

Executive Summary and Recommendations

Date: Tuesday 14 July 2009

Subject: Annual Governance Statement 2008/09

Summary of this Report

The Annual Governance Statement (AGS) is a statutory document that describes the arrangements the Council has in place to ensure good governance, the effectiveness of these arrangements, and any improvement activities undertaken and planned. It incorporates the findings of audits and inspection work and is published each year with the Council's financial statements.

The Audit and Performance Committee is responsible for overseeing the production of the AGS. However, it is suggested that it would also be useful for the Standards Committee to have sight of the AGS to support it in discharging its role in 'maintaining high ethical standards throughout the Authority'.

Recommendations

That the Committee:

- Considers and notes the contents of the AGS.
- Agrees to receive the AGS on a regular basis as part of its annual Overview of Ethical Standards and Related Matters report.



City of Westminster

Standards Committee Report

Item No:

Date:

14 July 2009

Classification:

For General Release

Title of Report:

Annual Governance Statement

Report of:

Director of Finance

Wards involved:

Not applicable

Policy context:

High Ethical Standards

Financial summary:

There are no financial implications arising from this report

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1 BACKGROUND

- 1.1 Local authorities are required to conduct an annual review of the effectiveness of their governance arrangements and to publish the results of this in an Annual Governance Statement (AGS).
- 1.2 The AGS describes the arrangements the Council has in place to ensure good governance, the effectiveness of these arrangements, and any improvement activities undertaken and planned. It also incorporates the findings of internal and external audits and inspections conducted. It is prepared following the end of each financial year and presented to the Audit and Performance Committee for endorsement at its June meeting prior to formal signing by the Leader and Chief Executive.
- 1.3 The AGS is required to be prepared in accordance with the Accounts and Audit Regulations and the CIPFA/SOLACE 'good governance' framework.
- 1.4 At its last meeting the Committee agreed to receive the AGS at this meeting, and then to receive it in future years at the same time as the annual Overview of Ethical Standards and Related Matters report.

2 GOVERNANCE ARRANGEMENTS

- 2.1 The CIPFA/SOLACE framework sets out the following six principles of good governance:
 - focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
 - members and officers working together to achieve a common purpose with clearly defined functions and roles
 - promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
 - taking informed and transparent decisions which are subject to effective scrutiny and managing risk
 - developing the capacity and capability of members and officers to be effective
 - engaging with local people and other stakeholders to ensure robust public accountability
- 2.2 The Council conducts a continuous process of review of its governance arrangements through its ongoing management processes, committee structure, internal audits and other reviews and inspections.
- 2.3 In 2007/08 a Governance Working Group was established comprising representatives from Finance, Legal, HR, Policy and Performance. The Group undertook a self-assessment of the Council's governance arrangements against the CIPFA/SOLACE framework and the six

principles of good governance. Whilst concluding that the overall arrangements were sound, the Group continues to meet regularly to oversee the implementation of a programme of improvements aimed at promoting best practice and supporting organisational change. Improvements implemented during 2008/09 included the development of a partnerships governance manual and partnerships register, introduction of a governance training programme and development of a governance website.

- 2.3 In addition, as part of the Council wide re-organisation, a Statutory and Corporate Governance Group (SCGG) has been established comprising the Chief Executive, Director of Finance and Head of Legal Services. The role of SCGG is to keep the Council's governance arrangements under review and to promote application of best practice and maintenance of high standards. A copy of SCGG's terms of reference is attached at Appendix A.

3 ANNUAL GOVERNANCE STATEMENT

- 3.1 The 2008/09 AGS is attached at Appendix B. It has been prepared by the Governance Working Group in line with the CIPFA/SOLACE guidance and comprises the following components:
- Section 1 - Scope of Responsibility
 - Section 2 - Purpose of the Governance Framework
 - Section 3 - The Governance Framework, ie a description of the systems and processes that the Council has in place to ensure good governance
 - Section 4 - Review of Effectiveness, ie the results/outcomes of the Council's review processes
 - Section 5 - Significant Governance Issues, ie details of significant areas identified for improvement and actions taken and/or planned
- 3.2 The AGS reflects the organisational changes and governance improvements implemented during 2008/09. It has been reviewed by SCGG and was approved by the Audit and Performance Committee at its meeting on 29 June 2009. The AGS is also subject to scrutiny by the Audit Commission as part of the annual Use of Resources Judgement and the review of the financial statements. This work is currently in progress but initial feedback confirms that the contents of the AGS are comprehensive and consistent with the external auditor's expectations.
- 3.3 The 'significant governance issues' highlighted in section 5 of the AGS comprise issues which have been addressed within 2008/09 (administration of creditors, cashiers and payroll systems) and those where actions are still in progress (treasury management systems and administration of debtor accounts). A summary of outstanding actions is attached at Appendix C and implementation will be independently followed-up by Internal Audit and progress monitored through the Audit and Performance Committee.

4. LEGAL IMPLICATIONS

4.1 There are no legal implications arising from this report.

5. FINANCIAL IMPLICATIONS

5.1 There are no financial implications arising from this report.

6. OTHER IMPLICATIONS

6.1 There are no other implications arising from this report.

If you have any queries about this report or wish to inspect the background papers, please contact Toni Walker, Head of Audit & Compliance on 020 7641 8558 or email tswalker@westminster.gov.uk

BACKGROUND PAPERS

The documents referred to in compiling this report are:

- Accounts and Audit Regulations 2003 and 2006
- Delivering Good Governance in Local Government - Framework (CIPFA/SOLACE 2007)
- Delivering Good Governance in Local Government – Guidance Note for English Authorities (CIPFA/SOLACE 2007)