

**DRAFT ANNUAL GOVERNANCE STATEMENT 2011/12 AND ACTION PLAN  
2012/13**

Contact Officer: Philip McCourt (Assistant Director – Law and Governance) - 01908 252962

**Purpose**

- 1.1 To consider the draft Annual Governance Statement (AGS) for 2011/12 (Annex A) and associated action plan (Annex B) for approval as required by the Accounts and Audit Regulations 2011.

**2. Recommendations**

- 2.1 That the Committee approves the Annual Governance Statement for 2011/12 and accompanying action plan, attached at Annex A and B.
- 2.2 That the Audit Committee appoints Members to an AGS Overview Working Group to assist with scrutiny and assurance in the process and drafting of the Annual Governance Statement 2011/12, together with any amendment to the Local Code of Corporate Governance, during the coming year.

**3. Issues and Choices**

- 3.1 The Accounts and Audit Regulations 2011 require that the Authority must agree an Annual Governance Statement (AGS), prepared in accordance with proper practices published by CIPFA in relation to internal control, for publication with its Statement of Accounts.
- 3.2 The review of the effectiveness of the Council's system of internal control that underpins the Annual Governance Statement must be carried out at least annually.

**Review**

- 3.3 Corporate governance is defined as the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate lead their communities. There is a strong correlation between effective governance and effective service delivery. To deliver the

Council's vision and support the drive for continuous improvement, therefore, strong governance arrangements need to be in place.

- 3.4 The forebear to the AGS was the Statement on Internal Control (SIC), which was a review of how effectively the Council's systems protected it to ensure that the Council's business was conducted in accordance with the law and proper standards and that public money was safeguarded, properly accounted for and used economically, efficiently and effectively. The AGS subsumes and broadens the SIC to provide for a review of the whole of the Council's governance arrangements, underpinned by the adopted Code of Corporate Governance.
- 3.5 Evidence sources collated for drafting an Annual Governance Statement against 2011/12 were as follows.
- (a) A central evidence collation, provided by key officers from performance, legal, internal audit, risk management, finance & corporate health and safety
  - (b) A review against the Council's own Code of Corporate Governance, conducted by Internal Audit and involving officers from across the organisation
  - (c) Assurances provided by each Corporate Director, working with their Service Group Assistant Directors, on the application of Corporate Governance processes in their area and the impact that these processes have on the Authority's stated outcomes, including an action plan strengthening areas.
  - (d) An assurance questionnaire, provided to Members to collate Members' views of governance within the organisation.
  - (e) Progress against the 2011/12 AGS action plan, which was reported on a quarterly basis to the Audit Committee and outstanding actions, and which were considered alongside the emerging actions and where appropriate added to the action plan for 2012/13.
- 3.7 The process for drafting the Annual Governance Statement itself, and the systems of challenge and review were as follows;
- (i) The information described above was collated and then a first draft drawn up along with a draft version of the action plan and circulated to those officers across the authority who sit on the project group for challenge and review.
  - (ii) The comments were amalgamated into the draft document, which was then sent to members of the Corporate Leadership Team for further challenge.

- (iii) The Annual Governance Statement (Member) Overview Group, made up of cross party members of the Audit Committee with the relevant Cabinet Member, which had met in February to discuss the process of drafting the document and to comment on the evidence sources to be provided, was further convened to consider the findings presented in the draft document and provide challenge and review of the action plan.
  - (iv) Final consideration by the Corporate Leadership Team
  - (v) Presentation to the Audit Committee
- 3.8 In coming to consider the draft AGS, audit committees have been provided with guidance released by CIPFA on review of the Annual Governance Statement (attached at **ANNEX C**). This suggests the following questions;
1. What process has the organisation gone through to gather evidence to support the AGS?
  2. Has it involved staff from across the organisation?
  3. Have assurance statements already gone through a process of challenge and review prior to presentation to the audit committee? What did this show?
  4. Does the action plan flow out of the statement and identify the major issues we need to address as an organisation?
  5. Does the action plan include actions outstanding from previous years, prioritised as necessary?
  6. How will the action plan be communicated to staff, stakeholders and the public?
- 3.9 Once the Annual Governance Statement has been finalised, as well as submission alongside the Statement of Accounts, it will be placed on the website for members of the public, stakeholders, Members and officers to view.
- 3.10 Progress against the adopted AGS 2012/13 Action Plan will be reported to the Audit Committee on a regular basis over the coming year.
- 3.11 The new 2011 regulations has been highlighted the need for the findings of the review to be considered by a Committee. In practice at Milton Keynes, this is the case already, with the AGS approved by the Audit Committee and developed with the assistance and scrutiny of an overview group of members of all parties and including the Committee's Chair and the relevant Cabinet Member.

## Implications

### 4.1 Policy

None

### 4.2 Resources and Risk

There are no direct resource implications. Designing the project plan and ensuring that data is collected in a timely fashion will require officer resource. This is borne across the governance services, with Assistant Directors being asked to nominate representatives to carry out the collection of information.

x	Capital	y	Revenue	x	Accommodation
x	IT	x	Medium Term Plan	x	Asset Management

### 4.3 Legal

The Council is under a duty to produce an Annual Governance Statement by virtue of regulation 4 of the Accounts and Audit Regulations 2011 which requires authorities to “conduct a review at least once a year of the effectiveness of its system of internal control.”

### 4.4 Other Implications

x	Equalities / Diversity	x	Sustainability	x	Human Rights
x	E-Government	y	Stakeholders	x	Crime and Disorder

#### Background Papers;

CIPFA/Solace ‘Delivering Good Governance in Local Government’ framework;

CIPFA ‘The Role of the Chief Finance Officer in Public Service Organisations

Audit Committee Update - Helping Audit Committees to be Effective, Issue 2 - Reviewing the Annual Governance Statement or Statement on Internal Control