

DECISION-MAKER:	AUDIT COMMITTEE
SUBJECT:	ANNUAL GOVERNANCE STATEMENT 2011-12
DATE OF DECISION:	26 JANUARY 2012
REPORT OF:	HEAD OF FINANCE
STATEMENT OF CONFIDENTIALITY	
Not applicable.	

BRIEF SUMMARY

The Annual Governance Statement (AGS) is a key corporate document that is intended to provide an accurate representation of the corporate governance arrangements in place during the year and highlight those areas where significant gaps or improvements are required. The production of an AGS is a mandatory requirement under the Accounts and Audit Regulations as updated in 2006.

An 'assurance gathering process' created to support the AGS has been developed in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance to support development of the AGS for 2011/12.

RECOMMENDATIONS:

- (i) To approve the assurance gathering process to support the development of a robust Annual Governance Statement (Appendix 1); and
- (ii) To note the Audit Committee's role in respect of the development and approval of the Annual Governance Statement.

REASONS FOR REPORT RECOMMENDATIONS

1. The Audit Committee has responsibility to provide independent assurance to the Standards and Governance Committee on the adequacy of the risk management framework and the internal control and reporting environment, including (but not limited to) the reliability of the financial reporting process and the annual governance statement.
2. This responsibility extends to receiving and reviewing the draft AGS, and where necessary challenging the sources of assurance, prior to the draft document being reported to Standards and Governance Committee for approval.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. No alternative options have been considered.

DETAIL (Including consultation carried out)

4. Regulation 4 (2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment)(England) Regulations 2006 requires local authorities to 'conduct a review at least once 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. The AGS, which is published with the accounts, is intended to provide an accurate representation of the corporate governance arrangements in place

during the year and to identify or highlight those areas where there are significant gaps or where improvements are required.

6. CIPFA/SOLACE has defined governance as “how local government bodies ensure that they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities”.
7. The review of the effectiveness of the organisation’s overall corporate governance arrangements requires the sources of assurance which the council relies on, to be brought together and reviewed with any significant gaps in assurance or areas for improvement being recorded and disclosed within the AGS.
8. No significant changes to the assurance gathering process in place are necessary on the basis that that the current process is considered to be robust and also noting that in the ‘2010-11 Annual Audit Letter’ the Audit Commission has commented *that “I have reviewed your Annual Governance Statement and confirm that it complies with CIPFA guidance and the content is consistent with my knowledge of the Council”*.
9. Overall assurance on the adequacy and effectiveness of the governance framework is sought from the following sources: Internal Audit, External Audit, Risk Management, Assurances provided by Directors, Performance Management and external inspection or review and reports. The foregoing sources of assurance are underpinned by a range of corporate policies and procedures.
10. To support the process an ‘Assurance Framework’ document (which identifies and brings together the various elements of the overall ‘assurance framework’) will be completed together with ‘Self Assessment Questionnaires’ which are issued to Directors for completion and return.
11. A Controls Assurance Management Group (which includes the Section 151 Officer, Chair of the Audit Committee, Monitoring Officer and Chief Internal Auditor) has responsibility for evaluating assurances and supporting evidence, assessing whether there is consistency with existing policies and the authority’s governance framework and for drafting the AGS.
12. The draft AGS is presented to the Audit Committee for review and approval prior to being submitted to the Standards and Governance Committee for final approval. The AGS is then forwarded to the Chief Executive and Leader of the Council for signing.

RESOURCE IMPLICATIONS

Capital/Revenue

13. None.

Property/Other

14. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

15. The Audit Commission Act 1998 and the Accounts and Audit Regulations 2003 require the Council to adopt Good Governance arrangements in respect of the discharge of its functions. The above arrangements are intended to meet those responsibilities.

Other Legal Implications:

16. None.

POLICY FRAMEWORK IMPLICATIONS

17. None.

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KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	n/a
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	Annual Governance Statement 2011-12: Process and Timelines
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Documents In Members' Rooms

1.	Not applicable
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	No
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	Not applicable.	
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