

**Title of meeting:** Governance and Audit and Standards Committee  
**Date of meeting:** Friday 26<sup>th</sup> September 2014  
**Subject:** Annual Governance Statement  
**Report From:** Jessica Birkett, Workforce & Skills Planning Officer, Strategy Unit  
**Wards Affected:** None  
**Key Decision (over £250K)** No

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## **1. Purpose of Report**

1.1. The report seeks approval from the Governance & Audit & Standards Committee (G & A & S) for the council's finalised Annual Governance Statement (AGS) for 2013/14 and the proposed framework that will be put in place to monitor progress.

## **2. Recommendations**

2.1. It is recommended that the Governance and Audit and Standards Committee:

- a) Note the progress made against 2012/13 annual governance issues as set out in Appendix A
- b) Approves the Annual Governance Statement 2013/14 for publication as set out in Appendix B
- c) Approves the 2014 Local Code of Governance for publication as set out in Appendix C
- d) Select the monitoring process from the options in paragraph 6.3

## **3. Background**

3.1. The Authority has a duty to produce and publish an Annual Governance Statement (AGS). This sets out how Portsmouth City Council has complied with the Local Code for Governance, and how the authority meets the requirements of Regulation 4(3) of the Accounts and Audit (England) Regulations 2011.

3.2. It is a key role of the Governance and Audit committee to monitor governance issues across the authority and ensure they are performance managed. The Governance and Audit and Standards Committee receive regular updates on the development of the Annual Governance Statement; the committee last received an update in June 2014. Governance issues are also reviewed regularly by the Corporate Governance Group. The officers in attendance at Corporate Governance Group are David Williams-Chief Executive, Michael Lawther-City Solicitor and Strategic Director, Jon Bell-Head of HR, Legal and Performance, Chris Ward-Head of Finance and Lyn Graham-Chief Internal Auditor.

3.3. The AGS supports the Local Code of Corporate Governance, setting out six core principles of governance, originally adopted by the council in March 2010. Every year, a number of sources are analysed - the Annual Audit letter, reports from Ofsted and the CQC, and collated governance questionnaire returns from Heads of Service. Peer reviews with other local authorities are also being used as a 'critical friend' to

review the council's practices in a challenging but supportive way and highlight further governance issues that the authority is at risk from.

#### **4. Progress Against the 2012/13 Annual Governance Issues**

- 4.1. The purpose of the Annual Governance Statement is to set out the systems and processes in place to ensure that Council business is conducted lawfully and in accordance with proper standards. Compliance helps ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It also acknowledges the Council's responsibility to secure continuous improvement in the way in which its functions are exercised by outlining significant governance issues facing the organisation and steps that will be taken to address them.
- 4.2. On 26<sup>th</sup> September 2013 the Governance and Audit and Standards Committee approved the 2012/13 Annual Governance Statement. This can be found in Appendix A, detailing the progress made on each item and whether it will be carried forward to the 2013/14 Governance Statement.

#### **5. Steps taken to develop the 2013/14 Annual Governance Statement**

- 5.1. The 2013/14 Annual Governance Statement has been prepared in accordance with the proper practice framework–Delivering Good Governance in Local Government issued jointly by SOLACE<sup>1</sup> and CIPFA<sup>2</sup> in 2007 (addendum issued in 2012).
- 5.2. The Council is responsible for conducting a review of the effectiveness of its governance framework in order to identify any weaknesses. To support the review of effectiveness a self-assessment of the Governance and Audit and Standards Committee has been completed by the current Chair of the Governance and Audit and Standards committee (with support from the previous chair).
- 5.3. To support the review of effectiveness, the following sources have been reviewed:
  - a) External Audit's Annual Plan and opinion.
  - b) Issues identified through business planning and performance management.
  - c) Data protection and information governance issues.
  - d) Corporate complaints and freedom of information requests.
  - e) Employee Opinion and Pulse Survey results.
  - f) Annual Internal Audit report and opinion.
  - g) The Corporate Risk Directory
- 5.4. Considerable progress has been made in addressing the significant governance issues identified in the 2012/13 Annual Governance Statement. However, it is proposed that some of the issues roll over into the 2013/14 Annual Governance Statement to allow further work.
- 5.5. Taking into consideration findings from the review of effectiveness, the table on pages 12-16 of the draft Annual Governance Statement 2013/14 sets out the proposed list of significant governance issues that need to be tackled over the coming year this can be found in Appendix B.

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<sup>1</sup> Society of Local Authority Chief Executives and Senior Managers

<sup>2</sup> Chartered Institute of Public Finance and Accountancy

## **6. Review of monitoring process for Governance Issues**

- 6.1 The progress made on governance issues detailed in the Annual Governance Statements are currently all monitored quarterly at each Governance and Audit and Standards Committee and also at regular Governance and Audit Board meetings.
- 6.2 Committee are asked to review the current monitoring method against alternative processes outlined in paragraph 6.3. Alternative means of monitoring have been explored to increase the effectiveness of the Governance and Audit and Standards Committee by enhancing accountability of the lead officer on each item to ensure acceptable progress is made on all governance issues stated in the AGS.
- 6.3 Monitoring Options:
  - (a) Maintain current monitoring process, general review of all items at each committee meeting. This process allows committee to have quarterly updates of each governance item. However, it does not allow for direct contact with the lead(s) of an item, nor does it allow in depth enquiry into the progress of an item.
  - (b) A smaller number of items to be reviewed in detail at quarterly Governance and Audit and Standards Committee meetings. The lead of each selected item will attend Committee to provide an update on progress and answer questions about the item. This process will allow Committee to have a greater influence on the progress of each item and the leads of an item will need to take more accountability to progress their item and report back at committee meetings.
  - (c) General review of all items at each committee meeting, in addition to this select a small number of items for a detailed update on progress from the lead at the following committee meeting. This process allows committee to stay up-to-date on all governance issues, but also allows for early intervention from committee if it is thought that an item is not progressing as planned on the AGS.

## **7. Equality Impact Assessment (EIA)**

- 7.1. An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

## **8. Legal Implications**

- 8.1. Legal considerations have been taken into account in the preparation of this report and where appropriate embodied within it.

## **9. Head of Finance Comments**

- 9.1. There are no financial implications arising from the recommendations in this report.

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 Signed by: Jon Bell  
**Head of HR, Legal and Performance**

**Appendices:**

<b>Appendix A</b>	Summary of progress on actions to address the 2012/13 annual governance issues
<b>Appendix B</b>	Annual Governance Statement for 2013/14
<b>Appendix C</b>	Local Code of Governance 2014

Background list of documents: Section 100D of the Local Government Act 1972. The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
Delivering good governance in Local Government: Framework (addendum 2012)	<a href="http://www.cipfa.org/Services/Networks/Better-Governance-Forum/Corporate-Governance-Documentation/New-addendum-for-Annual-Governance-Statements">http://www.cipfa.org/Services/Networks/Better-Governance-Forum/Corporate-Governance-Documentation/New-addendum-for-Annual-Governance-Statements</a>
Annual Governance Statement 2012/13	<a href="http://democracy.portsmouth.gov.uk/ieListDocuments.aspx?CId=148&amp;MId=2250&amp;Ver=4">http://democracy.portsmouth.gov.uk/ieListDocuments.aspx?CId=148&amp;MId=2250&amp;Ver=4</a>
Local code of governance 2014	<a href="#">TBC</a>
Analysis of Internal Control Questionnaires 2014	Strategy Unit
Corporate Peer Challenge feedback presentation	Strategy Unit
OSC RIPA Inspection	Internal Audit
External Audit's Annual Plan	Strategy Unit
14-19 peer challenge feedback presentation	Strategy Unit
HMIP Inspection feedback report	Strategy Unit
Pre-birth to 5 peer challenge feedback presentation	Strategy Unit
Employee opinion and pulse results	Corporate Communications
G&A&S Committee self-assessment checklist	Strategy Unit
Annual Internal Audit report and opinion	Internal Audit