

<b>Subject:</b>	<b>Annual Governance Statement 2015/16</b>		
<b>Date of Meeting:</b>	<b>21 June 2016</b>		
<b>Report of:</b>	<b>Executive Director, Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jackie Algar</b>	<b>Tel: 01273 29-1273</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

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

- 1.1 This report presents the draft Annual Governance Statement for 2015/16 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 off 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 year (2015/16). The Code of Corporate Governance was presented to the Audit & Standards Committee in June 2015 prior to submission for agreement by full Council and forms part of the constitution. It reflects legal requirements and good practice guidance.
- 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 achievement to its stakeholders.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 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, the Head of Legal and Democratic Services, the Assistant Director Finance & Procurement, the Head of Internal Audit (all are represented on the Officers' Governance Board) with input from other key officers. It was considered by the Executive Leadership Team on 11 May 2016.
- 4.2 The Officers' Governance Board will continue the review of governance arrangements throughout the year, as well as focussing on specific areas for action identified in the Annual Governance Statement.

#### **5. DRAFT ANNUAL GOVERNANCE STATEMENT**

- 5.1 The draft Annual Governance Statement for 2015/16 is shown at Appendix 1. It has been prepared generally in line with the CIPFA/SOLACE best practice and comprises the following:
- The purpose of the governance framework
  - The council's governance framework
  - Review of effectiveness
  - Governance issues and actions for improvement

This statement identifies progress made with the implementation of actions contained in the Annual Governance Statement for 2014/15 and the implementation of action points from the 2015/16 statement will be monitored by the Officers' Governance Board.

#### **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.

## 8 CONCLUSION

- 8.1 The council has generally sound and effective governance arrangements in place and the Officers' Governance Board will keep the arrangements under review 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 robust 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 within the agreed 2016/17 budget.

*Finance Officer Consulted: James Hengeveld*

*Date: 13/05/16*

### 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:
- to conduct a review at least once a year of the effectiveness of its internal control;
  - to ensure the findings of the review are considered by Full Council or one of its committees;
  - 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*

*Date: 23/05/16*

### 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 directly from this report.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Annual Governance Statement 2015/16.

### **Documents in Members' Rooms**

1. None.

### **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.