

Audit Committee – 23 May 2013

## 7. 2012/13 Annual Governance Statement

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*Chief Executive* Mark Williams, Chief Executive  
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### Purpose of the Report

This report has been prepared for the Audit Committee to approve the Annual Governance Statement (AGS) for 2012/13.

### Recommendation

To approve the 2012/13 Annual Governance Statement and framework attached at Appendices A and B.

### Background

As a local authority SSDC is required to demonstrate compliance with the underlying principles of good governance and that a framework exists to demonstrate this. One of the Councils requirements in demonstrating this is to produce an Annual Governance Statement (AGS).

The Chartered Institute of Public Finance and Accountancy (CIPFA) provides guidance on the processes for the establishment, operation and review of the system of internal control. Their guidance also provides help on the format and content of the AGS.

### Annual Governance Statement

Regulation 4, of the Accounts and Audit Regulations includes a requirement to publish an Annual Governance Statement (AGS). Previously local authorities were required to include a Statement of Internal Control (SIC) with their statement of accounts. The regulations now require authorities to carry out a review of the effectiveness of their system of **internal control** and may include an Annual Governance Statement in the annual accounts. This is to provide assurance that SSDC has a sound internal control framework in place to manage the risks that might prevent achievement of its statutory obligations and organisational objectives.

The statement also reflects the compliance with the “Statement on the Role of the Chief Finance Officer in Local Government (2010).” This is evidenced within the Annual Governance Statement where the authority meets with best practice.

The Annual Governance Statement will continue to be signed by the Leader of the Council, the Chief Executive, and the Section 151 Officer. The framework used for this review is attached at Appendix A.

The Statement also reflects the new Public Sector Internal Audit Standards (PSIAS) introduced on the 1<sup>st</sup> April 2013. A revised Audit Charter that reflects these new standards will be presented to Audit Committee in June 2013. The Standards also

require a Quality Assurance and Improvement Programme which has been included within the Review of internal Audit and will be monitored by the Audit Committee.

In July 2010 the Audit Committee approved a revised Local Code of Corporate Governance. This updated the Council's code to reflect best practice. In producing the Annual Governance Statement reports from the Audit Commission, South West Audit Partnership, a review of the effectiveness of internal audit, the annual review of the Group Auditor, and a review of all Statements of Operational Service Internal Controls have been undertaken. The review has been completed by the Corporate Governance Group (the Chief Executive, Monitoring Officer, and S151 Officer). There are no significant issues to be addressed. Significant issues are issues that would be highlighted through the Corporate Governance Group, the S151 Officer, Internal Audit as a risk score of 5 or highlighted through the work of External Audit. The actions included within the Annual Governance Statement include those highlighted at a level 4 risk by Internal Audit as well as a number of actions are planned to further strengthen the control framework. The actions will be monitored and reviewed by the Audit Committee in 2013/14.

### **Financial Implications**

There are no financial implications associated with these recommendations.

**Background Papers:**     *Annual Governance Statement 2012/13*  
                                  *Local Code of Corporate Governance*

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