

BRIDGEND COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

8 July 2010

REPORT OF THE SECTION 151 OFFICER

ANNUAL GOVERNANCE STATEMENT 2009/10

1. Purpose of this report

- 1.1 The purpose of this report is to seek approval from the Audit Committee that the Annual Governance Statement (AGS), as prepared, be included within the Authority's Statement of Accounts for 2009/10.

2. Connections to Corporate Improvement Plan / Other Corporate Priorities

- 2.1 Achievement of the aims and objectives within the Corporate Improvement Plan will be dependant on the effective workings of internal controls within the Authority, as reviewed in the Annual Governance Statement.

3. Background

- 3.1 Regulation 4 of the Accounts and Audit (Wales) Regulation 2005 introduced a requirement for the Authority to be explicitly responsible, as part of its arrangements for corporate governance, for annually reviewing and reporting on internal control. The Regulations also state that the 'statement of internal control' should be included in the Authority's Statement of Accounts.
- 3.2 The Statement of Recommended Practice (SORP) states that the preparation and publication of an Annual Governance Statement in accordance with 'Delivering Good Governance in Local Government' fulfils the statutory requirement regarding the production of a statement of internal control in England, Wales and Northern Ireland.

4. Current Situation / Proposal

CIPFA/SOLACE Governance Framework Core Principles

- 4.1 The six core principles of good governance in the CIPFA/SOLACE framework contained within 'Delivering Good Governance in Local Government' are:

1. Focusing on the Council's purpose and community needs, creating and implementing a vision for the local area.
 2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
 3. Promoting values for the Council and demonstrating the values of good governance.
 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
 5. Developing the capacity and capability of members and officers to be effective.
 6. Engaging with local people and other stakeholders to ensure robust public accountability.
- 4.2 Each core principle has a number of supporting principles outlining what they mean. The supporting principles in turn translate into a range of specific requirements that should be in place within the Council.

The Annual Governance Statement Process 2009/10

- 4.3 Bridgend CBC produced its first Annual Governance Statement for the financial year 2007/08, which was included in the Statement of Accounts for that year. The Annual Governance Statement for 2008/09 was approved by Audit Committee in June 2009 for inclusion in the Statement of Accounts for 2008/09.
- 4.4 For 2009/10, the process established in 2007/08 and refined in 2008/09 has been built upon and involved:
- A desktop review of documents including the Corporate Improvement Plan (including the Joint Risk Assessment) and the Relationship Manager's Audit letter to establish the current areas of risk.
 - An update of the Action Plan produced in 2008/09 to ensure that planned actions had been carried out and that any new actions required had been identified.
 - A review of the resulting document by Corporate Management Board to establish the 'corporate ownership' required.
- 4.5 CIPFA's 'Application Note to Delivering Good Governance in Local Government: A Framework' states that 'the process of preparing the governance statement should itself add value to the corporate governance and internal control framework of an organisation'. In order to improve the way the authority reviews and reports on internal control/corporate governance, from 2010/11 the production of the Annual Governance Statement will be undertaken by the Chief Internal Auditor. It is considered that the incorporation of the review of corporate governance into the annual audit programme will lead to a greater integration of the review and reporting aspects of corporate governance.

5. Effect upon policy framework and procedural rules

None

6. Legal implications

None

7. Financial implications

None

8. Recommendations

- 8.1** It is recommended that Audit Committee critically review the Annual Governance Statement (Appendix A) and approve its inclusion in the Statement of Accounts 2009/10.

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Background Papers: Accounts and Audit (Wales) Regulations 2005
CIPFA/SOLACE: Delivering Good Governance in Local Government - Framework
CIPFA FAN: The Annual Governance Statement – Rough Guide for Practitioners
CIPFA/SOLACE: Application Note to Delivering Good Governance in Local Government: A Framework