

**Agenda Item No:** 7  
**Report To:** AUDIT COMMITTEE

**Date:** 06/12/2010

**Report Title:** **Annual Governance Statement – progress on remedying exceptions for 2009-2010**

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**Summary:** Under the Accounts and Audit Regulations 2003 the Council is required to review, at least annually, the effectiveness of its systems of internal governance, and include a statement on governance issues with the Council's Statement of Accounts. In June 2010 the Council published its Annual Governance Statement which identified a number of exceptions with regards to the systems of internal governance and control. This report provides Members with an update on the progress that has been made so far this year in remedying the governance exceptions in the Annual Governance Statement.

**Key Decision:** NO

**Affected Wards:** ALL

**Recommendations:** **The Audit Committee be asked to note the progress to date on resolving the governance exceptions identified in the 2009-2010 Annual Governance Statement.**

**Financial Implications:** None

**Risk Assessment** YES – the Council must demonstrate adequate processes for remedying the significant governance issues identified in the 2009-2010 Annual Governance Statement, otherwise it would be difficult to demonstrate compliance with the Accounts and Audit Regulations.

**Background Papers:** Annual Governance Statement 2009-10

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**Purpose of the Report**

1. The covering report to the 2009-2010 Annual Governance Statement undertook to provide the Audit Committee with quarterly updates on the progress being made to rectify the governance exceptions identified within the 2009-2010 Annual Governance Statement. This report fulfils this obligation.

**Issue to be Decided**

2. The progress made to date in tackling the significant governance issues identified in the 2009-2010 Annual Governance Statement

**Background**

3. In the 2009-2010 Annual Governance Statement four significant governance issues were identified to come before the Audit Committee. These are noted below, with an indication of current progress given in bold.

| Governance Issues  | Planned Improvements   |
|--|--|
| <p><b>1. A lack of strategic prioritisation and therefore direction for the Council.</b></p> <p>This Audit Commission’s ‘Organisational Assessment’ of the Council for 2008/09 raised this issue, stating that <i>‘The Council often does not know if the work it is doing itself and with partners is making a difference to local people.’</i> Clear priorities should then inform performance management and workforce planning arrangements.</p> | <p>The Council has recently engaged in widespread community consultation for the drawing-up of its new Business Plan, and is looking to reprioritise its spending around those areas considered of real importance by local residents. The results of this consultation with and involvement by the community will feed into final recommendations for policy change in 2011.</p> <p><b>The Executive considered the progress of the Council’s Business Plan in November, with final development to be approved in February 2011. Concurrently, work is ongoing to develop suitable priority planning to underpin deliverables for each of the priority areas set out in the Plan.</b></p> |
| <p><b>2. Partnership-working.</b></p> <p>A follow-on from a recommendation made by our external auditors about continuing to develop our arrangements for measuring the accountability and effectiveness of partnership working.</p>   | <p>Reviews of the Council’s partnership arrangements by both internal and external audit teams are planned to be reported later in late 2010 or 2011.</p> <p><b>Reviews of the Council’s Ashford Future Partnership, and relevant risks, are currently being compiled by the Internal Audit Team and Zurich Insurance respectively.</b></p>  |

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|---|--|
| <p><b>3. Equalities Assessments</b> <b>Impact</b></p> <p>This refers to the continuing work of the Overview and Scrutiny Committee that is overseeing services' progress with fulfilling the Council's equalities duties. This includes completion of Impact Assessment against current priorities and policies (where there has been better progress during 2009/2010, but the work is not fully complete) and further progress on the Council's Equality Scheme. The new Equalities Act will also begin to have an impact on services during the next year.</p> | <p>This is a continuing issue which is programmed for further review by the Overview and Scrutiny Committee. The primary focus is on complying with Equalities Assessment needs before drafting of any suitable policy changes may begin.</p> <p><b>Ashford Borough Council has assessed the implications of the new Equalities Act, reporting accordingly to Management Team and members. Specific Public Sector Duties will come into force from April 2011, with reporting of progress from April 2012.</b></p> <p><b>As of November 2010 the Council has achieved 87% of Stage One Assessments, good progress compared to the 66% achievement noted a year previously.</b></p>   |
| <p><b>4. Financial Reporting and Budget Presentation</b></p> <p>In part this refers to matters raised by our external auditor about the need to <i>'review and strengthen quality control arrangement for the production of the annual accounts'</i>. It also refers to matters raised by the Overview and Scrutiny Committee about presenting budget information and monitoring reports during its scrutiny of the 2010-2011 Budget and improvements considered necessary.</p>   | <p><b>The Deputy Chief Executive presented a full report on the council's financial reporting to the September Overview and Scrutiny Committee, including those steps that have now been completed in order to improve reporting and presentation. This report was received and noted.</b></p> <p><b>Internal Audit has concluded an audit into the budget setting process. The audit evaluated and tested the procedures for dealing with the budget setting process, support service costs, and the monitoring arrangements for savings identified. The audit report identified a number of improvements to the previous processes and concluded that the arrangements in place for the budget setting process are robust.</b></p> |

## Conclusion

4. Progress to rectify the previously identified control weaknesses continues to be made and a further report will be provided in March 2011.

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