

Agenda Item No: 7
Report To: AUDIT COMMITTEE



Date: 01/02/2011

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. Those issues which have been satisfactorily resolved, i.e. through an appropriate audit or other such report being conducted, have not been included in this report. For further information on these items please see previous reports to the Audit Committee on the Annual Governance Statement.

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. Those outstanding items (*one*) are noted below, with an indication of current progress given in bold.

Governance Issues	Planned Improvements
<p>1. Partnership-working.</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 Ashford Future Partnership, and relevant risks, were compiled and reported to the Audit Committee in December 2010. it was noted that events with the Company have somewhat overtaken the scope set out in the Governance Statement, and Once the company had been wound down during 2011, a stock take would be undertaken and there would be a need to have a fresh look at risk management in particular at that stage.</p> <p>Although this review satisfies the requirements related to a large proportion of the Council’s partnership-working, the Partnership Framework necessitates further future work regarding the full range of working relationships entered into by the Authority. This work will commence in due course and be updated to the appropriate Committee.</p>

Conclusion

4. Progress to rectify the previously identified control weaknesses in the Annual Governance Statement have concluded in all but one area to a satisfactory level. Further work is required to satisfy members and officers regarding the full range of Council partnerships.

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