



Report of the Assistant Chief Executive (Corporate Governance)

Corporate Governance and Audit Committee

Date: 30th June 2010

Subject: Interim Annual Governance Statement 2010

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Executive Summary

1. This report introduces the interim Annual Governance Statement for 2010, which forms an integral element of the annual accounts. The full Statement is attached at Appendix 1.
2. Members are asked to approve the attached interim Annual Governance Statement in order that it can be included with the annual accounts, approval of which is also being sought at this meeting. Members are also asked to note that the Statement will be updated as necessary following this meeting, and the final version of the Statement will be presented to the Committee at its meeting to be held on 29th September 2010.

1.0 Purpose Of This Report

- 1.1 The purpose of this report is to provide an introduction and commentary to the Council's interim Annual Governance Statement for 2010.
- 1.2 The Annual Governance Statement is an audited public statement on the adequacy of the Council's governance arrangements and will form an integral element of the annual accounts. On the basis of the assurances given in the Statement the Leader of the Council, the Chair of the Corporate Governance and Audit Committee, the Chief Executive and the Assistant Chief Executive (Corporate Governance) sign the document on behalf of the Council.

2.0 Background Information

- 2.1 The preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in Regulation 4(2) of the Accounts and Audit Regulations 2003¹ which requires authorities to conduct a review at least once in every year of the effectiveness of its system of internal control in accordance with proper practices.
- 2.2 From 2007/08 those proper practices were defined within the Framework (and supplement) for Delivering Good Governance in Local Government issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE). The Statement contained at Appendix 1 has been produced in compliance with those defined practices.

3.0 Main Issues

Production of the Annual Governance Statement

- 3.1 A new approach to collating assurances from governance lead officers has been introduced this year, which has been overseen by the Corporate Governance Board. The Leeds Governance Framework has been reformatted as a RACI matrix which cross references activities under each of the principles of the Code of Corporate Governance with a responsible lead officer.
- 3.2 Assurance templates were then created for each lead officer listing each of their designated activities, and asking them to describe the arrangements in place, whether they are current and fit for purpose, effectively communicated, embedded and routinely complied with. The lead officer is also asked to provide an opinion on the level of assurance, list any significant issues and describe how these issues have been addressed or will be addressed in the coming year. The significant issues highlighted by lead officers and the corresponding actions have been included in Section 3 of the Statement. As this was the first time this approach has been taken, only governance lead officers were asked to complete a template. Consideration is being given to Directors, Chief Officers with concurrent delegations and the Council's subsidiaries being asked to complete an assurance template in 2010/11.

Commentary on the Leeds City Council Annual Governance Statement

- 3.3 The interim Annual Governance Statement is attached at Appendix 1 of this report and, once approved, will be contained within the annual accounts. The Statement is formatted as follows:
- Section 1 – Scope of Responsibility;

¹ As amended by the Accounts and Audit (Amendment) (England) Regulations 2006.

- Section 2 – The Council’s Governance Framework;
- Section 3 – Opinion Statement from the Assistant Chief Executive (Corporate Governance); and
- Section 4 – Assurance Summary.

Approval of the Annual Governance Statement

- 3.4 The Annual Governance Statement should be approved at a meeting of the Council or delegated committee – in this case Corporate Governance and Audit Committee.
- 3.5 The timetable for the production of the final accounts has driven the Annual Governance Statement approval timetable. Therefore, approval of the interim Annual Governance Statement is sought today in order that it can be included with the annual accounts. The Statement will then be updated as necessary and the final version will be presented to the Committee at its meeting to be held on 29th September 2010. The Committee will also be asked to recommend that the Leader of Council, Chair of Corporate Governance and Audit Committee, Chief Executive and Assistant Chief Executive (Corporate Governance) sign the final Statement on behalf of the Council.

4.0 Implications For Council Policy And Governance

- 4.1 The Annual Governance Statement is a core element of the Council’s corporate governance arrangements.

5.0 Legal And Resource Implications

- 5.1 The Statement is a necessary requirement of the Accounts and Audit Regulations 2003. The statement is an audited public statement on the adequacy of the Council’s governance arrangements and will form an integral element of the annual accounts.

6.0 Conclusions

- 6.1 From the review, assessment and on-going monitoring work undertaken², the interim Annual Governance Statement illustrates that key systems are operating soundly and that there are no fundamental control weaknesses.
- 6.2 However no system of control can provide absolute assurance against material misstatement or loss; the Annual Governance Statement therefore is intended to provide reasonable assurance. There is an on-going process for identifying, evaluating and managing the key risks. These risks are reflected in the audit plan and are the subject of separate reports during the course of the year.

7.0 Recommendations

- 7.1 Corporate Governance and Audit Committee is recommended to:
- approve the attached interim Annual Governance Statement in order that it can be included with the annual accounts; and
 - note that the Statement will be updated as necessary following this meeting, and the final version will be presented to the Committee at its meeting to be held on 29th September 2010.

² By the Corporate Governance and Audit Committee, the Standards Committee, the Corporate Governance Board and those internal and external audit and inspection agencies which provide an overview of the Council’s operations

Background Documents

Framework for Delivering Good Governance in Local Government, CIPFA and SOLACE

Leeds City Council's Code of Corporate Governance

Accounts and Audit (England) Regulations 2003