



AGENDA ITEM: 5

**AUDIT AND GOVERNANCE
COMMITTEE: 26 June 2012**

Report of: Borough Treasurer

Relevant Managing Director: People and Places

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SUBJECT: ANNUAL GOVERNANCE STATEMENT 2011/2012

Borough wide interest

1.0 PURPOSE OF THE REPORT

1.1 To enable Members to consider the Authority's Annual Governance Statement for 2011/12.

2.0 RECOMMENDATION

2.1 That the Annual Governance Statement 2011/2012 be approved and commended to the Leader and Managing Directors for signature.

3.0 BACKGROUND

3.1 The Accounts and Audit Regulations 2011 require the Council to publish an Annual Governance Statement with its financial reports. The CIPFA SOLACE Framework provides guidance on the proper practices to be followed to fulfil this requirement and Officers have followed this approach in producing the Annual Governance Statement.

3.2 An Application Note was issued by CIPFA in March 2010, outlining requirements for the Statement in relation to their document 'Statement on the Role of the Chief Financial Officer in Local Government (2010)' and the Governance Statement has also been produced in line with this guidance.

3.3 The terms of reference of this Committee include responsibility for approving the Annual Governance Statement and commending it for signature by the Leader and Managing Directors.

4.0 CURRENT POSITION

- 4.1 The Council has a track record of demonstrating solid financial and governance arrangements.
- 4.2 The Annual Governance Statement provides a summary of the internal control environment and a review of its effectiveness. The Statement also confirms that this framework is adequate and effective and sets out a number of proposed improvements that will take place over the coming year as well as progress on issues identified in last year's statement.
- 4.3 The Authority has consistently received positive feedback from the Audit Commission on its arrangements for internal control, and this year's Annual Audit and Inspection letter has concluded the same.
- 4.4 In the Annual Audit Report, elsewhere on this agenda, the Council's Internal Audit Manager has summarised the findings from Internal Audit activity over the year and these findings are incorporated into the Annual Governance Statement.
- 4.5 All Chief Officers have considered and signed a Certificate on Internal Control to confirm that governance arrangements and internal controls have not been compromised during the past year in their areas of responsibility. As it is Managers who are charged with embedding governance systems in their areas, this is an integral part of the annual review process.
- 4.6 The unprecedented climate of reduced funding facing local authorities means that a period of major change is likely. This will significantly increase the risk that governance and performance issues will arise compared to previous years, and this factor has been reflected in the Statement. This highlights the importance of the work undertaken by this Committee in terms of ensuring that there are effective governance arrangements in place.

5.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 5.1 All the activity referred to in this report is covered by existing budget provisions.

6.0 RISK ASSESSMENT

- 6.1 Failure to publish an Annual Governance Statement with the Statement of Accounts would breach one of the Council's statutory obligations.

Background Documents

The following background documents (as defined in Section 100D (5) of the Local Government Act 1972) have been relied on to a material extent in preparing this Report.

- CIPFA Solace 'Delivering Good Governance in Local Government: a Framework' 2007
- CIPFA Solace 'Application Note to Delivering Good Governance in Local Government: a Framework' 2010

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and/or stakeholders, and consequently an Equality Impact Assessment has not been produced.

Appendices

West Lancashire Borough Council's Annual Governance Statement 2011/2012