

Committee: AUDIT AND REVIEW

Date: 15 February 2008

Report: ANNUAL GOVERNANCE STATEMENT, 2007/08

Purpose of the Report

1. To seek Members' approval of the Annual Governance Statement for 2007/08.

Strategic Planning Framework

2. The information and recommendations contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework, and in particular its objective 'to manage all aspects of the Authority's business so as to make the most effective use of our resources' (Best Value Performance Plan).

Introduction

3. The Audit and Accounts Regulations 2006 include a requirement for all local authorities to produce an Annual Governance Statement and to carry out a review of the statement at least annually. This statement must be incorporated into the 2007/08 Statement of Final Accounts (SOFA). This replaces the previous requirement to produce a Statement of Internal Control, but otherwise serves the same purpose.

Preparation of the Annual Governance Statement

4. A draft Annual Governance Statement for 2007/08 is attached as an Appendix to this report.

5. This Statement has been prepared in line with guidance issued by the Chartered Institute for Public Finance and Accountancy (CIPFA). This guidance recommends that the Annual Governance Statement should be signed by the Chief Executive and a leading Member (the External Auditors have indicated that this should be the Chairman of the Authority).

6. The Statement has been prepared by the Chief Executive, the Monitoring Officer and the Head of Finance & Resources, in consultation with the Chair of the Standards Committee, the Chairman of the Authority and the Member Champion for Corporate & Democratic Core.

Scope of the Annual Governance Statement

7. The Statement identifies the internal governance framework, reviews the effectiveness of the key controls and identifies any significant internal control issues for which actions were taken in 2007/08 or are planned for 2008/09.

8. A key difference between the Annual Governance Statement and the former Statement of Internal Control is that the Annual Governance Statement (to quote the guidance) should be “an open and honest self-assessment of the organisation’s performance across all of its activities, with a clear statement of the actions being taken or required to address areas of concern. It is inevitable that, where the process of review has been rigorous and robust, issues will be identified that the organisation will need to address. An organisation that sets out with the mistaken aim of achieving a ‘clean’ statement, with no issues to report, risks creating a culture in which problems and concerns are suppressed to avoid criticism. Moreover, the absence of any issues to report, rather than indicating a strong governance framework, may signal quite the reverse – that the governance arrangements are not as effective as they should be”.

RECOMMENDATIONS

9. Members are requested to:

- review the Draft Annual Governance Statement
- approve the Annual Governance Statement for inclusion within the 2007/08 Statement of Final Accounts,
- note the External Auditor’s recommendation that the Chairman of the Authority signs the Annual Governance Statement prior to incorporation into the 2007/08 Statement of Final Accounts.

Richard Daly
Monitoring Officer

1 February 2008

Background documents: CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*; Accounts & Audit Regulations, as amended 2006.

Annual Governance Statement

Scope of Responsibility

The Yorkshire Dales National Park Authority ('the Authority') is responsible for ensuring that its business is conducted in accordance with law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Authority also 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 a combination of economy, efficiency and effectiveness.

In discharging this duty, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions. These include arrangements for the management of risk.

The Authority has adopted a Corporate Governance Policy and a set of principles which are consistent with the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the policy is available on our website at <http://www.yorkshiredales.org.uk> (in plans and policies document library), or can be obtained from; the Monitoring Officer, Yorkshire Dales National Park Authority, Yoredale, Bainbridge, Leyburn, North Yorkshire DL8 3EL. The following statement explains how the Authority has complied with the policy and principles, and also meets 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 a statement on internal control.

The Purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the Authority is managed and controlled and the activities through which it accounts to, engages with and leads its stakeholders. It enables the authority to monitor the achievement of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level, not to provide absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to; identify and prioritise the risks to the achievement of the Authority's policies aims and objectives, evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage these risks efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2008 and up to the date of approval of the Accounts.

The governance framework

The Authority's Corporate Governance Framework seeks to ensure that the principles of good governance are embedded into all aspects of its work. This has been achieved by the adoption of a Corporate Governance Policy which aims to implement the six core values of the Authority. The policy states that all members of the Authority share responsibility for governance arrangements and requires the Monitoring Officer to review governance arrangements and to report annually to the Audit and Review Committee on the findings of that review.

The key aspects of the corporate governance framework include:

- The Authority publishes its objectives and commitment to the achievement of statutory purposes in a number of plans; the key plan is the National Park Management Plan (NPMP) which establishes the five year vision of the Authority.
- The Best Value Performance Plan (BVPP) translates the NPMP into service-specific objectives, with targets, performance indicators and financial plans. This is revised and published annually and forms an integral part of the Performance Management regime.
- The Medium Term Financial Strategy for the next three years is established by the Authority's Budget Process, which is developed in accordance with the Priorities approved by the Authority.
- A Local Code of Corporate Governance is maintained, to compare the Authority's actual governance arrangements against the governance principles it has adopted.
- The Authority's Standing Orders, Financial Regulations and other procedures describe the decision - making process and operation of the Authority. These establish the transparency, accountability, efficiency and effectiveness of the operation of the Authority. These are supplemented by the:
 - Scheme of Delegation
 - Officers and Members Codes of Conduct
 - Policies and Procedures
- The Financial Management of the Authority is embedded in the budget setting and budget monitoring systems which are applied consistently across all departments.
- Performance Management is applied consistently to the operations of the organisation and includes the national performance review process - *National Park Authority Performance Assessment (NPAPA)*.
- Risk Management procedures include an annual Risk Prioritisation Exercise which is reported to the Audit and Review Committee. The Authority also maintains a Health and Safety Working Group to manage the particular risks in that area.
- The Internal Audit Service provides an independent review of compliance with all of the above on a regular basis.

The main independent sources of assurance on the operation of the Corporate Governance Framework are the work of the Authority's Internal and External

Auditors, whose work complements that of other review bodies, for example the National Park Authority Performance Assessment peer review group.

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's reports on the audits conducted throughout the year, and also by comments made by the external auditors and other review agencies and inspectorates.

The process by which this review is undertaken is continual throughout the year and results in bi - annual reports by the Monitoring Officer to Senior Management Team and an annual report to the Audit & Review Committee. These reports are used to inform the Annual Governance Statement, which is prepared by the Chief Executive, the Monitoring Officer and the Head of Finance and Resources who consult with the following key members

- The Chair of the Authority
- The Chair of the Standards Committee
- The Member Champion for Corporate Management.

The review of effectiveness for the Financial Year identified the following key areas of work undertaken in 2007/08:

- The Authority adopted a new Code of Conduct for Members and provided training for members on this code
- The Authority conducted a review of the operation of the Member Champion Initiative
- Officers collated a comprehensive list of all the Authority's current policies and made these available on the Intranet
- A new Publication Scheme for the Authority, prepared under the Freedom of Information Act, was approved by the Information Commissioner.
- The Authority adopted a Consultation Strategy.
- The Authority adopted a revised Data Protection Policy.
- The Authority has recruited three Independent Members to its Standards Committee.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Senior Management Team and the Audit and Review Committee, and a plan to address weaknesses to ensure continuous improvement of the systems is in place.

Significant Internal Control Issues

The review of effectiveness identified the following areas to be addressed in 2008/09;

- The Authority needs to determine what will replace the Best Value Performance Plan (BVPP) as a BVPP will no longer be a statutory requirement.
- Further work should be taken on the Member Champion Initiative in particular in relation to reporting back and the roles and responsibilities of Member Champions.
- Officers will need to establish effective working relationships with the Authority's new External Auditor and new Internal Audit Staff
- Officers will need to ensure that the Authority's statutory accounts comply with International Financial Reporting Standards (IFRS).
- The Authority will continue to work on documenting the relationships within key partnerships
- The Authority will finalise the work on a Communication Strategy.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

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Chairman

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Chief Executive

On behalf of the Yorkshire Dales National Park Authority.