

MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: 13 June 2012

ANNUAL GOVERNANCE STATEMENT

Issue for Decision

To agree the Annual Governance Statement for 2011/12.

Decision Made

1. That the Annual Governance Statement, as attached at Appendix A to the report of the Chief Executive, be agreed.
2. That the following addition be made to the table at Section 5.2 of the Annual Governance Statement:-

Governance Issue	Required Action	Target Date
Local Government Governance Review 2012 That an assessment is completed of the "Local Government Governance Review" published by Grant Thornton.	That Corporate Leadership Team assesses the Annual Governance Statement against the findings of the review and takes action to ensure the Council's statement is in line with the best practice as set out in the review.	By July 2012

Reasons for Decision

The Accounts and Audit (England) Regulations 2011 (The Regulations) recognise the Annual Governance Statement as a key statement in its own right. To this end it is no longer required to be "included in" the Statement of Accounts. From 31st March 2011 the regulations require that the Annual Governance Statement "accompanies" the Statement of Accounts instead.

The Annual Governance Statement will be signed by both the Chief Executive and the Leader of the Council. The statement must identify the key controls in operation in the Council to facilitate the effective exercise of its functions.

It was noted that the June 2007 CIPFA/SOLACE publication entitled Delivering Good Governance in Local Government (Framework) is considered 'proper practice'. Therefore, the production of the Annual Governance Statement is

based on this publication and in accordance with the Accounts and Audit (England) Regulations 2011.

The Annual Governance Statement covers arrangements to:-

- a) Establish principal statutory obligations and organisational objectives.
- b) Identify principal risks to achievement of objectives.
- c) Identify key controls to manage principal risks.
- d) Obtain assurance on the effectiveness of key controls.
- e) Evaluate assurances and identify gaps in control/assurances.
- f) Prepare an action plan to address weaknesses and to ensure continuous improvement of the system of internal control.

The review of the system of internal control covered by the Annual Governance Statement as required by Regulation 4 of the Regulations is dealt with by the report of the Chief Executive. Once approved and signed the statement will return to a later meeting of the Audit Committee accompanying the Statement of Accounts for formal approval by the Committee.

With reference to Regulation 6 of the Regulations, the Audit Committee has considered the report of the Head of Internal Audit and Risk Management which included a review of audit work during 2011/12 with a recommendation that the Audit Committee consider the effectiveness of internal audit. The Cabinet considered a reference from the Audit Committee circulated at the meeting. The Cabinet agreed to the addition to the table at section 5.2 of the Annual Governance Statement, however, they felt that the other two recommendations were already covered in the Overview and Scrutiny governance.

Attached at Appendix A to the report of the Chief Executive was the draft Statement for 2011/12 which had been compiled and updated based upon the Statement approved in July 2011 for the financial year 2010/11.

Best practice has identified that the External Auditors should be presented with a Statement of Evidence to back up the Annual Governance Statement and where possible the link to the evidence is given in the statement. Other evidence will be provided to the Auditor during their audit of the Statement of Accounts.

An action plan has been prepared including proposals to address those areas where the Statement identifies that further work would be beneficial to the overall governance arrangements. The actions will be subsumed into specific service plans but monitored as a group through the Covalent performance management system.

Alternatives considered and why rejected

The Annual Governance Statement is a necessary part of the Statement of Accounts and must, therefore, be ultimately agreed by Audit Committee. It is possible for members to disagree with the detail of the Statement, to ask for further details to be included or evidence to be produced. However, it must be acknowledged that the statement is signed by the Chief Executive and the Leader of the Council and must accompany the Statement of Accounts to be agreed by Audit Committee by the end of September 2012.

Background Papers

Minutes of the Corporate Leadership Team
Local Code of Corporate Governance
Accounts and Audit Regulations 2011
Evidence to support the Annual Governance Statement

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Change and Scrutiny by: 22 June 2012
