

Report to: Audit Committee
Date of meeting: 23 June 2008
Report of: Director of Finance
Title: Annual Governance Statement

REASON FOR URGENCY

The Statement set out in this report will form part of the Statement of Accounts that must be approved by 30th June 2008. Ensuring that it reflects the annual reviews elsewhere on this agenda and is as current as practical before submission has resulted in a delay in circulation. It could be signed by the Mayor and Managing Director without being considered by this Committee but that would not be good practice.

1.0 **SUMMARY**

- 1.1 This report sets out the Annual Governance Statement (Appendix 1) that the council is required to produce annually, for inclusion in the Statement of Accounts. Supporting evidence is set out in an Appendix 2. Best practice requires that Members consider this separately from the accounts.

2.0 **RECOMMENDATIONS**

- 2.1 That the Annual Governance Statement set out as Appendix 1 be approved,

Contact Officer:

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3.0 **DETAILED PROPOSAL**

- 3.1 For some years councils have been required to produce a Statement on Internal Control for inclusion in the annual Statement of Accounts. Following a review by SOLACE & CIPFA, this requirement has been amended with effect from the 2007/08 accounts, so that we are now required to produce an Annual Governance Statement (AGS).
- 3.2 The elements covered by the Statement on Internal Control are still relevant but there is now a broader scope to the Statement, encompassing issues such as culture and values, to show how the council conducts its business, both internally and externally. As the previous Statements took a fairly broad view of what constituted internal control, the impact of the change is not particularly noticeable.
- 3.3 The purpose of the Statement is to demonstrate that the council has made sound arrangements for the proper conduct of public affairs and is accountable for their continued effectiveness.
- 3.4 Appendix 1 sets out the Statement, in the form required. Members' attention is particularly drawn to the section on Significant Governance issues, which sets out priority areas for improvement. The guidance on the AGS is very clear that an AGS with no such issues to report is likely to be a sign of an ineffective governance culture. Appendix 2 sets out the supporting evidence, which members need to consider in forming a view on whether or not to approve the AGs or to amend it. This is based on a format compiled by CIPFA as a good practice example.
- 3.5 As in previous years, this assessment has been compiled by myself, in consultation with colleagues. Best practice suggests it should be compiled by a corporate team but this has always seemed heavy-handed for a district council and unlikely to add value. This will need to be reviewed in the light of the shared services programme, depending on the impact of changes in working arrangements
- 3.6 The SOLACE/CIPFA review also amended the framework for a code of Corporate Governance. This will need to be the subject of a future report, if changes to the current Code seem appropriate. The 5 dimensions of the previous framework are replaced with 6 core principles, together with a greater focus on outcomes, rather than processes but the essential elements of good governance remain the same..

4.0 **IMPLICATIONS**

4.1 **Financial**

- 4.1.1 The Director of Finance comments that there are no financial implications arising directly from this report.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Legal and Democratic Services comments that the requirement to publish an Annual Governance Statement arises from the Accounts and Audit (Amended) Regulations (England) 2006.

4.3 **Equalities**

4.3.1 The Council's commitment to equalities is reflected in its values and hence in this Statement.

4.4 **Potential Risks**

Potential Risk	Likelihood	Impact	Overall score
Failure to correctly identify key issues	1	3	3
The compilation process is designed to minimise the risk of over-looking important issues. Failure to do so could lead to problems for the council, including adverse comment from the external auditor.			

Appendices

Appendix 1 – Annual Governance Statement

Appendix 2 – Supporting evidence

Background Papers

If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.”

Delivering Good Governance in Local Government – SOLACE/CIPFA
The Annual Governance Statement – CIPFA Finance Advisory Network

File Reference

None