

8. 2013/14 ANNUAL GOVERNANCE STATEMENT (A.137/13/RMM)

Purpose of the report

1. Members are asked to review and approve the audited Annual Governance Statement for 2013/14.

Key Issues:

Key issues include:

- Each year the Authority reviews its performance against the Code of Corporate Governance and in doing this reviews the effectiveness of its governance arrangements including the system of internal control; the results of this feed into the Authority's Annual Governance Statement at Appendix 1.
- This review takes into account 'assurances' received during the year; the 2013/14 annual report from the internal auditors confirmed a positive assurance of 'adequate and effective' in all three areas of risk management, control processes and governance.
- The Annual Governance Statement highlights areas for further improvement action.
- The poor forecast for public sector finances remains highlighted as a significant issue to be addressed through our budget planning work.

Recommendations

2. 1. That the audited Annual Governance Statement for 2013/14 be approved

How does this contribute to our policies and legal obligations?

3. Regulation 4 of the Accounts and Audit Regulations (2011) requires relevant bodies to conduct a review at least once a year of the effectiveness of its system of internal control and members must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control, at the same time as the statement of accounts is approved under Regulation 8(3), i.e. by 30 September.
4. The Department for Communities and Local Government issued further advice through circular 03/2006 (section 7) and clarified that 'proper practice' in relation to internal control relates to guidance produced by CIPFA (Chartered Institute of Public Finance and Accountancy) and SOLACE (Society of Local Authority Chief Executives). This guidance is found in the CIPFA/SOLACE publication titled 'Delivering Good Governance in Local Government Framework'. In recent years this guidance has been supplemented and updated by: the CIPFA statement on the Role of the Chief Financial Officer (2010); the CIPFA statement on the Role of the Head of Internal Audit (2010); and the CIPFA delivering good governance addendum (2012).

5. A review of our performance against the Authority's Code of Corporate Governance feeds into this annual governance statement and is part of our work which contributes to the Authority's corporate objective 11 'be a well run public body with proportionate and effective ways of working, delivering excellent customer service and living our values'.

Background

6. The review of effectiveness of our governance framework, including the system of internal control, is informed by assurances from staff and Members within the Authority who have responsibility for the development and maintenance of the governance environment (including financial controls, risk management and performance management processes, compliance with advice on legislation and regulations), internal and external audit reports and opinions, comments made by other agencies and inspectorates as well as feedback from customers and stakeholders.
7. The review of effectiveness is continual throughout the year as evidenced by some of the action taken during the year but a more formal assessment takes place each year in the preparation for this statement. In accordance with the Authority's Code of Corporate Governance a meeting was held on 20 May 2014 to:
 - a) Review our performance against our action statements of commitment in our Code of Corporate Governance and highlight what we have done in the 2013/14 year which contributes to achieving our outcome of 'good governance'
 - b) Identify any further improvement action needed for the forthcoming year

The meeting involved the Chief Executive, Director of Planning, Chair of Audit Resources and Performance Committee, Head of Law/Monitoring Officer and Director of Corporate Resources. The Chief Finance Officer inputted his views to the review outside the meeting as he was unable to attend.

8. It was agreed that the outputs of our review in terms of improvement action for the forthcoming year would be reflected in the 2013-14 Annual Governance Statement. These are recorded in Appendix 1 against the 6 core principles of our Code of Corporate Governance. A full record of the review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework can be obtained from the Director of Corporate Resources or can be found at: <http://www.peakdistrict.gov.uk/publications/operationalpolicies>.

The full review has not been included in the Annual Governance Statement in order to provide a briefer document.

Proposals

9. The proposed Annual Governance Statement for 2013/14 is given in Appendix 1 for Members' consideration and approval. This statement has been audited by our external auditors from KPMG to inform their conclusions as provided in their Annual Governance report to this same committee.
10. As part of reviewing performance and assurances received issues have been identified which affect effectiveness and these are given at the end of the Appendix to address during the year. The poor forecast for public sector finances remains highlighted as a significant issue to be addressed through our budget planning work. Work on this has started with an introductory members' workshop on 20 June 2014. Further discussions with Members will take place at the strategic and finance planning workshops in the autumn.

Are there any corporate implications members should be concerned about?

11. Financial:

There are no additional financial issues to highlight.

12. Risk Management:

The system of internal control is a significant part of our governance framework and is designed to manage risk to a reasonable level and not to provide absolute assurance of effectiveness so Members need to be aware that problems can still arise. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies and outcomes, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage these risks efficiently, effectively and economically.

13. Sustainability:

There are no issues to highlight.

14. Background papers (not previously published)

An electronic file of documents has been prepared relevant to the Statement consisting of Authority and Committee reports and other supporting records to evidence the review of effectiveness made in the Statement.

Appendices –

Appendix 1: 2013/14 Annual Governance Statement

Report Author, Job Title and Publication Date

Ruth Marchington, Director of Corporate Resources, 11 September 2014