

	Standards Committee 26th June 2012	Agenda Item No. 9
Title	Annual Governance Statement 2011/12	
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Service Area	Finance	
Wards of the District directly affected	Not applicable	
Is the report private and confidential	No	
Date and meeting when issue was last considered and relevant minute number	Standards Committee – 21 st June 2011	
Background Papers	Delivering Good Governance in Local Government & Delivering Good Governance in Local Government- Guidance Note for English Authorities; CIPFA/SOLACE 2007 The Annual Governance Statement – Rough Guide for Practitioners, CIPFA Financial Advisory Network	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	15 June 2012	Andrew Jones
Head of Service	15 June 2012	Mike Snow
CMT		
Section 151 Officer	15 June 2012	Mike Snow
Monitoring Officer		
Finance	15 June 2012	As S151 Officer
Council Leader	15 June 2012	Councillor Doody
Consultation Undertaken		
Not applicable.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

- 1.1 This report sets out an Annual Governance Statement for 2011/2012 describing the governance arrangements that were in place during that financial year. This statement is to be signed by the Chief Executive, and the Leader of the Council, after any further comments are incorporated as a result of the review from Standards Committee.
- 1.2 An action plan has been developed resulting from the gaps in governance identified.

2. **RECOMMENDATIONS**

- 2.1 That the Committee agrees the Annual Governance Statement for 2011/2012 for Warwick District Council as set out at Appendix A.
- 2.2 The Committee reaffirms the Code of Corporate Governance at Appendix B.
- 2.4 The Committee notes the recommendations contained within the Internal Audit Annual Report and the Review of Effectiveness of Internal Audit reports (both on this agenda) and considers any comments made by the Finance & Audit Scrutiny Committee on 29th May 2012 in respect of the aforementioned reports.

3. **REASONS FOR THE RECOMMENDATIONS**

- 3.1 The CIPFA/SOLACE governance framework requires an Annual Governance Statement for Warwick District Council.
- 3.2 Corporate governance is everyone's business and can be defined as:

"Ensuring the organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner." Audit Commission

"How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises 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." CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives)

- 3.3 On 26th May 2012 the Finance & Audit Scrutiny Committee considered reports entitled, Internal Audit Annual Report 2011/12 and Review of Effectiveness of Internal Audit 2011/12. Comments from that Committee that are pertinent to this Committee's consideration of Corporate Governance will be circulated.

4. **ALTERNATIVE OPTION CONSIDERED**

- 4.1 The only alternative option was not to provide an Annual Governance Statement for 2011/12, which would almost certainly result in the Council being held in breach of its statutory obligations.

5. **BUDGETARY FRAMEWORK**

- 5.1 This statement is produced by the staff employed by the authority within current resources.

6. **POLICY FRAMEWORK**

- 6.1 The proposals will assist the Council in furtherance of its priority of providing clear community leadership and effective management of resources whilst delivering responsive public services in an open and transparent manner.

7. **BACKGROUND**

- 7.1 The Annual Governance Statement is a document for Warwick District Council. The Statement set out at Appendix A comments on the corporate governance arrangements in the Council during 2011/2012.

- 7.2 CIPFA/SOLACE has issued a framework and guidance on delivering good governance in local government. It is built on the six core principles set out in the Good Governance Standard for Public Services that were themselves developed from earlier work by Cadbury and Nolan. The principles in relation to local government as set out in the new framework are:

- a clear definition of the body's purpose and focusing on the outcomes for the community and creating and implementing a vision for the local area;
- members and officers are working together to achieve a common purpose with clearly defined functions and roles;
- promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- developing the capacity and capability of members and officers to be effective;
- engaging with local people and other stakeholders to ensure robust public accountability.

Both the Code of Corporate Governance and the Annual Governance Statement reflect these six themes.

- 7.3 The Council's Audit and Risk Manager has provided a written annual report to you, as 'those charged with governance' to support the Annual Governance Statement. The term 'those charged with governance' has no definitive meaning and could mean the Executive, this Committee in terms of Corporate Governance, or the Leader and Chief Executive. However, it is felt appropriate for this Committee to have sight of this statement and to receive comments from Finance & Audit Scrutiny Committee.
- 7.4 The CIPFA financial advisory network has produced a rough guide for practitioners on producing the Annual Governance Statement. Its advice is that this is a key corporate document and the most senior member and the most senior officer (Leader and Chief Executive respectively) have joint responsibility as signatories for its accuracy and completeness. It advises that it should be owned by all senior members and officers of the authority and that it is essential that there is a buy in at the top level of the organisation and in particular advises that the work should not be delegated to a single officer.

7.5 The Leader and Chief Executive of the Council as signatories to the Annual Governance Statement need to ensure that it accurately reflects the governance framework for which they are responsible. In order to achieve this they are likely to rely on many sources of assurance, such as:

- Deputy Chief Executives and Service Area Managers;
- the Responsible Financial Officer;
- the Monitoring Officer;
- Members;
- the Audit and Risk Manager;
- performance and risk management systems;
- third parties, e.g. partnerships;
- external audit and other review agencies.

7.6 The 'The Annual Governance Statement – Rough Guide for Practitioners' by CIPFA sets out the following stages in producing the Annual Governance Statement :-

Objective 1, ESTABLISHING PRINCIPAL STATUTORY OBLIGATIONS AND ORGANISATIONAL OBJECTIVES

Step 1: Mechanisms established to identify principal statutory obligations

Step 2: Mechanisms in place to establish organisational objectives

Step 3: Effective Corporate Governance arrangements are embedded within the authority

Step 4: Performance management arrangements are in place

THEN apply the Six CIPFA/SOLACE Core Principles

(i) Focusing on purpose/outcomes and creating a vision for the local area

(ii) Members & officers working together to achieve common purpose with clearly defined functions & roles

(iii) Promoting values for the authority and demonstrating values of good governance through upholding high standards of conduct and behaviour

(iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

(v) Developing the capacity and capability of members and officers to be effective

(vi) Engaging with local people and other stakeholders to ensure robust public accountability

Objective 2, IDENTIFY PRINCIPAL RISKS TO ACHIEVEMENT OF OBJECTIVES

Step 1: The authority has robust systems and processes in place for the identification and management of strategic and operational risk

Objective 3, IDENTIFY AND EVALUATE KEY CONTROLS TO MANAGE PRINCIPAL RISKS

Step 1 - The authority has robust systems of internal control which includes systems and procedures to mitigate principal risks

Objective 4, OBTAIN ASSURANCES ON THE EFFECTIVENESS OF KEY CONTROLS

Step 1: Appropriate assurance statements are received from designated internal and external assurance providers

Objective 5, EVALUATE ASSURANCES AND IDENTIFY GAPS IN CONTROL/ASSURANCES

Step 1: Make adequate arrangements to identify, review and evaluate reports from the defined internal and external assurance providers to identify areas of weakness in controls

Objective 6, ACTION PLAN TO ADDRESS WEAKNESSES AND ENSURE CONTINUOUS IMPROVEMENT OF THE SYSTEM OF CORPORATE GOVERNANCE

Step 1: Robust mechanism to ensure that an appropriate action plan is agreed to address the identified control weaknesses and is implemented and monitored

Objective 7, ANNUAL GOVERNANCE STATEMENT

Step 1: Governance statement is drafted in accordance with regulations and timescales

Objective 8, REPORT TO CABINET /EXECUTIVE COMMITTEE

Step 1: Report in accordance with pro-forma