

Title of Report:	Annual Governance Statement - Statement in Support by the Section 151 Officer
Report to be considered by:	Governance and Audit Committee
Date of Meeting:	5 September 2011
Forward Plan Ref:	GA2343

Purpose of Report: To provide evidence and independent verification of governance matters which may impact on the Annual Governance Statement from the viewpoint of the Section 151 Officer.

Recommended Action: To note the report.

Reason for decision to be taken: In accordance with CIPFA Guidance and current policy of the Council.

Other options considered:

Key background documentation: Action plans relating to risk.

The proposals will also help achieve the following Council Plan Theme: <input checked="" type="checkbox"/> CPT16 - Excellent Performance Management The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by: Reviewing and providing assurance on the effectiveness of the Council's governance and other arrangements which may impact on the Annual Governance Statement.

Portfolio Member Details	
Name & Telephone No.:	Councillor Keith Chopping - (0118) 983 2057
E-mail Address:	kchopping@westberks.gov.uk
Date Portfolio Member agreed report:	04 August 2011

Contact Officer Details	
Name:	Andy Walker
Job Title:	Head of Finance / Section 151 Officer
Tel. No.:	01635 519433
E-mail Address:	awalker@westberks.gov.uk

Implications

- Policy:** Established as part of CIPFA guidance and reporting arrangements adopted by Council in connection with the Annual Governance Statement.
- Financial:** No financial implication associated with this report.
- Personnel:** N/A
- Legal/Procurement:** In accordance with the provisions of the Local Government Acts 1972 and 2000 and the Local Government and Housing Act 1985 together with any amendments thereto.
- Property:**
- Risk Management:** Insofar as is possible any risks have been assessed in accordance with the Risk Strategy.
- Equalities Impact Assessment:** Stage One completed.
- Corporate Board's Recommendation:** Report agreed with additional paragraph regarding the Council's financial system to be included in the report.

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>

Executive Summary

1. Introduction

- 1.1 As part of the Annual Governance Statement, CIPFA guidance recommends that the Section 151 Officer provides "a key source of assurance that the Council's systems and procedures of internal control which are in operation are effective, efficient and being complied with". The Chief Financial Officer/ s151 Officer is to ensure that all parts of the Council act in accordance with the budgetary and policy requirements in connection with the setting of the budget and financial administration standards within the Council.

2. Proposals

- 2.1 The definitive Statement on the Role of the Finance Director in Local Government is set out in a CIPFA publication of 2003. This identifies 5 key roles:

- Maintaining strong financial management underpinned by effective financial controls;
- Contributing to corporate management and leadership;
- Supporting and advising democratically elected representatives;
- Supporting and advising officers in their operational roles; and
- Leading and managing an effective and responsive financial service.

- 2.2 The s151 Officer is required to report to all the local authority's Members, in consultation with the Head of Paid Service and the Monitoring Officer if there is, or there is likely to be, unlawful expenditure or an unbalanced budget. Such a report known as a Section 114 report derives from the Local Government Finance Act 1998 as updated by the 2000 Act and Members of the Council are required to have regard to the s151 Officer's advice. Not to do so would be a breach of the Code of Conduct for Members which is enforceable by the Standards Board for England. Specified and explicit provision is now included in the Revised Code.

3. Conclusion

- 3.1 Overall it is the s151 Officer's assessment that all parts of the Council acts in accordance with the budgetary and policy requirements in connection with the setting of the budget and meets financial administration standards as set out in legislation. There have been no formal reports required by the s151 Officer to Council under the relevant legislation. The report is to be noted.

Executive Report

1. Background

1.1 As part of the Annual Governance Statement, CIPFA guidance recommends that the Section 151 Officer provides "a key source of assurance that the Council's systems and procedures of internal control which are in operation are effective, efficient and being complied with". The Chief Financial Officer/ s151 Officer is to ensure that all parts of the Council act in accordance with the budgetary and policy requirements in connection with the setting of the budget and financial administration standards within the Council.

2. Role of the Section 151 Officer

2.1 The definitive Statement on the Role of the Finance Director in Local Government is set out in a CIPFA publication of 2003. This identifies 5 key roles:

- Maintaining strong financial management underpinned by effective financial controls;
- Contributing to corporate management and leadership;
- Supporting and advising democratically elected representatives;
- Supporting and advising officers in their operational roles; and
- Leading and managing an effective and responsive financial service.

2.2 The s151 Officer is required to report to all the local authority's Members, in consultation with the Head of Paid Service and the Monitoring Officer if there is, or there is likely to be, unlawful expenditure or an unbalanced budget. Such a report known as a Section 114 report derives from the Local Government Finance Act 1998 as updated by the 2000 Act and Members of the Council are required to have regard to the s151 Officer's advice. Not to do so would be a breach of the Code of Conduct for Members which is enforceable by the Standards Board for England. Specified and explicit provision is now included in the Revised Code.

2.3 Each year the s151 Officer reports as part of the budget decision making process his opinion on the adequacy of reserves and robustness of the budget estimates.

2.4 The s151 Officer is consulted about a wide range of discretions under the Council's constitution, in particular exceptions to standing orders and contract rules of procedures. The s151 Officer maintains a file of all such exemptions given and discretions sought and granted. From a legal perspective the Monitoring Officer is also involved in certain decisions and records such involvement.

2.5 During the year the Council's integrated financial management system Agresso was upgraded to the latest version 5.5 on time and within budget. This will allow greater system functionality and will strengthen our financial management arrangements whilst delivering further efficiency opportunities.

2.6 Throughout the year expenditure monitoring ensures that any budget overspends or income shortfalls are identified and corrective measures can be put in place to ensure that the overall council revenue budget keeps within the policy and budgetary framework agreed at the annual budget setting process. In 2010/11 the

outturn has delivered an underspend of circa £680k against the budget. This result only represented a 0.6% variance to the revised Council Budget for 2010/11 and which is considered reasonable given the unprecedented changes to the Council's financial position as a result of central Government funding reductions announced during the year.

- 2.7 All Executive or other decision making body reports have clearly set out financial recommendations. It is the responsibility of the s151 Officer to ensure that the financial implications of all such decisions are adequately considered and that recommendations are based upon prudent financial advice. The s151 Officer is a member of Corporate Board and involved in all significant resource decisions of the authority.
- 2.8 The Council has a Medium Term Financial Strategy in place and has set up a Transformation and Efficiency Programme to assist the delivery of the Strategy. There is also a Finance and Governance Group of Officers whose membership includes both the s151 Officer and Monitoring Officer overseeing and monitoring all aspects of financial governance and escalating where necessary any issues that need Corporate Board action and support.
- 2.9 The Council's 2010/11 Statement of Accounts have been prepared for the first time using International Financial Reporting Standards (IFRS), as interpreted for the Public sector in the Code of Practice on Local Authority Accounting 2010/11 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 2.10 There has been no necessity to implement the Section 114 process during 2010/11 and the s151 Officer confirms the robustness of the financial and budgetary frameworks.

3. Conclusion

- 3.1 Overall it is the s151 Officer's assessment that all parts of the Council acts in accordance with the budgetary and policy requirements in connection with the setting of the budget and meets financial administration standards as set out in legislation. There have been no formal reports required by the s151 Officer to Council under the relevant legislation.

Appendices

Appendix A – Equality Impact Assessment

Consultees

Local Stakeholders: N/A

Officers Consulted: Ian Priestley, David Holling and Corporate Board

Trade Union: N/A

APPENDIX A

Equality Impact Assessment – Stage One

Name of item being assessed:	Annual Governance Statement - Statement in Support by the Section 151 Officer
Version and release date of item (if applicable):	
Owner of item being assessed:	Andy Walker
Name of assessor:	Andy Walker
Date of assessment:	20/7/11

1. What are the main aims of the item?
To provide evidence and independent verification of governance matters which may impact on the Annual Governance Statement from the viewpoint of the Section 151 Officer.

2. Note which groups may be affected by the item, consider how they may be affected and what sources of information have been used to determine this. (Please demonstrate consideration of all strands – Age, Disability, Gender, Race, Religion or Belief and Sexual Orientation.)		
Group Affected	What might be the effect?	Information to support this.
none		
Further comments relating to the item:		

3. Result (please tick by double-clicking on relevant box and click on 'checked')	
<input type="checkbox"/>	High Relevance - This needs to undergo a Stage 2 Equality Impact Assessment
<input type="checkbox"/>	Medium Relevance - This needs to undergo a Stage 2 Equality Impact Assessment
<input type="checkbox"/>	Low Relevance - This needs to undergo a Stage 2 Equality Impact Assessment
<input checked="" type="checkbox"/>	No Relevance - This does not need to undergo a Stage 2 Equality Impact Assessment

For items requiring a Stage 2 equality impact assessment, begin the planning of this now, referring to the equality impact assessment guidance and Stage 2 template.

4. Identify next steps as appropriate:	
Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	
Stage Two not required:	

Name: Andy Walker

Date: 20th July 2011