

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE
MONDAY 23RD June 2008

ANNUAL GOVERNANCE STATEMENT 2008/09

Community Strategy Theme	Internal Organisational Theme
Corporate Theme:	Improving Corporacy & Performance
Key Priority:	Organisational Performance
Cabinet Member:	Councillor John Campion
Responsible Officer:	Director of Resources Ext 2100 david.buckland@wyreforstdc.gov.uk
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Appendix A	Annual Governance Statement

1. PURPOSE OF REPORT

- 1.1 This report is to explain the requirement for the Authority to produce an Annual Governance Statement declaring the degree to which it meets the Governance Framework.

2. RECOMMENDATION

- 2.1 **The Audit Committee is asked to approve:**

The Annual Governance Statement which is attached at Appendix A.

3. BACKGROUND

- 3.1 Regulation 4 of the Accounts and Audit Regulations 2003 (amended 2006) required councils to review the “effectiveness of their system of internal control” at least once a year and to publish a statement on internal control (SIC) each year with the authority’s financial statements. It also required the findings of the review to be considered by a committee of the council (or the whole council), in the case of Wyre Forest this has been undertaken by the Audit Committee.
- 3.2 On 18th August 2006, the DCLG (Department for Communities and Local Government) issued circular 03/2006 and Section 7 states that proper practice in relation to internal control relates to guidance contained in two documents:
- Statement on Internal Control in Local Government; meeting the requirements of the Accounts and Audit Regulations 2003, published by CIPFA in 2004
 - Corporate Governance in Local Government; A Keystone for Community Governance (Framework and Guidance Note), produced by CIPFA/SOLACE in 2001 (which has been updated in 2007)
- 3.3 The circular and the new CIPFA/SOLACE governance framework requires an annual governance statement and CIPFA has also confirmed that the annual

governance statement will replace the SIC with effect from 2007/8 reporting year (i.e. from 1st April 2007).

- 3.4 The Audit Committee approved the adoption of the CIPFA/SOLACE code at the meeting on the 17 March 2008. In order for the authority to fully implement the CIPFA/SOLACE code a full internal appraisal on how the authority is meeting the score principles needs to be undertaken and an action plan developed to meet any areas for development, it is recommended that the authority should aim for full implementation by 1 April 2009.
- 3.5 In relation to the 2007/08 Annual Governance Statement it is proposed to use a number of existing process in relation to the review of the control system, collation of information and compilation and monitoring of the Statement on Internal Control.
- 3.6 It is acknowledged that the Annual Governance Statement goes much wider than the SIC but the assurance gathering process is similar. The review of the six principles of Governance will be undertaken throughout 2008/09, and will be incorporated in the 2008/09 Annual Governance Statement.

4. KEY ISSUES

- 4.1 In establishing the draft documents the following pieces of evidence were considered within the current Assurance Framework:
- Internal Audit reports, following the annual report from the Financial Services Manager;
 - External Audit reports;
 - Assurance Statements completed by senior staff;
 - Strategic Risk Register;
 - External Inspection findings including;
 - Investors in People;
 - Food Standards Agency;
 - Health and Safety Commission etc.
- 4.2 The assurance framework and the requirement to prepare the Annual Governance Statement was discussed at the meeting of the Audit Committee on 17 March 2008.
- 4.3 Following consideration by the Corporate Management Team the Annual Governance Statement is now presented to the Audit Committee for approval, prior to the signing by the Chief Executive and the Leader of the Council.
- 4.4 The draft Annual Governance Statement for 2007/08 is shown at Appendix A, this document has been prepared in line with the CIPFA/SOLACE guidance.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications relating to this report.

6. LEGAL & POLICY IMPLICATIONS

- 6.1 it is a requirement under the Accounts and Audit Regulations 2003 (amended 2006) that the Council prepares an Annual Governance Statement.

7. RISK MANAGEMENT

7.1 The Governance Framework pulls together all of the Council's information in relation to governance. In doing so the Council has regard for the Corporate Risk Register and approach to Risk Management. It is essential that the Council acts upon the significant governance issues that have been identified within the Annual Governance Statement.

8. CONCLUSION

8.1 From 2007/8 the Authority is required to complete an Annual Governance Statement which is required to:

- Consider the arrangements required for gathering assurances for the preparation of the annual governance statement
- Consider the robustness of the Authority's governance arrangements
- Monitor any actions arising from the review of arrangements.

8.2 The final statement is proposed to be submitted to the Audit Committee for approval on 23 June 2008.

9. CONSULTEES

9.1 None.

10. BACKGROUND PAPERS

10.1 CIPFA Finance Advisory Network The Annual Governance Statement Meeting the requirements of the Accounts and Audit Regulations 2003, Incorporating Accounts and Audit (Amendment) (England) Regulations 2006 Rough Guide for Practitioners with effect from 2007/8.

10.2 DCLG Circular 03/2006.

10.3 Delivering Good Governance in Local Government CIPFA/SOLACE.

10.4 Code of Practice for Internal Audit in the UK CIPFA 2006.