

**SURREY COUNTY COUNCIL****CABINET****DATE: 24 JUNE 2014****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES****LEAD OFFICER: JULIE FISHER, STRATEGIC DIRECTOR FOR BUSINESS SERVICES****SUBJECT: ANNUAL GOVERNANCE STATEMENT 2013/14****SUMMARY OF ISSUE:**

Surrey County Council has a statutory duty under the Accounts and Audit (England) Regulations 2011 to publish an Annual Governance Statement (AGS). The AGS provides a comprehensive assessment of governance arrangements and the internal control environment. Once signed by the Leader of the Council and the Chief Executive, the AGS is incorporated into the Statement of Accounts and the Annual Report.

**RECOMMENDATIONS:**

It is recommended that:

1. the 2013/14 Annual Governance Statement (ANNEX A) is approved and signed by the Leader and the Chief Executive for inclusion in the Statement of Accounts and Annual Report; and
2. the Audit and Governance Committee continue to monitor the governance environment and report to Cabinet as appropriate.

**REASON FOR RECOMMENDATIONS:**

There is a statutory duty to annually review and report on governance. The identification of issues in governance and internal control and a responsive approach to addressing those issues is viewed as best practice.

**DETAILS:**

1. The annual review of governance is overseen by the Governance Panel (Director of Legal and Democratic Services [Chairman], Director of Finance, Chief Internal Auditor, senior representatives from HR and Organisational Development and Policy and Performance and the Risk and Governance Manager), which has responsibility for the development and maintenance of the governance environment and production of the AGS.
2. The annual governance review has provided a satisfactory level of assurance on the governance arrangements across all activities for the financial year ending 31 March 2014. The AGS identifies specific internal control issues

that have arisen during the year, for which management action plans are being implemented by the identified responsible officers and monitored by Select Committees and the Audit and Governance Committee.

**CONSULTATION:**

3. The Continual Improvement Board was consulted on the draft AGS at their meeting on 28 April 2014 and their comments have been incorporated.
4. The Audit and Governance Committee considered the AGS at its meeting on 29 May 2014. The Leader and the Chief Executive introduced the AGS and commended it to the Committee. The Committee suggested some additions to the AGS, which the Leader and the Chief Executive agreed to include. The AGS item minutes from the meeting are attached at ANNEX B.
5. At the end of the discussion, the Committee made the following resolutions:
  - i. That the Committee is satisfied that the governance arrangements are represented correctly in the AGS; and
  - ii. That the Committee COMMENDS the draft AGS to the Cabinet, subject to additional amendments, for publication with the council's Statement of Accounts.

**RISK MANAGEMENT AND IMPLICATIONS:**

6. Positive action to respond to the issues in the AGS will enhance the council's ability to mitigate risk.

**Financial and Value for Money Implications**

7. There are no direct financial implications. Continued improvements in governance will help to deliver value for money for residents.

**Section 151 Officer Commentary**

8. The Section 151 Officer is a member of the council's Governance Panel and so is up to date with key risks and the governance environment and confirms that all relevant matters are considered in the Annual Governance Statement.

**Legal Implications – Monitoring Officer**

9. The AGS is required by the Accounts and Audit (England) Regulations 2011 and forms part of the council's Statement of Accounts.

**Equalities and Diversity**

10. There are no direct equalities implications but any actions taken need to be consistent with the council's policies and procedures.

**WHAT HAPPENS NEXT:**

11. The AGS is signed by the Leader and the Chief Executive and incorporated into the council's Statement of Accounts and Annual Report for 2013/14.

12. The Audit and Governance Committee will continue to monitor the governance environment and report any significant issues to the Cabinet as appropriate.

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**Contact Officer:**

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**Consulted:**

Governance Panel, Continual Improvement Board, Chief Executive, Audit and Governance Committee, Leader of the Council.

**Annexes:**

Annex A – Annual Governance Statement 2013/14.

Annex B – Extract from the minutes of the Audit and Governance Committee on 29 May 2014.

**Sources/background papers:**

- Governance Panel minutes, governance review working papers, CIPFA/SOLACE Framework for Delivering Good Governance in Local Government, Code of Corporate Governance.
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