

ANNUAL GOVERNANCE STATEMENT 2007/08 UPDATED REPORT

Report By: **CHIEF INTERNAL AUDITOR**

Wards Affected

None.

Purpose

1. To present to the Audit and Corporate Governance Committee the updated assurance framework for comment before it is presented to Cabinet for comment and approval.

Financial Implications

2. None directly arising from this report.

RECOMMENDATION

THAT: subject to any comments from the Audit and Corporate Governance Committee and the Standards Committee the draft framework as set out in Appendix 1 to 3 is approved for submission to Cabinet.

Reasons

3. Previously, Regulation 4 of the Accounts and Audit Regulations 2003 required the Council to conduct a review, at least once a year, of the effectiveness of its system of internal control and publish a Statement on Internal Control each year with its annual statement of accounts .
4. The Department for Communities and Local Government Circular 03/2006 and the Use of Resources 2008 assessment require a change in approach with the Council replacing the Statement on Internal Control with an Annual Governance Statement (AGS).
5. The Society of Local Authority Chief Executives and Senior Managers (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA) have jointly published guidance on delivering good governance in local government in line with the latest regulations.
6. The key lines of enquiry for Use of Resources 2008 assessments highlight the need for the Council to have arrangements in place to maintain a sound system of internal control. The criteria are as follows:

Further information on the subject of this report is available from
Tony Ford, Chief Internal Auditor on tel: (01432) 260425

- a) An appropriate member group has responsibility for review and approval of the governance statement, and considers it separately from the accounts statement (Level 2 – only at minimum requirement, adequate performance).
- b) The Council has conducted an annual review of the effectiveness of its governance framework, including the system of internal control, and reported on this in the governance statement (Level 2 – only at minimum requirement, adequate performance).
- c) The sources to support the governance statement have been identified and are reviewed by senior officers and members (Level 2 – only at minimum requirement, adequate performance).
- d) There are action plans in place to address any significant governance issues reported in the governance statement (Level 2 – only at minimum requirement, adequate performance).
- e) The Council has put in place an assurance framework that maps the Council's strategic objectives to risks, controls and assurances (Level 3 – consistently above minimum requirements, performing well).
- f) The assurance framework provides members with information to support the governance statement (Level 3 – consistently above minimum requirements, performing well).
- g) The assurance framework is fully embedded in the Council's business process (Level 4 – well above the minimum requirement, performing strongly).
- h) The Council can demonstrate corporate involvement in/ownership of the process for preparing the governance statement (Level 4 – well above the minimum requirement, performing strongly).

Considerations

7. The Audit and Corporate Governance Committee considered a suggested framework on 26th January 2008 and made a number of changes that have been included in the draft now presented for further consideration.
8. The Audit and Corporate Governance Committee has also recommended that the Director of Resources and the Monitoring Officer review the Council's current Code of Corporate Governance in the light of the new requirements for the Annual Governance Statement by April 2008.
9. Once the draft framework is adopted by the Council it will form the basis of evidencing the Council's Annual Governance Statement.

Risk Management

10. 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 is that the Council does not comply. Approval of Appendices 1 to 3

will aid compliance. In addition, the Council has nominated a Member of the Council's Corporate Management Board to oversee compliance.

Background Papers

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