

**Title of meeting:** Governance and Audit and Standards Committee

**Date of meeting:** 20<sup>th</sup> November 2020

**Subject:** Annual Governance Statement

**Report by:** Kelly Nash, Corporate Performance Manager

**Wards affected:** n/a

**Key decision:** No

**Full Council decision:** No

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**1. Purpose of report**

1.1 The report seeks approval from the Governance and Audit and Standards Committee for the council's Annual Governance Statement (AGS) for 2019/20.

**2. Recommendations**

2.1 The Governance and Audit and Standards Committee is asked to:

- 1) Agree the Annual Governance Statement 2019/20 (Appendix 1)

**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 of Governance, and how the authority meets the requirements of Regulation 4 (3) of the Accounts and Audit (England) Regulations 2011.

3.2 The purpose of the AGS 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 setting out how these will be addressed.

3.3 It is a key role of the Governance and Audit and Standards 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. Governance issues are also reviewed regularly by the Corporate Governance Group which is

attended by the Chief Executive, the Monitoring Officer, Director of Finance and Resources, Director of Corporate Services and the Chief Internal Auditor.

- 3.4 The AGS reports against seven core principles of governance set out in the International Framework for Good Governance in the Public Sector. The detail of how the organisation addresses these principles is set out in the Local Code of Governance, which was refreshed and approved by Governance and Audit and Standards Committee in 2019. Every year, a number of sources are analysed, including the Annual Audit Letter, in order to review the council's practices and highlight further governance issues where the authority may be exposed.
- 3.5 For 2019/2020, the Annual Governance Statement also notes that the Covid-19 pandemic response had started and that this response and wider recovery will have significant implications for the governance of the organisation, including changes to process, exceptional use of resources and reduced assurance. It is recognised that some requirements on the authority (such as distributing a large number of business grants at pace without established processes and against a backdrop of pressure from the Government to get money out swiftly) will have created new and unusual risks and exposures. It is highlighted that these issues will be significant for the 2020/21 year, although the full implications are not yet known.
- 3.6 The Annual Governance Statement also includes the annual opinion on the effectiveness of the internal system of control from the Chief Internal Auditor.
- 3.7 The final Annual Governance Statement for 2019/20 is attached at Appendix 1, and has been signed off by the Leader of the Council and the Chief Executive.

#### **4. Reasons for recommendations**

- 4.1 The 2019/20 Annual Governance Statement has been prepared according to the proper practice framework - Delivering Good Governance in Local Government issued jointly by SOLACE (Society of Local Authority Chief Executives and Senior Managers) and CIPFA (Chartered Institute of Public Finance and Accountancy) in 2016.

#### **5. Integrated impact assessment**

- 5.1 An integrated impact assessment is not required as the recommendations do not directly impact on service or policy delivery. Any changes made arising from this report would be subject to investigation in their own right.

#### **6. Legal implications**

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

**7. Director of Finance's comments**

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

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Signed by: Paddy May, Corporate Strategy Manager

**Appendices:**

**Appendix 1 - Annual Governance Statement 2019/20**

**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:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: