

REPORT FOR DECISION

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| Agenda Item | |
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MEETING: AUDIT COMMITTEE
DATE: 3rd JUNE 2008
SUBJECT: 2007/08 GOVERNANCE STATEMENT
REPORT FROM: DIRECTOR OF FINANCE AND E-GOVERNMENT
CONTACT OFFICER: STEPHEN KENYON, HEAD OF STRATEGIC FINANCE

TYPE OF DECISION: Non key.

REPORT STATUS: For publication.

PURPOSE/SUMMARY: Under the Accounts and Audit Regulations 2006 the Council is required to produce a Governance Statement which is one of the documents supporting the annual Statement of Accounts.

OPTIONS AND RECOMMENDED OPTION:

Members can accept or reject the statement, or can ask for it to be revised.

The Statement is a statutory requirement which must be produced by the Council in support of its annual accounts. Members are recommended to adopt the Statement, and to endorse its suitability in support of the Statement of Accounts.

IMPLICATIONS -

Financial Implications and Risk Considerations See Statement by Director of Finance and E-Government.

Corporate Aims/Policy Framework: Do the proposals accord with the Policy Framework? Yes

Are there any legal implications? Yes (see above)

Considered by Monitoring Officer: The Governance Statement complies with statutory requirements.

**Statement by Director of Finance
And E-Government:**

There are no direct financial implications arising from the report.

The Statement is a further essential element of the framework by which I discharge my obligations under s151 of the Local Government Act 1972. The Statement outlines the various elements of the control framework which provide assurance that key controls are operating to an acceptable standard.

The Statement is now a statutory requirement, and must be submitted in support of the Statement of Accounts. There is, therefore, a risk that if the Statement is not adopted, then the final accounts of the Council will not be completed.

Staffing/ICT/Property:

There are no direct resource implications arising from the report.

Wards Affected:

All.

Scrutiny Interest:

None.

TRACKING/PROCESS

DIRECTOR:

| Chief Executive/ Management Board | Executive Member/ Chair | Ward Members | Partners |
|--------------------------------------|-------------------------------|---------------------|----------|
| 19/5/08 | | | |
| Scrutiny Panel | Executive | Committee | Council |
| | | Audit 3/6/08 | |

1.0 BACKGROUND

- 1.1 Under the Accounts and Audit Regulations 2006 the Council is required to produce a Governance Statement - one of the documents supporting the annual Statement of Accounts.
- 1.2 The purpose of the Statement is to provide an assurance as to the effectiveness of the internal control and governance framework.

2.0 ISSUES

- 2.1 The Governance Statement became a legal requirement with effect from 2007/08 – replacing the Statement on Internal Control.
- 2.2 To prepare for this development, the Director of Finance & eGovernment agreed with KPMG locally, and CIPFA nationally, that the Council would pilot the statement for the 2006/07 financial year.
- 2.3 A Statement was produced in 2006/07 outlining the governance arrangements in place across the Council and compliance with the Local Code of Corporate Governance.
- 2.4 The Council's 2006/07 Statement has been incorporated in CIPFA's best practice guidance.
- 2.5 An updated Statement is attached in respect of 2007/08 (draft status). It reflects the evidence gathered via;
 - Internal Audit
 - External Audit
 - Consultation with officers
 - Assurance Statements provided by Directors
 - Review of compliance with the Council's Local Code of Corporate Governance
- 2.6 The Statement is reviewed on a quarterly basis and an update is submitted to the Audit Committee.
- 2.7 To further enhance this process, the Director of Finance & eGovernment is to establish a Governance Panel comprising;
 - Director of Finance & eGovernment
 - Director of Legal & Democratic Services
 - Head of Strategic Finance
 - Head of Internal Audit
- 2.8 This Panel will meet on a quarterly basis and assess the adequacy of the internal control / governance framework.

3.0 CONCLUSION

- 3.1 Members are asked to reaffirm their assurance in the Council's control framework by endorsing the Governance Statement.

3.2 Members are requested to support the creation of a “Governance Panel”

List of Background Papers:-

Internal Audit Annual Report and Opinion 2007/08

Audit and Inspection Annual Letter 2007

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