

Report to	Audit Committee
Date	5 April 2011
By	Monitoring Officer
Title of Report	Annual Governance Statement
Purpose of Report	To explain the requirement for an Annual Governance Statement and the approach being taken to prepare the Annual Governance Statement for 2010-11

Recommendation: That, subject to Members' comments, the approach being taken to prepare the Annual Governance Statement for 2010-11 be endorsed

1. Introduction

1.1 This reports explain the statutory basis for the production of an Annual Governance Statement, and the contribution this makes to ensuring good governance within a public authority. The approach to preparation of the Annual Governance Statement for 2010-11 is proposed for endorsement.

2. Background

2.1 Under the Accounts and Audit Regulations 2003 (as amended) the Authority is required to conduct a review at least once a year of the effectiveness of its system of internal control. The findings of that review must be considered by a committee of the Authority, or by the Members of the Authority as a whole. Following that consideration, a statement on internal control, prepared in accordance with "proper practices", shall be approved. The statement on internal control is commonly referred to as the "Annual Governance Statement", and is required to be included in the Authority's Statement of Accounts.

2.2 The "proper practices", in accordance with which the Annual Governance Statement is to be prepared, are set out in guidance to local authorities issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

3 Guidance

3.1 The guidance suggests that, to carry out its review, the Authority will need to:

- Consider the extent to which the Authority complies with the principles and requirements of good governance as set out in the guidance
- Identify systems, processes and documentation that provide evidence of compliance
- Identify the individuals and committees responsible for monitoring the systems, processes and documentation identified
- Identify the issues that have not been addressed adequately by the Authority and consider how they should be addressed
- Identify the individuals who would be responsible for undertaking the actions required and plan accordingly

3.2 The Guidance advises that governance arrangements should be assessed against the following core principles:

- Focusing on the purposes of the Authority and on outcomes for the community and on creating and implementing a vision for the local area
 - Members and officers 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
- 3.3 In respect of each core principle, the Guidance offers more detailed advice as to how the Authority's arrangement should be reviewed. The Guidance also includes an example of how an annual governance statement may look.
- 3.4 The Guidance further suggests that each local authority should consider adopting in due course its own Local Code of Corporate Governance. This would set out the Authority's own objectives in relation to each of the core principles of good governance, and how the Authority will seek to measure its performance against these criteria.

4 Annual Governance Statement for 2010-11 – the Approach Proposed

- 4.1 The year 2010-11 has been the shadow year for the Authority and much work has been done by Members and officers on developing and adopting the key components of a governance structure. Examples include Standing Orders, Contract Standing Orders, Members' Code of Conduct, Officer Code of Conduct, Local Protocol for Member and Officer Relations, Scheme of Delegation, Financial Regulations, Treasury Management Statement, Procedures for Investigation of Complaints under the Members' Code, and a Complaints, Compliments and Comments Policy.
- 4.2 The Authority has also adopted its approach to developing strategy and partnerships with stakeholders, supported by guiding principles developed with a wide range of stakeholders from within the National Park.
- 4.3 It is proposed that the Monitoring Officer, Chief Finance Officer and Director of Corporate Services liaise to prepare a draft Annual Governance Statement for 2010-11, in compliance with the Guidance, and which records the work that has been undertaken to establish governance arrangements.
- 4.4 At this stage it is contemplated that one of the "actions" for further improvement in 2011-12 may be to build on the work undertaken to date by the development of a Local Code of Corporate Governance for the Authority. The Audit Committee and Standards Committee would each have a key role to play in that initiative.
- 4.5 The draft Annual Governance Statement would be included in the Statement of Accounts presented to Audit Committee in June 2011 and subsequently to the full Authority for approval.

5 Resources

- 5.1 The preparation of the Annual Governance Statement will be done within existing identified resources.

6 Risk Management

- 6.1 The carrying out of an annual review, together with the reporting of its outcome to the Audit Committee, provides assurance that arrangements are adequate and operating effectively in practice and, where gaps are identified, that action is planned to address this for the future.

7 Human Rights, Equalities, Health and Safety

7.1 No specific implications.

8 External Consultees

8.1 None.

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Appendices	None
SDNPA Consultees	Chief Executive Officer, Director of Corporate Services, Head of Planning, Head of Operations, Head of Legal Services, Chief Finance Officer, Deputy Chief Finance Officer, Internal Audit Manager