

ANNUAL GOVERNANCE STATEMENT

Report by Internal Audit Manager

1. Purpose of Report

This report provides an assessment of the Council's compliance with its Code of Corporate Governance and invites the Audit Committee to note the attached draft statement which is to be included in the financial statements.

2. Background

Midlothian Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. This is to allow public funds and the assets at its disposal to be safeguarded and used efficiently and effectively in pursuit of best value.

Elected Members and senior management are responsible for the governance of the business affairs of Midlothian Council and have therefore developed a Code of Corporate Governance based on the Chartered Institute of Public Finance and Accountancy and Society of Local Authority Chief Executives' framework.

This framework includes a requirement that an Annual Governance Statement should be prepared and included as part of the Financial Statements and requires to be authorised by the Leader of the Council and Chief Executive.

Each year, the Internal Audit service monitors the level of compliance with the code by requiring Heads of Service (including the statutory posts of Section 95 Officer and Monitoring Officer) to complete a self-assessment against the key elements of this code. Internal Audit also independently test-checks a sample of these, and other elements, as well as using evidence from its own reviews of Council performance undertaken during the year. The conclusions of any external inspections are also used to help inform this annual governance statement.

We have in addition reviewed the guidance provided by Grant Thornton "Improving Council Governance" in the preparation of the statement.

3. Report Implications

3.1 Resource

There are no direct resource implications arising from this report.

3.2 Risk

The Annual Assurance Statement highlights where progress has been made in reducing risks within the Council over the period 2012/13 and also highlights where further work is planned in 2013/14 to reduce risk further.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

3.4 Impact on Performance and Outcomes

None

3.5 Adopting a Preventative Approach

This report addresses the Council's policy to have a robust internal control environment, management of risk and effective governance.

3.6 Involving Communities and Other Stakeholders

This statement on the Council's Annual assurance Statement is as a result of consultation with management during audit assignments, consultation with the s95 Officer, Heads of Service, the Chair of the Audit Committee and External Audit.

3.7 Ensuring Equalities

We found no equalities issues to report on during the financial year.

3.8 Supporting Sustainable Development

An assessment of the effectiveness of the Code of Corporate Governance did not highlight any sustainability issues.

3.9 IT Issues

None

4. Recommendations

The Audit Committee is invited to:-

- (1) note the draft Annual Governance Statement; and
- (2) note the areas for improvement contained within that statement.

Date: 2 April 2013
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I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-

- All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Human Resources.***
- All risk implications have been addressed.***
- All other report implications have been addressed.***
- My Director has endorsed the report for submission to the Council Secretariat.***

For Cabinet reports, please advise the Council Secretariat if the report has an education interest. This will allow the report to be located on the Cabinet agenda among the items in which the Religious Representatives are entitled to participate.

Likewise, please advise the Council Secretariat if any report for Midlothian Council has an education interest. The Religious Representatives are currently entitled to attend meetings of the Council in a non-voting observer capacity, but with the right to speak (but not vote) on any education matter under consideration, subject always to observing the authority of the Chair.