

UPDATED ANNUAL GOVERNANCE STATEMENT FRAMEWORK 2008/09

Report By: Chief Internal Auditor

Wards Affected

1. County-wide.

Purpose

2. To update the Annual Governance Framework in line with the Code of Governance approved by Council on 31 October 2008.

Financial Implications

3. There are no financial implications arising as a direct result of this report.

RECOMMENDATION

THAT:

- (a) **Subject to any comments from the Audit & Corporate Governance Committee, the updated framework for gathering evidence supporting the Annual Governance Statement as set out in appendices 1 and 2 to this report be approved.**

Reasons

4. The Use of Resources key lines of enquiry focus for 2008/09 will require evidence that the council:
 - a) Has adopted, promotes and demonstrates the principles of good governance.
 - b) Demonstrates a strong ethical framework and culture.
 - c) Applies the principles and values of good governance to its partnership working.
 - d) Has a clear strategy and effective arrangements, including allocation of appropriate resources, to manage the risk of fraud and corruption.

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- e) Has a sound system of internal control including internal audit.
- 5. Strong, transparent and responsive corporate governance is a critical feature of any democratically representative body whose primary function is community development and representation.
- 6. Governance is about how the council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.
- 7. Corporate governance comprises the systems and processes, culture and values by which the council is directed and controlled and how it accounts to, engages with and, where appropriate, leads local communities.
- 8. Herefordshire Council has a Code of Governance that sets out its governance principles. It is a public statement of the council's commitment to those principles of good governance and sets out how they will be reflected in all areas of the council's business.
- 9. The Annual Governance Statement describes the extent to which the council has complied with the Code of Governance. The governance framework shows how the evidence will be collected to support the conclusions drawn in the Annual Governance Statement drafted for approval by this Committee.

Considerations

- 10. The Audit & Corporate Governance Committee agreed a framework for gathering the supporting evidence for the Annual Governance Statement the council needed for 2007/08 on 29 February 2008. The Council approved a Code of Governance on 31 October 2008.
- 11. The framework for gathering the supporting evidence for the Annual Governance Statement for 2008/09 needs review in order to ensure it reflects the recently approved Code of Governance.
- 12. The revised framework outlined in appendix 1 to this report shows how the individual sources of evidence that will be used to support the preparation of the Annual Governance Statement link to the five principles contained in the Council's Code of Governance.
- 13. The five principles outlined in the Council's Code of Governance have in turn been linked to the six principles of good governance outlined in the SOLACE / CIPFA* publication 'Delivering Good Governance in Local Government'. The Council's Code of Governance contains five principles because it has chosen to combine separate principles in the SOLACE / CIPFA* guidance relating to roles of councillors and officers and their capacity to be effective.

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14. For ease of reference, the following table matches the Council's set of principles with those contained in the SOLACE / CIPFA* guidance.

SOLACE / CIPFA* Guidance - Principle 1	Focusing on the purpose of the authority, on outcomes for the community and creating and implementing a vision for the local area.
Council - Principle 1	Provide the best possible service to the people of Herefordshire.
SOLACE / CIPFA* Guidance - Principle 2	Members and officers working together to achieve a common purpose with clearly defined functions and roles.
Council - Principle 2	Define the roles of members and officers, ensure that they work together constructively, and improve their effectiveness.
SOLACE / CIPFA* Guidance - Principle 3	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
Council - Principle 3	Require high standards of conduct.
SOLACE / CIPFA* Guidance - Principle 4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
Council - Principle 4	Take sound decisions on the basis of good information.
SOLACE / CIPFA* Guidance - Principle 5	Developing the capacity and the capability of members and officers to be effective.
Council - Principle 2	Define the roles of members and officers, ensure that they work together constructively, and improve their effectiveness.
SOLACE / CIPFA* Guidance - Principle 6	Engaging with local people and other stakeholders to ensure robust public accountability.
Council - Principle 5	Be transparent and open: responsive to Herefordshire's needs and accountable to its people.

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15. Appendix 2 to this report outlines the process for preparing the draft Annual Governance Statement and the decision-making process leading up to formal approval by the Audit & Corporate Governance Committee. The Annual Governance Statement should be approved by the Audit & Corporate Governance Committee at a meeting prior to that set aside for approving the final statement of account for the same financial year.

Risk Management

16. The Council has a legal obligation to produce an Annual Governance Statement; this is also a requirement of the Use of Resources assessment. The risk of non-compliance is mitigated by having an approved framework for drafting the Annual Governance Statement in place as proposed in appendices 1 and 2 to this report.

Background Papers

The SOLACE / CIPFA* publication 'Delivering Good Governance in Local Government'.

*SOLACE - Society of Local Authority Chief Executives and Senior Managers

*CIPFA – Chartered Institute of Public Finance and Accountancy