

**Audit Committee - 29th June 2009**

**Report of the Interim Director of Finance**

**Annual Governance Statement**

**Purpose of the Report**

1. This report deals with the Annual Governance Statement that is to be published with the accounts for the financial year 2008/2009.

**Background**

2. The requirement to produce an Annual Governance Statement (AGS) is contained in the Accounts and Audit Regulations 2006, guidance from the Society of Local Authority Chief Executives (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA) and classification to what constitutes “proper practice” from the Department for Communities and Local Government.
3. The AGS encompasses all aspects of good governance.
4. CIPFA/SOLACE guidance on good governance identifies six core principles, focusing on the systems and processes for the direction and control of the organisation and its activities, through which it accounts to, engages with and leads the community, viz:-
  - a. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
  - b. Members and officers working together to achieve a common purpose with clearly defined functions and roles
  - c. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
  - d. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
  - e. Developing the capacity and capability of members and officers to be effective
  - f. Engaging with local people and other stakeholders to ensure robust accountability
5. CIPFA/SOLACE provide further guidance in the form of a series of stated expectations around the role of officers and members in the organisation in supporting the governance framework. A revised Code of Corporate Governance, which sets out the Council’s overall Governance Framework, was approved by full Council in October 2008.

6. CIPFA guidance on the AGS assurance gathering process is illustrated in Appendices A and B and a Corporate Governance Group of senior officers has assisted the process of producing the proposed AGS set out at Appendix C. The Corporate Governance Group is tasked with :-
  - a. Collating and reviewing reports from external inspection agencies in terms of impact on control and governance
  - b. Collating and reviewing information on any significant control weaknesses, including details of remedial action
  - c. Reviewing the Code of Corporate Governance.
7. The AGS summarises the governance framework within the Council and highlights any areas of concern. The governance framework includes matters such as :-
  - a. Performance management
  - b. Business strategy and planning process
  - c. Annual budget & budgetary control
  - d. People strategy
  - e. Code of Corporate Governance
  - f. Constitution
  - g. Project management procedures
  - h. Risk management strategy
  - i. Standing Orders
  - j. Anti-Fraud and Corruption strategy
  - k. Ethical governance
  - l. Financial policies and procedures
  - m. Codes of conduct
  - n. Confidential Reporting policy
8. The aim of the various elements of the framework is to ensure that :-
  - a. The Council's policies are put into practice
  - b. The organisation's values are met
  - c. Laws and regulations are complied with
  - d. Required processes are adhered to
  - e. Financial statements and other published information are accurate and reliable
  - f. Human, financial and other resources are managed efficiently and effectively
9. Whilst this review of the Council's overall governance arrangements has not identified any major issues requiring attention, the following audits included in the Audit Plan will contribute to the review of governance :-
  - a. Undertake an ethics audit
  - b. Review Standing Orders and Financial Regulations

## **Finance**

10. This report has no direct financial implications.

## **Law**

11. The Account and Audit Regulations 2006 require that the relevant body shall conduct a review at least once a year of the effectiveness of its governance framework and the findings of the review shall be considered by a committee of the relevant body. Following that consideration, they shall approve an AGS, prepared in accordance with proper practices.

### **Equality Impact**

12. This report does not raise any equal opportunities issues.
13. Whilst children and young people are not directly consulted on, or involved with the development of the AGS, it will help ensure their interests are protected.

### **Recommendations**

14. The Audit Committee is recommended to approve the Annual Governance Statement as set out at Appendix C and refer it to the Leader of the Council and Chief Executive for signature.



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