



PART A:	MATTERS DEALT WITH UNDER DELEGATED POWERS
REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	21 JUNE 2010
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	ANNUAL GOVERNANCE STATEMENT 2009/2010
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 For Members to critically review and recommend that the Policy & Resources Committee approve the Annual Governance Statement (AGS) as required under The Accounts & Audit (Amendment) (England) Regulations 2006.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that Members recommend approval of the AGS and its associated Action Plan to the Policy & Resources Committee.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 The completion of an AGS and its review by “..the relevant body..” is a mandatory requirement including examination by the “..audit committee...”. The Overview and Scrutiny Committee fulfils this role for Ryedale District Council.

4.0 SIGNIFICANT RISKS

- 4.1 The only significant risk is that a significant internal control issue is included or considered as part of the production of the AGS. This is mitigated through the internal processes used to produce the AGS and critical review by the Overview and Scrutiny Committee.

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 Good governance is important to all involved in local government. However it is a key responsibility for the Leader of the Council and of the Chief Executive.

- 5.2 The preparation and publication of an annual governance statement in accordance with the CIPFA/SOLACE Framework is necessary to meet the statutory requirement set out in Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 which requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare a statement on internal control “in accordance with proper practices”.
- 5.3 With effect from 2007/08, the supplement to the CIPFA/SOLACE Framework defined proper practices for the form and content of a governance statement that meets the requirement to prepare and publish a statement on internal control. There is no requirement to prepare and publish a separate statement on internal control.
- 5.4 CIPFA/SOLACE issued in March 2010 an additional Application Note, which introduces a specific facet to the AGS. It is now expected that the AGS will include a specific statement on whether the Council’s financial management arrangements conform to the governance requirements of the CIPFA “Statement on the Role of the Chief Financial Officer in Local Government”. Furthermore where they do not, to explain why, and how the Council’s arrangements deliver the same impact.
- 5.5 Ryedale Council’s financial management arrangements conform to the governance requirements of the CIPFA “Statement on the Role of the Chief Financial Officer in Local Government”.
- 5.6 The Policy & Resources Committee have adopted the CIPFA framework for producing the AGS. Part of this framework is for the Council’s Overview and Scrutiny Committee to consider the AGS and its content. The document has then to be signed by the Chief Executive and the Leader (or equivalent) of the Council. This emphasises that the document is about all corporate controls and is not confined to financial issues.
- 5.7 The purpose of the AGS is to provide a continuous review of the effectiveness of the organisation’s internal control and risk management systems so as to give assurance on their effectiveness. There is also a need to identify and address weaknesses by the production of an action plan.
- 5.8 At its most effective, the process of preparing the AGS should add value to the corporate governance and internal control framework of the Council.
- 5.9 The External Auditor will be considering the AGS as part of his auditing of the Statement of Financial Accounts. The Auditor is required to issue his opinion on the accounts and sign them off. Any matters arising from the audit work of the External Auditor will be brought to the attention of this Committee in due course.
- 5.10 The AGS is attached at annex A.

6.0 POLICY CONTEXT

- 6.1 The production of the AGS is a mandatory requirement embodied in the Accounts and Audit (Amendment) (England) Regulations 2006.

7.0 CONSULTATION

- 7.1 Officer consultation has taken place and involved Corporate and Senior Management teams.

8.0 REPORT DETAILS

- 8.1 The Corporate Management Team together with other appropriate senior officers have reviewed the Council's controls in detail. Also comments, evidence and feedback from a number of internal and external sources have been reviewed in the compilation of the AGS.
- 8.2 The next steps are for this Committee to critically review the AGS and recommend its adoption by the Policy and Resources Committee prior to obtaining an opinion on its robustness from the external auditors.
- 8.3 The AGS should not be seen as a task at a particular point in time. Therefore, for the process to add value to the Council, assurances on the effectiveness of controls over key risks should be obtained throughout the year. This allows remedial action to take place at the earliest opportunity, thereby improving the internal control framework. This is achieved by regular monitoring by this Committee.

9.0 IMPLICATIONS

- 9.1 The following implications have been identified:
- a) Financial
There are no financial implications in considering this report.
 - b) Legal
This report complies with the requirements of the Accounts & Audit Regulations.
 - c) Other
There are no other implications in considering this report.

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Background Papers:

CIPFA – Annual Governance Statement in Local Government – meeting the requirements of the Accounts and Audit (Amendment) (England) Regulations 2006 The 'rough guide'
CIPFA Finance Advisory Network ~ AGS 'Rough Guide' for practitioners.
CIPFA/Solace Application Note to Delivering Good Governance in Local Government: a Framework. (March 2010)
CIPFA Statement on the Role of the Chief Financial Officer in Local Government

Background Papers are available for inspection at:

Internal Audit (North Yorkshire Audit Partnership) offices ~ Ryedale House
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