



**NORTHAMPTON**  
BOROUGH COUNCIL

## Audit Committee

<b>Report Title</b>	<b>ANNUAL GOVERNANCE STATEMENT</b>
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**AGENDA STATUS:** Public

<b>Cabinet Meeting Date:</b>	27 September 2010
<b>Directorate:</b>	Finance and Support – Finance Councillor David Perkins
<b>Accountable Cabinet Member:</b>	N/A
<b>Ward(s)</b>	

### 1. Purpose

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1.1 To present the 2009/10 Annual Governance Statement to Audit Committee.

### 2. Recommendations

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2.1 That the Audit Committee approves the Annual Governance Statement for its inclusion in the 2009/10 Statement of Accounts.

### 3. Issues and Choices

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#### 3.1 Report Background

3.1.1 The Accounts and Audit Regulations 2003, as amended in 2006, require the Council to formally adopt the Annual Governance Statement for inclusion in the published Statement of Accounts (which must be published by 30<sup>th</sup> September).

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 The Annual Governance Statement is attached at Appendix 1.

### **3.2 Issues**

As noted within the document, the control weaknesses are detailed in section 5.

### **3.3 Choices (Options)**

N/A

## **4. Implications (including financial implications)**

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### **4.1 Policy**

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

### **4.2 Resources and Risk**

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**

None

### **4.4 Equality**

N/A

### **4.5 Consultees (Internal and External)**

Management Board, Heads of Service and Internal Audit.

#### **4.6 How the Proposals deliver Priority Outcomes**

N/A

#### **4.7 Other Implications**

None

### **5. Background Papers**

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5.1 Office working file including evidence

**Cllr Brian Hoare, Leader  
David Kennedy, Chief Executive  
Isabell Procter, Director of Finance and Support  
Francis Fernandes, Borough Solicitor  
Bill Lewis, Head of Finance. Ext. 7167**