

**NON EXEMPT**

## **HAVANT BOROUGH COUNCIL**

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**GOVERNANCE, AUDIT & FINANCE BOARD**

**20 JUNE 2018**

### **CORPORATE GOVERNANCE POLICY, LOCAL CODE OF CORPORATE GOVERNANCE & DRAFT ANNUAL GOVERNANCE STATEMENT 2017-18**

Will Jackson, Transformation Project Manager, Performance

#### **FOR DECISION**

**Portfolio: Deputy Leader of the Council and Cabinet Lead for Finance and Regeneration. Councillor Tim Pike**

**Chief Finance Officer: Lydia Morrison**

**Key Decision: No**

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#### **1.0 Purpose of Report**

- 1.1** Good business practice is to ensure robust policies and systems are in place and that annual reviews of governance arrangements take place. This report is submitted to the Governance, Audit & Finance Board for decision and comment on three interlinked documents which are required to be reviewed annually:

- (a) Corporate Governance Policy
- (b) Local Code of Corporate Governance
- (c) Draft Annual Governance Statement 2017-18

- 1.2** The Local Code of Corporate Governance and Corporate Governance Policy will be published on our website and will be reviewed annually.
- 1.3** Subject to comments received, a final version of the Annual Governance Statement 2017-18 will be submitted to the Board for approval on 25th July 2018 alongside the Statement of Accounts 2017-18 for Havant Borough Council.

#### **2.0 Recommendation**

- 2.1** Governance, Audit & Finance Board is recommended to approve the Corporate Governance Policy at Appendix A, the Local Code of Governance at Appendix B and provide comments on the draft Annual Governance Statement 2017-18 at Appendix C. The final version of the Annual Governance Statement will be shared for approval at the July Board meeting.

### **3.0 Executive Summary**

- 3.1 The CIPFA/SOLACE framework 'Delivering Good Governance in Local Government' urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code of Corporate Governance, and prepare a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.
- 3.2 The Corporate Governance Policy outlines the Council's approach to managing risk. Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. It is essential to the council's ability to deliver public services and as a custodian of public funds.
- 3.3 The Local Code of Governance is based on the CIPFA/SOLACE publication entitled "Delivering Good Governance in Local Government: Framework 2016 Edition". This revised framework emphasises the importance of considering the longer term and the links between governance and public financial management. The Local Code specifically identifies the actions and behaviours taken by the council in relation to each of the core and associated sub-principles as set out in the code. The Governance, Audit and Finance Board is responsible for approving the code and it is recommended that it is annually reviewed and updated accordingly.
- 3.4 The Annual Governance Statement 2017/18 at Appendix C details the Governance Framework, including the key elements of the Council's governance arrangements, the review of framework outlining the annual review process and overall opinion, and further improvement areas.
- 3.5 In terms of overall corporate governance it is the Chief Executive's and Chief Finance Officer's opinion that, although there are a few areas of work to be completed, the overall governance arrangements of the Council are considered sound. The Annual Governance Statement is informed by the self-assessment of compliance against the principles by the Transformation Project Manager - Performance, the work of Internal Audit and External Audit. The Havant Borough Council Annual Governance Statement 2017-18 will be published as part of the Annual Statement of Accounts.
- 3.6 Part of the Governance and Audit Board's remit is to assess the effectiveness of internal controls, risk management, and governance arrangements in place and this includes to be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions

required to improve it, and demonstrate how governance supports the achievements of the authority's objectives'<sup>1</sup>

#### **4.0 Additional Budgetary Implications**

- 4.1 None

#### **5.0 Background and relationship to the Corporate Strategy and Directorate Business Plan/s**

- 5.1 Corporate Governance comprises the systems and values by which Havant Borough Council is directed and controlled and through which it is accountable. To demonstrate compliance with the principles of good corporate governance, Havant Borough Council must ensure that it does the right things and in the right way. The Council must also ensure that this is done in a timely, inclusive, open, honest and accountable manner.
- 5.2 An annual review of the Corporate Governance Policy, Local Code of Corporate Governance and production of the Annual Governance Statement must be completed each year in order to evidence compliance with the principles of good corporate governance.

#### **6.0 Options considered and reasons for the recommendation**

- 6.1 A new 'CIPFA/SOLACE Framework' was published in 2016 to ensure it remains fit for purpose, which applies to Annual Governance Statements prepared for the financial year 2017/18 onwards. The revised Framework defines the seven core principles of good governance.
- 6.2 The Framework urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code of Corporate Governance and prepare a governance statement and report compliance on an annual basis.

#### **7.0 Resource Implications**

- 7.1 Financial Implications - none
- 7.2 Human Resources Implications - none
- 7.3 Other Resource Implication - none

#### **8.0 Legal Implications**

- 8.1 None. The publication of the Corporate Governance Policy, Local Code of Corporate Governance and Annual Governance Statement details

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<sup>1</sup> CIPFA guidance note for local authorities 'Audit Committees' (2013)

the Governance Framework, including the key elements of the Council's governance arrangements

## **9.0 Risks**

- 9.1 These documents are a vital part of ensuring that Council business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 9.2 Failure to produce and report these documents would carry the risk that the Council was failing in its duty to evidence that it was operating in accordance with the law and proper standards and that public money is safeguarded and properly accounted for.

## **10 Consultation**

- 10.1 The draft Corporate Governance Policy, draft Local Code of Corporate Governance and draft Annual Governance Statement have been shared with relevant Heads of Service and Executive Board. The draft of the Annual Governance Statement has also been shared with External Audit. The Board is also being consulted on the draft Annual Governance Statement prior to review of the final version which will be shared at the July Board meeting.

## **11 Communication**

- 11.1 The Corporate Governance Policy, Local Code of Corporate Governance and Annual Governance Statement will all be published on the website alongside the final version of the Statement of Accounts 2017-18.

Appendices:

Appendix A – Corporate Governance Policy

Appendix B – Local Code of Corporate Governance

Appendix C – draft Annual Governance Statement 2017-18

Background Papers: *None*

Agreed and signed off by:

Monitoring Officer: 7 June 2018

S151 Officer: 7 June 2018

Portfolio Holder: 11 June 2018

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