Ref:</b>	GA2869

**Purpose of Report:** To provide evidence and independent verification of governance matters which may impact on the Annual Governance Statement from the viewpoint of the Section 151 Officer.

**Recommended Action:** To note the report.

**Reason for decision to be taken:** In accordance with CIPFA Guidance and current policy of the Council.

**Other options considered:** None

**Key background documentation:** Action plans relating to risk.

The proposals will help achieve the following Council Strategy principle:

**CSP8 - Doing what's important well**

The proposals contained in this report will help to achieve the above Council Strategy principle by:

Reviewing and providing assurance on the effectiveness of the Council's governance and other arrangements which may impact on the Annual Governance Statement.

<b>Portfolio Member Details</b>	
<b>Name &amp; Telephone No.:</b>	Councillor Alan Law - Tel (01491) 873614
<b>E-mail Address:</b>	alaw@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	Full Annual Governance Statement report e-mailed to Councillor Roger Croft on 6 August 2014.
<b>Contact Officer Details</b>	
<b>Name:</b>	Andy Walker
<b>Job Title:</b>	Head of Finance / Section 151 Officer
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## Implications

- Policy:** Established as part of CIPFA guidance and reporting arrangements adopted by Council in connection with the Annual Governance Statement.
- Financial:** No financial implication associated with this report.
- Personnel:** N/A
- Legal/Procurement:** In accordance with the provisions of the Local Government Acts 1972 and 2000 and the Local Government and Housing Act 1985 together with any amendments thereto. In addition the Local Government & Public Involvement in Health Act 2007 is applicable.
- Property:**
- Risk Management:** Insofar as is possible any risks have been assessed in accordance with the Risk Strategy.
- Corporate Board's Recommendation:** Report to proceed to Management Board for consideration.

Is this item relevant to equality?	Please tick relevant boxes	Yes	No
Does the policy affect service users, employees or the wider community and:			
• Is it likely to affect people with particular protected characteristics differently?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Is it a major policy, significantly affecting how functions are delivered?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Will the policy have a significant impact on how other organisations operate in terms of equality?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to an area with known inequalities?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Outcome</b> (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)			
Relevant to equality - Complete an EIA available at <a href="http://www.westberks.gov.uk/eia">www.westberks.gov.uk/eia</a>			<input type="checkbox"/>
Not relevant to equality			<input checked="" type="checkbox"/>

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>

# Executive Summary

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## 1. Introduction

- 1.1 As part of the Annual Governance Statement, CIPFA guidance recommends that the Section 151 Officer provides "a key source of assurance that the Council's systems and procedures of internal control which are in operation are effective, efficient and being complied with". The Chief Financial Officer/ s151 Officer is to ensure that all parts of the Council act in accordance with the budgetary and policy requirements in connection with the setting of the budget and financial administration standards within the Council.

## 2. Proposals

- 2.1 The definitive Statement on the Role of the Finance Director in Local Government is set out in a CIPFA publication of 2003. This identifies 5 key roles:

- Maintaining strong financial management underpinned by effective financial controls;
- Contributing to corporate management and leadership;
- Supporting and advising democratically elected representatives;
- Supporting and advising officers in their operational roles; and
- Leading and managing an effective and responsive financial service.

- 2.2 The s151 Officer is required to report to all the local authority's Members, in consultation with the Head of Paid Service and the Monitoring Officer if there is, or there is likely to be, unlawful expenditure or an unbalanced budget. Such a report known as a Section 114 report derives from the Local Government Finance Act 1998 as updated by the 2000 Act and Members of the Council are required to have regard to the s151 Officer's advice. Not to do so would be a breach of the Code of Conduct for Members. Specified and explicit provision is now included in the Revised Code of Conduct adopted by the Council in July.

## 3. Conclusion

- 3.1 Overall it is the s151 Officer's assessment that all parts of the Council acts in accordance with the budgetary and policy requirements in connection with the setting of the budget and meets financial administration standards as set out in legislation. There have been no formal reports required by the s151 Officer to Council under the relevant legislation. The report is to be noted.

# Executive Report

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## 1. Background

- 1.1 As part of the Annual Governance Statement, CIPFA guidance recommends that the Section 151 Officer provides "a key source of assurance that the Council's systems and procedures of internal control which are in operation are effective, efficient and being complied with". The Chief Financial Officer/ s151 Officer is to ensure that all parts of the Council act in accordance with the budgetary and policy requirements in connection with the setting of the budget and financial administration standards within the Council.

## 2. Role of the Section 151 Officer

- 2.1 The definitive Statement on the Role of the Finance Director in Local Government is set out in a CIPFA publication of 2003. This identifies 5 key roles:

- Maintaining strong financial management underpinned by effective financial controls;
- Contributing to corporate management and leadership;
- Supporting and advising democratically elected representatives;
- Supporting and advising officers in their operational roles; and
- Leading and managing an effective and responsive financial service.

- 2.2 The s151 Officer is required to report to all the local authority's Members, in consultation with the Head of Paid Service and the Monitoring Officer if there is, or there is likely to be, unlawful expenditure or an unbalanced budget. Such a report known as a Section 114 report derives from the Local Government Finance Act 1998 as updated by the 2000 Act and Members of the Council are required to have regard to the s151 Officer's advice. Not to do so would be a breach of the Code of Conduct for Members. Specified and explicit provision is now included in the Revised Code of Conduct adopted by the Council. Any breaches will be dealt with locally.

- 2.3 Each year the s151 Officer reports as part of the budget decision making process his opinion on the adequacy of reserves and robustness of the budget estimates.

- 2.4 The s151 Officer is consulted about a wide range of discretions under the Council's constitution, in particular exceptions to standing orders and contract rules of procedures. The s151 Officer maintains a record of all such exemptions given and discretions sought and granted. From a legal perspective the Monitoring Officer is also involved in certain decisions and records such involvement.

- 2.5 Throughout the year budget monitoring ensures that any budget overspends or income shortfalls are identified and corrective measures can be put in place to ensure that the overall council revenue budget keeps within the policy and budgetary framework agreed at the annual budget setting process. In 2013/14 the outturn has delivered an underspend of just under half a million pounds against the budget. This result only represented a 0.5% variance to the Council Budget for 2013/14 and which is considered reasonable.

- 2.6 All Executive or other decision making body reports have clearly set out financial recommendations. It is the responsibility of the s151 Officer to ensure that the financial implications of all such decisions are adequately considered and that recommendations are based upon prudent financial advice. The s151 Officer is a member of Corporate Board and involved in all significant resource decisions of the authority.
- 2.7 The Council has a Medium Term Financial Strategy in place. There is also a Finance and Governance Group of Officers whose membership includes both the s151 Officer and Monitoring Officer overseeing and monitoring all aspects of financial governance and escalating where necessary any issues that need Corporate Board action and support.
- 2.8 There has been no necessity to implement the Section 114 process during 2013/14 and the s151 Officer confirms the robustness of the financial and budgetary frameworks.

### **3. Conclusion**

- 3.1 Overall it is the s151 Officer's assessment that all parts of the Council acts in accordance with the budgetary and policy requirements in connection with the setting of the budget and meets financial administration standards as set out in legislation. There have been no formal reports required by the s151 Officer to Council under the relevant legislation.

### **Appendices**

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There are no Appendices to this report.

### **Consultees**

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**Local Stakeholders:** N/A

**Officers Consulted:** Ian Priestley, David Holling and Corporate Board.

**Trade Union:** N/A