

**Annual Governance Statement:  
Framework for compiling the AGS: Setting out the process**

Whilst undertaking the evidence compilation of the AGS for 2007/08, it has become apparent that an ongoing timetable to address the identified issues needs to be created. In addition, CIPFA/SOLACE guidance suggests that, the process for compiling the AGS should be clearly set out and provided as part of supporting evidence.

The document below sets out the approach Stevenage Borough Council takes in compiling its Annual Governance Statement. This includes timescales for compiling The evidence and writing the statement and sets out who will provide evidence.

It is important that the AGS becomes an ongoing process to contribute towards the embedding of good governance across the Council, and not just an end of year activity, and so steps have been built into the overall process for continuous review and update of information, following regular monitoring and responding to agreed actions plans.

This document is intended for use by:

- a) Officers charged with the responsibility of gathering evidence and co-ordinating the Council's approach to compiling the Governance Statement
- b) Members and managers who need to be aware of the Council's approach to compiling the Annual Governance Statement.

This is designed to be a working document. It will be reviewed after the audit of the 2007/08 AGS, through which areas for improvement and further development of the process will be identified.

**Background**

The Council is required to include, within the Statement of Accounts, an Annual Governance Statement (AGS). This replaces the Statement on Internal Control (SIC). This statement is a public assurance that the Council has a sound system of internal control, and robust corporate governance arrangements, designed to help manage and control its risks. It is an important public expression of what the Council has done to put in place good business practice, high standards of conduct and sound governance.

The AGS is compiled following a review of the effectiveness of systems of internal control. The review involves the Strategic Management Board, Heads of Service, as well as specific responsibilities for internal audit and the Corporate Governance Team. The AGS will be considered at the Audit Committee on 10 June. The Leader of the Council and the Chief Executive will sign the statement, prior to publication along with the Statement of Accounts.

The AGS should be current at the time of publication so that any significant governance issues identified for improvement which are identified after the date of signing the AGS will be considered for inclusion in the 2008/09 Annual Governance Statement.

Group of Individuals	Role & Responsibilities
Leader of the Council and Chief Executive	<ul style="list-style-type: none"> <li>• Sign off the Annual Governance Statement prior to inclusion within Statement of Accounts</li> </ul>
Council	<ul style="list-style-type: none"> <li>• Approval of AGS as part of Statement of Accounts following recommendation from Audit Committee</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>• Ensure the authority's AGS properly reflects the risk environment and identifies any actions needed for improvement</li> <li>• Consider the effectiveness of the authority's overall governance and control environment, risk management and anti-fraud and corruption arrangements</li> <li>• Seek assurance that action has been taken on risk related issues identified by Internal and External Audit and other inspections</li> </ul>
Elected Members (individually or collectively)	<ul style="list-style-type: none"> <li>• Approving and adopting relevant Codes and registering interest</li> </ul>
Corporate Governance Team	<ul style="list-style-type: none"> <li>• Compilation of AGS and supporting documentation</li> <li>• Moderation of service based governance statements</li> <li>• Action planning in response to review of the Council's governance arrangements</li> </ul>
Monitoring Officer	<ul style="list-style-type: none"> <li>• Contribution to AGS by providing assurance that the Council as a whole is responding adequately to legislation and legislative change</li> </ul>
Section 151 Officer	<ul style="list-style-type: none"> <li>• Contribution to AGS by providing assurance that the Council as a whole has effective controls in place to manage its finances efficiently and effectively</li> </ul>
Heads of Service	<ul style="list-style-type: none"> <li>• Annual assurance on the effectiveness of controls in place and governance arrangements (including response to legislative change, risk management and performance management) through service based governance statement</li> <li>• Maintain awareness of and promote service governance arrangements</li> <li>• Identify areas of service control weakness and action plan in response to this</li> </ul>
Governance Co-ordination	<ul style="list-style-type: none"> <li>• Compilation of evidence support AGS</li> <li>• Support of the Corporate Governance Team in producing the AGS</li> <li>• Assist Corporate Governance Team and Heads of Service to identify appropriate actions</li> <li>• Ongoing support to Heads of Service in responding to identified actions</li> </ul>
Corporate Risk Management Team	<ul style="list-style-type: none"> <li>• Provide assurance on Council's risk management processes and procedures</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>• Provide independent review of corporate governance arrangements and compliance therewith</li> <li>• Assist in identifying areas for improvement and action planning</li> </ul>
All Employees	<ul style="list-style-type: none"> <li>• Maintain awareness and contribute to the control process where appropriate</li> </ul>

**Framework- Key documents/process guidelines**

- Performance management
- Business strategy and planning process
- Budget and budgetary control
- Code of corporate governance
- Project management/risk management.
- Anti-fraud and corruption policy
- Ethical governance
- Policies, procedures, codes of governance
- Partnership protocols

**Council and Service Policies, Business Plans and Risk Registers**

**Corporate responsibility for Drafting AGS, evaluating assurances and action planning**

**Annual Governance Statement**

**Endorsement by Audit Committee/Standards Committee**

**Approval by Audit Committee**

Review of the effectiveness of the system of Internal Audit

**Performance Management and Data quality**

**Risk Management**

**Legal and regulatory assurance**

**Members' assurance**

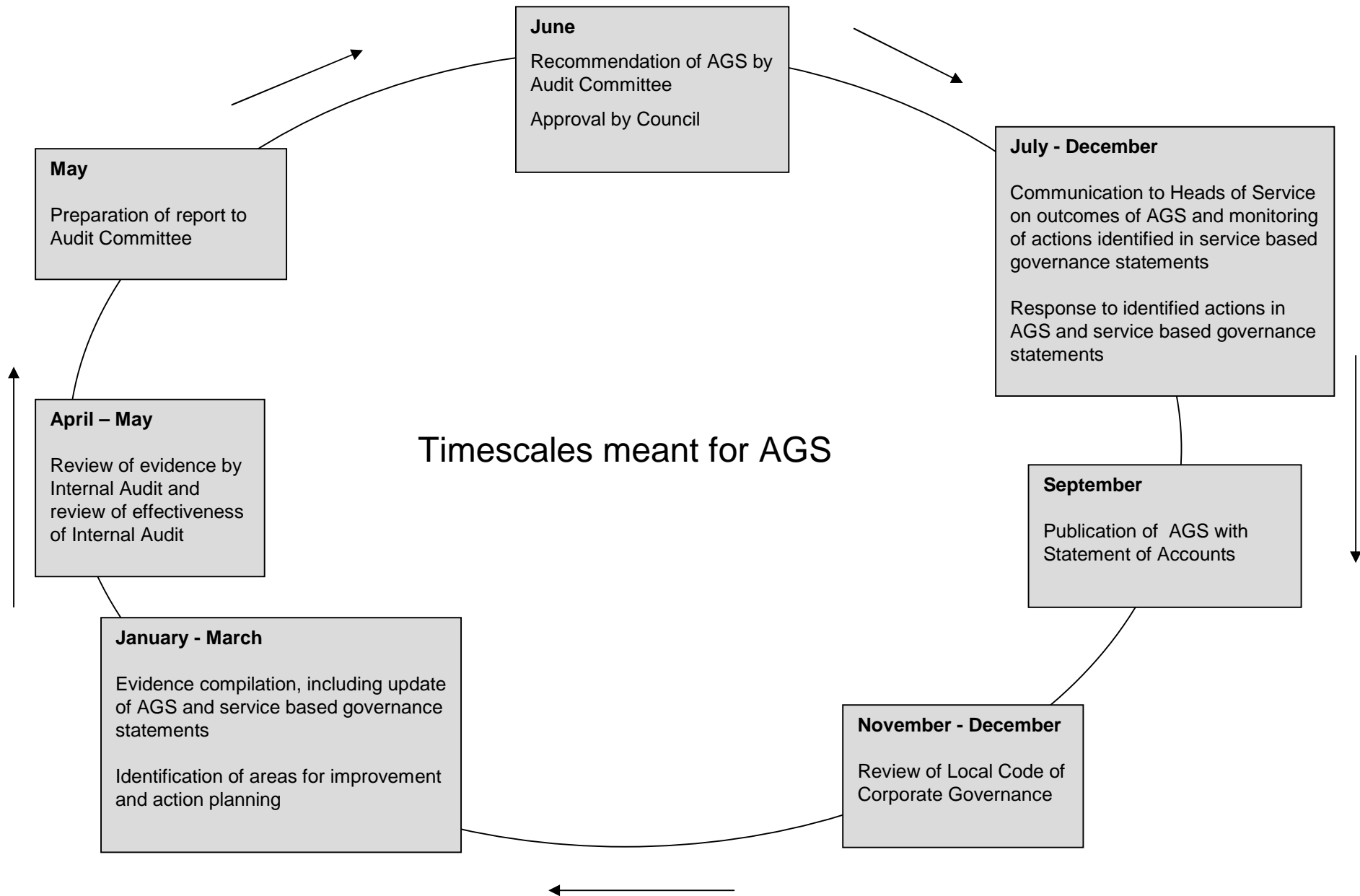
**Assurances by directors and heads of service**

**Other sources of Assurance Including third party**

**Financial Control Assurance**

**Internal Audit**

**External Audit**



The process and timescales for compiling the AGS is part of the ongoing review and improvement of the Council's governance arrangements and not an isolated year-end activity.