



<u>Committee and date</u>
Audit Committee
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10.00am

<u>Item No</u>
9
Public

ANNUAL GOVERNANCE STATEMENT 2009/10

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Summary

The Council is required under Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulation 2006 to produce an Annual Governance Statement to be included in the annual statement of accounts, which must be signed by the Leader of the Council, the Chief Executive and the Director of Resources.

Recommendations

- A. The Committee are asked to consider and comment on the Annual Governance Statement at **Appendix B**.

Report

1. Shropshire Council is required to prepare an Annual Governance Statement (AGS). The requirement was introduced in the Good Governance Framework introduced by CIPFA/SOLACE in 2007 and is a statutory requirement set out in Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006.
2. The CIPFA/SOLACE governance framework clearly sets out the fundamental principles of corporate governance. The framework is a discretionary code but the Council is judged against it as part of the Comprehensive Area Assessment and best practice. The framework outlines six core principles of good governance focusing on the systems and processes for the direction and control of the organisation and its activities through which it accounts to, engages with and leads the community.

The framework emphasises that good governance and, therefore the process and statement should be corporately owned. The degree to which the Authority follows these principles should be declared in its Annual Governance Statement. The purpose of the Annual Governance Statement is to provide assurance that the Council has sound governance arrangements in place that are supported by effective systems of internal control.

3. The six core principles referred to in the framework defining the principles of good governance are:
- i) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
 - ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles.
 - iii) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 - iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
 - v) Developing the capacity and capability of members and officers to be effective.
 - vi) Engaging with local people and other stakeholders to ensure robust public accountability.

In line with best practice the Council's existing Code of Corporate Governance has been reviewed and revised in light of the guidance issued.

In addition CIPFA and SOLACE have jointly brought out an 'Application Note to Delivering Good Governance in Local Government: a Framework' March 2010. This note has been developed to advise on the application of the 'Statement on the Role of the Chief Financial Officer (CFO) in Local Government' under the current CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government.' The application note illustrates how the annual governance statement can reflect compliance with the CFO statement for reporting purposes and its proposals have been implemented in our draft Annual Governance Statement.

4. In compiling the Annual Governance Statement the guidance identifies it should include the following information:
- Scope of Responsibility.
 - The purpose of the governance framework.
 - A description of the governance framework and the key elements of the systems and processes that comprise the authority's governance arrangements.
 - Review of effectiveness.

- Significant governance issues including an outline of the actions taken, or proposed, to deal with any significant governance issues identified.
5. The Annual Governance Statement is a key corporate document with the Chief Executive, the Director of Resources and the Leader having joint responsibility as signatories for its accuracy and completeness. It is also important that all other senior officers provide assurances to the process. The preparation of the Annual Governance Statement will be overseen and approved by the Council Management Team as a corporate document which is owned by all senior officers and Members.
 6. In compiling the Annual Governance Statement assurance is obtained from a range of sources in order that the signatories to the Statement can assure themselves that it reflects the governance framework for which they are responsible. **Appendix A**, the Annual Governance Statement Framework 2009/10, clearly identifies the areas from which assurance and supporting evidence has been obtained to support the Annual Governance Statement. Key assurances are provided from:
 - The Chief Executive (as Head of Paid Service).
 - Directors and senior officers.
 - The Director of Resources (as the Responsible Financial Officer).
 - The Assistant Chief Executive (Legal and Democratic Services).
 - The Head of Internal Audit.
 - Performance and Risk Management.
 - External Audit and other review agencies.
 7. Where any significant governance issues are identified within the assurances received these must be identified in the Annual Governance Statement.
 8. The Annual Governance Statement is a key document which identifies the strong systems and processes the Council has in place contributing to our continuing high standards of corporate governance. A copy of the Statement is attached as **Appendix B**.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

CIPFA/SOLACE - Publication - Delivering good governance in local government. Guidance note for English Authorities and Framework.

Meeting the requirements of the Accounts and Audit Regulations 2003 (amended 2006).

Application Note to Delivering Good Governance in Local Government: a Framework CIPFA/SOLACE (March 2010)

Human Rights Act Appraisal

The recommendations contained in this report are compatible with the provisions of the Human Rights act 1998.

Environmental Appraisal

N/A

Risk Management Appraisal

Risk management is part of the overall internal control arrangements.

Community / Consultations Appraisal

N/A

Cabinet Member

Keith Barrow, Leader of the Council and Brian Williams, Chairman of Audit Committee.

Local Member

N/A

Appendices

Appendix A - Annual Governance Statement Framework 2009/10

Appendix B - Annual Governance Statement 2009/10