



South Downs

National Park Authority

Agenda Item 12
Report PRI9/20-04

Report to	Policy & Resources Committee
Date	18 July 2019
By	Head of Governance
Title of Report Decision	Annual Governance Statement and Updated Local Code of Corporate Governance

Recommendation: The Committee is recommended to:

- 1. Approve the Annual Governance Statement for 2018-19 to accompany the Authority's Statement of Accounts; and**
- 2. Note the updated Local Code of Corporate Governance.**

1. Introduction

- 1.1 Under the Accounts and Audit (England) Regulations 2015 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. It is the role of the Committee to review the outcome of the annual review of governance arrangements and approve the Annual Governance Statement, ensuring it contains any actions for improvement.
- 1.2 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).
- 1.3 This report presents the draft Annual Governance Statement for 2018-19 for approval.

2. Policy Context.

- 2.1 The SDNPA has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Senior Management Team and other officers within the Authority who have responsibility for the development and maintenance of the governance environment, the Principal Audit Manager's annual internal audit report, the work done to review the Local Code of Corporate Governance, and also by responding to comments and recommendations made by external auditors and others.
- 2.2 The Monitoring Officer, Chief Finance Officer and Head of Governance have liaised to review the organisation's governance arrangements and prepare a draft Annual Governance Statement for 2018-19, in compliance with the new guidance, and which records the ongoing

¹ Entitled "Delivering Good Governance in Local Government Framework" as amended in 2016

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.

- 2.3 No significant governance issues have been identified. The actions for further improvement in 2019-30 are listed in paragraph 5.2 of the draft Annual Governance Statement (**Appendix I**).
- 2.4 The outcome of this process has been that the Authority's Governance arrangements are considered to continue to be fit for purpose.

3. Issues for consideration

3.1 The guidance advises that it is up to each authority to set out its commitment to the seven core principles of corporate governance detailed in the guidance, determining its own governance structure, or local code, underpinned by these principles and ensuring that it operates effectively in practice. The core principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the Authorities capacity, including the capability of its leadership and individuals within it
- Managing risks and performance through robust internal controls and strong public finance management
- Implement good practice in transparency, reporting and audit to deliver effective accountability

3.2 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.

4. Local Code of Corporate Governance

4.1 In exercise of the authority delegated to him, the Chief Executive, in consultation with the Chair of the Policy and Resources 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, is set out at **Appendix 2** to this report.

4.2 The following updates have been made to the Code since it was last reported to the Committee to ensure it reflects current practice:

- Inclusion of the Nolan Principles in the introduction to the Code
- Updating principle A to include Related Parties and Outside Interests in and reference to treasury management policy and practices
- Updating principle B to include whistleblowing policy
- Updating principle D to reflect current practice in relation to setting the budget
- Updating Principle F to reference Treasury management policy and management assurance statement to the external auditor

5. Options & cost implications

5.1 This process is mandatory and therefore there are no alternatives.

5.2 The costs associated with undertaking this work are met from within the Authority's core budget.

6. Next steps

- 6.1 Subject to approval the Annual Governance Statement will be submitted along with the Authority's Statement of Accounts.

7. Other Implications

Implication	Yes*/No
Will further decisions be required by another committee/full authority?	No
Does the proposal raise any Resource implications?	There are no implications arising from this report
How does the proposal represent Value for Money?	Effective governance supports the efficient operation of the organisation
Are there any Social Value implications arising from the proposal?	There are no implications arising from this report
Have you taken regard of the South Downs National Park Authority's equality duty as contained within the Equality Act 2010?	There are no implications arising directly from this report. Any equalities implications arising from the activities or actions outlined in the Code of Corporate Governance and annual Governance statement are considered and addressed as part of the Authority's ongoing delivery.
Are there any Human Rights implications arising from the proposal?	There are no implications arising from this report
Are there any Crime & Disorder implications arising from the proposal?	There are no implications arising from this report
Are there any Health & Safety implications arising from the proposal?	There are no implications arising from this report
Are there any Data Protection implications?	There are no implications arising from this report
Are there any Sustainability implications based on the 5 principles set out in the SDNPA Sustainability Strategy:	The report adheres to the principle of Promoting Good Governance as set out in the Authority's Sustainability Strategy.

8. Risks Associated with the Proposed Decision

- 8.1 The carrying out of an annual review, together with the reporting of its outcome to the Committee, is a legal requirement and 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.

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Appendices 1 - Draft Annual Governance Statement
2 - 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.
External Consultees None
Background Documents Report to Policy and Resources Committee July 2018