NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Annual Governance Statement 2010/11 Consultation

AGENDA STATUS: **PUBLIC**

Audit Committee Meeting Date:	25th July 2011
Policy Document:	No
Directorate:	Finance and Support
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

1.1 To present the outline Annual Governance Statement 2010/11 to the Audit Committee and request input to the Statement.

2. Recommendations

2.1 To consider the outline Annual Governance Statement;

2.2 To identify areas of concern for inclusion in the Statement;

2.3 To review the outline Statement and identify if additional comment or content is required on the areas considered in the Statement.

3. Issues and Choices

3.1 Report Background

3.1.1 The Council must publish an Annual Governance Statement. For 2010/11, this statement must accompany the Statement of Accounts, but does not to be included in the Statement of Accounts

3.1.2 The system on internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance.

3.1.3 In many organisations the system (and statement) of internal control is often seen as an audit or finance function. The responsibility lies with both officers and Members. In summary:

- The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to value for money.
- In discharging this overall responsibility, the Council (elected Members and officers) is responsible for ensuring there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

3.1.4 Audit Committee are requested to

- Consider the outline Annual Governance Statement 2010/11 (attached at Appendix 1);
- Identify any additional areas of concern that the Audit Committee has and which need to be considered for inclusion in the final Annual Governance Statement 2010/11; and
- Review the outline Statement and identify if additional comment or content is required on the areas already considered in the Statement.

3.1.5 Following Audit Committee, the outline Annual Governance Statement will receive extensive consideration by the Annual Governance Group (who will consider contributions and comments from Senior Managers), Management Board, and Internal Audit. It will be reviewed by External Audit and will then be presented back to Audit Committee at its September meeting.

3.2 Issues

3.2.1 As noted within the document, the significant governance issues are detailed in section 6.

3.3 Choices (Options)

3.3.1 None
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4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no direct implications in relation to the statement on internal control.

4.2 Resources and Risk

4.2.1 The system on internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance.

4.3 Legal

4.3.1   There are no specific legal implications arising from this report.

4.4 Equality

4.4.1   There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1   None at this stage.

4.6 How the Proposals deliver Priority Outcomes

4.6.1   Protecting and enhancing the reputation of Northampton Borough Council.

4.7 Other Implications

4.7.1   Not applicable

5. Background Papers

Appendix 1 – Outline Annual Governance Statement 2010/11

**Bill Lewis
Head of Finance, ext 7167**