



REPORT TO: OVERVIEW & SCRUTINY COMMITTEE

DATE: TUESDAY 22 JUNE 2009

REPORTING OFFICER: CORPORATE DIRECTOR (s151)

SUBJECT: ANNUAL GOVERNANCE STATEMENT

WARDS AFFECTED: ALL

1.0 PURPOSE OF REPORT

- 1.1 For Members to critically review the Annual Governance Statement (AGS) as required under The Accounts & Audit Regulations 2003 incorporating the Accounts and Audit (Amendment) (England) Regulations 2006.

2.0 RECOMMENDATIONS

- 2.1 Members are asked to:
- (i) receive the report;
 - (ii) scrutinise the AGS on behalf of the Council and recommend approval to the Policy and Resources Committee;
 - (iii) note the action plan attached to the AGS.

3.0 BACKGROUND

- 3.1 Regulation 4 of the Accounts and Audit Regulations (2003) required audited bodies to conduct a review at least once a year on the effectiveness of its system of internal control and publish a Statement of Internal Control (SIC) each year with the Statement of Accounts.
- 3.2 The Policy and Resources Committee adopted the CIPFA framework for producing the SIC. Part of this framework is for the Council's Overview and Scrutiny Committee to consider the SIC's 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.
- 3.3 The Department for Communities and Local Government in August 2006 issued further guidance in relation best practice. This gave statutory backing for the production of an AGS which subsumes the SIC.
- 3.4 The Council's AGS has been prepared following appropriate guidance.
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4.0 INTRODUCTION

- 4.1 The AGS aims 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. Training received by some members of the Committee highlighted the importance of the Action Plan and monitoring that those issues identified are progressed.
- 4.2 At its most effective, the process of preparing the AGS should add value to the corporate governance and internal control framework of the Council.

5.0 POLICY CONTEXT

- 5.1 The production of the AGS is in accordance with Council policy.

6.0 REPORT

- 6.1 The Corporate Management Team together with other appropriate senior officers have reviewed controls in some detail. Also comments, evidence and feedback from a number of internal and external sources have been reviewed in the compilation of the AGS.
- 6.2 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.
- 6.3 Last year in considering the Annual Governance Statement and action plan members recommended that the action plan be presented to them at two meetings during the year to enable them to consider progress made. This will take place again in the current year and plans are to bring the action plan to the meetings on the 8 October 2009 and 18 February 2010.

7.0 RISK ASSESSMENT

- 7.1 The risks in the production of the AGS are that its production has not followed a sufficiently robust process, or that it fails to identify material issues for inclusion within the action plan. These risks are considered low based on the process adopted to produce the 2007/2008 AGS.

8.0 CONCLUSION

- 8.1 The consideration of the AGS by this committee prior to the Policy and Resources committee together with the regular monitoring of the AGS action plan by this committee adds significant value to the established process of producing the Annual Governance statement. The Auditor will consider the statement and action plan as part of its annual work programme.

BACKGROUND PAPERS

1. CIPFA Finance Advisory Network – The Annual Governance Statement – Rough guide for practitioners.

OVERVIEW & SCRUTINY COMMITTEE

22 June 2009

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