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## DRAFT ANNUAL GOVERNANCE STATEMENT 2010/2011

To: **Governance and Audit Committee – 29 June 2011**

Main Portfolio Area: **Business Services**

By: **Business Support and Compliance Manager**

Classification: **Unrestricted**

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**Summary:** **To provide Governance and Audit Committee with the draft Annual Governance Statement 2010/11**

### For Decision

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#### **1.0 Introduction and Background**

- 1.1 The Accounts and Audit Regulations 2003 (amended 2006) introduced the requirement for a Statement on Internal Control (SIC) to be prepared by local government bodies from the financial year 2003/2004.
- 1.2 From 2007/2008 this process changed and the council was required to prepare an Annual Governance Statement (AGS) which must be included within the Financial Statement and should be signed by the Leader and Chief Executive.
- 1.3 The Accounts and Audit (England) Regulations 2011 have been published. The new regulations apply for accounts and reports relating to the financial year 2010/11. The changes to the regulations means that the AGS should accompany the Statement of Accounts and does not need to be included within the body of this document. This means that the AGS is separate from the accounts for the purpose of external audit.
- 1.4 The other change is to the approval process and timeframe. Governance and Audit Committee will consider the draft AGS and assurance gathering process at their meeting in June. The AGS will then be audited and Members made aware of the findings of the audit, which will enable Governance and Audit Committee Members to make an informed decision when approving the AGS in September.

#### **2.0 The Current Situation**

- 2.1 The Annual Governance Statement, which is attached at **Annex 1**, should reflect the corporate governance environment of the council as detailed in the adopted Local Code of Corporate Governance. In essence, the AGS is the formal statement that recognises, records and publishes the council's governance arrangements.
- 2.2 The AGS is a key corporate document, and the Leader and Chief Executive have joint responsibility as signatories for its accuracy and completeness. In order to ensure that the AGS accurately reflects our Governance Framework, a number of sources of assurance are gathered to feed into the preparation of the document. It has also been consulted upon with the Leader, Chief Executive, the Section 151 officer, all Directors and the Head of Legal and Democratic Services (Monitoring Officer) through the Governance Board and following the approval process will be formally signed as required.

### **3.0 Process for developing the Annual Governance Statement**

- 3.1 The Chief Executive, Directors, Head of Legal and Democratic Services and Service Managers are required to complete an assurance statement which highlights any areas of weakness they perceive within the council. These assurance statements are then collated and significant issues identified are incorporated into the Annual Governance Statement.
- 3.2 Assurances were also sought from other areas within the council such as the Section 151 Officer and Monitoring Officer regarding the operation of the governance framework, compliance with the council's Performance Management and Data Quality Frameworks, compliance with the council's Risk Management Strategy, and from East Kent HR Partnerships in connection with the general principles of good conduct for officers.
- 3.3 The annual reports prepared by the chairs of Standards, the Overview & Scrutiny Panel and Governance & Audit Committee were also referred to when preparing the AGS.
- 3.4 Assurance has been sought, and obtained from the East Kent Audit Partnership. The auditors undertake regular audits on the council's governance arrangements and the control and risk frameworks. Their findings from these, and in particular any areas for concern highlighted through these processes, have been incorporated into the council's Annual Governance Statement. Members have previously received an assessment as to the effectiveness of the council's internal audit arrangements which concluded that the audit partnership are delivering an effective internal audit function which ensures that Members are confident with the reliance that can be placed on the auditor's assurances on the council's governance arrangements.
- 3.5 From the evidence gathered, an action plan is being developed to address the governance issues, which will be reviewed throughout the year and reported back to this Committee.

### **4.0 Options**

- 4.1 That Members accept the draft Annual Governance Statement 2010/2011.
- 4.2 That Members propose changes to the draft Annual Governance Statement 2010/2011.

### **5.0 Corporate Implications**

#### **5.1 Financial**

- 5.1.1 There are no financial implications arising directly from this report.

#### **5.2 Legal**

- 5.2.1 The Accounts and Audit Regulations and other accounting guidance requires the council to follow prescribed formats in the completion of the Annual Governance Statement.

#### **5.3 Corporate**

- 5.3.1 The Annual Governance Statement is a corporate document and as such should be owned by all senior officers and members of the authority.

## 5.4 Equity and Equalities

5.4.1 There are no equity or equalities issues arising from this report.

## 5.5 Risks

5.5.1 Failure to accept the AGS will diminish the council's governance arrangements.

## 6.0 Recommendation(s)

6.1 That Members accept the draft Annual Governance Statement for 2010/2011.

6.2 That Members propose changes to the draft Annual Governance Statement 2010/2011.

## 7.0 Decision Making Process

7.1 This recommendation does not involve the making of a key decision.

7.2 This recommendation is within the Council's Budgetary and Policy Framework and the decision may be taken by the Governance and Audit Committee.

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### ***Annex List***

Annex 1	Annual Governance Statement for 2010/2011
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### ***Background Papers***

<b>Title</b>	<b>Details of where to access copy</b>
Completed assurance statements	Through Business Services
Governance Framework and Local Code of Corporate Governance	Through Business Services / Internet / TOM & Members Portal