

Southend-on-Sea Borough Council

Agenda
Item No.

8

Report of Chief Executive & Town Clerk

to

Audit Committee

on

19 June 2013

Report prepared by: Tim MacGregor, Senior Policy Advisor

Annual Governance Statement 2012/13

Executive Councillor – Councillor Holdcroft

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To present to Committee the Annual Governance Statement for 2012/13 together with an action plan for 2013/14 and an update on progress made with the 2012/13 Action Plan

2. Recommendation

- 2.1 That Audit Committee approve the Annual Governance Statement for 2012/13, subject to any further views expressed by External Audit and recommends it to the Leader of the Council and Chief Executive for authorisation and signature.**

3. Background

- 3.1 The responsibility for ensuring that there is a sound system of internal control rests with the Council. It is required to report on this annually via its Governance Statement which is published with the financial statements.
- 3.2 In order to do this, the Council should seek regular assurance that its systems of internal control are functioning effectively. It should also ensure that the system of internal control is effective in managing significant risks in the way that it would expect.
- 3.3 The Council has delegated responsibility for monitoring and reporting on the adequacy and effectiveness of its system of internal control to the Audit Committee.
- 3.4 The Annual Governance Statement 2012/13 and action plan for 2013/14 is attached at **Appendix 1**. Progress against the 2012/13 action plan is attached at **Appendix 3**.
- 3.5 The Annual Governance Statement for South Essex Homes (SEH) was endorsed by SEH Board on 3 June 2013 and is attached at **Appendix 2**.

- 3.6 In appraising the Annual Governance Statement members of Audit Committee should take into account:
- That the Audit Committee has acted in accordance with its terms of reference, that members attendance was regular and that training and development of members was undertaken to enable them to fulfil their role.
 - That the statement reflects the evidence seen by members during the course of their duties and that it reflects their experience in undertaking other roles as Councillors, including as members of Scrutiny Committees.
- 3.7 Managers Assurance Statements have been signed by all Heads of Service as a self-assessment of whether the council's key business management processes have been operating effectively and consistently across 14 key business management processes. A summary of the findings is attached at **Appendix 4**, highlighting Business Continuity Planning as the main area where managers indicated that services would benefit from further attention.

4. Corporate Implications

4.1 Contribution to Council's Aims and Priorities

Operating robust governance arrangements contributes to the delivery of all Council aims and priorities.

4.2 Financial Implications

All officers have been required to adopt robust financial management arrangements within their service areas.

4.3 Legal Implications

Accounts and Audit (England) Regulations 2011 Section 4 requires that the relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.

The findings of the review must be considered by Council or by a committee. Following the review, the body or committee must approve an annual governance statement prepared in accordance with proper practices in relation to internal control.

Proper practice in this sense is defined as guidance issued by the relevant professional body, which for local government is the CIPFA / SOLACE Framework This requires local authorities to produce a Local Code of Governance and sets out the operational framework that it should adopt.

Therefore, the work undertaken to support and produce the Annual Governance Statement satisfies the requirements of the Accounts and Audit (England) Regulations 2011.

4.4 People

All Members and staff have been required to adopt the principles and values outlined in the Local Code of Governance and staff ensuring the business management processes required within their service areas are applied.

4.5 Property Implications

All services have been required adopt proper processes in managing their assets.

4.6 Consultation

The Corporate Management Team has agreed all supporting reports and the Annual Governance Statement.

4.7 Equalities Impact Assessment

This has been reflected in the principles, values and business management processes adopted.

4.8 Risk Assessment

Failure to operate robust governance arrangements can potentially lead to poor management, performance, stewardship of public money, public engagement and ultimately, poor outcomes for citizens and service users. It increases the risk that corporate priorities won't be delivered.

4.9 Value for Money, Community Safety Implications and Environmental Impact

These have been reflected in the principles, values and or business management processes adopted.

5 Background Papers

5.1 Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Delivering Good Governance in Local Government - Framework.

5.2 Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Guidance Note for English Authorities – 2012.

5.3 The CIPFA Finance Advisory Network, The Annual Governance Statement, meeting the requirements of the Accounts and Audit Regulations 2003, Incorporating Accounts and Audit (Amendment) (England) Regulation 2006, Rough Guide for Practitioners.

5.4 The Accounts and Audit (England) Regulations 2011.

6 Appendices

6.1 **Appendix 1** - Annual Governance Statement 2012/13 incorporating Corporate Governance Action Plan 2013/14.

6.2 **Appendix 2** - South Essex Homes Annual Governance Statement – 2012/13

6.3 **Appendix 3** - Corporate Governance Action Plan, 2012/13, progress report.

6.4 **Appendix 4** – Summary of Managers Assurance Statements for 2012/13