

9. 2007/08 ANNUAL GOVERNANCE STATEMENT (A.137/13/RMM)

Proposal

1 Members are asked to review and approve the Annual Governance Statement for 2007/08.

2 RECOMMENDATION:

That

1. That the Annual Governance Statement for 2007/08 be approved

Policy/Legal Background

3 Regulation 4 of the Accounts and Audit Regulations (2003) (as amended by the Accounts and Audit (amendment) (England) Regulations 2006) requires audited bodies 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 each year with Authority's financial statements, 'in accordance with proper practice'.

4 The Department for Communities and Local Government issued further advice through circular 03/2006 (section 7) and clarified that 'proper practice' in relation to internal control relates to guidance produced by CIPFA (Chartered Institute of Public Finance and Accountancy) on meeting the requirements of the Accounts and Audit Regulations and guidance (Corporate Governance in Local Government: A key stone for Community Governance) produced then by CIPFA/SOLACE (Society of Local Authority Chief Executives).

5 This CIPFA/SOLACE guidance and framework has now been updated and issued to all English Authorities and is titled: Delivering Good Governance in Local Government. The Audit Commission has confirmed that this means an Annual Governance Statement has become the new statutory reporting document from the 2007/08 reporting year replacing and incorporating the previous Statement on Internal Control.

Key Issues

6 Many authorities already have in place a Code of Corporate Governance and use this to review the effectiveness of their governance arrangements. It is advised that performance against such a Code should be used in producing the Annual Governance Statement.

7 The CIPFA Finance Advisory Network's Rough Guidance for Practitioners states: 'The CIPFA/SOLACE framework is a discretionary code and is offered as good practice. It outlines six core principles of good governance focusing on the systems and processes for the direction and control of the organisation and its activities through which it accounts to, engages with and leads the community. The degree to which the authority follows these principles should be declared in its Annual Governance Statement'.

8 It is clear that the Authority needs to develop and adopt a Code of Corporate Governance and the intention to do this is included in the introductory paragraphs of the Annual Statement. In the absence of a code an appendix is attached to the Statement at Annex 1 mapping out current elements of the Authority's corporate governance framework against the CIPFA/SOLACE Framework's 6 core principles and

18 supporting principles. The review of effectiveness is also assessed against these same core principles.

9 The format of the Statement follows the good practice guidance found in the CIPFA/SOLACE framework as follows:

- Scope of responsibility
- Purpose of the governance framework
- The governance framework (key elements)
- Review of effectiveness
- Significant governance issues

10 In accordance with the CIPFA/SOLACE framework and in recognition of the importance of the Annual Governance Statement it needs to be signed off by the Chief Executive and the Chair of the Authority.

APPENDIX

Background

- 1 See main report.

Resources

- 2 There are no additional financial considerations to consider.

Risk Management

- 3 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level and not provide absolute assurance of effectiveness so Members need to be aware that problems can still arise. The objective is to mitigate the risks as far as possible through the governance framework we have in place and are still developing.

Human Rights, Equal Opportunities, Health & Safety, Environmental Impact

- 4 There are no issues to highlight.

Consultees

- 5 The Director of Corporate Resources has discussed the Annual Corporate Statement in advance with the Chair and Vice Chair of Audit and Performance Committee and made amendments as a result. The Chief Executive, Directors, Chief Finance Officer/Head of Finance, Head of Law and Democratic Services Manager have also been consulted and comments included. Other managers have provided information for the Statement.

Enclosures

- 6 Annex 1: 2007/08 Annual Governance Statement including appendix on the elements of the Peak District National Park Authority's Corporate Governance Framework currently in place.

List of Background Papers (not previously published)

- 7 An electronic file of documents has been prepared relevant to the Statement consisting of Authority and Committee reports and other supporting records to evidence the review of effectiveness made in the Statement.

Report Author

- 8 Ruth Marchington, Director of Corporate Resources

Publication date

- 9 19 June 2008