
REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	23rd JUNE 2011	CATEGORY: RECOMMENDED
REPORT FROM:	MONITORING OFFICER	OPEN
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SUBJECT:	ANNUAL GOVERNANCE STATEMENT 2010/11	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS04/05

1.0 Recommendations

- 1.1 To consider and recommend to Finance and Management Committee the Annual Governance Statement for the year ended 31st March 2011 as set out in **Appendix B** and its publication alongside the Statement of Accounts for 2011/11.
- 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 2010/11 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 Officer and representatives from Organisational Development (Policy Officers) and HR.

Annual Governance Statement

- 3.5 The AGS is the formal statement that recognises 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 officer group, which has met six monthly since May 2008, reviews governance arrangements and has produced the AGS for 2010/11, attached at **Appendix B**. 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 2010, was progressed during 2010/11 to address key issues identified to maintain and strengthen the governance environment, under **Section E**. Areas achieved include:

- √ Improving Performance Management
- √ Adoption of a Corporate Partnership Policy
- √ Revised Contract Procedure Rules
- √ Implementation of Electronic Petition Scheme
- √ Achieving status awarded for Equalities and Fairness
- √ Audit of Data Protection Principles

3.9 Again, the group have put together an Action Plan at Section E of the AGS, which will be progressed during 2011/12 and beyond, 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
- Reviewing members' Training and Development
- Undertaking a Data Quality Audit
- Access to Services Review
- Implementing actions from the Corporate Partnership Policy
- Production of a Corporate Data Retention and Management Policy
- Implement any requirements from the Localism Bill 2010 following Royal Assent

3.10 The areas to be progressed have been highlighted mainly from a review of the Local Code of Corporate Governance (a separate report on this agenda covers this issue) 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 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 and Accountancy.