

EXETER CITY COUNCIL
AUDIT AND GOVERNANCE COMMITTEE
26 JUNE 2013

COUNCIL
16 JULY 2013

ANNUAL GOVERNANCE STATEMENT

1. PURPOSE OF THE REPORT

- 1.1 This report sets out the proposed Annual Governance Statement that will accompany the Council's Annual Statement of Accounts for 2012/13. This Statement also incorporates the Council's Code of Corporate Governance which is published on the Council's website.

2. BACKGROUND

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) has previously jointly issued a framework and guidance on delivering governance in local government. This framework illustrates best practice for developing and maintaining a local code of governance and it recommends that authorities must be able to demonstrate that they are complying with the principles of good governance.
- 2.2 The preparation and publication of an Annual Governance Statement in accordance with CIPFA/SOLACE guidance is required to comply with Regulation 4 of the Accounts and Audit (England) Regulations 2011.
- 2.3 The Council was previously required to include the Annual Governance Statement within its published Annual Statement of Accounts. Regulation 4(4) of the Accounts and Audit (England) Regulations 2011 now provides that the Annual Governance Statement is to *accompany* the accounting statements, rather than being included with the accounting statements. The purpose of this change is to make clear that the Annual Governance Statement is not part of the statement on which the auditor's opinion is given. Local Authorities do however have discretion to decide whether it should be part of the same document as the accounting statements or be issued as a separate document. It is proposed that the Council will continue with its existing arrangements by including the Annual Governance Statement within the Annual Statement of Accounts for 2012/13.

3. ANNUAL GOVERNANCE STATEMENT

- 3.1 A draft Annual Governance Statement for inclusion in the Council's Annual Accounts for 2012/13 is attached to this report.
- 3.2 The Annual Governance Statement should include the following information:
- An acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control)
 - An indication of the level of assurance that the systems and processes that comprise the authority's governance arrangements can provide
 - A brief description of the key elements of the governance framework, including reference to group activities where those activities are significant

- A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of:
 - the authority
 - the executive
 - the audit committee/overview and scrutiny function/risk management committee/standards committee (as appropriate)
 - internal audit
 - other explicit review/assurance mechanisms
- An outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan.

4. RECOMMENDATION

It is recommended that:

- 4.1 Audit and Governance Committee supports the Annual Governance Statement to be included within the Council's Annual Statement of Accounts for 2012/13; and
- 4.2 Council note and approve the Annual Governance Statement to be included within the Council's Annual Statement of Accounts for 2012/13.

ASSISTANT DIRECTOR FINANCE

CHIEF EXECUTIVE & GROWTH DIRECTOR

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

Delivering Good Governance in Local Government – Guidance Note for English Authorities;
CIPFA/SOLACE 2007