

Report for Resolution

Report to Audit Committee
22 June 2010
Report of Head of Finance
Subject Annual Governance Statement 2009/10

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Purpose

Members are asked to approve the annual governance statement for 2009/10 and the plans to address the significant issues within it

Recommendations

To:

- (1) note the report;
- (2) approve the annual governance statement for 2009/10 and the plans to address significant issues referred to within it.

Financial Consequences

The financial consequences of this report are none directly, but the governance statement refers to action plans to improve internal control and financial management throughout the council.

Strategic Objective/Service Priorities

The report helps to achieve the strategic priority “One council:

- customer focus – putting customers at the heart of everything we do;
- continuous improvement of our services; and
- cost conscious – efficient and effective service delivery ”

Contact Officers

Barry Marshall, Head of Finance
Steve Dowson, Audit Manager

01603 21 2556
01603 21 2575

Background Documents

Audit Committee 8 June 2010 – Draft Annual Governance Statement 2009/10

Report

Background

1. One of the requirements in the Accounts and Audit (Amendment) (England) Regulations 2006 is for the reporting of an annual governance statement (AGS) for 2009/10. The governance statement provides public assurance that the council's governance framework is adequate and effective.
2. In 2001 CIPFA and SOLACE produced a framework of good governance for use in local government. The framework recommended that local authorities review their existing governance arrangements and report annually on their effectiveness in practice.
3. Using the principles in section 3 of the framework the council adopted a revised code of governance in October 2008.
4. The framework states that "good governance leads to good management, good performance, good stewardship of public money, good public engagement, and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk."
5. The framework goes on to say that the governance statement covers all significant corporate systems, processes and controls, including in particular those designed to ensure that:
 - the authority's policies are implemented in practice
 - high quality services are delivered efficiently and effectively
 - the authority's values and ethical standards are met
 - laws and regulations are complied with
 - required processes are adhered to
 - financial statement and other published performance information are accurate and reliable
 - human, financial environmental and other resources are managed efficiently and effectively.
6. The requirement to publish an annual governance statement also means that the council has to review and report on the extent to which it complies with its code of governance.
7. A draft statement and supporting evidence was presented to this committee on 8 June 2010. The draft statement and supporting evidence has also been considered by the members of the council's corporate management team, corporate governance group and relevant strategic managers.
8. The annual governance statement is published as part of the statement of accounts.

The Annual Governance Statement

9. The annual governance statement for 2009/10 is shown at annex 1. Any changes to the draft presented to members on 8 June are highlighted.
10. A 'good' governance statement will be an open and honest self-assessment of the organisation's performance across all of its activities, with a clear statement of the actions being taken or required to address areas of concern.
11. In some cases the significant issues have been previously identified and reported upon, including detailed action plans. Where this is the case, rather than repeat the detail, there are references in the statement to the relevant reports and actions which can be found on the council's website.
12. However, actions plans which were not previously in the public domain have been included as appendices to the statement.
13. The format and contents follow the guidance in the CIPFA/SOLACE framework. It also complies with the requirements of the CIPFA Statement of Recommended Practice (SORP).
14. Appendix 3 to the statement shows the progress made on the action plan to address the significant issues from the 2008/09 governance statement. It shows the action already taken or proposed, and the updated position as at June 2010. Any areas where sufficient progress has not been made are referred to in the main body of the governance statement.

The Annual Review of Effectiveness of Governance

15. The framework requires that the council should undertake regular, at least annual, reviews of its governance arrangements to ensure continuing compliance with best practice as set out in the framework. It is important that such reviews are reported on both within the council, in our case to audit committee, and externally with the published accounts, to provide assurance that:
 - Governance arrangements are adequate and operating effectively in practice, or
 - Where reviews of the arrangements have revealed gaps, action is planned that will ensure effective governance in future.
16. The Audit Commission has commented that,

“..authorities need to recognise that this is a corporate issue, affecting everyone in the organisation. It is also important to recognise that the purpose of the annual governance statement is not just to be 'compliant', but also to provide an accurate representation of the arrangements in place during the year and to highlight those areas where improvement is required. This will also demonstrate to stakeholders what those arrangements are.”

Reference

CIPFA and SOLACE framework document and guidance note for 'Delivering Good Governance in Local Government'

