

27<sup>TH</sup> JUNE 2013

**REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES**

**ANNUAL GOVERNANCE STATEMENT & CODE OF CORPORATE GOVERNANCE**

**EXEMPT INFORMATION**

None

**PURPOSE**

To inform Members of the Committee of the process followed in producing an Annual Governance Statement and revised Code of Corporate Governance in accordance with statutory requirements, and to approve the proposed draft Annual Governance Statement and Code of Corporate Governance.

**RECOMMENDATIONS**

**That the proposed**

- a) Annual Governance Statement be agreed by the Committee as appropriate for presentation to the external auditor and for inclusion in the Annual Statement of Accounts ; and**
- b) Code of Corporate Governance be agreed.**

**EXECUTIVE SUMMARY**

The Authority is required to produce a public Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations 2009 (as amended). The AGS must be published with the Authority's Annual Statement of Accounts. The AGS is a document which sets out the arrangements within the Authority for ensuring:

1. That there is a sound and robust governance framework, that the framework is regularly reviewed; and
2. It is expected that any instances of significant shortfalls in governance issues/arrangements are referred to within the AGS.

The Accounts and Audit (Amendment) (England) Regulations 2011 require that the Statement should be considered by a Committee of the Council – the Audit and Governance Committee is charged with this function.

Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA)

sets out the process by which the outcomes of the various arrangements within the Authority forming part of the governance framework should be brought together to inform the AGS. The guidance provides a model “Assurance Gathering Process” setting out the typical expected control arrangements and gives examples of the sorts of evidence which may be available within an authority to show that these controls are in place.

Relevant officers responsible for/involved in the main assurance processes have followed a process in accordance with CIPFA’s guidance to enable the model “Assurance Gathering Process” document to be completed. Members should also note that the AGS is informed by other processes such as the annual accounts closedown process, managers’ assurance statements, external audit reviews and inspections and the Head of Internal Audit Services Annual Audit Report.

In June 2009, CIPFA launched its “Statement on the Role of the Chief Finance Officer in Local Government” and during 2010 launched a similar document “The Statement on the Role of the Head of Internal Audit in Local Government”. Both statements support CIPFA’s work to strengthen governance and financial management across public services. Both of CIPFA’s statements set out five principles that define the core activities and behaviours of the role of the Chief Finance Officer and that of the Head of Internal Audit and the governance requirements needed to support them. We have benchmarked our arrangements against those set out in the Statements. This compliance is reflected in the Annual Governance Statement.

The proposed Annual Governance Statement 2012/13 arising from these processes is attached as **Appendix 1** for Members’ consideration. It should be noted that the Annual Governance Statement only includes significant governance issues.

The significant governance issues identified are:

<b>Issue</b>	<b>Proposed Actions</b>
<p><b>Medium Term Financial Strategy</b></p> <p>The financial planning process has enabled a balanced MTFS to be delivered and has estimated closing balances over three years to £0.5m which is the minimum approved level.</p>	<p>Review on a regular basis the plans in place to deliver the MTFS to ensure that plans remain realistic and achievable including development of the Sustainability Strategy to address future financial constraints.</p>
<p><b>Town Centre Redevelopment</b></p> <p>The Authority is making plans for the redevelopment of the Town Centre.</p>	<p>Maintain and review plans on a regular basis to ensure that they can be delivered without detrimental impact on the MTFS.</p>

Issue	Proposed Action
<p><b>Golf Course</b></p> <p>The provision of golfing in Tamworth was at risk due to the financial stability of the management company running the golf course. The Authority has reopened and is managing the golf course for a period of up to two years.</p>	<p>Work is progressing to look at other options for securing the long-term future of the golf course site, including future redevelopment and investment options.</p>
<p><b>Housing Regeneration</b></p> <p>An in-depth study of council housing in Tamworth has identified that some housing in Tinkers Green in Wilnecote and the Kerria Centre in Amington was unpopular with residents, outdated and unsuitable for current housing needs.</p>	<p>A major redevelopment plan has been approved by the Authority's Cabinet, to involve the demolition and rebuilding of parts of the Tinkers Green and Kerria estates.</p> <p>The Authority will invest around £21.5 million over the next six years in the redevelopment of the two estates.</p>

Other actions requiring attention have been identified through the assurance gathering process and as such will form an action plan (**Appendix 3**). These actions will be entered onto the Covalent Performance Management System to aid monitoring and review. Interim reporting of actions completed will be presented to the Audit & Governance Committee.

Actions arising from the Annual Governance Statement 2011/12 assurance process are identified in **Appendix 4** and show the current status of the actions. Where actions have not been fully completed, these have been forwarded to the current action plan at **Appendix 3** in order to monitor and review their implementation.

To achieve good governance, the Authority should be able to demonstrate that it is complying with the core and supporting principles contained in the guidance and should therefore develop and maintain a local code of governance appropriate to its circumstances and comprising the requirements for best practice as set out in the CIPFA/SOLACE guidance. As such the Code of Corporate Governance 2013/14 has been reviewed and is attached as **Appendix 2**. The Code indicates what is expected as per the CIPFA/SOLACE guidance and what we have completed to ensure that the principles of good governance are met.

The Authority can demonstrate that it complies with the core and supporting principles and complies with best practice.

## **RESOURCE IMPLICATIONS**

None

## **LEGAL/RISK IMPLICATIONS**

Failure to produce an Annual Governance Statement would result in non-compliance with the Accounts and Audit (Amendment) (England) Regulations 2011.

There is a risk that failures in Governance would not be identified.

## **SUSTAINABILITY IMPLICATIONS**

None

## **BACKGROUND INFORMATION**

None

## **REPORT AUTHOR**

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## **LIST OF BACKGROUND PAPERS**

Managers Assurance Statements, Compliance with the Code of Corporate Governance review document, review of compliance to the Statements on the Role of the Chief Finance Officer in Local Government and the Role of the Head of Internal Audit in Local Government, Code of Practice for Internal Audit in Local Government in the UK review document.

## **APPENDICES**

- Appendix 1 Annual Governance Statement 2012/13
- Appendix 2 Code of Corporate Governance 2013/14
- Appendix 3 Action plan arising from the AGS 12/13 assurance process
- Appendix 4 Action plan arising from the AGS 11/12 assurance process – update June 2013