

## **Audit Committee**



**13 March 2008**

**Work to be undertaken in support of the  
Annual Governance Statement**

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### **Report of Keith Thompson, Head of Internal Audit and Risk Management on behalf of the Corporate Risk Management Group**

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#### **1. Purpose of Report**

This report seeks to inform Members of the approach the Corporate Risk Management Group (CRMG) aims to follow in order to provide suitable assurances to the Leader and Chief Executive in meeting the requirements of regulation 4(2) of the Accounts and Audit regulations 2003 as amended by the Accounts and Audit (Amendment) (England) regulations 2006 in relation to the publication of an Annual Governance Statement which replaces the Statement on Internal Control and is included as part of the Statement of Accounts.

#### **2. Background**

Corporate Governance is a term used to describe how organisations direct and control what they do. As well as systems and processes this includes cultures and values. For local authorities this also includes how a council relates to the communities that it serves. Good Corporate Governance requires local authorities to carry out their functions in a way that demonstrates accountability, transparency, effectiveness, integrity, impartiality and inclusivity. Corporate Governance is also the structure through which strategic objectives are set and performance monitored.

#### **3. Methodology Proposed**

In seeking assurance, CRMG is looking to build upon a methodology, agreed with the Corporate Management Team, that has been successfully utilised within the Council in previous years. Working closely with colleagues from Internal Audit, the Group has requested that they conduct a review of governance arrangements in a way that is consistent with the six key principles laid down within the CIPFA/SOLACE Framework – “Delivering Good Governance in Local Government”.

It is proposed that the review will take the following form:

- Internal Audit will review the standards in place to ensure that these comply with the Authority's Code of Corporate Governance;
- Internal Audit will meet on an individual basis with Corporate Directors to discuss their views on the governance arrangements within their Service and the Authority as a whole;

- Internal Audit will meet with those key officers who have a significant role to play in ensuring the Authority's governance arrangements develop appropriately;
- Internal Audit will develop a questionnaire to be completed on an individual basis by Service Management Team representatives covering the six key principles covered within the CIPFA/SOLACE Framework;
- Internal Audit will feedback the results of their review to CRMG.

CRMG will consider feedback provided and look to highlight emerging issues as part of its remit in following up issues previously identified within the governance action plan.

CRMG will report issues of significance to the Audit Committee by the end of May / beginning of June and incorporate these into the Annual Governance Statement for formal approval by Members of the County Council in accordance with the deadline of 30 June 2008.

#### **4. Recommendation**

Members are requested to agree the proposed approach for assessing the Council's Governance arrangements and subsequent reporting of assurances gained and areas for further development within the Annual Governance Statement.

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**Contact: David Marshall, Corporate Risk Manager Tel: 0191 3835726  
on behalf of the Corporate Risk Management Group**

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**Appendix 1: Implications**

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***Finance***

There are no direct financial implications arising for the Council as a result of this report, although we aim through our audit planning arrangements to review core systems in operation and ensure through our broad programme of work that the Council has made safe and efficient arrangements for the proper administration of its financial affairs.

***Staffing***

None

***Equality and Diversity***

None

***Accommodation***

None

***Crime and disorder***

None

***Sustainability***

None

***Human rights***

None

***Localities and Rurality***

None

***Young people***

None

***Consultation***

None

***Health***

None