

Annual Governance Statement 2012-13 (AGS)

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. This includes: setting the strategic direction, vision, culture and values of the Council; establishing appropriate and cost effective systems, processes and internal controls to allow the strategic objectives to be delivered.

In order to achieve this the Council has 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. The Council has a number of officials in statutory posts who monitor governance and the supporting processes during the year.

Each year, using an assurance template, evidence is gathered relating to the governance framework and the level of compliance with the code. This includes all 10 Heads of Service completing a self assessment and Internal Audit selecting a sample of key Financial and Non-Financial elements of governance and testing adequacy against the code. Furthermore, the assurance elements are where necessary discussed with senior management responsible for the elements.

In addition Midlothian Council's financial management arrangements conform to the requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government.

The governance elements include:-

Financial Governance

Internal Control Environment, Procurement, Strategic Financial Management, Internal Audit and Annual Statement on Internal Control, Fraud and Corruption Policy, Audit Committee, Chief Financial Officer and External Audit.

Non-Financial Governance

Monitoring Officer and Standards in Public Life, Leadership and Change Management, Risk Management, External Inspections, Single Outcome Agreement/Community Planning/Single Midlothian Plan, Planning for Emergencies and Business Interruption, Information Management Security, Customers and Complaints and Elected Member and Employee Capacity and Development.

A review of the evidence was undertaken and resulted in an overall impression of governance.

A revised Code of Corporate Governance is in development, with the above elements included, and will be submitted for approval by the full Council. This will be used as the basis for assessment next year.

A number of governance improvements were highlighted in the 2011-12 self assessment and progress has been made in procurement (including resourcing the service, developing a strategy, policies and

procedures and delivering savings), internal control guidance, whistle blowing facilities for employees and members of the public, Welfare Reform legislation, risk management and a Best Value improvement plan.

Other actions are underway but have not yet been fully addressed namely: accounts receivable collection performance; health and safety policy; information management and data protection; and business continuity.

The following areas of improvement have also been identified and are to be progressed in 2013 -14:

- as the Council continues its partnership working, a review will be undertaken to ensure compliance with Audit Scotland's report on Arms Length Bodies and Following the Public Pound;
- further progress with the Business Transformation Programme to deliver improved services and processes at reduced cost;
- further reduction in residual risk within operational services, corporate and project risk;
- imbedding the Single Midlothian Plan and associated corporate priorities;
- in supporting changes in ICT and building rationalisation, conduct structured testing of ICT and Business Recovery Plans;
- to support Elected Member capacity, by completing an Elected Member training programme; and
- the Council will continue to assess the impact of the new Welfare Reform Act on Council services

and Midlothian citizens and develop local action plans.

On the basis of the Council's assurance system, and the elements of governance at its disposal, we are satisfied that overall, Midlothian Council's corporate governance arrangements are of a satisfactory standard. We are aware of areas where improvements are required and steps will be taken in the forthcoming year to address these areas allowing the Council to advance its corporate governance arrangements and seek continuous improvement.

Signed:

Leader of the Council

Chief Executive

Date: