

# AUDIT & GOVERNANCE COMMITTEE

29th June 2011

## ANNUAL GOVERNANCE STATEMENT – 2010/11

Relevant Portfolio Holder	Councillor Michael Braley, Portfolio Holder for Corporate Management
Portfolio Holder Consulted	TBC
Relevant Head of Service	Teresa Kristunas, Head of Finance and Resources.
Wards Affected	None.

### **1. SUMMARY OF PROPOSALS**

To seek Members' approval of the Annual Governance Statement (AGS) for signature by the Leader of the Council and the Chief Executive, for inclusion in the Statement of Accounts 2010/11.

### **2. RECOMMENDATIONS**

#### **2.1 The Committee is asked to RESOLVE that**

**the Annual Governance Statement be recommended for inclusion in the Statement of Accounts.**

### **3. KEY ISSUES**

- 3.1 Authorities are expected to publish the Annual Governance Statement for 2010/11 with their Statement of Accounts.
- 3.2 The CIPFA/SOLACE framework for the Annual Governance Statement requires the AGS to be signed by the most senior Officer (Chief Executive or equivalent) and the most senior member (Leader or equivalent).
- 3.3 There is an expectation in the guidance that the Head of Internal Audit, or equivalent, will provide a written annual report to those charged with governance timed to support the Annual Governance Statement. The report prepared by the Internal Audit Manager has been included at Appendix B.
- 3.4 The AGS should be as up to date as practicable at the time of publication which will follow the completion of the final accounts audit in September.

### **Financial Implications**

- 3.5 There are no specific financial implications.

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## **Legal Implications**

- 3.6 The preparation and publication of an annual governance statement is necessary to meet the statutory requirement set out in Regulation 4(2) of the Accounts and Audit (Amendment)(England) Regulations 2006 to prepare a Statement on Internal Control (SIC) in accordance with 'proper practices'.

## **Service/Operational Implications**

- 3.7 The Annual Governance Statement (AGS) is a statutory document, which provides an overview of the governance arrangements within the Council.
- 3.8. 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.
- 3.9. The Executive Committee has previously recommended that the Annual Governance Statement be critically reviewed by the Audit and Governance Committee.
- 3.10 In August 2006 the Department for Communities and Local Government issued further guidance to clarify 'proper practices'. Section 7 of the circular stated that 'proper practice' in relation to internal control relates to guidance contained in the following documents:
- a) Statement on Internal Control (SIC) in Local Government: meeting the requirements of the Accounts and Audit Regulations 2003, and
  - b) Corporate Governance in Local Government: A Keystone for Community Governance (Framework and Guidance Note) – CIPFA/SOLACE 2001. This framework has recently been updated.
  - c) The new governance framework is an interrelated system that brings together an underlying set of legislative requirements, governance principles and management processes.
- 3.11 The new framework includes the requirement to produce an Annual Governance Statement.
- 3.12 The Council needs to know that the appropriate arrangements in order it can meet its objectives.

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## **Customer / Equalities and Diversity Implications**

3.13 There are no customer/equalities and diversity implications.

## **4. RISK MANAGEMENT**

4.1 The Council will not meet the requirements of Regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006 if it fails to produce an Annual Governance Statement for publication with the Statement of Accounts.

## **5. APPENDICES**

Appendix 1 - Annual Governance Statement, 2010/11  
Appendix 2 Internal Audit Manager's Report

## **6. BACKGROUND PAPERS**

6.1 'Delivering Good Governance in Local Government' – CIPFA/SOLACE (Framework and Guidance Note)

6.2. The Annual Governance Statement – Rough Guide for Practitioners – The CIPFA Finance Advisory Network

## **AUTHOR OF REPORT**

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