

9. 2009/10 ANNUAL GOVERNANCE STATEMENT (A.137/13/RMM)

Purpose of the report

1. Members are asked to review and approve the Annual Governance Statement for 2009/10 and at the same time agree action to be taken in response to some of the issues identified during the review of effectiveness.

Recommendations

2.
 1. **That the Annual Governance Statement for 2009/10 be approved**
 2. **That delegation is given to the Director of Corporate Resources working with the Chief Finance Officer to make amendments to the Code of Corporate Governance to reflect more fully the Chief Finance Officer role**
 3. **That an addition is made to the Anti Fraud and Corruption Policy to reflect formally the current practice of briefing the Chair and Vice Chair of Audit and Performance Committee on issues which are being investigated under the policy.**

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 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 corporate objective 11.1 'ensure continuous improvement, value for money, sustainability and high standards of corporate governance'.

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 each year in the preparation for this statement. In accordance with the Authority's Code of Corporate Governance a meeting was held on 29 April 2010 to:

a) Review our performance against our action statements of commitment in our Code of Corporate Governance and highlight what we have done in the 2009/10 year which contributes to achieving our outcome of 'good governance'

b) Identify any further improvement action needed for the forthcoming year

The meeting involved the Chief Executive, Director of Strategy and Development, Chief Finance Officer, Chair and Vice Chair of Audit and Performance Committee, an independent Member of Standards Committee, the Democratic Services Manager/Deputy Monitoring Officer, the Director of Corporate Resources/Monitoring Officer and the Head of Law.

8. It was agreed that the outputs of our review in terms of improvement action for the forthcoming year would be reflected in the 2009-10 Annual Governance Statement. These are recorded in Appendix 1 against the 6 core principles of our Code of Corporate Governance. A full record of the review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework can be obtained from the Monitoring Officer. This year the full review has not been included in the Annual Governance Statement in order to provide a briefer document.

Proposals

9. The proposed Annual Governance Statement for 2009/10 is given in Appendix 1 for Members' consideration and approval.
10. As part of reviewing performance and assurances received issues have been identified which affect effectiveness and these are given at the end of the Appendix. At the time of writing this report there are no issues which are highlighted as significant governance issues although we will be considering whether the impact of the abolition of Regional Spatial Strategies on the progress with the Local Development Framework should be highlighted.
11. During the review of effectiveness two issues have been identified which can be handled by the Authority now. These are:
- a) We need to strengthen our Code of Corporate Governance to reflect more fully the Chief Finance Officer role using the guidance produced by CIPFA in March 2010 'Application note to delivering good governance in Local Government'. Members are asked to delegate changing the Code to reflect these requirements to the Director of Corporate Resources working with the Chief Finance Officer
- b) We need to amend the Anti Fraud and Corruption policy to reflect formally the current practice of briefing the Chair and Vice Chair of Audit and Performance Committee on issues which are being investigated under the policy. Members are asked to approve a change to the policy to this effect.

Are there any corporate implications members should be concerned about?

12. **Financial:** There are no additional financial issues to highlight.

13. **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.
14. **Sustainability:** There are no issues to highlight.
15. **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: 2009/10 Annual Governance Statement

Report Author, Job Title and Publication Date

Ruth Marchington, Director of Corporate Resources, 17 June, 2010.