

<b>Title of meeting:</b>	Governance and Audit and Standards Committee
<b>Date of meeting:</b>	Friday 25 <sup>th</sup> September 2015
<b>Subject:</b>	Annual Governance Statement
<b>Report From:</b>	Rob Rimmer, Strategy Unit
<b>Wards Affected:</b>	None
<b>Key Decision :</b>	No
<b>Full Council decision:</b>	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 2014/15 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 and recommendations made against the 2013/14 annual governance issues as set out in Appendix A
  - b) Approves the Annual Governance Statement 2014/15 for publication as set out in Appendix B
  - c) Approves the 2015 Local Code of Governance for publication as set out in Appendix C
  - d) Confirm the monitoring process for the next AGS cycle.

## **3. Background/Reasons for recommendations**

- 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 and the committee last received an update in June 2015. Governance issues are also reviewed regularly by the Corporate Governance Group which is attended by the Chief Executive, Deputy Chief Executive, Director of HR, Legal and Performance, Director of Finance and IS and the 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 including the Annual Audit letter, reports from Ofsted and governance questionnaire returns from Directors in order to review the council's practices and highlight further governance issues that the authority is at risk from.

#### **4. Progress Against the 2013/14 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 2014 the Governance and Audit and Standards Committee approved the 2013/14 Annual Governance Statement. Appendix A details the progress made against each issue and a recommendation as to whether or not to roll over into the 2014/15 Governance Statement.

#### **5. Steps taken to develop the 2014/15 Annual Governance Statement**

- 5.1. The 2014/15 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.
- 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) Annual Internal Audit report and opinion.
  - f) The Corporate Risk Directory
- 5.4. In addition, due consideration has been given to the impact of the senior management restructure which was implemented in May 2015.

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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

5.5. Considerable progress has been made in addressing the governance issues identified in the 2013/14 Annual Governance Statement. However, it is proposed that some of the issues roll over into the 2014/15 Annual Governance Statement to allow further work.

5.6. Taking into consideration the findings from the review of effectiveness, the proposed list of governance issues that need to be addressed over the coming year are identified at pages 12-15 of the draft Annual Governance Statement 2014/15 which can be found at Appendix B.

## **6. Monitoring process for Governance Issues**

6.1 In 2014, members received detailed reports about the key governance issues identified according to a set timetable which takes account of particular milestones. It is recommended that this process continues according to the timetable proposed at Appendix D.

## **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. Director of Finance's Comments**

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

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Signed by: Jon Bell

**Director of HR, Legal and Procurement**

## **Appendices:**

<b>Appendix A</b>	Summary of progress on actions to address the 2013/14 annual governance issues
<b>Appendix B</b>	Annual Governance Statement for 2014/15
<b>Appendix C</b>	Local Code of Governance 2015
<b>Appendix D</b>	Monitoring timetable for 2014/15

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 2013/14	<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	Strategy Unit
Analysis of Internal Control Questionnaires 2014	Strategy Unit
External Audit's Annual Plan	Strategy Unit
HMIP Inspection feedback report	Strategy Unit
G&A&S Committee self-assessment checklist	Strategy Unit
Annual Internal Audit report and opinion	Internal Audit