
REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	16TH JUNE 2010	CATEGORY: RECOMMENDED
REPORT FROM:	HEAD OF LEGAL & DEMOCRATIC SERVICES AND MONITORING OFFICER	OPEN
MEMBERS' CONTACT POINT:	ANDREA McCASKIE (EXT. 5831)	DOC: U:\JAYNE\Committee\COMMREP\Annual Gov Statement 0910.doc
SUBJECT:	ANNUAL GOVERNANCE STATEMENT 2009/10	REF: AGM/JB
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS04/05

1.0 Recommendations

- 1.1 To consider and recommend that Finance and Management Committee approve the Annual Governance Statement for the year ended 31st March 2010, attached at **Appendix B**, for inclusion in the 2009/10 Accounts.
- 1.2 To recommend that Finance and Management Committee authorises 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") that forms part of the Statement of Accounts for 2009/10, 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 the 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 Previously, every local authority was required to produce an annual Statement on Internal Control (“SIC”) and to keep it under regular review. In addition, it was considered best practice (but not statutory) to adopt and publish a Local Code of Corporate Governance.
- 3.4 The Accounts and Audit (Amendment) (England) Regulations 2006 came into force on 1st April 2006, whereby the requirement to produce a SIC has been replaced by the requirement to produce an AGS, as reported to committee on 12th December 2007.
- 3.5 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.
- 3.6 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 Head of Legal and Democratic Services and includes representatives of the three Statutory Officers, the Head of Paid Service, the Section 151 Officer and the Monitoring Officer.

Annual Governance Statement

- 3.7 The AGS is the formal statement that recognises, records and publishes an authority’s governance arrangements.
- 3.8 An AGS is required to be published on an annual basis. The CIPFA guidance 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
- 3.9 The officer group, which has met six monthly since May 2008, reviews governance arrangements and has produced the AGS for 2009/10, attached at **Appendix B** to this report. The group consists of the Director of Corporate Services, Head of Financial Services, Head of Organisational Development and the Corporate Performance and Communications Manager, in addition to the Head of Legal and Democratic Services. 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

3.10 An Action Plan, produced in May 2009, was progressed during 2009/10 to address significant issues identified as key in further strengthening the governance environment, forming part of the AGS, under Section E. Areas achieved include:

- Creation and adoption of a new Sustainable Community Strategy for South Derbyshire 2009-2029 by the South Derbyshire Partnership
- Reached National Equality Framework 'Achieving' status following IDeA Peer Assessment
- Positive external Peer Assessment of the Council's Overview and Scrutiny function
- Risk Management Strategy was reviewed and updated. A revised corporate framework for managing risk and to embed risk within services was approved by Council, ensuring that risk management has been integrated with performance
- Implementation of the locally based system for the assessment, referral, investigation and hearing of complaints of alleged Member misconduct
- Achieved a Level 3 for Use of Resources
- 6 monthly review of our local Code of Corporate Governance in accordance with the CIPFA/SOLACE framework
- Undertaking of a Contracts Audit, including E-procurement
- Establishment and approval of a Corporate Workforce Development Strategy
- Undertook Personal Development Plans with Members in conjunction with the Groups' nominated training champions
- Revised policy and procedure for our Recruitment and Selection process
- Development of robust Action Plans to address the issues raised in the Place Survey
- Implemented the Performance Management system
- Access Strategy has been reviewed
- Implemented actions arising out of the External Review (2008/09) of Internal Audit, including a more governance focused audit plan for 2010/11 and the introduction of key performance indicators

3.11 Again, the group have put together an Action Plan at Section E of the AGS, which will be progressed during 2010/11 and beyond, to address significant issues identified as key in further strengthening the governance environment. Areas include:

- Continuing to review the Local Code of Corporate Governance half yearly
- Developing a Good Practice Protocol to maintain and strengthen current partnership arrangements
- Implement the Action Plan to consolidate our position of 'Achieving' status in the National Equality Framework
- Build on the established Members' training and development programme
- Implementation of Action Plan from the external auditors' review of our Use of Resources Assessment
- Implementation of actions from the external review of Internal Audit to strengthen the effectiveness of the function
- Create a scheme for responding to Petitions received
- Implementation of the Risk Management Strategy via the Corporate Risk Group
- Adopt the revised Members' Code of Conduct on the introduction of the legislation
- Implementation of an Action Plan to take forward the outcomes of the Place Survey

3.12 The areas to be progressed have been highlighted from a review of the Local Code of Corporate Governance (a separate report on this agenda covers this issue) and through work undertaken by Grant Thornton UK during the last year, including its Use of Resources Judgement.

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 seen 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