

ANNUAL GOVERNANCE STATEMENT 2013/14

Audit Committee – 10 June 2014

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Ramsay

Contact Officer(s) Adrian Rowbotham Ext. 7153

Recommendation to Audit Committee: It be resolved that the Annual Governance Statement for 2013/14, which accompanies the Council's Accounts, be agreed.

Reason for recommendation: the committee is required to consider the Council's Annual Governance Statement as part of its terms of reference remit, in compliance with statutory requirements.

Introduction and Background

- 1 Sevenoaks District Council is responsible for ensuring that its business is conducted in accordance with the law, proper standards, good governance and that public money is safeguarded and properly accounted for. In discharging this overall responsibility, the Council has to ensure that it has sound systems of internal controls and good governance arrangements in place to facilitate the exercise of its duties. Additionally, the Council is required to continuously review these arrangements and to ensure that the arrangements are considered by an appropriate body of the Council annually. This report sets out the governance arrangement and the system of internal control which operated during 2013/14 and up to the time of the review.

Ownership of the Annual Governance Statement (AGS)

- 2 The Annual Governance Statement is a corporate document which explains the Council's governance arrangements and the controls it employs to manage the risk of failure to achieve strategic objectives. It is owned by all Senior Officers and Members of the Council. The Council's remit in relation to the Annual Governance Statement process is informed by Regulation 4 of the Accounts and Audit Regulations 2011, of which regulation 4.1 requires that:

“The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of

internal control which facilitates the effective exercise of that body's function and which includes arrangements for the management of risk"

- 3 The Council is also required to conduct a review, at least once a year; of the effectiveness of its system of internal control and that the statement accompanies the Council's annual accounts. The Council is further required to conduct this process and the preparation of its annual accounts in accordance with "proper practices", In this context, the Council complied with relevant professional codes and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in the preparation of the AGS. The involvement of the Audit Committee in the process complies with Regulation 4.2, 4.3 and 4.4 (a) of the Accounts and Audit Regulations 2011.

The Annual Governance Statement Process

- 4 In compiling the Annual Governance Statement a shared approach was adopted, involving Chief Officers, Heads of Service, relevant managers, the Internal Audit Manager, Chief Executive (also as Head of Paid Service and Section 151 Officer) and the Monitoring Officer, prior to consideration and endorsement by Senior Management Team on 21 May 2014. Additionally, the statement would be required to be certified by signatories of the Leader of the Council and the Head of Paid Service after approval by the Audit Committee.

Outcome of the Process

- 5 The process confirms that the Council has sound systems of internal control and good governance arrangements in place. The only significant governance issue identified is set out in Paragraph Seven of the Governance Statement. An action plan is attached as Appendix B to address this issue and other areas requiring close monitoring, or further improvements.

Key Implications

Financial

None directly arising from this report.

Legal Implications and Risk Assessment Statement.

No additional legal implication beyond the Council's duty to comply with the Accounts and Audit Regulations 2011 in regard to the AGS process.

The Council is required to produce an Annual Governance Statement to demonstrate that it has effective internal controls and sound governance arrangements in place throughout the financial year. There is a risk that failure to produce the Annual Governance Statement in accordance with statutory requirements would have negative consequences for the Council. The Statement accompanying this report meets statutory requirements and was produced in compliance with proper practices, giving regard to relevant professional guidance. Hence relevant risk is effectively being managed.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	Effective governance of the Council constitutes engagement with all sections of the community and therefore will promote fairness and the potential to promote equality and community wellbeing.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		Impact assessment of community engagement will establish the degree of success and areas for further improvement of current arrangements

Conclusions

The Annual Governance Statement (AGS) was prepared in accordance with relevant professional guidance. It demonstrates that the Council had sound governance arrangements in place during the municipal year 2013/14 and in the period leading up to the preparation of the AGS and the Council's Accounts. An action plan setting out an area of concern and other aspects requiring monitoring or improvements are set out in the action plan attached on Appendix B.

Appendices

Appendix A – The Annual Governance Statement 2013/14

Appendix B – Action Plan 2013/14

Background Papers:

- a) The Accounts and Audit Regulations 2011
[<http://www.legislation.gov.uk/uksi/2011/817/contents/made>]
- b) Internal Audit Annual Report 2013/14
- c) [Sevenoaks District Council Community Plan 2013 – 2018](#)
- d) [Sevenoaks District Council's Constitution](#)
- e) [Sevenoaks District Council Code of Corporate Governance \(Performance and Governance Committee – 24 June 2008\)](#)

Adrian Rowbotham

Chief Finance Officer