

FINAL ACCOUNTS AND AUDIT COMMITTEE
30 September 2008

ANNUAL GOVERNANCE STATEMENT 2007/08

Purpose of report

1. To ask the Committee to approve the Annual Governance Statement for 2007/08 for publication with the Statement of Accounts.

Background

2. The Council is required to prepare and publish an Annual Governance Statement (AGS) as part of its annual review of the effectiveness of its governance arrangements. The AGS should include:
 - an acknowledgement of responsibility for ensuring there is a sound system of governance, incorporating the system of internal control;
 - an indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide;
 - a brief description of the key elements of the governance framework, including reference to group activities where those activities are significant;
 - a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements;
 - an outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan.
3. A draft AGS was submitted to the last meeting of the Committee in June for initial consideration. The draft was agreed, subject to consideration by Cabinet, Standards Committee and any further matters arising from ongoing review work by the Assurance Group (comprising the Deputy Monitoring Officer, Corporate Standards Manager, Chief Internal Auditor and Finance Officer).

Main Considerations for the Council

4. A copy of the draft AGS is attached at Appendix 1. There are no material changes since the last meeting. Any comments or proposed amendments from Cabinet or the Standards Committee will be reported to the meeting.
5. The draft reflects the elements described in paragraph 2 of this report and has regard to revised guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA).
6. Section C describes the Council's governance framework for the relevant period - April 2007 to 30 September 2008.
7. Section D provides a review of the effectiveness of the Council's governance framework, drawing upon evidence from the various sources of assurance agreed by the Final Accounts and Audit Committee.
8. The overall audit opinion based on the audit work completed during the year is that internal control is in place and is operating satisfactorily in relation to the various systems and procedures reviewed.
9. Section E of the draft AGS requires the Council to identify any significant internal control issues affecting the Council during the relevant period i.e. the financial year 2007/08 through to the date of publication of the AGS at the end of September 2008.
10. CIPFA guidance suggests that a governance issue is to be regarded as significant if:
 - the issue has seriously prejudiced or prevented achievement of a principal objective;
 - the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
 - the issue has led to a material impact on the accounts;
 - the audit committee, or equivalent, has advised that it should be considered significant for this purpose;
 - the Head of Internal Audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;
 - the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
 - the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

11. It is proposed to include as a significant governance issue the combined impact of the Towards One Council Programme, and the implementation of the Business Management System. The risks associated with these projects are being managed through robust project management arrangements and regular reporting to the relevant programme boards and member bodies.
12. The Assurance Group has reviewed assurance statements from directors in relation to their services. These disclose no significant governance issues other than that referred to in paragraph 11 above (paragraphs 67 and 68 of the AGS). The review identified a need to ensure that departmental schemes of delegation are kept up to date. This is being addressed in the context of the work which is being undertaken on the development of new schemes of delegation for the new council.
13. The Audit Commission has been consulted on the draft AGS and has indicated that it is happy with the content.

Financial implications

14. There are no financial implications arising from this report.

Risk Assessment

15. There are no risks arising from this report.

Legal Implications

16. The Council is required to prepare and publish an AGS in accordance with Regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006.

Proposal

17. The Committee is therefore asked to approve the AGS as set out in the appendix for publication with the Statement of Accounts

IAN GIBBONS
DEPUTY MONITORING OFFICER

Report Authors

Ian Gibbons, Deputy Monitoring Officer
01225 713052
Steve Memmott, Chief Internal Auditor
01225 713622

Background Papers

CIPFA / SOLACE - Delivering Good Governance in Local Government
Framework and Guidance Note

Directors Assurance Statements

Appendices

Appendix 1 - Draft AGS
