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## DRAFT ANNUAL GOVERNANCE STATEMENT 2011/2012

To: **Governance and Audit Committee – 27 June 2012**

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 2011/12**

### **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 was included within the council's Financial Statement and signed by the Leader and Chief Executive.
- 1.3 The Accounts and Audit (England) Regulations 2011 were amended in 2011. The new regulations applied to accounts and reports prepared from the financial year 2010/11. The changes to the regulations meant that the AGS should accompany the Statement of Accounts and did not need to be included within the body of the document. This meant that the AGS was 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 draft 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 been consulted upon with the Leader, Chief Executive/Section 151 Officer and all members of Senior Management Team 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/Section 151 Officer, Service Managers and third tier 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 the Monitoring Officer regarding the operation of the governance framework. The following key areas also completed an assurance statement on compliance with the council's Performance Management and Data Quality Frameworks, Procurement Strategy and Risk Management Strategy, identifying any governance issues that need to be addressed in the forthcoming year.
- 3.3 Statements were provided by the shared service partners we work with on compliance with the governance arrangements in place 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 2011/2012.
- 4.2 That Members propose changes to the draft Annual Governance Statement 2011/2012.

### **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 2011/2012.

6.2 That Members propose changes to the draft Annual Governance Statement 2011/2012.

### 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.

Future Meeting if applicable:	Date:
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Contact Officer:	Nikki Morris, Business Support and Compliance Manager, DDI 01843 577625
Reporting to:	Barry Mileham, Business Improvement and Information Manager, DDI 01843 577620
Service Manager:	Sarah Carroll, Business Services Manager. DDI 01843 577188

### **Annex List**

Annex 1	Annual Governance Statement for 2011/2012
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### **Background Papers**

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

### **Corporate Consultation Undertaken**

Monitoring Officer	Harvey Patterson, Corporate and Regulatory Services Manager
Finance	Sarah Martin, Financial Services Manager
Legal	Gary Cordes, Legal Services Manager
Communications	Justine Wingate, Corporate Information and Communications Manager