

## 11. 2008/09 ANNUAL GOVERNANCE STATEMENT (A.137/13/RMM)

### Purpose of the report

- 1 Members are asked to review and approve the Annual Governance Statement for 2008/09.

### Recommendations

- 2 1. That the Annual Governance Statement for 2008/09 be approved

### How does this contribute to our policies and legal obligations?

- 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 the 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) and SOLACE (Society of Local Authority Chief Executives). This guidance is found in the CIPFA/SOLACE publication titled 'Delivering Good Governance in Local Government Framework'. The Audit Commission has confirmed that an Annual Governance Statement has become the statutory reporting document replacing and incorporating the previous Statement on Internal Control.
- 5 A review of our performance against the Authority's new Code of Corporate Governance (agreed in May 2009) feeds into this annual governance statement and is part of our work which contributes to the Authority's key corporate action K1 'ensuring value for money, sustainability and high standards of corporate governance in the way that we deliver services'.

### Background

- 6 The review of effectiveness of our governance framework, including the system of internal control, is informed by assurances from staff and Members within the Authority who have responsibility for the development and maintenance of the governance environment (including financial controls, risk management and performance management processes, compliance with advice on legislation and regulations), internal and external audit reports and opinions, comments made by other agencies and inspectorates as well as feedback from customers and stakeholders.
- 7 The review of effectiveness is continual throughout the year as evidenced by some of the action taken during the year but a more formal assessment takes place in the preparation for this statement by the Director of Corporate Resources and Monitoring Officer in consultation with the Chief Executive and Directors, the Chief Finance Officer, the Head of Law, the Deputy Monitoring Officer and the Chair and Vice Chair of Audit and Performance Committee. The assessment for 2008/09 is recorded against the 6 core principles of our new Code of Corporate Governance. In making this assessment reference has been made to our action statements of commitment in our Code.

## Proposals

- 8 The proposed Annual Governance Statement for 2008/09 is given in Appendix 1 for Members' consideration.
- 9 As part of reviewing performance and assurances received issues have been identified which affect effectiveness and these are given at the end of each section. There are two issues which are highlighted as significant governance issues as follows:
- a) The need for the Authority to continue to review the wider financial consequences of legal action and any other action in addressing the impact of minerals extraction
  - b) The need to meet the revised Local Development Framework milestones and timetable to achieve a submission date of July 2010.

### Are there any corporate implications members should be concerned about?

- 10 **Financial:** There are no additional financial issues to highlight other than those referred to within the Statement.
- 11 **Risk Management:** The system of internal control is a significant part of our 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 system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies and outcomes, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage these risks efficiently, effectively and economically.
- 12 **Sustainability:** There are no issues to highlight other than those referred to within the Statement.
- 13 **Background papers** (not previously published)

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.

### Appendices:

Appendix 1: 2008/09 Annual Governance Statement

### Report Author, Job Title and Publication Date

Ruth Marchington, Director of Corporate Resources, 18 June 2009