

19 July 2012		ITEM <u>6</u>
Audit Committee		
ANNUAL GOVERNANCE STATEMENT 2011/12		
Wards and communities affected: N/A	Key Decision: N/A	
Accountable Head of Service: Tasnim Shawkat, Head of Legal & Democratic Services		
Accountable Director: Martin Hone, Corporate Director of Finance and Corporate Governance		
This report is Public		
Purpose of Report: To receive and approve the Draft Annual Governance Statement for 2011/12.		

1 RECOMMENDATIONS:

Audit Committee is recommended to:

- 1. Review thoroughly the Draft Annual Governance Statement**
- 2. Consider whether any changes should be made to the Draft Annual Governance Statement in the light of that review, prior to the Chief Executive and Leader of the Council signing the document**
- 3. Approve the Draft Annual Governance Statement, for signing by the Chief Executive and Leader of the Council.**

2 INTRODUCTION AND BACKGROUND:

- 2.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in a way which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 2.2 The Accounts and Audit Regulations require the Council to ensure that it has a sound system of internal control which 'facilitates the effective

exercise of the Council's functions and which includes arrangements for the management of risk. The Annual Governance Statement, and the process that has been put in place to produce it, is fundamental to that assurance process.

- 2.3 Circular 03/206 issued by the Department for Communities and Local Government (DCLG) in August 2006 stated that proper practice in relation to internal control would include guidance in the "Corporate Governance in Local Government. A keystone for Community Governance (Framework and Guidance Note)" produced by CIPFA/SOLACE in 2001. The CIPFA/SOLACE Framework was revised in 2007 and it is this Framework which requires authorities to produce an Annual Governance Statement rather than a Statement of Internal Control to meet the requirements of the Accounts and Audit Regulations 2003 (as amended).
- 2.4 The CIPFA/SOLACE Framework is titled "Delivering Good Governance in Local Government". It sets out the following core principles of corporate governance. They are:
1. Focussing on the purpose of the authority and outcomes for the community and creating and implementing a vision for the local area.
 2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
 3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
 5. Developing the capacity and capability of members and officers to be effective.
 6. Engaging with local people and other stakeholders to ensure robust accountability.
- 2.5 The best practice framework provides guidance on what the AGS should contain including:
- Responsibilities for ensuring there is a sound system of governance (incorporating the system of internal control).
 - Indication of the level of assurance that the systems and processes that form the governance arrangements can provide.
 - Brief description of the key elements of the systems and processes that have 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.
- 2.6 The Framework requires the AGS to be reviewed at least once a year. The AGS document is required to be included in the annual statement of accounts. The statutory reporting requirement for the AGS, however, is linked to the publication of the Authority's statement of accounts which is 3 months after the deadline for approval (i.e. end of September 2012). Part of the review process includes this reporting to the Audit Committee,
- 2.7 This Annual Governance Statement has been compiled on the basis of discussions held with Heads of Service and subsequent consideration by the Corporate Directors at their Directors Board meeting. It also takes into account reviews undertaken by external organisations such as the Audit Commission.
- 2.8 Within the Annual Governance Statement the Council assesses where it needs to make key improvements to the effectiveness of the governance framework. These are set out in Part 4 of the Draft Annual Governance Statement attached at Appendix 1. Planned improvements where required are shown in action boxes at the end of each section. It is essential that the action plans are monitored during 2012-13, to ensure effective actions are taken. Whilst the statement forms part of the Council's Statement of Accounts, it has to be presented to and agreed by Audit Committee separately, before being incorporated into the Accounts.

3 ISSUES AND/OR OPTIONS

- 3.1 These are detailed in the action boxes in Part 4 of the Statement.

4 IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 4.1 The Annual Governance Statement is a key public document that shows that the Council recognises that there are areas for improvement and also ensures that measures are implemented in enhancing the Council's aim of being good in achieving its corporate priorities which impact directly on the services provided to the community.
- 4.2 Sound corporate governance is at the heart of effective use of resources. Embedding the AGS framework within the business planning and performance management framework will ensure a robust corporate approach is maintained for the future.

5 IMPLICATIONS

5.1 Financial

Implications verified by: Sean Clark
Telephone and email: 01375 652010
sclark@thurrock.gov.uk

There are no direct financial implications within this report. Improving governance throughout the authority will, in itself, help protect the Council's resources and ensure efficiency and economy. All actions identified within the AGS should be achievable within current resources.

5.2 Legal

Implications verified by: **Remi Aremu (Planning Solicitor)**
Telephone and email: **01375 652994**
raremu@thurrock.gov.uk

The preparation of an Annual Governance Statement is required by the CIPFA/SOLACE Framework in order to meet the statutory requirement set out in paragraph 4(3) of the Account and Audit (England) Regulations 2011.

6.3 Diversity and Equality

Implications verified by: Samson DeAlyn
Telephone and email: 01375 652 472
sdealyn@thurrock.gov.uk

Good governance arrangements are necessary to ensure that the Council is meeting its equalities and diversity obligations and objectives.

6.4 Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental

The Council's approach to the Annual Governance Statement is to have a 'live' system whereby issues are identified and escalated to the appropriate level. The Annual Governance Statement is a process of identifying governance issues and suggesting key actions to mitigate potential risks to the Council. These are then monitored throughout the year until resolution.

7 CONCLUSION

- 7.1 By receiving and approving the Council's Annual Governance Statement for 2011/12, the Audit Committee is ensuring that the Council's business is conducted legally and to proper standards, and that the Council operates efficiently, effectively and economically. The

Statement recognises where there is room for improvement and the action boxes in Part 4 of the Statement set out how these improvements will be achieved.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

- Annual Governance Statement 2010/11
- CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

APPENDICES TO THIS REPORT:

Appendix 1: Annual Governance Statement 2011/12

Report Author Contact Details:

Name: Martin Hone

Telephone: 01375 652412

E-mail: mhone@thurrock.gov.uk