

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Corporate Governance Committee 28th June 2013  
**AUTHOR/S:** Executive Director (Corporate Services)/ Legal and Democratic Services Manager

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### SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL'S ANNUAL GOVERNANCE STATEMENT 2012/13

#### Purpose

1. To consider and approve the draft Annual Governance Statement 2012/13 prior to the statement being signed by the Leader and Chief Executive and being included in the statement of accounts for the year ending 31st March 2013.

#### Recommendations

2. That the Committee:
  - a) considers and approves the draft Annual Governance Statement, including whether to accept the draft recommendation for action, and notes the information which supports the report.
  - b) notes that the final version of the Statement will be updated following the receipt of the External Auditors Opinion.
  - c) notes the progress made to address the governance issues identified in the Annual Governance Statement for 2011/2012.

#### Background

3. The requirement to publish an Annual Governance Statement ("the AGS") is a statutory requirement which was introduced with effect from the 2007/2008 financial year. The AGS provides public assurance about the effectiveness of the Council's system of internal control and the Council's corporate governance arrangements and assurance framework.
4. The CIPFA/SOLACE governance framework "Delivering Good Governance in Local Government" brings together an underlying set of legislative requirements, governance principles and management processes and highlights the fact that good governance relates to the whole organisation. Six core principles of governance in the framework focus on the systems and processes for the direction and control of the Council and its activities through which it accounts and engages with the community.

#### Considerations

5. The functions of the Corporate Governance Committee include consideration of the AGS prior to its inclusion in the annual statement of accounts. The AGS should explain the governance framework operating during the accounting period, assess the effectiveness of those controls and identify any significant issues and associated

actions. The Corporate Governance Committee agreed at its March 2013 meeting that it would instruct officers and the internal auditors to produce a revised format for the 2012/13 AGS.

6. The draft AGS is attached at Appendix A. The revised format was prepared and populated following a workshop run by RSM Tenon with key officers, the Chairman of Corporate Governance Committee and representatives of both opposition groups. The workshop considered best practice guidance on the AGS and recent publications by governance specialists. It was concluded that the six governance principles should be mapped to the Council's performance framework as it is widely agreed that good governance is usually linked to good performance.
7. It was agreed that the revised format for 2012/13 would be a prototype of a new AGS and would attempt to also include content that has already been published in the Annual Performance report. As a result the AGS has most of the performance element contained as an appendix. The format for the 2013-14 combined AGS/performance report is likely to change emphasis in part, as it should fully replace a separate annual performance report. The reporting of the Council's performance is high profile and the inclusion of the governance arrangements alongside performance should complement the performance reporting. The effectiveness review will also be included.
8. The draft AGS includes the External Audit "unqualified" opinion for 2011/12 that the council has followed the right accounting processes, delivered value for money and that the Council's finances were adequately presented. The AGS will be updated with the External Audit opinion for 2012/13 when it is received.
9. No "significant" governance issues have been identified in this year's AGS. One issue has been identified by the internal auditors as possibly meriting attention to further strengthen effective corporate governance at the Council under 2012/13 recommendations.

### Implications

10. Financial	Good corporate governance and internal controls reduce the risk to the Council of financial loss.
Legal	It is a statutory requirement to produce an Annual Governance Statement under the Accounts and Audit (Amendment) (England) Regulations 2006 and the Statement of Reporting Practice 2007 (CIPFA). Operating good corporate governance and internal control systems should demonstrate high ethical standards.
Staffing	None
Risk Management	Failure to produce an Annual Governance Statement would affect the approval of the statement of accounts and the use of resources assessment
Equal Opportunities	None

### Consultations

11. The Executive Management Team, other senior officers and Internal Audit were consulted as part of the preparation of this report.

## **Effect on Strategic Aims**

12. The Annual Governance Statement covers the whole range of Council activities and the way in which it implements its policies and values reflecting the strategic aims of the authority.

**Background Papers:** the following background papers were used in the preparation of this report:

Annual Governance Statement 2011/2012

Delivering Good Governance in Local Government – Guidance and Framework  
published by CIPFA 2007

Annual Audit Letter 2011/12

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