

DRAFT STATEMENT of GOVERNANCE and INTERNAL CONTROL 2009 - 2010

1. INTRODUCTION

This report outlines progress as regards Corporate Governance and presents a Corporate Governance Improvement Plan and draft Joint Statement of Governance and Internal Control to accompany the 2009 – 2010 Annual Accounts.

2. RECOMMENDATION

- 2.1 Note the contents of this report;
- 2.2 Approve the Corporate Governance Improvement Plan;
- 2.3 Approve the Draft Joint Statement of Governance and Internal Control subject to External Audit feedback

3. DETAILS

- 3.1 In 2007 CIPFA and SOLACE published a Framework for 'Delivering Good Governance in Local Government'. This Framework, and subsequent guidance documents, took the core principles detailed within the 'Good Governance Standard for Public Services (2004)' and adapted these for local government. These documents also outline the requirements for Councils to prepare a local code of corporate governance and undertake self assessment of their governance arrangements.
- 3.2 The Governance Group, chaired by the Director of Customer Services as the Council's Monitoring Officer, has responsibility for the preparation of the Local Code of Corporate Governance, together with the Governance Improvement Plan.

The Governance Group includes:

- Head of Strategic Finance (s95 Officer);
- Head of Improvement & HR;
- Governance & Risk Manager;
- Internal Audit Manager.

The Governance Approval Process is provided in Appendix 1.

- 3.3 In 2009 the Strategic Management Team, Audit Committee and Executive approved the Argyll and Bute Council Code of Corporate Governance.
- 3.4 A gap analysis was undertaken to assess the adequacy of the Council's governance arrangements in relation to the Code of Corporate Governance. The scoring mechanism utilised was as follows:

1. Not compliant with local code requirements
 2. Partially compliant with local code requirements
 3. Fully compliant with local code requirements
 4. Exceeds the requirements of the local code
- 3.5 The majority of the Council's arrangements were assessed as 3. Twenty one were assessed as '2 Partially Compliant'. To address these areas a Governance Improvement Plan has been prepared. The actions detailed within the Improvement Plan will be implemented over the remainder of the financial year and are detailed at Appendix 2.
- 3.6 In addition, Scottish authorities are required by the local authority Statement of Recommended Practice ('SORP') to include a statement of internal financial control with their Annual Accounts. The CIPFA / SOLACE framework document published in 2007 recommended that the review of effectiveness of the system of internal control should be reported in an annual governance statement.
- 3.7 A joint draft statement has been prepared as a result of the Internal Audit review of both Corporate Governance and Internal Control for 2009/2010. The review of governance and internal control has identified key areas for further development, particularly in the context of the new management structure within the Council, and these are set out in Section 7 of the attached Draft Statement at Appendix 3.
- 3.8 The review of the effectiveness of the system of governance and internal control is informed by the:
- Work of Officers within the Council;
 - Work of External and Internal Audit;
 - Statements of Governance or Internal Control provided by external bodies;
 - External review and inspection reports; and
 - Recommendations from the Audit Committee.
- 3.9 The attached joint statement is in draft format and may be updated further when Grant Thornton UK LLP the Council's external auditors, complete their review of the Council's Annual Accounts for 2009 – 2010.

4. CONCLUSIONS

- 4.1 A Code of Corporate Governance is in place setting out the requirements for good governance within the organisation. The Code is reviewed annually, with a Governance Improvement Plan developed to address areas of non-compliance.
- 4.2 The Code of Corporate Governance, Improvement Plan, and the evidence gathered during the self-assessment allowed Internal Audit to prepare a Joint Statement of Governance and Internal Control to accompany the Annual Accounts.
- 4.3 It is the opinion of internal audit that the systems for governance and internal control are operating effectively within Argyll and Bute Council and

the external bodies during 2009 – 2010, and that there are no significant weaknesses. This assurance is limited, however, to the work undertaken during the year and the evidence available at the time of preparing the Draft Statement.

- 4.4 The SMT were presented with a copy of the Code of Corporate Governance, Governance Improvement Plan and Draft Joint Statement of Governance and Internal Control. Following the June Audit Committee the draft joint statement and supporting documents will go forward to the Executive.

For further information please contact Ian Nisbet, Internal Audit Manager (01546 604216 or Rikki Young, Special Projects Officer, Governance and Law 01546 604170)

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