

CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE

21st November 2011

REPORT AUTHOR: Steve Cameron, Accountancy Manager

**SUBJECT: ANNUAL CORPORATE GOVERNANCE STATEMENT
2010/11**

REPORT FOR: Information and Decision

The Council is required to carry out an annual review of the effectiveness of Corporate Governance and Internal Control. The Annual Corporate Governance Statement is included in the Statement of Accounts and sets out the governance arrangements in place, the details of the annual review and recommendations for improvements.

The Leader of the Council and the Chief Executive have joint responsibility for the accuracy and completeness of the Corporate Governance Statement as this is a key corporate document.

The Corporate Governance Statement sets out how Powys County Council meets its obligations in respect of the following:

- that its business is conducted in accordance with the law and proper standards;
- that public money is safeguarded and properly accounted for; and is used economically, efficiently and effectively.
- that it has arrangements to secure continuous improvement in the way in which its functions are exercised,
- that it has in place proper arrangements for the governance of its affairs, and that there is at least, an annual review of the effectiveness of its governance framework.

The corporate governance framework comprises the systems, processes, cultures and values, by which the authority is directed and controlled; and how it accounts to, engages with and where appropriate leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

There are six core principles which underpin the framework:

Principle 1 - Focus on the Council's purpose and community needs, including making the best use of resources;

Principle 2 - Members and Officers working together to achieve common purpose with clearly defined functions and roles;

Principle 3 - Promoting Values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

Principle 4 - Informed, transparent decision making which is subject to effective scrutiny and risk management;

Principle 5 - Development of the capacity and capability of members and officers to be effective; and

Principle 6 - Engagement with local people and other stakeholders to ensure robust public accountability.

Recommendations

The following recommendations are suggested for Audit Committee to consider. Following confirmation of the recommendations a monitoring and reporting timetable will be developed to ensure Audit Committee receives regular assurance that the principles of good corporate governance are being upheld. It is a requirement that the statement is signed by the Leader and Chief Executive of the Council to signify its importance.

1. In order to ensure the Corporate Governance Statement is embedded across the Council it should be subject to an annual self assessment process. This process will identify areas for development and improvement and will inform the annual update of the Statement.
2. A 'statement of Assurance' template should be provided to all Heads of Service, Portfolio holders and specific service managers, for them to positively affirm that their service area meets the requirements of good Corporate Governance. This should be an annual requirement. It is essential that the Corporate Governance Statement is owned by all senior officers and members of the Authority.
3. The main conclusions from the external auditors 'Annual Improvement Report' should be monitored by Audit Committee. The report specifically highlighted the need for the Council to develop its comprehensive financial plans by aligning its Medium Term Financial Plan to its improvement priorities.
4. It was also highlighted that the Council cannot yet demonstrate that it has an appropriate set of performance measures to assess its success

in delivering its new improvement objectives. Audit Committee should monitor the development of these.

5. The Powys Local Service Board partners have acknowledged that the governance arrangements within partnerships needs to be reviewed. Audit Committee should ensure it receives positive assurance from the LSB that comprehensive governance arrangements will be established.
6. The Council should consider producing an Annual Report to bring together information about the priorities of the Council, its partners, its resources and achievements. It would primarily comprise of a summary of the Authority's accounts and a review of performance against established indicators.
7. Subject to agreement of the above points, Audit Committee should approve the Corporate Governance Statement and recommend that the Leader and Chief Executive add their signatures to endorse the principles contained therein.

Recommendation:	Reason for Recommendation:
The recommendations 1 to 7 are agreed	To ensure good Corporate Governance is followed by the Council

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