

Meeting:	Governance, Audit & Risk Management Committee
Date:	22nd January 2009
Subject:	Governance Update Report
Key Decision:	No
Responsible Officer:	Myfanwy Barrett – Corporate Director of Finance
Portfolio Holder:	David Ashton – Council Leader, Portfolio Holder for Strategy, Partnership & Finance
Exempt:	No
Enclosures:	Appendix: Standards Committee Reference

Section 1 – Summary and Recommendations

This report provides an update on governance for Harrow Council required to meet the requirements of CIPFA/SOLACE guidance and good corporate governance.

Recommendations: **That the Committee**

- (1) note the report and consider the issues raised by Standards Committee and agree what action, if any, should be taken in response;
- (2) recommend the Code of Corporate Governance to full Council for adoption as part of the Constitution.

Reason: (For recommendation)

To confirm the Council's approach to Corporate Governance and demonstrate our commitment to uphold the highest standards of integrity, openness and accountability. To comply with the requirements of the CIPFA/SOLACE guidance, which constitutes 'proper practice' under the Accounts and Audit Regulations 2006.

Section 2 – Report

Introduction

- 2.1 At its last meeting the committee asked officers to provide a regular update on governance. This report therefore sets out progress and issues arising since the Mid-year Governance Report.

Code of Corporate Governance

- 2.2 The Code of Corporate Governance was approved by the GARM Committee on 01/09/08. The committee agreed that the code should be incorporated into the Council's Constitution and to facilitate this, the Code was taken to the Standards Committee on 04/12/08.
- 2.3 The Standards Committee agreed to the inclusion of the Code of Corporate Governance in the Constitution subject to points raised by the Standards Committee being referred back to the GARM Committee. See reference attached.
- 2.4 The Standards Committee members expressed concern that procedures for which the Committee are accountable are being signed off as part of the annual governance review without it (the Committee), having been part of the review process. Reliance is placed solely on evidence found in minutes and provided by officers. To address this concern it is recommended that a self assessed assurance statement is developed for completion by the Standards Committee on an annual basis to feed into the annual governance review.
- 2.5 The process for adoption of the Code was also queried, and the Standards Committee was of the view that consideration should be given to consultation with other relevant parties, such as the Overview and Scrutiny Committee and the Chairman of the Constitution Review Working Group, prior to its submission to Council. To address this it is recommended that the Code be referred to the next Overview and Scrutiny Committee meeting and to the Chair of the Constitution Review Working Group prior to being referred to Council in April. The Committee should be aware that this will delay the formal adoption of the Code within the current financial year.
- 2.6 Some minor wording issues were also highlighted by the Standards Committee (see reference) which the GARM Committee should agree whether or not to implement.

The Annual Governance Statement – One Year On

- 2.7 The Service Manager, Internal Audit attended a seminar run by the CIPFA Better Governance Forum entitled Annual Governance Statement – One year on. The seminar programme covered the following presentations:

- Going forward with good governance – presented by the Office for Public Management
- Regulator’s perspective – presented by the Audit Commission
- Assurance framework for the Director of Finance – presented by Leeds Council
- The Rough Guide, the AGS and the system of internal audit

2.8 The key message from the Audit Commission on what makes a ‘good’ governance statement was one that is:

- Open, honest and credible
- Not necessarily ‘clean’
- Linked to embedded assurance framework
- End product of annual process

Quarter 3 Update

2.9 Updates are currently being obtained from officers on progress made in quarter 3 (October – December) towards the 2007/08 AGS agreed actions.

Management Assurance Exercise

2.10 Work has begun on the 2008/09 Management Assurance exercise as follows:

- Internal Audit have reviewed the Strategic Risk Register, the Governance Framework and consulted with key officers on the areas of assurance. These will be updated as appropriate and agreed with the Corporate Governance Group before issuing the self-assessments to managers for completion in February.
- The implementation of agreed actions from the 2007/08 exercise are currently being followed-up and will, for the first time, be reported on separately.
- Action will be taken in January 2009 to raise the profile of the Management Assurance exercise to ensure that managers are ready to undertake the self-assessments in February and understand how the exercise feeds into the governance framework.

Chair of Corporate Governance Group

2.8 The chair of the Corporate Governance Group has been passed to the Director of Legal and Governance Services by the Corporate Director of Corporate Finance as part of an agreed rotation.

Legal Implications

2.6 None.

Financial Implications

2.11 None.

Performance Issues

2.12 Inclusion of the Code of Corporate Governance in the Constitution will enhance the Council's governance arrangements and feed into the Use of Resources score.

Risk Management Implications

2.13 A significant proportion of the Code of Governance deals directly with Risk Management. If the council does not have an approved Code of Governance we will not be complying with the CIPFA/SOLACE guidance and may be criticised by the External Auditor, although as a robust Governance Framework is in place this risk is minimal. There is also a risk that without the Code being part of the Constitution the wider community will lack confidence in our governance arrangements.

Section 3 - Statutory Officer Clearance

Name: Myfanwy Barrett	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 5 th January 2009		
Name: Helen White	<input checked="" type="checkbox"/>	On behalf of Monitoring Officer
Date: 9 th January 2009		

Section 5 - Contact Details and Background Papers

Contact: Susan Dixson, Service Manager, Internal Audit
Tel: 020 8424 1420

Background Papers: None