

Appendix 2

The Annual Governance Statement

1. Scope of responsibility

Catalogue Supplies Service Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This Committee has been jointly established by Bridgend County Borough Council, Merthyr Tydfil County Borough Council, Caerphilly County Borough Council and Rhondda Cynon Taf County Borough Council. Bridgend County Borough Council acts as lead authority with responsibility for the stewardship of its financial affairs.

In discharging this overall responsibility, the Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes the arrangements for the management of risk.

Bridgend County Borough Council, under its financial stewardship of the Joint Committee, has approved a code of corporate governance, which is consistent with the principles of the CIPFA/ SOLACE Framework 'Delivering Good Governance in Local Government'. This statement explains how the Authority has complied with the code. In Wales, the inclusion of the Annual Governance Statement in the Statement of Accounts 2007/08 is voluntary unlike the mandatory requirement in England. The Council has decided to adopt the CIPFA framework and Annual Governance Statement approach for 2007/08.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and cultures and values, by which the Joint Committee is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only

provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Catalogue Supplies Service Joint Committee for the year ended 31st March 2008 and up to the date of approval of the statement of accounts.

3. The Governance Environment

Bridgend CBC

The Constitution of Bridgend C.B.C, which has the financial stewardship of the Joint Committee, was revised in September 2007. It defines the roles and responsibilities of the Cabinet (the Executive), Overview and Scrutiny Committees, Full Council and other Committees and Officers.

The Council has an Audit Committee which is a key component of corporate governance. It provides a source of assurance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance. In addition, the Standards Committee has a duty to promote and maintain high standards of conduct for Members.

The Corporate Director Resources is the responsible officer for the administration of the Council's affairs under section 151 of the Local Government Act 1972. The statutory definition of the Responsible Financial Officer was developed by case law in Attorney General -v- De Winton 1906. It was established that he is not merely a servant of the authority but holds a fiduciary relationship to the local taxpayers. Section 151 of the Local Government Act 1972 requires every authority in England and Wales to "... make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs".

The Council published its Policy for the Management of Risk in February 2006. The Corporate Management Board is responsible for the management of risks in all areas of the Council.

Catalogue Supplies Service Joint Committee

The Joint Committee's Constitution sets out how the Committee operates, how decisions are made, and the procedures, which are followed. It

defines the roles and responsibilities of the Members and Officers, the membership and powers of the Committee.

The elements of the internal control environment of the Joint Committee are achieved as follows

- (i) Establishing and monitoring the achievement of the County Borough Supplies Service objectives
 - Memorandum of Agreement defining the constitution refers to the submission of estimates to the Committee and preparation of an annual report and statement of accounts.
 - The ongoing Joint Supplies Service Review. This has regularly reviewed operations and the commercial environment on a quarterly basis and has reported to the Joint Committee.
 - An independent review to be carried out by APSE (The Association of Public Service Excellence) into the future development of the service in a fast changing competitive environment in which some long standing non-trading income streams have ceased.
- (ii) Facilitation of policy and decision-making
 - Catalogue Supplies Service Joint Committee which makes executive decisions and meets on a quarterly basis comprises members from Bridgend CBC, Merthyr Tydfil CBC, Caerphilly CBC and Rhondda Cynon Taf CBC.
- (iii) Ensuring compliance with established policies, procedures, laws and regulations
 - Function delegated to Bridgend C.B.C.
- (iv) Ensuring the economical, effective and efficient use of resources and secure continuous improvement in the way functions are exercised
 - Catalogue Supplies Service Joint Committee
- (v) Facilitating the financial management of the Committee
 - Under the financial stewardship of Bridgend C.B.C. by way of the support service agreement
- (vi) Facilitating the performance management of the authority and its reporting
 - Bridgend C.B.C. Corporate Improvement arrangements

4. Review of Effectiveness

The Council having the stewardship of the Joint Committee's finances has responsibility for conducting, at least annually, a review of the effectiveness of

its governance framework including the system of internal control. The review of effectiveness is informed by the work of:-

- the Corporate Directors within the Council
- the work of the internal auditors, the comments made by the external auditors in their management letters and other reports;
- the reports of other independent inspection bodies and Welsh Assembly Government.

The process for maintaining and reviewing the effectiveness of the governance framework includes the following:-

- A Performance Management Framework
- An Overview and Scrutiny function
- The Audit Committee
- Internal Audit
- The Joint Risk Assessment for the Authority was undertaken in July 2007 involving the Wales Audit Office, Corporate Management Board and Cabinet.
- A Programme Management Board

Internal Audit has confirmed that the examination of the operations of the County Borough Supplies Organisations as part of their annual plan has not identified any significant internal control issues.

5. Significant Governance Issues

No significant governance issues were identified during 2007/08 as a result of the review of arrangements.

6. Certification of Annual Governance Statement

Signed:

Chairperson of the Joint Committee.....

Date.....

Corporate Director – Resources.....

Date

Joint Supplies Service Manager.....

Date.....