

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE AUDIT COMMITTEE

Decision Made: 14 August 2013

DRAFT ANNUAL GOVERNANCE STATEMENT 2012/13

Issue for Decision

The annual governance statement outlines the Council's approach to governance and any actions that need to be taken in 2013/14

Decision Made

That the Draft Annual Governance Statement 2012/13, as attached at Appendix A to the report of the Chief Executive, be agreed for sign off by the Leader and Chief Executive.

Reasons for Decision

The Accounts and Audit (England) Regulations 2011 recognise the Annual Governance Statement as a key statement in its own right. To this end it is no longer required to be "included in" the Statement of Accounts. From 31st March 2011 the regulations require that the Annual Governance Statement "accompanies" the Statement of Accounts instead.

Grant Thornton undertook a Local Government Governance Review 2013, "*Improving council governance a slow burner*" which has identified best practice approaches to the Annual Governance Statement. The Draft Annual Governance Statement, attached at Appendix A to the report of the Chief Executive, has been developed to take into account the best practice identified namely that the statement should not repeat the local code of governance. It should have user friendly language and layout with more emphasis on significant governance or control issues that arise in earlier sections of the document. The external auditors have reviewed the Draft Annual Governance Statement and are satisfied that it meets requirements for compliance with the code and is an informative document.

The statement has also been produced in line with the CIPFA delivering good governance in local government: Framework Addendum released in December 2012. The update reflects the emphasis on a strategic approach. As a matter of best practice the annual governance statement should be approved at the same time as the statement of accounts. The Statement fulfils the statutory requirement in England for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control.

The Cabinet considered the draft statement and noted that Audit Committee endorsed the Statement, subject to some typographical amendments, and agreed it for signature by the Chief Executive and Leader.

The Audit Committee within its terms of reference have responsibility for:
"The Council's arrangements for corporate governance and agreeing
necessary actions to ensure compliance with best practice."

Alternatives considered and why rejected

The Annual Governance Statement is a necessary part of the Statement of Accounts and must, therefore, be considered by the Audit Committee prior to Cabinet approval. It is possible for members to disagree with the detail of the Statement, to ask for further details to be included or evidence to be produced. However, it must be acknowledged that the statement is signed by the Chief Executive and the Leader of the Council and must accompany the Statement of Accounts to be agreed by Audit Committee before the end of September 2013.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: 23 August 2013
