

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	29 JUNE 2009
TITLE	GWYNEDD COUNCIL'S ANNUAL GOVERNANCE STATEMENT FOR 2008/09
PURPOSE OF REPORT	TO PRESENT THE ANNUAL GOVERNANCE STATEMENT (INCORPORATING THE STATUTORY STATEMENT ON INTERNAL CONTROL) FOR 2008/09 TO THE AUDIT COMMITTEE FOR APPROVAL
AUTHOR	DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK
ACTION	TO APPROVE THE STATEMENT AND ALLOW IT TO BE SIGNED BY THE COUNCIL LEADER AND THE CHIEF EXECUTIVE

I. INTRODUCTION

- I.1 Amongst the requirements placed on local authorities in Wales by the Accounts and Audit Regulations (Wales) 2005 is the need to produce an annual Statement on Internal Control (SIC), pursuant to regulation 4(2)(a):

The local government body shall conduct a review at least once in a year of the effectiveness of its system of internal control and shall include a statement on internal control, prepared in accordance with proper practices, when relevant, with any statement of accounts it is obliged to publish.

- I.2 "Proper practice" is defined as CIPFA's Statement of Recommended Practice ("SORP"), the Code of Practice on Local Authority Accounting in the United Kingdom, which states that the Statement of Internal Control should contain:

- (a) An acknowledgement of responsibility for ensuring there is a sound system of internal control.
- (b) An indication of the level of assurance that a system of internal control can provide.
- (c) A brief description of the key elements of the internal control environment including controls relating to group activities where the activities are significant.
- (d) A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the system of internal control, including some comment on the role of: the authority; the executive; the audit committee/overview and scrutiny committee/risk management committee; internal audit and other explicit review/assurance mechanisms.
- (e) An outline of the actions taken, or proposed, to deal with significant internal control issues.

2. STATUS OF THE STATEMENT

- 2.1 There is no statutory requirement on Wales' local authorities to produce an annual governance statement beyond the requirement for a Statement of Internal Control. However, the Welsh Assembly Government is currently undertaking a consultation exercise on amendments to the Accounts and Audit Regulations. Amongst the questions asked in the consultation is if the Annual Governance Statement should be made mandatory. This would make the requirements on local authorities in Wales consistent with the current requirement on councils in England. Although publication of the Annual Governance Statement by Gwynedd Council for 2008/09 is therefore voluntary, it is likely that such a statement will be mandatory by next year.
- 2.2 In preparing the voluntary statement, the Council must ensure that it incorporates the statutory requirements as outlined in the Regulations. To ensure that this happened, the guidelines published by professional bodies such as CIPFA were followed so that the Annual Governance Statement contains all the elements that would have been included in the Statement on Internal Control in the past.
- 2.3 The Annual Governance Statement, which incorporates the statutory Statement on Internal Control, and which is to be approved by the Audit Committee and signed by the Chief Executive and Council Leader, is included in pages 7 to 17 of the Statement of Accounts presented to the Committee as a separate item.

3. EVIDENCE

- 3.1 When preparing the Annual Governance Statement, it is essential that evidence is in place in order to support the contents before the document is published. The Wales Audit Office will review the evidence in place as part of their review of the Council's work.
- 3.2 The evidence collected to prepare the Statement includes:
- The Council's Constitution:
 - Protocols for the discharge of the statutory functions of the Monitoring Officer and the Chief Financial Officer.
 - Schemes of Delegation
 - Rules of Procedure
 - Codes of conduct for members and officers
 - Gwynedd Council's Three-Year Plan
 - Internal Audit Strategy
 - The Annual Report by the "Head of Internal Audit"
 - Audit reports presented to the Audit Committee
 - The Financial Strategy
 - Performance management guidance notes
 - Risk Management Strategy and Policy
 - Job descriptions for the statutory officers
- 3.3 Statements, comments and declarations from these sources and from key officers were used to write the AGS.

4. RECOMMENDATION

- 4.1 The Audit Committee is requested to approve the Annual Governance Statement, incorporating Gwynedd Council's Statement on Internal Control for the 2008/09 financial year and the period since the balance sheet date.