

Subject:	Annual Governance Statement 2014/15		
Date of Meeting:	23 June 2015		
Report of:	Interim Executive Director Finance & Resources, and Monitoring Officer		
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The purpose of this report is to present the draft Annual Governance Statement for 2014/15 following completion of the annual review of the council's governance arrangements, including its systems of internal control.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee approve the draft Annual Governance Statement (attached as Appendix 1) subject to any comments or amendments as they consider appropriate.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 All local authorities have a statutory responsibility under the Accounts and Audit Regulations 2011 to conduct, at least annually, a review of the effectiveness of their governance framework, including their system of internal control. Following the review, an Annual Governance Statement must be produced, approved, and published. It is required to be signed by the Chief Executive and the Leader of the Council.
- 3.2 The Annual Governance Statement is a statement that demonstrates whether, and if so to what extent, the council complied with its Code of Corporate Governance over the previous financial year (2014/15). The Code of Corporate Governance is agreed by full Council and forms part of the constitution. It reflects legal requirements and good practice guidance. An update to the Code of Corporate Governance will be submitted to this Audit & Standards Committee meeting for consultation prior to the approval of full Council.
- 3.3 The Annual Governance Statement has reflected feedback from the Audit & Standards Committee, Officers' Governance Board, the council's external auditors and the findings of the review of the system of internal control. It has also been prepared in accordance with the Chartered Institute of Public Finance & Accountancy and the Society of Local Authority Chief Executives and Senior

Managers (CIPFA/SOLACE) guidance and framework entitled, 'Delivering Good Governance in Local Government'.

- 3.4 The CIPFA/SOLACE guidance defines "governance" as comprising 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.
- 3.5 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 Risk Management lead officer, the Head of Legal & Democratic Services, the Head of Internal Audit, with input from other key officers. It was considered by the Officers' Governance Board which includes the interim Executive Director of Finance and Resources, the Monitoring Officer, the Head of Internal Audit and Risk Management lead officer, and the Executive Leadership Team.
- 4.2. The Officers' Governance Board will continue the review the governance arrangements throughout the year, as well as focussing on specific areas identified in the Annual Governance Statement.

5. DRAFT ANNUAL GOVERNANCE STATEMENT

- 5.1 The draft Annual Governance Statement for 2014/15 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 The statement identifies progress made with the implementation of actions contained in the Annual Governance Statement for 2013/14 and the implementation of action points from the 2014/15 statement will be monitored by the Officers' Governance Board and an update report submitted to the Audit & Standards Committee.

6. ANALYSIS AND CONSIDERATION OF ALTERNATIVE OPTIONS

- 6.1 The adoption of the Annual Governance Statement is required by the Accounts and Audit (England) Regulations 2011. Analysis of the state of governance and

the reasons for the conclusions are contained in the draft statement in the Appendix.

7. COMMUNITY CONSULTATION AND ENGAGEMENT

- 7.1 The draft statement was prepared by the Officers' Governance Board with information from a variety of sources, including external auditors, feedback from the Audit & Standards Committee and results of internal audits. There was no consultation undertaken with the public.

8. CONCLUSION

- 8.1 The council has generally sound and effective governance in and the Officers' Governance Board will keep the arrangements in place and report progress to the Audit & Standards Committee as appropriate. The draft governance statement reflects officers' assessment and is recommended to Members for approval.

9. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 9.1 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 2015/16 budget.

Finance Officer Consulted: James Hengeveld 29/5/2015

Legal Implications:

- 9.2 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 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.

Lawyer consulted: Elizabeth Culbert 29/05/2015

Equalities Implications:

- 9.3 There are no direct equalities implications arising directly from this report.

Sustainability Implications:

- 9.4 There are no direct sustainability implications arising from this report.

SUPPORTING DOCUMENTATION

Appendices:

1. Annual Governance Statement 2014/15

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 (CIPFA/SOLACE) Addendum 2012
4. Accounts & Audit Regulations 2011