

Annual Governance Statement 2023/24



Report to: Audit and Standards Committee

Date: 26 June 2024

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Executive Summary

- A** The Council is required to produce an Annual Governance Statement (AGS) to accompany the Accounts, signed off by the Chief Executive and the Leader. The draft version is presented here. The signed version will be presented when the draft Statement of Accounts is presented.
- B** The review of the Council's systems of internal control and governance has confirmed that the Council's overall governance environment remains satisfactory. Work will continue during 2024/25, overseen by the Corporate Leadership Team, to address areas where improvements or further development is needed.

Recommended that:

- A** The Committee approves the Council's draft Annual Governance Statement for 2023/24 (attached as Appendix A to the report).

Reason for decision

- A** Regulation 6 (2) of the Accounts and Audit Regulations 2015 requires the Council to conduct, at least annually, a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement (AGS) which is required to accompany the Council's Statement of Accounts.

Other Options

- A** Although the AGS is not subject to audit by the external auditors, it is a public document, and the external auditors will form a view of governance arrangements by comparing the AGS with their knowledge of systems and controls. Any significant differences between

the two are likely to raise questions about the Council's willingness to acknowledge and address problem areas.

- B** Approval of the AGS should be at a corporate level and should be confirmed by the most senior officer and Councillor (the Chief Executive and the Leader) signing the statement on behalf of the Council. It is good practice for the Council to review and approve the AGS separately from the accounts as this helps to ensure robustness and reinforce its corporate standing.

Background

1. The CIPFA/SOLACE document Delivering Good Governance in Local Government Framework (2016) defines the principles that should underpin the governance of each local government organisation and has been followed in preparing the AGS.
2. The Council must review its systems of internal control and governance annually and assure itself that its internal control environment is effective. Various sources of assurance are relied upon to enable the preparation of the AGS. These include:
 - work of the internal auditors
 - work carried out by the external auditors
 - reports from other review agencies and inspectorates (if applicable).
3. Directors and Assistant Directors have responsibility for the development and maintenance of the internal control environment. They provide annual declarations which self-assesses the rigour of the control environment within their service. The Internal Audit annual report forms a key element of the review, as does the Council's work on risk and performance management.
4. The AGS covers all significant corporate systems, processes and controls, spanning the whole range of the Council's services, including those designed to ensure that:
 - the Council's policies are implemented in practice
 - high quality services are delivered efficiently and effectively
 - the Council's values and ethical standards are met
 - laws and regulations are complied with
 - required processes are adhered to
 - financial statements and other published performance information is accurate and reliable
 - human, financial, environmental and other resources are managed efficiently and effectively.

5. The AGS is required to disclose any governance issues which may impact on the Council being able to achieve its corporate objectives. These are set out towards the end of the AGS, together with proposed actions to address these concerns and improve performance.
6. The AGS has been considered by CLT (Corporate Leadership Team). CLT, along with the Wider Leadership Team, will continue to monitor the actions set out in the AGS, along with other work that is relevant to governance. This will include, but is not limited to, managing the Internal Audit recommendation tracker and reviewing progress with risk and performance management.
7. A draft AGS is presented to the Committee for their review and comment, however, the final (signed) version will come back to the Committee with the draft accounts. This will ensure it will account for (if appropriate) any significant event that affects the assessment of the Council's governance arrangements that might occur from April 2024 onwards.

Issues/Proposals

8. Comments from the Committee about the AGS will be considered when preparing the final version for signing.

Implications

Equalities and Diversity

There is no specific reference to equalities or diversity in the AGS presented.

Climate Change

There is no specific reference to climate change in the AGS presented.

Finance

The risk management arrangements that the Council has in place are a fundamental element of the assurance framework and the AGS is based extensively on these. However, despite the work undertaken, the Council's review of its internal control and governance environment may not identify all of the internal control issues that exist. There are no financial implications arising from the recommendations.

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Governance

Approval of the Annual Governance Statement is required by section 6 (2) of the Accounts and Audit (England) Regulations 2015.

Author: Julie Galvin, Legal Services Manager and Monitoring Officer

Appendices

Appendix A – Draft Annual Governance Statement 2023/24

Background Papers

The CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016)

Glossary of terms/abbreviations used

AGS Annual Governance Statement

CIPFA Chartered Institute of Public Finance and Accountancy

SOLACE Society of Local Authority Chief executives

CLT Corporate Leadership Team