

EAST HERTS COUNCIL

EXECUTIVE – 6 SEPTEMBER 2011

REPORT BY THE LEADER OF THE COUNCIL

DRAFT 2010/11 ANNUAL GOVERNANCE STATEMENT

WARD(S) AFFECTED: ALL

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**Purpose/Summary of Report**

- This report presents the draft 2010/11 Annual Governance Statement at **Essential Reference Paper 'B'**.

<b><u>RECOMMENDATION FOR DECISION: that:</u></b>	
<b>(A)</b>	<b>the Draft Annual Governance Statement be considered in the light of the External Auditor's report to the July 2011 Audit Committee and the subsequent Officer response, and</b>
<b>(B)</b>	<b>the Executive is asked to determine whether the Annual Governance Statement should be amended, or that, proposals in the Officer response to the External Auditor's report be developed for the 2011/12 Annual Governance Statement.</b>

1.0 Background

1.1 The Annual Governance Statement is necessary to meet the requirements set out in the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006.

2.0 Report

2.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, used economically, efficiently and effectively.

- 2.2 The Council should undertake regular, at least annual, reviews of its governance arrangements by means of an Annual Governance Statement, to ensure continuing compliance with best practice. It is important that such reviews are reported both within the Council, to the Audit Committee and externally with the published accounts, to provide assurance that:
- governance arrangements are adequate and operating effectively in practice, or
  - where reviews of the governance arrangements have revealed gaps, action is planned that will ensure effective governance in the future.
- 2.3 The process of preparing the governance statement should itself add value to the corporate governance and internal controls framework of the Council.
- 2.4 A governance statement should include the following information:
- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control)
  - an indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide
  - a brief description of the key elements of the governance framework, including reference to group activities where those activities are significant.
  - a brief description of the process that had been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of:
    - the Council
    - the Executive
    - the Audit Committee/ overview and scrutiny function/ Standards Committee
    - Internal Audit
    - other explicit review/ assurance mechanisms.
  - an outline of the actions taken, or proposed, to deal with significant governance issues.
- 2.5 It is important to recognise that the governance statement covers all significant corporate systems, processes and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure that:

- the authority's policies are implemented in practice.
- high quality services are delivered efficiently and effectively.
- the authority's values and ethical standards are met.
- laws and regulations are complied with.
- required processes are adhered to.
- financial statements and other published performance information are accurate and reliable.
- human, financial, environmental and other resources are managed efficiently and effectively.

2.6 The statement has subsequently been considered by Audit Committee, Human Resources Committee, Corporate Business Scrutiny Committee and Standards Committee. The revised Annual Governance Statement is attached as **Essential Reference Paper 'B'**. This document shows tracked recommended amendments resulting from previous consultations.

2.7 Audit Committee on 12 July received a report from Grant Thornton entitled "Annual Governance Statement: adding real value?". This is attached as **Essential Reference Paper 'C'**. The officer response to the issues raised is attached as **Essential Reference paper 'D'**.

### 3.0 Implications/Consultations

3.1 Appropriate Consultations have taken place with senior Council Officers. Members of the Executive and Committee Chairmen have also been given the opportunity to contribute to the process. The consultation process has been with Members of the Audit Committee on 12 July 2011, the Human Resources Committee on 13 July 2011 and the Corporate Business Scrutiny Committee on 19 July 2011. The report is brought to the Corporate Management Team on 16 August 2011 and will be taken to the Executive on 6 September 2011 before bringing back a final Annual Governance Statement to Audit Committee on 21 September 2011. The External Auditor has also been consulted. Information on corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

### Background Papers:

Draft 2010/11 Annual Governance Statement – Audit Committee 12 July 2011.

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ESSENTIAL REFERENCE PAPER 'A'

Contribution to the Council's Corporate Priorities/ Objectives:	<b>Fit for purpose, services fit for you</b> <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i>
Consultation:	No public or partner consultations were required during the preparation of this report.
Legal:	There are no additional legal implications to those already contained in this report.
Financial:	There are no additional financial implications to those already contained in this report.
Human Resource:	There are no additional human resource implications to those already contained in this report.
Risk Management:	There are no additional risk management implications to those already contained in this report.