

MAIDSTONE BOROUGH COUNCIL

AUDIT COMMITTEE

MONDAY 14 JULY 2014

REPORT OF THE CHIEF EXECUTIVE

Report prepared by Angela Woodhouse

1. ANNUAL GOVERNANCE STATEMENT

1.1 Issue for Decision

1.1.1 To consider the Draft Annual Governance Statement for 2013/14 to be signed by the Chief Executive and the Leader, and accompany the Statement of Accounts. This is as required by the revised Accounts and Audit (England) Regulations 2011, which came into force on 31st March 2011.

1.2 Recommendation of the Chief Executive

1.2.1 It is recommended that the Audit Committee consider and approve the Draft Annual Governance Statement 2013/14 attached at **Appendix A** for consideration prior to sign off by the Leader and Chief Executive.

1.3 Reasons for Recommendation

1.3.1 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.

1.4.4 The Draft Annual Governance Statement was significantly revised in 2013 to take into account the best practice identified by Grant Thornton 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.

1.4.3 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.

- 1.4.4 The Corporate Governance Working Group assisted by the Head of Audit Partnership have reviewed the Annual Governance Statement and identified actions for 2014-15. There are three audits that were given limited assurance in 2013-14 these have been added to the action plan for review. The Council will also be developing a new strategic risk register, Strategic Plan and Communication and Engagement Strategy. The resident survey has highlighted that a large proportion of respondents do not believe they can influence decision making, this has already been the focus of scrutiny activity and actions will come forward on this. The new communication and engagement plan will be focussed on how we engage residents in the services we provide. Engagement needs to go beyond telling people about decisions and where possible engage them in the co-production of solutions.
- 1.4.4 Cabinet and the Audit Committee are asked to consider the draft statement after which it will be signed by the Chief Executive and Leader.
- 1.4.5 The Audit Committee within its terms of reference has responsibility for: "The Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice."

1.4 Alternative Action and why not Recommended

- 1.4.1 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 2014.

1.5 Impact on Corporate Objectives

- 1.51 The Council has set Corporate and Customer Excellence as a priority in its Strategic Plan for 2011-15. Good and Effective Corporate Governance arrangements are key to achieving this priority. The Annual Governance Statement reviews the effectiveness of the council's governance arrangements which includes how we ensure we are meeting our priorities, engaging the public and adopting the right behaviour as a Council.

1.6 Risk Management

1.6.1 The Statement incorporates the essential elements of a well managed Council which ensures that many elements of the Strategic Risk Register are addressed.

1.7 Other Implications

1.7.1

1. Financial
2. Staffing
3. Legal
4. Equality Impact Needs Assessment
5. Environmental/Sustainable Development
6. Community Safety
7. Human Rights Act
8. Procurement
9. Asset Management

1.8 Relevant Documents

1.8.1 Appendices

Appendix A – Draft Annual Governance Statement

IS THIS A KEY DECISION REPORT?

THIS BOX MUST BE COMPLETED

Yes

No

If yes, this is a Key Decision because:

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Wards/Parishes affected:

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