



Title: **Annual Governance Statement 2013/14**

Wards Affected: **All Wards**

To: **Audit Committee** On: **25 June 2014**

Key Decision: **No**

Change to Budget: **No** Change to Policy Framework: **No**

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1. What we are trying to achieve and the impact on our customers

1.1 The preparation of the Annual Governance Statement provides the opportunity for the organisation to review its processes, controls and objectives and to provide assurance to Members, Senior Officers and stakeholders as to the reliability of its statement of accounts and the probity of its operations.

2. Recommendation(s) for decision

2.1 That the Committee consider and agree the proposed Annual Governance Statement for 2013/14 which can then be approved by the Mayor and Executive Director of Operations & Finance and appended to the Statement of Accounts report to be approved by Council on 25 September 2014.

2.2 That, following the review of the Annual Governance Statement by External Audit, Officers be requested to bring an action plan back to this Committee.

3. Key points and reasons for recommendations

Key points

3.1 The key features of the Annual Governance Statement (AGS) are summarised as follows: -

- It is a requirement of the Accounts & Audit (Amendment) (England) Regulations 2006, Regulation 4
- The Statement of Required Practice (SORP) requires the AGS to be included

with the Statement of Accounts, therefore it will need to be completed and signed off prior to the Council considering the Statement of Accounts at its meeting in September.

- The AGS is not audited but it is reviewed by external audit. This, in itself, will not give rise to qualifications on the accounts but it will be an integral part of other assessments of our arrangements eg. our use of resources.
- The AGS should relate to the entire financial year, it is not something which should be done only at year end but the assurance should be in place throughout the year.
- The statement will need signed by the Executive Director of Operations & Finance and the Mayor (as most senior Member of the Council).
- Action Plans will need to be produced to address any weaknesses/issues that are identified in the consequential inspection.

3.2 The Annual Governance Statement for 2013/14 is attached as Annex 1 to this report. The format of the statement is in accordance with the CIPFA / SOLACE Code of Practice and the contents of the Statement have been agreed with the Senior Officers of the Council.

Reasons for the Recommendations

- 3.4 To inform Members of the Council's Governance and Internal Control framework and any significant control issues in line with statutory requirements under the Accounts & Audit (Amendment) (England) Regulations 2006.
- 3.5 To ensure key issues are communicated to and actioned by the Council to ensure risks are managed and the Governance Framework is sound.

For more detailed information on this proposal please refer to the supporting information attached.

Mark Bennett
Head of Business Services

Supporting information

A1. Introduction and history

- A1.1 The Accounts and Audit Regulations 2006 require every local authority as good practice to include in their annual statement of accounts a “Annual Governance Statement” signed by the Leader/Most senior Member (i.e. Elected Mayor) of the Council and the Chief Executive. The statement is wide ranging and includes an assessment of risks, Corporate Governance and the delivery of the Council’s functions. Internal Audit work forms an element of the evidence required but it is the management of the organisation that is responsible for the governance and internal control framework and for providing the assurance required.
- A1.2 In assessing our use of resources a number of elements are considered. One such area is internal control and this includes the requirement for the Annual Governance Statement to be considered independently by Members prior to the consideration of the final Statement of Accounts.

A2. Risk assessment of preferred option

A2.1 Outline of significant key risks

- A2.1.1 The report is predominantly for information and therefore there are no risks associated with the recommendations. However the report highlights a number of issues, which if not addressed could potentially expose the Council to risk.

A3 Remaining risks

- A3.1 It is the responsibility of management to establish systems of governance and internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner. It does not matter how good the systems of internal control are, it is not possible to guarantee that a fraud will not occur, although it is hoped any irregularity would be quickly identified and resolved. As such Internal Audit can never give full assurance that the controls are working effectively or that fraud is not occurring. However with reference to the annual report from the Head of Internal Audit the Council can take reasonable assurance regarding the controls in place are operating satisfactorily.

A4. Other Options

- A.4.1 The issues raised in this report are predominantly for information and as such there is no requirement to consider alternative options.
- A.4.2 There is a statutory requirement for the Council to publish an Annual Governance Statement as part of its Statutory Accounts.
- A.4.3 Internal Audit provides one element of the assurance required to enable the Mayor and Executive Director of Operations & Finance to sign the Annual Governance Statement required under the Accounts and Audit Regulations 2006 (amended). Service Managers provide another source of assurance and should provide evidence to support their view that the governance framework and internal controls are adequate. External reviews provide a further source of assurance.

A5. What impact will there be on equalities, environmental sustainability and crime and disorder?

A5.1 Resource implications are therefore related to staff time in preparing the Statement and in monitoring the controls in place to ensure the achievement of the Council's objectives.

A6. Consultation and Customer Focus

A6.1 The Annual Governance Statement is a statutory requirement and describes the Council's systems of governance and internal control and its processes for monitoring compliance with legislative requirements including equalities, environmental sustainability and crime and disorder.

A7. Consultation and Customer Focus

A7.1 The Annual Governance Statement has to be included within the Council's Statement of Accounts and is therefore available to the general public and all stakeholders and interested parties.

A8. Are there any implications for other Business Units?

A8.1 The Annual Governance Statement covers all services of the Council and will therefore have linkages and implications for all business units and for Torbay schools.

Appendices

Annex 1 Annual Governance Statement 2013/14

Documents available in members' rooms

None

Background Papers:

The following documents/files were used to compile this report:

CIPFA FAN Guidance

CIPFA / SOLACE Delivering Good Governance in Local Government framework, Guidance Note and Briefing Note.