

# AUDIT & STANDARDS COMMITTEE

## Agenda Item 23

Brighton & Hove City Council

**Subject:** Annual Governance Statement 2011/12  
**Date of Meeting:** 26<sup>th</sup> June 2012  
**Report of:** Director of Finance  
**Contact Officer:** Name: Ian Withers Tel: 29-1323  
E-mail: [ian.withers@brighton-hove.gov.uk](mailto:ian.withers@brighton-hove.gov.uk)  
**Wards Affected:** All

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 The purpose of this report is to present the Council's Annual Governance Statement 2011/12 for consideration and approval.
- 1.2 The Annual Governance Statement provides a comprehensive assessment of the governance arrangements and the internal control environment across all activities of the council. Once approved it will be signed by the Chief Executive and Leader.
- 1.3 The Accounts and Audit Regulations 2011 now require the Annual Governance Statement to 'accompany' the Statement of Accounts. The change in wording from the previous regulations emphasises the statement is separate from the accounts. Following approval the Annual Governance Statement will also be published as a separate stand alone document.

#### 2. RECOMMENDATIONS:

It is recommended that the Committee:

- 2.1 Consider the Annual Governance Statement, comment accordingly and approve for publication.

- 2.2 Note in particular the actions to further improve governance arrangements. The Audit & Standards Committee will be updated during 2011/12 on the progress made.

### **3. BACKGROUND INFORMATION:**

- 3.1 Governance comprises the systems, processes, culture and values by which Councils are directed and controlled and through which they account to, engage with, and where appropriate, lead their communities. Every Council has a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.
- 3.2 The Accounts and Audit Regulations 2011 imposes a statutory requirement on all local authorities to conduct a review of the effectiveness of its governance arrangements and to publish the results in an Annual Governance Statement. The Annual Governance Statement is signed by the Leader and the Chief Executive.
- 3.3 The Annual Governance Statement must be prepared in accordance with the Accounts & Audit Regulations and the CIPFA/SOLACE framework '*Delivering Good Governance in Local Government 2007*'.
- 3.4 The Annual Governance Statement gives the Council the mechanism to demonstrate its positive governance culture and achievements to its stakeholders.

### **4. REVIEW OF GOVERNANCE ARRANGEMENTS**

- 4.1 The annual review of the effectiveness of the council's governance arrangements and preparation of the Annual Governance Statement has been carried out by the Head of Audit & Business Risk with input from key officers. It was considered by the Officers' Governance Board on 11<sup>th</sup> June 2012.
- 4.2 The outcome of the annual review was that the Council has generally sound governance arrangements in place.
- 4.3 The Officers' Governance Board will continually review the governance arrangements throughout the year, as well as focussing on specific areas identified in the Annual Governance Statement. An update report on actions contained in the Annual Governance Statement will be made to the Audit & Standards Committee on 20<sup>th</sup> November 2012.

## **5 DRAFT ANNUAL GOVERNANCE STATEMENT**

5.1 The draft Annual Governance Statement for 2011/12 is shown at Appendix 1. It has been prepared generally in line with the CIPFA/SOLACE best practice guidance and comprises the following:

- The purpose of the governance framework
- The council's governance framework
- Review of effectiveness
- Governance Issues and actions for improvement

5.2 Implementation of actions will be monitored by Audit & Business Risk and reported back to the Officers' Governance Board and Audit & Standards Committee.

## **6. CONSULTATION**

6.1 Internal consultation has been carried out with key officers and members of the Officers' Governance Board.

## **7. FINANCIAL & OTHER IMPLICATIONS:**

7.1 Financial

Sound corporate governance and proper systems of internal control are essential to the financial health and reputation of the council. The resources required to implement the actions outlined to strengthen the governance arrangements are provided for in the agreed 2012/13 budget..

Anne Silley  
Business Engagement Manager  
Financial Services

15<sup>th</sup> June 2012

7.2 Legal Implications:

The statutory basis for this report is regulation 4 of the Accounts and Audit (England) Regulations 2011, which requires the council (among other matters):

- to conduct a review at least once a year of the effectiveness of its system of internal control

- to ensure the findings of the review are considered by Full Council or one of its committees; and

- following the review, to ensure that Full Council or one of its committees to approves an annual governance statement
- to ensure the annual governance statement accompanies the council's statement of accounts for that year

The Audit & Standards Committee is fulfilling these requirements as a committee of the Council designated for this purpose.

Oliver Dixon  
Acting Senior Lawyer

14<sup>th</sup> June 2012

7.3 Equalities Implications:

There are no direct equalities implications arising directly from this report

7.4 Sustainability Implications:

There are no direct sustainability implications arising from this report.

7.5 Crime & Disorder Implications:

There no direct implications for the prevention of crime and disorder arising from this report.

7.6 Risk and Opportunity Management Implications:

The preparation of the Annual Governance Statement has been explicitly linked to the risk management framework of the City Council. One of three principles of good governance is "taking informed, transparent decisions and managing risk".

7.7 Corporate / Citywide Implications:

Robust corporate governance arrangements are essential to the sound management of the City Council and the achievement of its objectives as set out in the Corporate Plan.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Annual Governance Statement 2011/12

### **Background Documents**

1. Brighton & Hove City Council's Code of Corporate Governance
2. CIPFA/SOLACE Delivering Good Governance in Local Government – (Framework 2007)
3. Delivering Good Governance in Local Government – Guidance notes for English Authorities (CIPFA/SOLACE 2007)
4. Accounts & Audit Regulations 2011 (Amended)
5. Local Government Governance Review, (June 2012 Consultation Paper), Grant Thornton

