

**ANNUAL GOVERNANCE STATEMENT 2008/09****Report By: Chief Internal Auditor****Wards Affected**

County-wide.

**Purpose**

1. To seek the Audit and Corporate Governance Committee's approval of the draft Annual Governance Statement for 2008/09.

**Financial Implications**

2. There are no direct financial implications relevant to this report.

**RECOMMENDATIONS**

- THAT: (a) the Audit and Corporate Governance Committee reviews the draft Annual Governance Statement attached as Appendix 1 to this report; and**
- (b) the Audit and Corporate Governance Committee approves the Annual Governance Statement for inclusion in the statement of final accounts for 2008/09.**

**Reasons**

3. The Audit and Accounts Regulations include requirements for all local authorities to produce an Annual Governance Statement and carry out a review of the statement at least annually. This statement must be incorporated into the 2008/09 statement of final accounts. A draft Annual Governance Statement for 2008/09 is attached at Appendix 1 for the Committee's consideration.

**Considerations**

4. The key lines of enquiry for the Use of Resources assessment for 2008 highlight the need for the Council to have arrangements in place to maintain a sound system of internal control. The criteria are as follows:
  - (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).
5. Regulation 4 of the Accounts and Audit Regulations 2006 requires 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 with its annual Statement of Accounts.
  6. The Audit & Corporate Governance Committee considered and approved an updated framework for 2008/09 on 21<sup>st</sup> November 2008.
  7. 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 the roles of councillors and officers and their capacity to be effective.
  8. 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.

9. In addition to the Corporate Plan, corporate objectives and priorities are set out in a number of key plans and strategies including the following:-
- a. The Community Strategy for Herefordshire.
  - b. The Youth Justice Plan 2008/09.
  - c. Herefordshire Homeless Strategy 2008 – 2013.
  - d. Highway Network Management Plan 2008 – 2017.
  - e. Herefordshire Community Safety and Drugs Partnership – Partnership Plan 2008 – 2011.
  - f. Children and Young Peoples Plan 2008 – 2011.
  - g. Council Asset Management Plan 2008/09.
  - h. Local Development Plan/Local Development Framework.
  - i. Local Transport Plan.
  - j. Community Care plan.
  - k. Crime and Disorder Reduction Strategy.

10. The main independent sources of assurance on the operation of the corporate governance framework are the Council's Audit Services team, its external auditors and other external review bodies and the Audit and Corporate Governance Committee.

#### **Risk Management**

11. The Chief Internal Auditor provides the Audit and Corporate Governance Committee with regular assurance reports highlighting progress with addressing identified internal control issues as the year progresses.

#### **Consultees**

12. The Chief Internal Auditor consulted the Leader of the Council, Chief Executive and Assistant Chief Executive (Legal & Democratic Services) during the preparation of the draft Annual Governance Statement for 2008/09. Comments made by other members of the Joint Management Team for the Council, the Chair and Vice Chair of the Audit and Corporate Governance Committee have also been taken into consideration

#### **Appendices**

Appendix 1 – Draft Annual Governance Statement 2008/09

Appendix 2 – Annual Governance Statement Framework 2008/09

#### **Background Papers**

- Key Lines of Enquiry for Use of Resources 2008 assessments.
- Audit and Corporate Governance Committee reports (various dates) – assurance reports from the Chief Internal Auditor.