
REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 11
DATE OF MEETING:	19th JUNE 2012	CATEGORY: RECOMMENDED
REPORT FROM:	MONITORING OFFICER	OPEN
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SUBJECT:	ANNUAL GOVERNANCE STATEMENT 2011/12	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS04

1.0 Recommendations

- 1.1 To recommend to Finance and Management Committee the Annual Governance Statement for the year ended 31st March 2012 as set out in **Appendix B** and its publication alongside the Statement of Accounts for 2011/12.
- 1.2 To authorise the Leader of the Council and Chief Executive Officer to sign the Annual Governance Statement.

2.0 Purpose of Report

- 2.1 To submit the Council's Annual Governance Statement (AGS) for 2011/12 in accordance with the Accounts and Audit Regulations 2003 (as amended).

3.0 Detail

Background

- 3.1 Governance is about how South Derbyshire District Council ensures that it does the right things, in the right way, for the right people in a timely, inclusive, open and accountable manner. As such, it comprises the systems, processes, culture and values by which it is directed and controlled and through which it accounts to, engages and leads its local community.
- 3.2 Governance concerns everybody and covers the whole Authority. In recent years, it has assumed a higher profile across public services. This is due to greater expectations from stakeholders, together with a need to avoid previous incidence of "scandals" around financial reporting, public conduct and accountability.

- 3.3 The flowchart at **Appendix A** sets out the process for compiling the AGS and provides the framework of issues to address and report upon for assuring the Committee in respect of internal control and governance arrangements.
- 3.4 In accordance with best practice, the AGS document is produced by a cross-service working group to ensure and demonstrate full corporate, as opposed to purely financial, ownership of the process. The group is chaired by the Monitoring Officer and includes the Chief Finance and Legal Officers, together with the Democratic Services and Policy Managers

Annual Governance Statement

- 3.5 The AGS is the formal statement that records and publishes an authority's governance arrangements.
- 3.6 An AGS is required to be published on an annual basis. Professional guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) states that the production and publication of the AGS are the final stages of an ongoing review of governance, and not activities that can be planned and viewed in isolation. Compilation of the AGS involves the Council in:
- reviewing the adequacy of its governance arrangements
 - knowing where it needs to improve these arrangements
 - communicating to users and stakeholders how better governance leads to best quality public services
- 3.7 The working group has reviewed the Council's governance arrangements and has produced the AGS for 2011/12 (attached at **Appendix B**). This has included consultation with other officers across the Council where appropriate to ensure full coverage. For example, the Principal Planning Officer to consider the impact of the development of the Local Development Framework in 2012/13. The AGS has been produced in accordance with CIPFA guidelines and includes commentary on:
- the governance environment and how this is reviewed to determine its effectiveness; and
 - issues of significance that require addressing as part of the review of effectiveness
- 3.8 An Action Plan, produced in May 2011, was progressed during 2011/12 to address key issues identified to maintain and strengthen the governance environment. These are detailed in **Section E** of the AGS and include:
- ✓ Reviewing data quality and data management arrangements
 - ✓ Service access review
 - ✓ Monitoring partnership working
 - ✓ Designation of Deputy Monitoring Officers
 - ✓ Setting out initial principles for establishing a local code of conduct for Members
 - ✓ Adopting a Pay Policy Statement

- 3.9 The only action not progressed significantly was a review of the Members' training and development needs. This action has been carried forward to 2012/13.
- 3.10 The proposed plan for 2012/13 is also detailed Section E of the AGS. These actions have been identified to maintain robust Governance and to ensure arrangements keep abreast of a changing environment. The work programme includes:
- Continuing to review the Local Code of Corporate Governance half yearly
 - A review of members' training and development (carried over from 2011/12)
 - The impact of the Local Development Framework
 - Adoption of a local Standards Committee and Code of Conduct (subject to detailed guidance)
 - Reviewing any other implications arising out of the Localism Act 2011
 - Reviewing the good practice requirement to have an independent chair of the Audit Committee
 - An Internal Audit of risk management arrangements
- 3.11 The areas to be progressed have been highlighted mainly from a review of the Local Code of Corporate Governance (subject to a separate report elsewhere on this agenda) and through work undertaken by internal and external audit.

4.0 Financial Implications

- 4.1 None directly.

5.0 Corporate Implications

- 5.1 Corporate governance affects the whole authority, and all members of senior management (Corporate Management Team and Heads of Service) have been consulted and made aware of its contents.
- 5.2 The AGS itself will be signed by the Council's Leader and most senior officer, the Chief Executive. This emphasises that corporate governance goes to the heart of the leadership and management of South Derbyshire District Council.

6.0 Community Implications

- 6.1 The AGS is designed to act as a public assurance statement that the Council has a sound system of corporate governance, designed to help deliver services in a proper, inclusive, open and accountable manner.

7.0 Background Papers

The Annual Governance Statement and Rough Guide published by the Chartered Institute of Public Finance and Accountancy.