

Body:	AUDIT AND GOVERNANCE COMMITTEE
Date:	25 JUNE 2014
Subject:	Annual Governance Statement
Report Of:	Internal Audit Manager
Ward(s)	All
Purpose	To consider the Annual Governance Statement to be signed by the Council Leader and Chief Executive.
Recommendation(s):	The Committee approves the Annual Governance Statement.
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1.0 Background

1.1 Corporate governance involves everyone in local government. Two definitions are:

“Ensuring the organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner” – Audit Commission.

“How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.” – CIPFA/SOLACE

1.2 The Council has a legal requirement to produce an Annual Governance Statement each year. The statement accompanies the Statutory Statement of Accounts once adopted.

1.3 The Audit and Governance Committee is tasked with overseeing the risk management, internal control and reporting to the Council. A key component of this work is to approve the Annual Governance Statement.

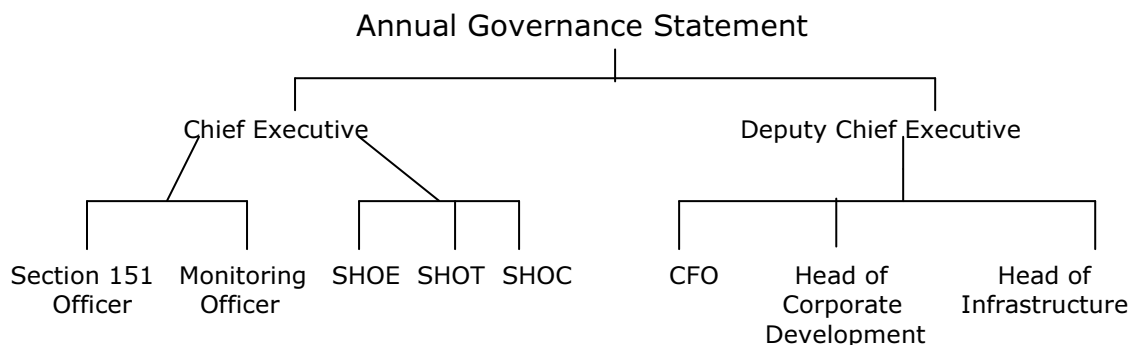
2.0 Governance Framework

2.1 The Annual Governance Statement is the report produced at the end of the year on the control environment of the Council. However this is just the end product of the framework of governance operating within the authority throughout the year.

2.2 Appendix 1 shows the framework for gathering the assurances and how this is affected by and affects the relationship with partners, stakeholders and

the community. Following this framework should ensure that the Council meets the six principles of corporate governance.

- 2.3 Use of this framework also allows the Council to demonstrate how its assurance gathering process links the strategic objectives and statutory requirements of the authority and how these objectives are to be delivered.
- 2.4 Appendix 2 shows a timetable for the gathering of assurances to produce the Annual Governance Statement. Certain elements are ongoing throughout the year whereas others are specifically produced at the year end in order to feed directly into the Annual Governance Statement.
- 2.5 It is important to have a defined timeline for the gathering of information on assurance as there is a deadline (end June) for the publication of the Statement of Accounts alongside of which the Annual Governance Statement must be published.
- 2.6 Appendix 3 shows the Managers' Assurance Statement which includes coverage of the Bribery Act, Safeguarding, RIPA and frauds over £10k. The statements are intended to cover the operational, project and partnership responsibilities of Heads of Service. These can also be used to highlight concerns and actions required to improve governance throughout the Council.
- 2.7 These statements are completed by Heads of Service/Senior Heads of Service and are then passed through the Chief Executive and Deputy Chief Executive. The comments made on the statements are considered for inclusion in the Annual Governance Statement. e.g.:



3.0 Annual Governance Statement

- 3.1 The Annual Governance Statement is a document that provides a structure in which to consider the Council's governance arrangements and their effectiveness. This ensures that major control issues are identified and action taken to address these issues.
- 3.2 There are essentially three parts to the statement:
- A statement of responsibility and purpose
 - A description of the components of the governance framework that exist in the Council
 - The resulting issues and actions arising from those arrangements

4.0 Amendments to Annual Governance Statement

- 4.1 A review of the layout of the Annual Governance Statement has been carried out this year. The CiPFA requirements have been considered alongside findings and comments made in the document "Improving Council Governance – A Slow Burn" issued by Grant Thornton in 2013.
- 4.2 In their review Grant Thornton named nine authorities as examples of best practice in the layout of their Annual Governance Statements. Therefore these examples were also considered during the updating of the statement.
- 4.3 In its new layout it aims to make the information easier to read and understand with the different areas being given fuller descriptions of how the points are dealt with at Eastbourne.
- 4.4 This new layout has been shared with BDO (the external auditors) for comment. Their response was that the additional information has added contextual information around what the Council does to set priorities, manage performance and assess risk.
- 4.5 A new section has been added which reflects on the significant issues identified the previous year and how these have been addressed.

5.0 The 2013/14 Review

- 5.1 The 2013/14 governance issues and subsequent action plan has been compiled from:

The annual report of the Internal Audit Manager
Corporate Management Team
Scrutiny reports
Standards reports
External Audit reports
Reports of external review bodies
Managers' Assurance Statements
Evidence from the Council's Monitoring Officer(s)
Review by the Chief Finance Officer, Deputy Chief Executive and Internal Audit Manager.

- 5.2 Completed Managers' Assurance Statements were returned from all Heads of Service and from Eastbourne Homes Limited. Four Managers' Assurance Statements mentioned minor concerns around capacity. It is acknowledged that with shrinking economic resources the capacity profile of the organisation has changed and this needs to be considered as part of ongoing and future restructures and changes in service delivery. However, it is felt that this does not currently represent a significant governance issue.
- 5.3 The Internal Audit Manager, in consultation with the Council's Corporate Management Team, has concluded that there is one area of internal governance that meets the criteria to report as an issue requiring disclosure.
- 5.4 Once agreed by this committee the Annual Governance Statement will be

given to the Chief Executive and Leader of the Council to sign before it is published alongside the Statement of Accounts.

6.0 Recommendation

6.1 The committee approves the Annual Governance Statement.

Jackie Humphrey
Internal Audit Manager

Background Papers:

The Background Papers used in compiling this report were as follows:

None