

**REPORT TO THE GOVERNANCE & AUDIT COMMITTEE
MEETING OF 16th FEBRUARY 2012**

Status: For Consideration
Title: Initial Draft Annual Governance Statement for 2011/12
Originator: Rosanne Fleming, Interim Audit Manager
Where from: Management Board
Where to next: Circulate to all Members for comments

Objective : To present to the Committee the initial draft of the Annual Governance Statement for 2011/12 to provide sufficient time for Members' scrutiny prior to the finalising of the AGS which must be included in the Draft Annual Statement of Accounts by the 30th June 2012.

1. Outcome sought from Committee
 - 1.1 Scrutiny and approval of the content of the draft Annual Governance Statement.
2. Background
 - 2.1 Changes to the Accounts and Audit Regulations in 2006 resulted in the Council needing to produce a document called the Annual Governance Statement for the year 2007/08 and onward. This statement replaced the Statement of Internal Control (SIC) and is included in the annual statement of accounts.
 - 2.2 Governance is about how the Council ensures it is doing the right things in the right way for the right people in a timely, inclusive, honest, open and accountable manner.
 - 2.3 CIPFA /SOLACE developed a framework and some guidance on how the Council can demonstrate this in a statement. The guidance identifies six core principles around:
 - How we focus on community outcomes;
 - The working relationship between Members and officers;
 - The conduct and behaviour of staff and Members;
 - How we make transparent decisions;
 - Member training and development; and
 - How we engage with and are accountable to our stakeholders.

2.4 In producing the AGS, We can map what we are doing through our policies, procedures and strategies against these principles showing how we are delivering our services in accordance with them.

2.5 The Annual Governance Statement is a public declaration of how the Council meets the six core principles of good governance, that the Council has a sound system of internal control designed to manage risk, and what the Council has done to put in place good business practice, high standards of conduct, and sound governance.

3 Points for discussion

3.1 In order to produce the AGS in accordance with the principles and requirements of good governance set out in the Framework the Council must:

- Identify systems, processes and documentation that provide evidence of compliance;
- Identify the individuals and Committee(s) responsible for monitoring and reviewing the systems, processes and documentation identified;
- Identify the issues that may not have been addressed adequately and consider how they should be addressed; and
- Identify the individuals responsible for undertaking any action required and plan accordingly.

3.2 Note that this is an initial draft and is a living document up to the point where it must be included within the Draft Statement of Accounts by the 30th June 2012. As such, Members are invited to scrutinise the content and the suitability of the action plan, and provide additional examples of good governance where relevant.

3.4 Members should also note that at this stage of the year work on the AGS is ongoing (those sections marked with # and highlighted still require updating). These sections will be completed before the 30th June 2012.

3.5 An Action Plan is included in the final section of the AGS.

4 Equality Impact Assessment Implications/Outcomes (attach completed EIA)

4.1 Not Applicable in this context

5 Meeting the objective

5.1 Appendix A provides the initial draft of the AGS for 2011/12 for comments.

6 Recommendations

6.1 The Committee considers the draft Annual Governance Statement and suggests additional information where relevant.

Previous report(s):

Information Issued Under Sensitive Issue Procedure: *N*