

# Southend-on-Sea Borough Council

Agenda  
Item No.

Report of Chief Executive and Town Clerk

to

**Audit Committee**

on

**22 June 2011**

Report prepared by: Tim MacGregor – Senior Policy Advisor

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**Annual Governance Statement 2010/11**

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**Executive Councillor – Councillor Moring**

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***A Part 1 Public Agenda Item***

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## **1. Purpose of Report**

- 1.1 To present the Annual Governance Statement for 2010/11 and action plan for 2011/12 to Audit Committee.

## **2. Recommendation**

- 2.1 That Audit Committee agree with the declaration reflected within the Annual Governance Statement for 2010/11 and approve the action plan for 2011/12.**

## **3. Background**

- 3.1 The responsibility for ensuring that there is a sound system of internal control rests with the Council. It is required to report on this annually via its Governance Statement which is published with the financial statements.
- 3.2 In order to do this, the Council should seek regular assurance that its systems of internal control are functioning effectively. It should also ensure that the system of internal control is effective in managing significant risks in the way that it would expect.
- 3.3 The Council has delegated responsibility for monitoring and reporting on the adequacy and effectiveness of its system of internal control to the Audit Committee.
- 3.4 Therefore, the Committee is required to satisfy itself that the Annual Governance Statement is consistent with its view on the Council's system of internal control based upon the assurance presented to it throughout the year.
- 3.5 The Annual Governance Statement 2010/11 (Appendix 1) also contains an action plan for 2011/12. Progress against the 2010/11 action plan is attached at Appendix 3.

- 3.6 The action plan for 2011/12 takes into account changes to national policy (for example, a lighter touch external assessment regime) and issues arising from the review of Managers Assurance Statements. These include the need to update the Business Continuity Plan (and clarifying services role in implementing the plan) and improving procurement arrangements for items of spend under the EU threshold.
- 3.7 Appropriate action is already being progressed to address these issues. Internal Audit is due to undertake a review of the Council's approach to Business Continuity. In relation to procurement a Contract Review Panel of senior officers is being established to oversee both necessary controls and identify opportunities for further efficiencies and better services, with a training programme identified for staff across the Council.
- 3.8 The Annual Governance Statement for South Essex Homes was endorsed by SEH Board in May 2011 and is attached at Appendix 2. The statement highlights issues relating to Business Continuity and aspects of risk management, business planning and financial management as areas for inclusion in their Governance Statement Action Plan.

#### **4. Corporate Implications**

##### **4.1 Contribution to Council's Vision & Critical Priorities**

All audit work contributes to the Corporate Aim of being "An Excellent Council"

##### **4.2 Financial Implications**

None.

##### **4.3 Legal Implications**

Accounts and Audit Regulations 2003 paragraph 4(2) states that:

"...The relevant body shall conduct a review at least once in a year of the effectiveness of its system of internal control and shall include a statement on internal control, prepared in accordance with proper practices..."

The supporting supplement to this framework serves to define "proper practice" in this context.

Section 4 of the Accounts and Audit (Amendment) (England) Regulations 2006 require:

"...The findings of the review of the systems of internal control shall be considered by a committee of the relevant body, or by the members of the relevant body meeting as a whole, and following that consideration, shall approve a statement on internal control, prepared in accordance with proper practices in relation to internal control..."

For this purpose, proper practice is considered to be the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief

Executives and Senior Managers (SOLACE) publication: Delivering Good Governance in Local Government - Framework.

4.4 People and Property Implications - None.

4.5 Consultation - None.

4.6 Equalities Impact Assessment -None.

4.7 Risk Assessment

Failure to operate robust governance arrangements can potentially lead to poor management, performance, stewardship of public money, public engagement and ultimately, poor outcomes for citizens and service users. It increases the risk that corporate priorities won't be delivered.

4.8 Value for Money - None.

4.9 Community Safety Implications and Environmental Impact

None.

## **5 Background Papers**

5.1 Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Delivering Good Governance in Local Government - Framework.

5.2 Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Guidance Note for English Authorities.

5.3 The CIPFA Finance Advisory Network, The Annual Governance Statement, meeting the requirements of the Accounts and Audit Regulations 2003, Incorporating Accounts and Audit (Amendment) (England) Regulation 2006, Rough Guide for Practitioners.

5.4 The Accounts and Audit Regulations 2003.

5.5 The Accounts and Audit (Amendment) (England) Regulations 2006.

## **6 Appendices**

6.1 **Appendix 1** - Annual Governance Statement 2010/11 incorporating Corporate Governance Action Plan 2011/12.

6.2 **Appendix 2** - South Essex Homes Annual Governance Statement – 2010/11

6.2 **Appendix 3** - Corporate Governance Action Plan, 2010/11, progress report.