

Report to	Standards and Audit Committee
Date	25 June 2013
By	Monitoring Officer
Title of Report	Annual Governance Statement and Updated Local Code of Corporate Governance
Purpose of Report	To seek approval to the Annual Governance Statement for 2012-13 to accompany the Authority's Statement of Accounts and to note the updated Local Code of Corporate Governance

Recommendation: The Committee is recommended to:

- 1) approve the Annual Governance Statement for 2012-13 to accompany the Authority's Statement of Accounts; and**
 - 2) note the updated Local Code of Corporate Governance.**
-

1. Introduction

- 1.1 This report explains the statutory basis for the production of an Annual Governance Statement and the contribution this makes to ensuring good governance within a public authority. The final draft of the annual Governance Statement for 2012-13 is appended to the report for approval. Also appended to the report for noting is the updated Local Code of Corporate Governance.

2. Background

- 2.1 Under the Accounts and Audit (England) Regulations 2011 the Authority is required to conduct a review at least once a year of the effectiveness of its system of internal control. The findings of that review must be considered by a committee of the Authority, or by the Members of the Authority as a whole. Following that review, an annual governance statement, prepared in accordance with "proper practices in relation to internal control", must be approved. The approved statement must then accompany the Authority's Statement of Accounts.
- 2.2 The "proper practices", in accordance with which the Annual Governance Statement is to be prepared, are set out in guidance¹ to local authorities (including national park authorities) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief executives (SOLACE).

3. Guidance

- 3.1 The guidance suggests that, to carry out its review, the Authority will need to:
- consider the extent to which the Authority complies with the principles and requirements of good governance as set out in the guidance;
 - identify systems, processes and documentation that provide evidence of compliance;

¹ Entitled "Delivering Good Governance in Local Government Framework" as amended in 2012

- identify the individuals and committees responsible for monitoring the systems, processes and documentation identified;
 - identify the issues that have not been addressed adequately by the Authority and consider how they should be addressed; and
 - identify the individuals who would be responsible for undertaking the actions required and plan accordingly.
- 3.2 The guidance advises that governance arrangements should be assessed against the following core principles:
- focusing on the purposes of the Authority and on outcomes for the community and on creating and implementing a vision for the local area;
 - Members and officers working together to achieve a common purpose with clearly defined functions and roles;
 - promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
 - taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
 - developing the capacity and capability of Members and officers to be effective; and
 - engaging with local people and other stakeholders to ensure robust public accountability.
- 3.3 In respect of each core principle, the guidance offers more detailed advice concerning the requirements of good corporate governance and includes an example of how an annual governance statement may look.
- 3.4 The guidance further suggests that each local authority should consider adopting in due course its own Local Code of Corporate Governance. The Authority approved its Local Code of Corporate Governance on 13 March 2012 which sets out the Authority's objectives in relation to each of the core principles of good governance, and how the Authority will seek to measure its performance against these criteria.
- 4. Annual Governance Statement 2012-13**
- 4.1 The Monitoring Officer, Chief Finance Officer and Director of Corporate Services have liaised to prepare a draft Annual Governance Statement for 2012-13, in compliance with the guidance, and which records the ongoing work that has been undertaken to establish and review governance arrangements. The draft Annual Governance Statement is set out in **Appendix I** to this report.
- 4.2 No significant governance issues have been identified. The actions for further improvement in 2013-14 are listed in paragraph 5.2 of the draft Annual Governance Statement.
- 5 Updated Local Code of Corporate Governance**
- 5.1 As part of the review of effectiveness of the Authority's governance arrangements, officers identified amendments that needed to be made to the Local Code of Corporate Governance.
- 5.2 In exercise of the authority delegated to her by the Authority on 13 March 2012, the Director of Corporate Services, in consultation with the Chair of the Standards and Audit Committee, has made the necessary amendments to the Local Code of Corporate Governance. As required by the terms of the delegated authority, these amendments are now being reported to the Committee. The Local Code of Corporate Governance, with the amendments highlighted, is set out in **Appendix 2** to this report.

6 Resources

- 6.1 The preparation of the Annual Governance Statement has been done within existing identified resources.

7 Risk management

- 7.1 The carrying out of an annual review, together with the reporting of its outcome to the Standards and Audit Committee, provides assurance that arrangements are adequate and operating effectively in practice and, where gaps are identified, that action is planned to address this for the future.

8 Human Rights, Equalities, Health and Safety

- 8.1 There are no implications arising from this report.

9. Sustainability

- 9.1 The report adheres to the principle of Promoting Good Governance as set out in the Authority's Sustainability Strategy.

10 External Consultees

- 10.1 None.

KEVIN GARDNER Monitoring Officer

Contact Officer: Kevin Gardner

Tel: 01962 847381

email: Kevin.gardner@hants.gov.uk

Appendices 1 - Draft Annual Governance Statement

2 - Updated Local Code of Corporate Governance

SDNPA Consultees Chief Executive Officer, Director of Corporate Services, Chief Finance Officer, Deputy Chief Finance Officer and Head of Internal Audit.

Background Documents None.