

FALKIRK COUNCIL

Subject: ANNUAL GOVERNANCE STATEMENT
Meeting: AUDIT COMMITTEE
Date: 31 May 2010
Author: CHIEF EXECUTIVE

1. INTRODUCTION

- 1.1 The purpose of this paper is to advise Members of processes for reporting on governance arrangements for the year ended 31 March 2010, and to seek comments on, and approval of, a draft Annual Governance Statement for inclusion in the Council's 2009/10 Annual Accounts.

2. GOVERNANCE ARRANGEMENTS AND GUIDANCE

- 2.1 In 2007, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) jointly issued guidance entitled 'Delivering Good Governance in Local Government'. This guidance defines the principles that should underpin the governance of each local government body and provides a structure to assist Authorities with the development and consolidation of their own approach to governance.
- 2.2 The guidance recommends that Authorities review and assess their own arrangements and prepare an Annual Governance Statement (the Statement) to report on the adequacy of those arrangements. This guidance is mandatory in England and is viewed as good practice in Scotland, where publication of the Statement satisfies the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.
- 2.3 An Annual Governance Statement was included in Falkirk Council's Annual Accounts for the first time for 2008/09, and preparation of the Statement was commended by Audit Scotland. The Annual Governance Statement replaces the Statement on the System of Internal Financial Control previously included in the Council's Accounts.
- 2.4 A draft Annual Governance Statement for the year to 31 March 2010 is attached at Appendix 1.
- 2.5 The Statement, following consideration by Committee, requires to be signed by the Leader of the Council and Chief Executive, and will be published with the Council's 2009/10 Annual Accounts.

3. RECOMMENDATIONS

3.1 Members are invited to:

- 3.1.1 note the report on the Council's governance arrangements;**
- 3.1.2 review and comment as appropriate on the draft Annual Governance Statement; and**
- 3.1.3 note that the annual Governance Statement will be published with, and form part of, the Council's Annual Accounts.**

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Chief Executive

Date: 21 May 2010