

TO: GOVERNANCE AND AUDIT COMMITTEE
31 JULY 2012

ANNUAL GOVERNANCE STATEMENT
Director of Corporate Services

1 PURPOSE OF DECISION

- 1.1 To consider the Annual Governance Statement (AGS) 2011/12 and the Action Plan to address weaknesses identified in the AGS.

2 RECOMMENDATION

- 2.1 **That the draft Annual Governance Statement shown as Annex A to this report be approved.**
- 2.2 **That the Action Plan shown as Annex B to this report be approved.**

3 REASONS FOR RECOMMENDATION

- 3.1 To ensure the Council complies with the statutory requirements to produce an Annual Governance Statement.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 This is a statutory requirement and therefore there is no alternative option.

5 SUPPORTING INFORMATION

- 5.1 The CIPFA/SOLACE publication "Delivering Good Governance in Local Government: Framework" identifies six core principles of good governance and recommends that authorities produce an Annual Governance Statement (AGS) to report publicly on the extent to which the Authority complies with its own Local Code of Governance including how it has monitored the effectiveness of its governance arrangements in the year and any planned changes in the coming period.
- 5.2 In England, the preparation and publication of an AGS is necessary to meet the statutory obligation set out in Regulation 4(3) of the Accounts and Audit Regulations 2011. This requires authorities to prepare a statement in accordance with "proper practices" and the guidance in the Framework recommending an AGS constitutes "proper practice". The AGS is signed by the Chief Executive and the Leader of the Council.
- 5.3 The Action Plan attached to the 2010/11 AGS identified a number of areas for improvement, in particular in relation to procurement, the Constitution, ethics training for officers and business continuity plans. Considerable progress has been made during 2011/12 on implementing those actions (see Annex C).
- 5.4 The draft AGS for 2011/12 on the effectiveness of the Council's governance arrangements was reviewed by the officer Governance Working Group on 11 May 2012. The AGS has been amended to include comments made by the Group (Annex A). The primary source of assurance for the AGS, as advised in CIPFA's Rough Guide on the AGS, is the assurance statements completed by

Unrestricted

- the Assistant Chief Executive and each Director on compliance with internal controls and governance arrangements across their departments;
- the Monitoring Officer in respect of legal and regulatory functions;
- the Borough Treasurer in respect of financial controls; and
- the Borough Treasurer and Head of Audit and Risk Management in respect of risk management.

5.5 The draft AGS attached at Annex A is based on the declarations in the assurance statements. The issues referred to in paragraph 5 are those weaknesses highlighted in the assurance statements. In addition, in drafting the AGS, progress on actions to address significant issues included in the 2010/11 AGS has been taken into account. Where these issues are still ongoing they have been included again in the Action Plan attached to the 2011/12 AGS.

5.6 A draft Action Plan has been drawn up to address the issues highlighted in the 2011/12 AGS and this is attached at Annex B.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 The Borough Solicitor is the author of this report.

Borough Treasurer

6.2 The Annual Governance Statement is a statutory requirement under the Accounts and Audit Regulations 2011 and will be incorporated within the Council annual Statement of Accounts.

Equalities Impact Assessment

6.3 Not applicable.

Strategic Risk Management Issues

6.4 Risk management is a key part of good governance. Progress made on risk management during 2011/12 is included in the AGS in Annex A.

Workforce Implications

6.5 No additional resource implications are anticipated from the actions set out in Appendix 2.

Contact for further information

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