

# **East Herts Council Report**

## **Audit and Governance Committee**

**Date of meeting: Tuesday 22 April 2025**

**Report by:** Brian Moldon, Head of Finance S151

**Report title:** Approval of Annual Governance Statement 2021/22 & 2022/23

**Ward(s) affected: (All Wards);**

**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 each year. The Annual Governance Statement must be considered separately from the Statement of Accounts.

The previous draft versions of the Annual Governance Statement report for 2021/22 and 2022/23 have now been updated to include observations and Statutory recommendations as required by the External Auditors (EY).

## **RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:**

- a) That Members review and comment on the Updated Annual Governance Statement for 2021/22.
- b) That Members review and comment on the Updated Annual Governance Statement for 2022/23.
- c) That Members acknowledge the Statutory Recommendations that the External Auditors (EY) have made.
- d) That Members ensure that the Statutory Recommendations are presented at a meeting of the full Council within 30 days of EY presenting the report to members of the Audit and Governance.

### **1.0 Proposal(s)**

- 1.1 That Members review and comment on the draft Annual Governance Statement (AGS) for 2021/22 and 2022/23.

## **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 and Accountancy (CIPFA) Page 37 Agenda Item 6 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 the Council's activities.
- 2.7 The Annual Governance Statements are attached as Appendix A and B, 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.

3.2 The key changes to the AGS for both years are as follows:

- The 'Internal Audit Annual Assurance Statement' from the Chief Internal Auditor has been added at Section 6 which has already been through Audit & Governance for noting previously as per the request of the auditors (EY).
- Additional governance issues been included (within Section 8) from the outcome of the External Auditors (EY) 'The Completion Report for Those Charged with Governance' report.
- Statutory recommendations from Page 72 of EY completion report are included in Section 9 of the AGS.
- Signatures on final certification page updated to be new Chief Executive and Leader of the Council.

## **4.0 Options**

4.1 Members can suggest amendments or additions to the 2021/22 AGS.

4.2 Members can suggest amendments or additions to the 2022/23 AGS.

4.3 Members can question the External Auditors to obtain a full and complete understanding of: -

- (a) Why the Statutory Recommendations have been issued by EY.
- (b) Any implications that the members need to be made aware of.

## **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 confirmation that appropriate controls have been in place in their service areas throughout the year.

## **Community Safety**

No

## **Data Protection**

Part of the AGS is to consider how effectively the council is meeting its duties in relation to data protection.

## **Equalities**

Part of the AGS is to consider how effectively the council is meeting its duties in relation to equalities.

## **Environmental Sustainability**

No

## **Financial**

Part of the AGS is to consider how effectively the council is meeting its duties in relation to financial control, budgeting, and medium-term resource planning.

## **Health and Safety**

Part of the AGS is to consider how effectively the council is meeting its duties in relation to health and safety.

## **Human Resources**

Part of the AGS is to consider how the Council's Officers and members behave ethically and how the council plans its workforce over the medium term.

## **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 control and prepare an Annual Governance Statement each financial year. Part of the AGS specifically considers how the council complies with the law.

## **Specific Wards**

No

## **7.0 Background papers, appendices and other relevant material**

7.1 Appendix A – Annual Governance Statement 2021/22

7.2 Appendix B – Annual Governance Statement 2022/23

7.3 EY's report to East Hertfordshire Council Completion Report for  
Those Charged with Governance Years ended 31 March 2022  
and 31 March 2023 (listed separately on the agenda)

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