

DECISION-MAKER:	AUDIT COMMITTEE		
SUBJECT:	ANNUAL GOVERNANCE STATEMENT 2009-10		
DATE OF DECISION:	23 JUNE 2010		
REPORT OF:	EXECUTIVE DIRECTOR OF RESOURCES		
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STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

In accordance with the Accounts and Audit Regulations the Council is required to develop and publish an Annual Governance Statement ('AGS'). The AGS is a key corporate document and should provide an accurate representation of the corporate governance arrangements in place during the year and highlight those areas where gaps or improvements are required.

An important part of the process, in respect of the development of a robust AGS, is for the Audit Committee to review and approve the draft AGS and recommend its acceptance to the Standards and Governance Committee prior to the document being forwarded to the Chief Executive and Leader of the Council for signing.

RECOMMENDATIONS:

The Audit Committee is asked to:

- (i) Review the draft AGS (Appendix 1) together with sources of assurance upon which the statement is based to confirm that the statement is meaningful and that the system of internal control has operated effectively throughout the reporting period;
- (ii) Approve the draft AGS and recommend its acceptance to the Standards and Governance Committee.

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. 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.

CONSULTATION

2. The AGS has been developed by the Council's 'Controls Assurance Management Group'. The draft statement has been referred to both the Policy Co-ordinators Team (PCoT - which has responsibility to support the preparation of the AGS) and the Chief Officers Management Team for review and comment.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. No alternative options have been considered.

DETAIL

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 purpose of the AGS is 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. The review of the effectiveness of the Council's overall corporate governance arrangements requires the sources of assurance, which the council relies on, to be brought together and reviewed with any with any significant gaps in assurance or areas for improvement being recorded and disclosed within the AGS.
7. The 'assurance gathering process' to support development of the 2009-10 AGS was based on the process used to develop the 2008-09 AGS. No significant changes were deemed necessary on the basis that it is considered that the current process is robust and noting the Audit Commission's observations that the Council has developed a "good quality Annual Governance Statement".
8. Overall assurance on the adequacy and effectiveness of the overall governance framework was sought from the following sources: Internal Audit, External Audit, Risk Management, Legal and Regulatory Assurance, assurances provided by Executive Directors (via the 'AGS Self Assessment Statements'), Performance Management and external inspection or review and reports. The foregoing sources of assurance are underpinned by a range of corporate policies and procedures.
9. A 'Controls Assurance Management Group' comprising the Section 151 Officer, Monitoring Officer, Assistant Chief Executive (Strategy), Chief Internal Auditor and the Chair of the Audit Committee is responsible for drawing together, evaluating and, where necessary, challenging the sources of

assurance and supporting evidence in addition to drafting the AGS. This group also has responsibility to monitor and review progress of any agreed actions arising from the AGS throughout the year.

10. The 2009-10 AGS also includes a status report regarding the actions taken to address the 'significant governance issues' disclosed in the 2008-09 AGS.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

11. None

Revenue

12. None

Property

13. No specific property implications have been identified in this report.

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

SUPPORTING DOCUMENTATION

Appendices

1.	Draft Annual Governance Statement 2009-10
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Documents In Members' Rooms

1.	None
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Background Documents

Title of Background Paper(s)

Relevant Paragraph of the
Access to Information
Procedure Rules / Schedule
12A allowing document to be
Exempt/Confidential (if
applicable)

1.	None	
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Background documents available for inspection at: Internal Audit, Risk and Assurance Office, North Block Basement, Civic Centre

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FORWARD PLAN No: N/A

KEY DECISION?

N/A

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WARDS/COMMUNITIES AFFECTED:

NOT APPLICABLE