

East Herts Council Report

Audit and Governance Committee

Date of Meeting: 22 September 2020

Report by: Bob Palmer, Head of Strategic Finance and Property

Report title: Annual Governance Statement 2019/20

Ward(s) affected: All

Summary

The Accounts and Audit Regulations 2015 require that all authorities conduct a review of the effectiveness of the system of internal controls and prepare an Annual Governance Statement (AGS) each year. The AGS must be considered separately from the Statement of Accounts.

The first draft of the AGS was considered by this Committee on 28 July and this version has been amended for the comments of the Committee and the external auditor.

RECOMMENDATION FOR AUDIT & GOVERNANCE COMMITTEE:

(a) That Members review and approve the amended Annual Governance Statement for 2019/20.

1.0 Proposal(s)

1.1 That Members scrutinise the amended AGS and approve it for inclusion in the Statement of Accounts.

2.0 Background

2.1 The Council is responsible for preparing and publishing its

Annual Governance Statement in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executive and Senior Managers (SoLACE) framework.

- 2.2 This fulfils the statutory requirement that local authorities review their governance arrangements at least once a year.
- 2.3 The Delivering Good Governance in Local Government Framework requires local authorities to be responsible for ensuring that:
 - (a) their business is conducted in accordance with all relevant laws and regulations;
 - (b) public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
 - (c) there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 2.4 The annual governance statement acts as a vehicle for the review of the Council's governance arrangements. The review should be reported both internally within the Council, to the Audit and Governance Committee and externally within the published accounts to provide assurances that:
 - (a) Governance arrangements are adequate and operating effectively in practice or
 - (b) Where reviews of the governance arrangements have revealed gaps, action is planned that will ensure effective governance in the future
- 2.5 The process of preparing the governance statement should itself add value to the corporate governance and internal controls framework of the Council.
- 2.6 It is important to recognise that the governance statement

covers all significant corporate systems, processes and controls for all of the Council's activities.

- 2.7 When the Committee considered the draft AGS on 28 July amendments were requested to clarify responsibility for keeping the Code of Conduct up to date and strengthen the wording on the Council's resolve to prevent fraud and corruption. The AGS has been amended accordingly using tracked changes.
- 2.8 The external auditor asked for the AGS to be expanded to explain what impact, if any, covid-19 has had on the Council's governance arrangements. There have been no significant impacts from covid-19 on governance arrangements and this is set out in the amended AGS.
- 2.9 The amended Annual Governance Statement is attached as Appendix A for Members to review and comment on.

3.0 Reason(s)

- 3.1 As part of a framework of good governance, it is important that management and Members can demonstrate that governance issues are acted upon and the implementation of recommendations is monitored.

4.0 Options

- 4.1 Members can suggest amendments or additions to the draft AGS.

5.0 Risks

- 5.1 The timely implementation of governance recommendations will reduce the risks to the Council.

6.0 Implications/Consultations

6.1 Leadership Team have been consulted on the draft AGS and have provided Managers Assurance Statements confirming that appropriate controls have been in place in their service areas throughout the year.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

No

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

The Accounts and Audit Regulations 2015 stipulate that all authorities must conduct a review of the effectiveness of the system of internal controls and prepare an Annual Governance Statement each financial year.

Specific Wards

No

7.0 Background papers, appendices and other relevant mater

None

Contact Member

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