

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Governance Committee	30 June 2009

Report template revised February 2007



<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Draft Annual Governance Statement	Not applicable	M. Wood	

## **SUMMARY AND LINK TO CORPORATE PRIORITIES**

The report presents the Council's draft Annual Governance Statement (AGS) for 2008/09. The report provides assurance on the Council's standards of corporate governance spanning all the Council's priorities and covering all activities.

## **RECOMMENDATIONS**

That the Committee reviews, challenges and approves the Council's Annual Governance Statement and makes appropriate comments.

## **DETAILS AND REASONING**

### **The Annual Governance Statement**

There is a statutory requirement for the Council to conduct a review (at least once in a year) of the effectiveness of the internal control environment and to publish a statement on the adequacy of the system with its annual accounts. This statement is referred to as the Annual Governance Statement (AGS) and is shown at appendix A in the Statement of Accounts.

The AGS explains our governance arrangements, the review of the governance framework and future plans to improve and strengthen the governance environment. The regulations states that the document should be published with the financial statements however, it should be emphasised that the AGS is a broader reflection of the whole governance of the Council and does not just relate to financial controls, but covers all activities of the Council.

Accordingly it is good practice that the statement is approved (separate to the accounts) and also signed by the Leader of the Council and the Chief Executive to emphasise its importance and corporate nature.

### **The Review Process**

The review of the Council's governance framework is directed by a senior officer governance group comprising; the Chief Financial Officer, the Monitoring Officer and Heads of Corporate Governance, Finance, Assurance and Policy and Community Engagement. The main role of the group is to monitor and review the Council's governance practices and to continually strengthen and improve the Council's arrangements. Both the governance group and this committee have a contributory role to play in improving and strengthening the governance environment.

In preparing the draft statement the group have been guided by a good practice document that was published by The Chartered Institute of Public Finance and Accountancy (CIPFA).

The statement consists of five sections as follows:

Section 1 of the AGS “scope of responsibility” and section 2 “the purpose of the AGS” are fairly prescriptive and the CIPFA guidance sets out appropriate wording that we have adapted slightly to ease understanding.

Section 3 of the statement identifies the key elements of the Council’s governance arrangements.

Section 4 demonstrates how those arrangements have been evaluated and how assurance is gathered.

Section 5 highlights areas of development that have been identified from the review process which will further enhance our governance arrangements.

### **Assurance Gathering**

Due to the corporate nature of the statement and the variety of people involved with delivering governance a shared approach is taken to assurance and evidence gathering. Considerable evidence has been documented in support of the AGS for subsequent review by the Council’s external auditors.

Evaluation of the assurance evidence, identification of recommended development areas and compilation of the draft statement has been undertaken by the Corporate Governance officer steering group.

Reliance has been placed on the Council’s constitution; corporate and service planning processes; performance, risk and financial management frameworks; the Our People strategy and work plans; anti-fraud and ethical governance arrangements; the Internal Audit service and the Standards and Scrutiny Committees. The process has also been supplemented by Management self assurance statements that have been signed by each Head of Service.

Significantly, independent assurance for the statement has been informed by the Audit Commission’s Use of Resources assessment. This has been supplemented by the Annual Audit & Inspection report, the Internal Audit annual report, the Data Quality audit and work undertaken by other external review bodies.

### **Reporting**

Following the external audit of the Council’s accounts in September, the finalised accounts for 2008/9, including the AGS will again be presented to the Governance Committee prior to publication. At this time the statement will incorporate feedback and have been signed by the Leader of the Council and the Chief Executive.

Regulation requires the Council to review the effectiveness of their system of internal audit once a year and for the findings of the review to be considered by a committee of the Council as part of the consideration of the AGS. The effectiveness of the Internal Audit service is a key component to the overall process as considerable reliance is placed upon the level of assurance they provide. The latter is incorporated within the Internal Audit report which is also included on this agenda for your consideration.

## WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

<b>FINANCIAL</b>	There are no financial implications resulting from this report.		
<b>LEGAL</b>	The production of the annual governance statement demonstrates compliance with the Accounts and Audit Regulations 2003 (Regulation 4) as amended by the Accounts and Audit (Amendment) (England) Regulations 2006.		
<b>RISK</b>	The statement and more importantly the underlying process of assessment will enhance our internal control and corporate governance status thus minimising risk.		
<b>OTHER (see below)</b>	None directly, but as outlined in the report the process of assessment has covered all statutory and policy obligations.		
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Efficiency Savings</i>	<i>Equality, Diversity and Community Cohesion</i>
<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>
<i>Respect Agenda</i>	<i>Staffing</i>	<i>Sustainability</i>	<i>Training and Development</i>

## BACKGROUND DOCUMENTS

The Chartered Institute of Public Finance and Accountancy (CIPFA) "The Annual Governance Statement – Meeting the requirements of the Accounts and Audit Regulations 2003, Incorporating Accounts and Audit (Amendment ) (England) Regulations 2006"

A Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) 2007 document, entitled "Delivering Good Governance in Local Government".

A 2004 publication produced by the Independent Commission on Good Governance in Public Services chaired by Sir Alan Langlands entitled "Good Governance Standard for Public Services".