



Havering
LONDON BOROUGH

AUDIT COMMITTEE

25 June 2014

Subject Heading:

Annual Governance Statement

Report Author and contact details:

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Policy context:

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The draft version of the 2013/14 Annual Governance Statement for comment.

Financial summary:

N/A

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	X
Excellence in education and learning	X
Opportunities for all through economic, social and cultural activity	X
Value and enhance the life of every individual	X
High customer satisfaction and a stable council tax	X

SUMMARY

This report informs the Committee on the purpose of producing the draft Annual Governance Statement (AGS), the timetable for its production and the main roles and responsibilities of those charged with corporate governance.

The report will also aim to update the Committee on significant issues raised as part of the 2012/13 AGS and the status of these issues and any new arising as part of the 2013/14 AGS.

RECOMMENDATIONS

1. To comment on the draft 2013/14 Annual Governance Statement, attached as Appendix 1, and the process to produce.
2. To agree the draft version of the 2013/14 Annual Governance Statement subject to changes made as a result of recommendation one.

REPORT DETAIL

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) has published a 'Delivering Good Governance in Local Government' framework to encourage authorities to review and report on the effectiveness of their own governance arrangements by reference to best practice and the use of self-assessment. This framework advocates that local authorities prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. Key good practice features of an AGS include:
 - The statement has been properly approved;
 - It is easily accessible by authority members;
 - It reflects the vision of the authority;
 - It demonstrates ownership by the authority;
 - It is a key document for showing how the authority is achieving its strategic objectives;
 - It demonstrates challenge;
 - Issues are clearly articulated and it communicates a clear and concise message;
 - It clearly communicates what has been done to resolve significant control issues and what remains to be done;
 - Actions identified are SMART; and
 - It is a 'living' document, i.e. it is not focused exclusively on year end and communicates significant issues which may change from year to year.
2. The Council's constitution delegates the responsibility for approving the AGS to the Audit Committee. The Audit Committee are required as part of their role to consider any Corporate Governance related issues that need to be referred to the Governance Committee for review. There is an Officer Governance Group chaired by the Group Director Resources in place to monitor and review all aspects of corporate governance and drive the AGS process.

3. The Officer Governance Group meets quarterly ensuring that the framework and process to produce the AGS is fully embedded within the governance group's annual timetable and agenda. Due to the election this year the timetable to produce the AGS has been changed to ensure an initial draft was ready for the previous Audit Committee as part of the year end process. The AGS was presented to the April Audit Committee, to ensure that Members of the outgoing Committee were able to comment on and approve the draft AGS in the light of their involvement with the work of the audit service over the past year. Issues raised as a result of this review by the April Committee have been discussed and considered by the Governance Group and amendments have been made to the draft AGS, a final version of which is being presented to the June 2014 Audit Committee for approval and formal sign off.
4. Although significant progress has been noted in relation to the four issues highlighted in the 2012/13 Annual Governance Statement, each remains a significant issue for 2013/14. All have been refreshed to ensure the issue is clearly understood and so that the action plan and monitoring can be focused and effective.
5. A draft version of the AGS is attached as appendix 1.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications arising directly. The risk relating to incorporating new best practice guidance into current governance arrangements is an increased expectation from stakeholders that is not delivered through the actions of the Council. However this risk is unlikely as the Council is committed to openness and transparency. The risks of not reviewing our arrangements against best practice are the Council not being viewed as open and transparent and the External Auditor assessing Corporate Governance adversely. Failure to produce a robust AGS could result in adverse comments from the Council's External Auditors.

Legal implications and risks:

The Authority is statutorily obliged to conduct an annual review into the effectiveness of its systems of internal control prepared in accordance with proper practices. The Annual Governance Statement complies with that requirement and therefore there are minimal risks in ensuring that the Statement is progressed as per the recommendations.

Human Resources implications and risks:

None arising directly from this report.

Equalities implications and risks:

None arising directly from this report. Equalities is a key factors to consider in the Council's Governance arrangements and any changes to the Code of Governance or other related policies and procedures are assessed to ensure the impact is appropriately identified.

BACKGROUND PAPERS

Cipfa/Solace – “Delivering Good Governance in Local Government” and the 2012/13 Annual Governance Statement.