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<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE</b>	<b>AGENDA ITEM: 10</b>
<b>DATE OF MEETING:</b>	<b>19th JUNE 2013</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>LEGAL and DEMOCRATIC SERVICES MANAGER</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ARDIP KAUR (01283 595715)</b> <a href="mailto:ardip.kaur@south-derbys.gov.uk">ardip.kaur@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/governance/AGS/2013/committeepaper1213
<b>SUBJECT:</b>	<b>ANNUAL GOVERNANCE STATEMENT 2012/13</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: AS04</b>

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## **1.0 Recommendations**

- 1.1 To recommend to Finance and Management Committee the Annual Governance Statement (AGS) for the year ended 31st March 2013, as set out in **Appendix B**, and its publication within the Statement of Accounts for 2012/13.
- 1.2 To authorise the Leader of the Council and Chief Executive Officer to sign the Annual Governance Statement.

## **2.0 Purpose of Report**

- 2.1 To submit the Council's Annual Governance Statement (AGS) for 2012/13 in accordance with the Accounts and Audit Regulations 2003. (as amended).

## **3.0 Detail**

### **Background**

- 3.1 Governance is about how South Derbyshire District Council ensures that it does the right things, in the right way, for the right people in a timely, inclusive, open and accountable manner. As such, it comprises the systems, processes, culture and values by which it is directed and controlled and through which it accounts to, engages and leads its local community.
- 3.2 Governance concerns everybody and covers the whole Authority. In recent years, it has assumed a higher profile across public services. This is due to greater expectations from stakeholders, together with a need to avoid previous incidence of "scandals" around financial reporting, public conduct and accountability.

- 3.3 The flowchart at **Appendix A** sets out the process for compiling the AGS and provides the framework of issues to address and report upon for assuring the Committee in respect of internal control and governance arrangements.
- 3.4 In accordance with best practice, the AGS document is produced by a cross-service working group to ensure and demonstrate full corporate, as opposed to purely financial, ownership of the process. This group includes the following senior officers:
- Legal and Democratic Services Manager, including their role as the Council's Monitoring Officer
  - Director of Finance and Corporate Services, including their role as the Council's Chief Finance (Section 151) Officer
  - Policy & Communications Manager

### **Annual Governance Statement**

- 3.5 The AGS is the formal statement that records and publishes a council's governance arrangements.
- 3.6 An AGS is required to be published on an annual basis. Professional guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) states that the production and publication of the AGS are the final stages of an ongoing review of governance, and not activities that can be planned and viewed in isolation. Compilation of the AGS involves the Council in:
- reviewing the adequacy of its governance arrangements
  - knowing where it needs to improve these arrangements
  - communicating to users and stakeholders how better governance leads to best quality public services
- 3.7 The working group has reviewed the Council's governance arrangements and has produced the AGS for 2012/13 (attached at **Appendix B**). This has included consultation with other Officers across the Council where appropriate to ensure full coverage. For example, the Director of Community and Planning Services to consider the impact of the Local Development Framework. The AGS has been produced in accordance with CIPFA guidelines and includes commentary on:
- the governance environment and how this is reviewed to determine its effectiveness; and
  - issues of significance that require addressing as part of the review of effectiveness
- 3.8 A Work Plan, produced in June 2012, was progressed during 2012/13 to address key issues identified to maintain and strengthen the governance environment. These are detailed in **Section E** of the AGS and include:
- Implementation of the new Standards regime for local government
  - Introducing a process to allow local groups to bid for community assets
  - Consulting on the preferred Growth Strategy for South Derbyshire

- Updating arrangements for risk management
- Reviewing policy towards safeguarding children and vulnerable adults
- Introducing management competencies for officers
- Reviewing arrangements to ensure value for money in procurement activity

3.9 The proposed plan for 2013/14 is also detailed **Section E** of the AGS. These actions have been identified to maintain robust Governance and to ensure arrangements keep abreast of a changing environment. The work programme includes:

- Continuing to review the Local Code of Corporate Governance half yearly
- A new Leadership and Development Programme for Officers
- An on-going review of Members Training and the induction process
- Application of the new Internal Auditing Standards for the Public Sector
- Introduction of E-committees to make greater use of IT in local democracy
- Introducing a policy for developing Neighbourhood Plans in local communities
- Updating the Scheme of Delegation to reflect the new Council structure
- Reviewing the Whistleblowing Policy following new legislation expected in October 2013

3.10 Primarily, these areas have been highlighted from a review of the Local Code of Corporate Governance, audit work during 2012/13, the Council's improvement programme, together with changes in legislation. The work plan will be monitored through the Local Code.

#### **4.0 Financial Implications**

4.1 None directly.

#### **5.0 Corporate Implications**

5.1 Corporate governance affects the whole authority, and all members of senior management have been consulted and made aware of its contents.

5.2 The AGS itself will be signed by the Council's Leader and most senior officer, the Chief Executive. This emphasises that corporate governance goes to the heart of the leadership and management of South Derbyshire District Council.

#### **6.0 Community Implications**

6.1 The AGS is designed to act as a public assurance statement that the Council has a sound system of corporate governance, designed to help deliver services in a proper, inclusive, open and accountable manner.

#### **7.0 Background Papers**

The Annual Governance Statement and Rough Guide published by the Chartered Institute of Public Finance and Accountancy.