

## **Annual Governance Statement**

### **Report by Kenneth Lawrie, Chief Executive**

#### **1 Purpose of Report**

The purpose of this report is to notify members of the Audit Committee of a small number of additions recommended by the Council's External Auditors, Grant Thornton to the Annual Governance Statement which is proposed to be included in the Financial Statements.

#### **2 Background**

**2.1** The Audit Committee considered the Annual Governance Statement at its meeting on 10 May 2016. Following a review of the statement by the Council's External Auditors, Grant Thornton, a small number of additions were recommended to cover the following matters:

- The level of assurance provided by the Council's system of internal controls;
- An update on the actions taken by the Council to recover costs incurred from the demolition of 64 Council houses at Newbyres Crescent, Gorebridge due to an ingress of ground gas; and
- Necessary additional actions in the governance framework during 2016/17 to counter the effects on the Council if Article 50 of the Treaty on the European Union is triggered.

**2.2** These changes have been incorporated in an updated Annual Governance Statement which is attached as Appendix 1 to this report.

#### **3 Report Implications**

##### **3.1 Resource**

There are no direct resource implications arising from this report.

##### **3.2 Risk**

The Annual Governance Statement highlights where progress has been made in reducing risks within the Council over the period 2015/16 and also highlights where further work is planned in 2016/17 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 Annual Governance Statement has been prepared following consultation with Chief Officers, Heads of Service, the Monitoring Officer, Internal Audit and the External Auditors.

### **3.8 Ensuring Equalities**

An Equalities Impact Assessment is not required at this stage and there are no equalities issues arising from this report.

### **3.9 Supporting Sustainable Development**

There are no sustainable development issues raised in this report.

### **3.10 IT Issues**

There are no IT issues raised in this report

## **4 Recommendations**

The Audit Committee is invited to note the proposed additions to the Annual Governance Statement.

**Date** 07 September 2016

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**Background Papers:**

Appendix 1 – Annual Governance Statement