

**Annual Governance Statement 2013/14****Report by Kenneth Lawrie, Chief Executive****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**

- 2.1** 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.
- 2.2** 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 (CIPFA) and the Society of Local Authority Chief Executives' (SOLACE) framework.
- 2.3** This framework includes a requirement that an Annual Governance Statement (AGS) should be prepared; that this be included as part of the Financial Statements; and that the AGS be authorised by the Leader of the Council and Chief Executive.
- 2.4** Each year, the level of compliance with the Code of Corporate Governance is monitored by requiring Heads of Service (including the statutory post of Section 95 Officer) to complete a self-assessment against the key elements of the Code. Input from the Monitoring Officer is also sought. Internal Audit independently reviews a sample of control elements from the Code, 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 the AGS.
- 2.5** In addition, guidance provided by Grant Thornton, has also been reviewed in the preparation of the AGS.
- 2.6** A copy of the proposed AGS for 2013/14 is shown at Appendix 1.

**3. Report Implications****3.1 Resource**

There are no direct resource implications arising from this report.

**3.2/**

### **3.2 Risk**

The AGS highlights where progress has been made in reducing risks within the Council over the period 2013/14 and also highlights where further work is planned in 2014/15 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 Key Priorities within the Single Midlothian Plan**

By ensuring that the Council has proper governance arrangements in place, this provides a suitable framework when seeking to achieve the key priorities of the Single Midlothian Plan.

### **3.5 Impact on Performance and Outcomes**

Without good governance arrangements, performance and outcomes may be adversely affected.

### **3.6 Adopting a Preventative Approach**

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

### **3.7 Involving Communities and Other Stakeholders**

The AGS has been prepared following consultation with Chief Officers, Heads of Service, the Monitoring Officer, Internal Audit and the External Auditors.

### **3.8 Ensuring Equalities**

There are no equalities issues arising from this report.

### **3.9 Supporting Sustainable Development**

None.

### **3.10 IT Issues**

None

#### **4. Recommendation**

The Audit Committee is invited to consider and comment on the proposed Annual Governance Statement prior to its finalisation.

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