

Annual Governance Statement

1. *This statement is given in respect of the Statement of Accounts 2012/2013 for the Tyne and Wear Economic Development Joint Committee. We acknowledge our responsibilities for ensuring that there are effective corporate governance arrangements in place and that there is an effective system of internal control which is maintained and operated in connection with the resources concerned.*
2. *The system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.*
3. *The system of internal control is based on a framework of regular management information, financial procedure rules, procedure manuals covering financial and administrative matters (including segregation of duties), management supervision, a system of delegation and accountability and an annually reviewed Risk Assessment. The system includes:*
 - ⊗ *A clear delegation scheme;*
 - ⊗ *Comprehensive budgeting and financial control systems;*
 - ⊗ *A robust system of budgetary control including formal reports at every meeting of the Joint Committee and an annual financial report which indicates financial performance against the budgets and commitments;*
 - ⊗ *The preparation of regular financial reports for the Joint Committee which indicate actual expenditure against commitments and forecasts;*
 - ⊗ *Clearly defined grant expenditure guidelines;*
 - ⊗ *Use of appropriate project management disciplines;*
 - ⊗ *An annually reviewed Risk Assessment.*
4. *In order to ensure an independent review of the adequacy, or otherwise, of the systems of internal control, Sunderland City Council maintains an adequate and effective internal audit which, provides internal audit services to the Joint Committee. The Internal Audit Division fully complies with all relevant professional standards.*

The work of Internal Audit is based upon its three year Strategic Audit Plan which covers all areas of activity and the associated risks and is updated to reflect new initiatives, risk areas and legislation. The annual audit plan is drawn up from the Strategic Audit Plan and resources are allocated to reflect the level of assessed risk of each area.

The Head of Internal Audit reports the findings of audits to the Manager

of the Joint Committee and if appropriate to the Treasurer, and action is agreed to address these findings as necessary.

5. *The review of the effectiveness of the system of internal control is informed by:*

- § The work of the Manager and the Joint Committee;*
- § The annual risk assessment as reported;*
- § The work of the Internal Audit Division as described above;*
- § The effectiveness of Internal Audit (subject to review annually by the external auditors) and*
- § The external auditors in their annual audit letter and report.*

6. *Whilst the Internal Audit Section has concluded that, work performed in relation to the Joint Committee has not raised any issues of concern in relation to either internal control or financial control, the internal control system can always be improved. We will ensure that any recommendations for improvement arising from findings from internal audit reports to the control system are implemented.*

M. Page
Treasurer

D. Smith
Secretary

P. Watson
Chairman

Dated: 27th June 2013