

Final - Annual Governance Statement 2024/25



1. Scope of Responsibility

East Herts Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. East Herts Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, East Herts Council is responsible for ensuring arrangements are in place for the good governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

East Herts Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016.

This statement explains how East Herts Council has complied with the Code and also meets the requirements of Regulation 6 of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control.

2. The Purpose of the Governance Framework

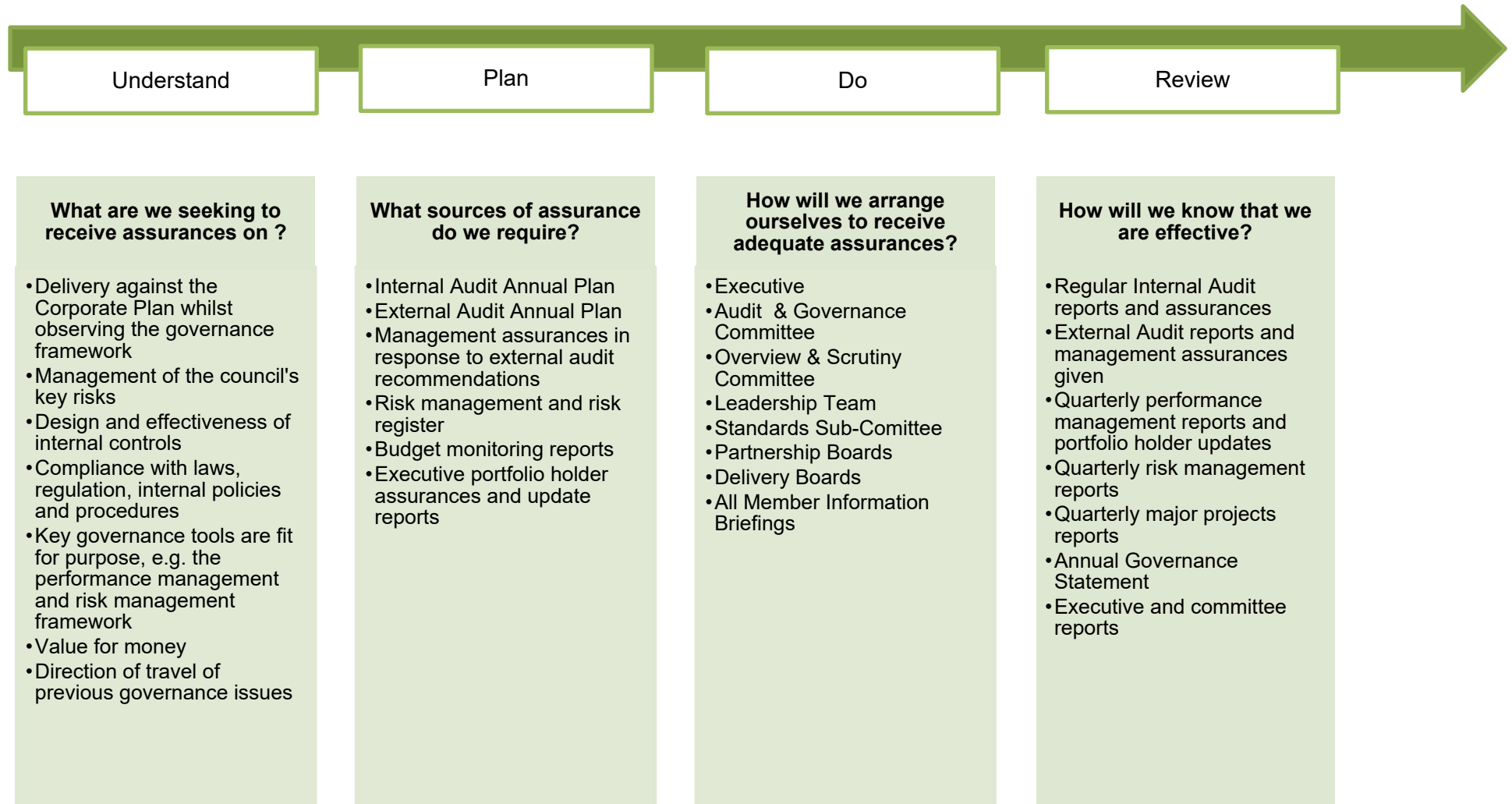
The governance framework comprises the cultures, values and systems and processes by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services and value for money. The overall aim is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities.
- there is sound and inclusive decision making; and
- there is clear accountability for the use of those resources to achieve desired outcomes for service users and communities.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assessment/assurances of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of East Herts Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at East Herts Council for the year ended 31 March 2025 and up to the date of approval of the statement of accounts.

3. Assurance Cycle



4. The Governance Framework

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**



Source: CIPFA/SOLACE Core Principles of Governance 2016

Good Governance Principle	East Herts Council's Compliance & Supporting Evidence
<p>Principle A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p><u>Behaving with integrity</u></p> <ul style="list-style-type: none"> • Members sign a commitment to comply with the Code and undergo induction on expected behaviour standards. Performance appraisals and related party transaction declarations are conducted, and action is taken on Local Government Ombudsman (LGO) complaints. • The Corporate Plan, approved by the Council, sets the operating direction and organisational values and are cascaded into Service Plans and reflected in individual appraisal goals. • Members are trained on the code of conduct requirements, and declarations are made and recorded at meetings, which are conducted according to values. • The Standards Sub-Committee delivers training sessions and promotes good conduct. Elected Members must be trained before serving on Planning and/or Licensing Committees. Effective anti-fraud and anti-corruption policies are in place, and up-to-date registers of interests, gifts, and hospitality for Members and staff are maintained, with annual completion of Related Party Transactions. <p><u>Demonstrating Strong Commitment to Ethical Values</u></p> <ul style="list-style-type: none"> • Whistleblowing policies protect individuals, and a complaints policy is reported annually to the Executive. Policies are managed through a corporate performance management system for timely review, communication, training, and are published online for transparency. • The code of conduct requires interest declarations, with meeting minutes showing declarations and legal implications identified in reports. Good ethical governance is championed by Members, particularly through the Executive, the Standards Sub-Committee, the Monitoring Officer, and the Leadership Team. The Audit & Governance Committee oversees and promotes good governance, with clear mechanisms for reporting or referral to the Monitoring Officer. Ethical awareness training, including thorough Code of Conduct training, is provided. The procurement policy includes good governance and ethical conduct, with a requirement to declare conflicts of interest and robust processes ensuring transparency, fairness, and equal treatment. <p><u>Respecting the Rule of Law</u></p>

Good Governance Principle	East Herts Council's Compliance & Supporting Evidence
	<ul style="list-style-type: none"> • Partnership Guidelines and reviews are in place, and the Procurement Strategy shows a commitment to local businesses and SMEs. The Council adheres to Bribery and Anti-Corruption policies, ensuring confidentiality of information, with data protection requirements built into contract specifications. The Constitution and statutory guidance are followed, assessed through internal and external audit, overseen by the Audit & Governance Committee. Legal implications are identified in all Executive and committee reports, and job descriptions comply with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016). The CFO reports directly to the Chief Executive, attends Leadership Team meetings, and influences material decisions through advice on corporate reports, budget monitoring, and financial strategy. The CFO is supported by a team ensuring sound financial governance. • Executive reports document legal advice and implications, and the general power of competence is used where appropriate. The Monitoring Officer leads on ethical governance and compliance with the law, with the decision-making process incorporating this. The legal team provides in-house advice, and statutory teams operate effectively. Anti-fraud and anti-corruption policies are regularly updated and incorporated into contracts. An assurance mapping exercise by Internal Audit improves detection likelihood. The grievance and disciplinary code for officers is in place, with the Monitoring Officer at a senior level. The Standards Sub-Committee is experienced, and a 360 appraisal of managers adds an additional layer of challenge, with an annual appraisal review assessing competencies and behaviours.
<p>Principle B Ensuring openness and comprehensive stakeholder engagement Local government is run for the public good; organisations therefore should ensure openness in their</p>	<p><u>Transparency and Accessibility</u></p> <ul style="list-style-type: none"> • Quarterly performance reports against the Corporate Plan. • The Freedom of Information publication scheme and the Information Governance Team's input on FOI requests ensure that exemptions are not unreasonably applied, promoting transparency.

Good Governance Principle	East Herts Council's Compliance & Supporting Evidence
<p>activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders</p>	<ul style="list-style-type: none"> • Data Protection Information Charter and compliance with the General Data Protection Regulation 2016 and Data Protection Act 2018 ensure transparent and secure data handling. • Transparency web pages and the website publishing clear and accessible information make it easy for the public to access important information. • The Annual Public inspection and publication of the Statement of Accounts online. • Webcasting of all Committee meetings , along with meetings are open to the public to attend, and record of decision making and supporting materials ensures that all decisions are documented and accessible. • Forward Plan promotes community interest in democracy by publishing the report schedule, as well as calendar of dates for submitting, publishing, and distributing timely reports ensures that information is shared openly and promptly. • Monitoring reports on the effectiveness of communications output, including social media usage, ensure transparency in how the council communicates with the public. <p><u>Comprehensive Stakeholder Engagement</u></p> <ul style="list-style-type: none"> • Stakeholder engagement is achieved through public consultations on new policies, development applications, and annual budgets. • The Listening Council Strategy ensures residents' and stakeholders' views are considered during decision-making. Specific consultations with underrepresented groups and Community Engagement Strategies for projects like Harlow and Gilston Garden Town ensure inclusive participation. • Regular meetings with government advisors on issues like homelessness and online databases of residents who register to be kept informed about planning policy ensure ongoing engagement.
<p>Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p>	<ul style="list-style-type: none"> • The Council District Plan was adopted in 2018 and sets out the framework to deliver a sustainable development. The plan will aim to provide new homes, new jobs, new facilities and infrastructure across the district.

Good Governance Principle	East Herts Council's Compliance & Supporting Evidence
<p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<ul style="list-style-type: none"> • The Council Corporate Plan "LEAF" was approved February 2024 and is available online setting out the Council's four key themes: <ul style="list-style-type: none"> ○ Listening, open and transparent ○ Environmentally focussed ○ Acting with the community ○ Fair and inclusive • This is supported by published performance indicators (using Viva Goals performance management system to track performance) and annual report summarises the Council's achievements over the past year. • A Medium-Term Financial Plan (MTFP) is the Council's key General Fund financial planning document and sets out the Council's strategic approach to the management of the General Fund including Council Tax levels, capital funding and treasury management. This strategy underpins the Council's key priorities for East Herts. The main aim is to facilitate the Council in achieving the outcomes by setting out MTFS principles, which generates the need for financial security targets, identifies financial pressures and any additional resources for priorities to ensure it has a financial sustainability plan. • The Council has a five-year Capital Programme to show how the Council determines its priorities for capital investment. All capital schemes are regularly reviewed. • Service plans, quarterly budget and performance monitoring reports, and risk management practices, including training and assessments, ensure effective operations.

Good Governance Principle	East Herts Council's Compliance & Supporting Evidence
	<ul style="list-style-type: none"> External Audit reports provide assurance on resource use, while Executive reports address competing community demands. Information on how Council Tax is spent is issued annually with tax bills. The Council has a Treasury management strategy, and an Asset Management Plan to support its financial and asset management. Reports on decision-making, mandatory training for committees, and a consultation and community engagement diary ensure informed and inclusive governance. The Communications Strategy and customer service strategy, along with a 24/7 website offering online services and specific reception times in Hertford and Bishop's Stortford, enhance accessibility and transparency. Clear policies explain the Council's processes and what customers can expect, further promoting openness and accountability.
<p>Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes.</p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making</p>	<p><u>Determining interventions</u></p> <ul style="list-style-type: none"> Decision makers receive objective and rigorous analysis of a variety of options, including risks, to ensure best value in service provision. This includes options appraisals within key decision reports, consideration of legal, financial, and HR implications, and individual risk assessments on larger projects. All Executive reports are available for consideration at Overview & Scrutiny and Audit & Governance Committee. Feedback from citizens and service users is considered when making decisions about service improvements or discontinuations, prioritizing competing demands within limited resources, including people, skills, land, and assets, while bearing in mind future impacts. Consultation outcomes are incorporated within key Executive and Council reports, with specific consultations being part of the annual budgeting process. A complaints process is in place to gather and address feedback. <p><u>Planning interventions</u></p>

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<p>mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations.</p>	<ul style="list-style-type: none"> • The Council establishes and implements robust planning and control cycles, including a calendar of meetings, annual work programmes for Audit & Governance and Overview & Scrutiny Committees, and an Executive Forward Plan. • An internal audit programme is delivered by the Shared Internal Audit Service, with findings reported to the Audit & Governance Committee and Leadership Team. • The Council engages with internal and external stakeholders through a communication strategy and initiatives like East Herts Together. • Risks are considered and monitored collaboratively, with risk management reports, Executive report risk identification, and specific project risk registers. • Arrangements are flexible and agile, with report cycles allowing adaptation to changing priorities. • Key performance indicators (KPIs) are established for the Corporate Plan and service plans, with regular financial performance measurement through quarterly budget meetings and reports. • The Council ensures capacity for regular service quality reviews, supported by an online performance management system, quarterly performance reports, and online access to performance data for members. • Budgets are prepared in alignment with organisational objectives, strategies, and the Medium Term Financial Plan, with regular budget monitoring and reporting. • Medium and long-term resource planning is informed by realistic revenue and capital expenditure estimates, supported by the Medium Term Financial Plan and Capital Strategy reports to the Executive and Audit & Governance Committee.. <p><u>Optimising achievement of intended outcomes</u></p> <ul style="list-style-type: none"> • Ensuring the Medium Term Financial Plan integrates and balances service priorities, affordability, and other resource constraints, with annual budget consultation and Audit and Governance Committee Reports. • Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term, through a full and detailed budgeting

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	<p>exercise, both capital and revenue, over the medium term, and Internal and External Audit review.</p> <ul style="list-style-type: none"> • Ensuring the Medium Term Financial Plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment during the budgetary period to achieve outcomes while optimizing resource usage. This includes identifying a plan for savings, predicting a minimum of £1 million in savings from changes to the customer service model and moving the financial system to the cloud, further budget reductions from additional income following the Fees and Charges Policy and the Commercial Strategy, assurance from external auditor reports, monthly tracking of savings and budgets, and quarterly budget reporting to elected members. • Ensuring the achievement of 'social value' through service planning and commissioning, as stated in the Public Services (Social Value) Act 2012. This involves identifying social value in the procurement strategy (revised in 2025), assessing social value as part of the award process under procurement, and setting Social Value Policy and Priority Themes, Outputs, and Measures.
<p>Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must</p>	<p><u>Developing the entity's capacity</u></p> <ul style="list-style-type: none"> • Reviewing operations and performance use of assets regularly to ensure their continuing effectiveness, including the Assets Strategy, Asset Management Group monthly reviews, and the Commercial Strategy. • Improving resource use through techniques such as benchmarking, LGA Peer Review on services, External Audit Use of Resources Statement, and local benchmarking exercises at the service level. • Recognising the benefits of partnerships and collaborative working, with a significant commitment to partnership working and joint working/shared services. • Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources, including the review of the workforce development plan and strategy, and a commitment to apprenticeships. <p><u>Developing the capability of the entity's leadership and other individuals</u></p>

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<p>ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<ul style="list-style-type: none"> • The Council ensures that elected and appointed leaders negotiate their roles early and maintain a shared understanding of roles and objectives. This is supported by job descriptions for lead Members and Officers in the Constitution, a shared understanding between the Leader and Chief Executive (CE), and an Officer Member protocol. • The Council specifies the types of decisions that are delegated and those reserved for collective decision-making. This includes the Constitution, Scheme of Delegation, Financial Procedure Rules, and individual reports for major projects to ensure transparency, especially for new projects. • The Council clearly defines and distinguishes the leadership roles of the Leader and CE. The CE leads strategy implementation and service delivery, supported by a job description for the CE and a role profile for the Leader in the Constitution. • The Council ensures access to appropriate induction tailored to roles for Members and staff, provides ongoing training and development matching individual and organisational requirements, facilitates regular meetings between the Executive and Leadership Team, offers Senior Leadership Training & Development, conducts annual staff appraisals and an annual training programme for Members, commits to apprenticeships and supports professional qualifications, provides bespoke training at committees and community leadership discussions led by the Portfolio Holder, supports Members through Democratic Services and offers a Member training programme, offers officer training including professional training, continuing professional development, and management and leadership training, and reviews internal audit reports on governance and workforce monitoring reports to the Executive. • The Council implements the Listening Council Strategy, conducts residents' satisfaction surveys and regular user satisfaction surveys, and maintains a Statement of Community Involvement (SCI) for consultation during planning policy development and review.

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	<ul style="list-style-type: none"> • The Council is open to constructive feedback from peer reviews and inspections, publishes member attendance records and an annual training plan, and participates in appropriate Peer Reviews. • The Council conducts regular performance reviews, annual performance appraisals, and probationary appraisals, develops a staff development plan within the appraisal process, implements a capability procedure and a sickness procedure, and holds routine Service Team Meetings and 1:1 Meetings. • The Council enforces Conditions of Service and Health and Safety policies, provides an Employee Assistance Programme with a Confidential Helpline, offers support through Mental Health First Aiders and a Workplace Health Scheme Monthly Programme, and implements council policies supporting employees, such as bereavement.
<p>Principle F Managing risks and performance through robust internal control and strong public financial management</p> <p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be</p>	<p><u>Managing risk</u></p> <ul style="list-style-type: none"> • The Council recognises that risk management is an integral part of all activities and must be considered in all aspects of decision making. Risk management is specifically reported to the Executive and Audit and Governance Committee on a quarterly basis. • The Council conducts risk assessments on larger projects to identify and mitigate potential risks. • The Council implements robust and integrated risk management arrangements and ensures they are working effectively. This includes having a risk management strategy and policy, an annual internal audit plan, and incorporating risk management within individual project plans, such as those for elections. • The Council has an Emergency Plan and Business Continuity Plan in place, with regular reviews of risks specific to emergencies, such as the Covid-19 pandemic. Regular exercises are conducted to test the Emergency Plan, Business Continuity Plan, Disaster Recovery, and Cyber Security. • The Council ensures that responsibilities for managing individual risks are clearly allocated. Risks are assigned to responsible owners, and there are named officers for

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<p>considered and addressed as part of all decision-making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision-making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<p>key areas such as Health and Safety, Data Protection, Emergency Planning, and Business Continuity.</p> <p><u>Managing performance</u></p> <ul style="list-style-type: none"> • The Council monitors service delivery effectively, including planning, specification, execution, and independent post-implementation review. This is supported by departmental service plans which are reviewed regularly, senior leadership ownership of specific Corporate Plan outcomes, performance monitoring, benchmarking, and transparency pages on the website. • The Council makes decisions based on relevant, clear objective analysis and advice, pointing out the implications and risks inherent in the organisation's financial, social, and environmental position and outlook. This is facilitated by a report template to the Executive and Committees that includes specific sections for analysis, options, risk, finance, and other relevant considerations. Agendas are published at least 5 days in advance, and decision notices and minutes are published after meetings. • The Council ensures an effective scrutiny or oversight function is in place, which encourages constructive challenge and debate on policies and objectives before, during, and after decisions are made. This enhances the organisation's performance and that of any organisation for which it is responsible. The Constitution defines the roles and responsibilities of the Overview & Scrutiny Committee and Audit and Governance Committee, with annual work programmes for those committees and regular training sessions for committee members pertinent to that committee and the wider business and functions of the council. • The Council provides members and senior management with regular reports on service delivery plans and progress towards outcome achievement. This includes an annual timetable/calendar of meetings, work programmes/forward plans for the Executive and Committees, senior leadership ownership of specific Corporate Plan outcomes, and an annual Budget and Tax Setting report to the Executive. • The Council ensures consistency between specification stages (such as budgets) and post-implementation reporting (e.g., financial statements). This is supported by

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	<p>Financial Procedure Rules, annual accounts and Statement of Accounts, and external auditor reports.</p> <p><u>Robust internal control</u></p> <ul style="list-style-type: none"> • Aligning the risk management strategy and policies on internal control with achieving the objectives, supported by an Internal Audit Plan and regular reports from Internal Audit to the Audit and Governance Committee. • Evaluating and monitoring the authority's risk management and internal control on a regular basis through quarterly risk management reports, risk management training for Members and officers, Internal Audit Review of Effectiveness, Annual Governance Statement, and External Audit Annual Report. • Ensuring effective counter fraud and anti-corruption arrangements are in place, including an anti-fraud and anti-corruption policy, whistleblowing policy, Shared Anti-Fraud Service, acquisition and use of specialist data analysis software to detect fraud and corruption, regular reports to the Audit and Governance Committee on counter fraud activity, and Shared Anti-Fraud Service fraud risk evaluation of all business grants applied for as a consequence of Covid-19. <p><u>Strong public financial management</u></p> <ul style="list-style-type: none"> • Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance, with clear links between the Corporate Plan, Medium Term Financial Plan, and subsequent reporting on outcomes. • Implementing an Asset Management Strategy. • Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls, with an embedded financial management process covering the process from beginning to end. • Reviewing the financial management process through External Audit.
Principle G	<u>Implementing good practice in transparency</u>

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<p>Implementing good practices in transparency, reporting, and audit to deliver effective accountability. Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<ul style="list-style-type: none"> • The Council uses a consistent, accessible reporting style with supporting evidence providing more detail for those who require it. Web pages give key information and the ability to drill down to specific documents and background papers for those requiring detail. • The Council produces an annual performance report. • The Council provides regular internal audit reports to the Audit and Governance Committee. <p><u>Implementing good practices in reporting</u></p> <ul style="list-style-type: none"> • The Council produces an annual performance report that supplements quarterly performance and budget reports, receives annual reports from the External Auditor, obtains a value for money opinion, and prepares a Statement of Accounts. Internal audit reports also comment on value for money implications where applicable. • The Council ensures that Members and senior management own the results by having clearly defined roles for the Executive portfolio holder, Audit and Governance Committee, and Overview and Scrutiny Committee. Portfolio holders present reports at Executive meetings and have regular briefings with officers. • The Council prepares an Annual Governance Statement and has an assurance mapping exercise planned for 2021/22. The Council also ensures that the Framework is applied to jointly managed or shared service organisations as appropriate, supported by shared service legal agreements. • The Council ensures that performance information accompanying the financial statements is prepared on a consistent and timely basis, allowing for comparison with other similar organisations. This is supported by benchmarking and quarterly performance reports to the Executive and Overview & Scrutiny Committee, including end-of-year performance. <p><u>Assurance and effective accountability</u></p> <ul style="list-style-type: none"> • The Council incorporates management comments and responses as part of the reports from both Internal and External Audit. This includes the Annual Opinion on the Control Environment report from Internal Audit, compliance with CIPFA's Statement on

Good Governance Principle	East Herts Council's Compliance & Supporting Evidence
	<p>the Role of the Head of Internal Audit (2019), and compliance with Public Sector Internal Audit Standards.</p> <ul style="list-style-type: none"> • The Council conducts an annual review of the effectiveness of internal audit, which is reported to the Audit and Governance Committee. This is complemented by the Annual Governance Statement Action Plan and follow-up, as well as an Executive report on outcomes and recommendations/action plans arising from reviews. • The Council engages in self-challenging activities through entry for various awards and nominations as a finalist. This is part of the broader effort to maintain transparency and accountability, which also includes the preparation of an Annual Governance Statement, risk management reports, and performance reports. • The Council specifies the requirement for performance information to management in contract specifications. This ensures that performance is monitored and reported effectively, with proportionate governance arrangements in place for partnership working and Service Level Agreements for some community grants to ensure that outcomes are measurable and delivered.

5. Review of Effectiveness

East Herts Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Leadership Team, the Monitoring officer, the Chief Finance Officer (Head of Financial Services), and the Head of Business Services who have responsibility for the development and maintenance of the governance environment, and also by comments made by the external auditors and other review agencies and inspectorates. The following processes have been applied in maintaining and reviewing the effectiveness of the governance framework:

Council

Council is responsible for approving the budget and policy framework, which includes the Corporate Plan and the Constitution.

Executive

Executive has approved the Council's performance management framework. Executive also approves the risk management policy and receives quarterly reports on risk management, performance monitoring and budget monitoring.

Audit and Governance Committee

This Committee undertakes the core functions of an Audit Committee and approves the annual Internal Audit Plan, receives quarterly monitoring reports updating them on progress against that plan. It also receives the external auditor's annual audit letter, annual governance report, annual plan and grant claim certification report. It approves the risk management policy and receives quarterly reports on risk management. The Committee has lead oversight responsibility for corporate governance, risk management and other internal control issues. It also leads the cross Member scrutiny and consideration of the budget. The Audit & Governance Committee also reviews the Constitution.

Standards Sub-Committee

This Sub-Committee undertakes a proactive role in relation to the promotion of the ethical conduct framework. It has also published documents to inform the public about its role, the importance of good ethical conduct in the area, and the high standards of conduct evident in the District. A new framework for dealing with ethical governance has been adopted by the county and the district and borough councils in Hertfordshire in order to maintain a level of consistency across the geographical area, particularly in relation to twin-hatted Members. The Standards Sub-Committee has put in place arrangements for dealing with complaints, conduct investigations and hearing allegations.

Overview & Scrutiny Committee

The Overview & Scrutiny Committee reviews performance across all services delivered by the Council and partner organisations, and the impact they have on the District and its communities.

Chief Finance Officer (Director of Finance, Risk and Performance)

The Chief Finance Officer (CFO) has been designated as the s151 Officer. That officer maintains the statutory powers to report to Executive or Council on any proposals, decision or omission that gives rise to any unlawful expenditure. The CFO also has clearly defined responsibilities for Risk Management, Internal Control, and systems and processes for financial administration and control, which are set out in the Financial Procedure Rules.

Monitoring Officer

The Director for Legal Policy and Governance has been designated as the Monitoring Officer. The Monitoring Officer has the specific duty, contained within Section 5 of the Local Government and Housing Act 1989, to ensure that the Council, its officers, and its Elected Councillors, maintain the highest standards of conduct in all they do. The role of the Monitoring Officer is:

- To report on matters he/she believes are, or are likely to be, illegal or amount to maladministration;
- To be responsible for matters relating to the conduct of Councillors and officers; and
- To be responsible for monitoring and reviewing the operation of the Constitution, to ensure that the aims and principles of our Constitution are given full effect.

Internal Audit

The internal control system comprises the whole network of systems established within the Council to provide reasonable assurance that corporate objectives will be achieved, with particular reference to:

- The effectiveness of operations
- The economic and efficient use of resources
- Compliance with applicable policies, procedures, laws and regulations
- The safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption
- The integrity and reliability of information, accounts and data
- Effective monitoring systems and optimum use of performance management information

6. Internal Audit Annual Assurance Statement 2024/25

Extracted from Section 2 of the SIAS 2024/25 Annual Assurance Statement and Internal Audit Annual Report.

- The full report went to Audit and Governance committee on Wednesday 28th May 2025 – 7pm – Item 7 of the agenda.

Scope of responsibility

6.1 Council managers are responsible for ensuring Council business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. They are also responsible for ensuring internal controls are robust and risk management arrangements are appropriate.

Control environment

6.2 The control environment comprises three key areas: governance, risk management, and internal control. Together these aim to manage risk to an acceptable level, but it is accepted that it is not possible to eliminate it. A robust control environment helps ensure that the Council's policies, priorities, and objectives are achieved.

Review of effectiveness

6.4 The CAE must confirm annually that the internal audit function is suitably qualified to carry out the work that informs the assurance opinion. This includes that the CAE maintains and enhance their own qualifications and competences. SIAS can confirm that the service is suitably resourced and qualified to undertake its work, including the qualifications and competences of the CAE.

6.5 As part of our Quality Assurance and Improvement Programme, an internal quality self-assessment was conducted to review our conformance with the Global Internal Audit Standards (GIAS).

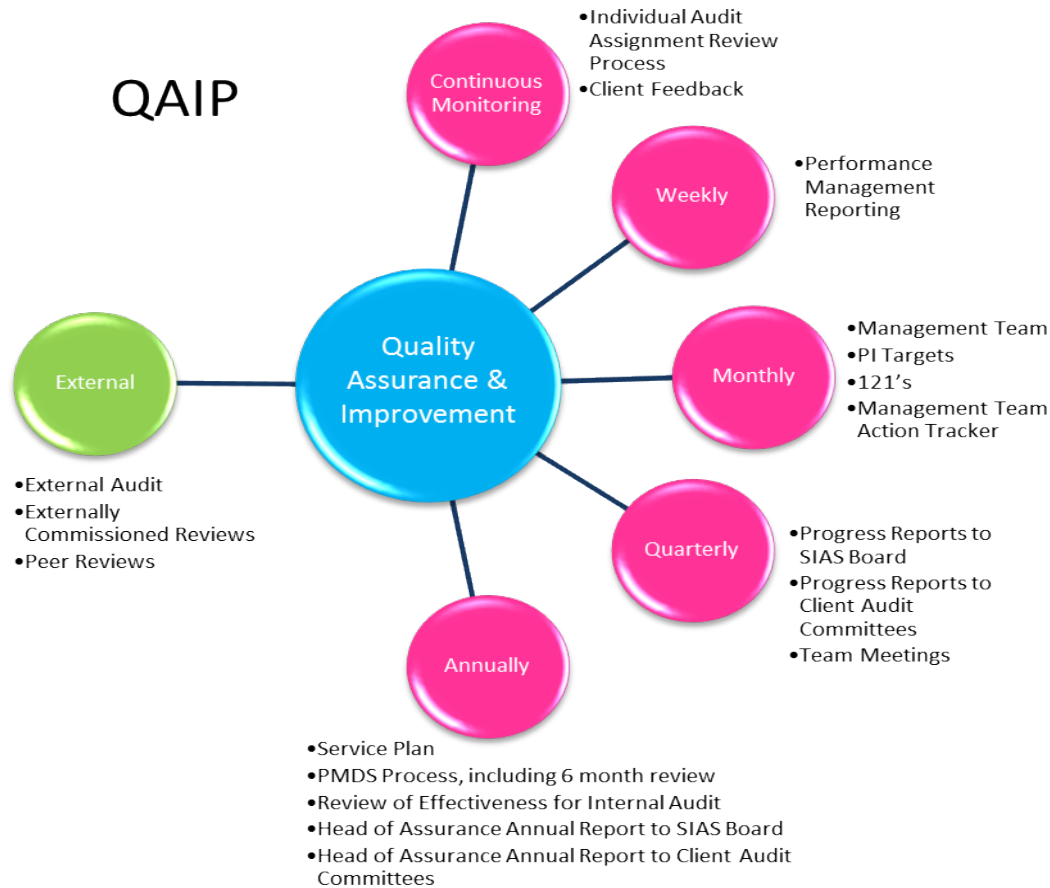
6.6 The GIAS also requires that the SIAS be subject to an external quality assessment (EQA) at least once every five years. This should be conducted by a qualified, independent assessor or assessment team from outside the organisation. This review was completed in June 2021 (the previous review being undertaken in 2015/16), with the result of the assessment reported to the Audit & Governance Committee in October 2021. The next EQA is due in 2026/27 and SIAS will shortly be seeking to appoint assessors to undertake the future review.

6.7 Based on the results of the 2024/25 GIAS self-assessment, the CAE has concluded that SIAS 'generally conforms' with the GIAS (UK Public Sector).

6.8 The self-assessment identified one area of continued agreed non-conformance in relation to the role of the Board (Audit Committee) in relation to the appointment, removal, performance management and remuneration of the CAE, this reflecting the unique nature of a shared service or partnership arrangement. A further five areas were also highlighted within the self-assessment where, whilst we assessed SIAS as conforming to the GIAS, we will undertake further work during 2025/26 to improve the evidence held to demonstrate compliance.

6.9 A summary of the outcomes of the GIAS self-assessment are detailed in Appendix C. There are no significant deviations from these Standards, or the Public Sector Internal Audit Standards that were in place during 2024/25, which warrant inclusion in the Council's Annual Governance Statement.

6.10 The SIAS QAIP includes both internal and external monitoring and reporting to assess the efficiency and effectiveness of internal audit activity and identify opportunities for improvement. The diagram below details the methods used to monitor and report on these. Detailed information outlining activity in each area is contained in the SIAS Audit Manual.



Confirmation of independence of internal audit and assurance on limitations

6.11 The Head of Assurance confirms that during 2024/25 SIAS operated according to its QAIP with evidence available within the service to support the achievement of each QAIP element.

6.12 The CAE confirms that during the year:

- No matters threatened SIAS's independence; and
- SIAS was not subject to any inappropriate scope or resource limitations.

6.13 SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2024/25, and the specific reviews of Risk Management and Corporate Governance carried out by SIAS during the year.

A handwritten signature in black ink, appearing to be 'J. J. J.', with a long horizontal stroke extending to the right.

Client Audit Manager

May 2025

7. Governance Issues – Progress from previous year

The following governance issues, comments and recommendations have been extracted from the External Auditors (EY) report 'The Completion Report for Those Charged with Governance Years ended 31 March 2022 and 31 March 2023'.

Key Improvement Area	Lead Officer	Update
<p><u>Procurement</u></p> <p>The council should produce an annual procurement programme as well as a 3 year “procurement pipeline” in order that local businesses can see what opportunities are coming up and to encourage them to bid.</p> <p>The council should produce an annual procurement report showing savings or costs avoided; social value gained; contracts awarded to local businesses by size; contracts awarded to SMEs; and the contributions from procurement to net zero targets.</p>	S151 Officer	<p>In progress. Ongoing, expected to be in place Q3 2025/26</p> <p>Will follow from approval of the above.</p>

Key Improvement Area	Lead Officer	Update
<p><u>ICT Resilience</u></p> <p>An external review of the ICT Strategy and delivery vehicle has been commissioned by the partner councils and recommendations arising from that will need to be taken forwards</p>	Chief Executive	<p>In progress. SOCITM review completed and recommendations being implemented. New Joint Committee established with Member oversight of Joint ICT Service now in place to ensure delivery of improved ICT Service.</p>
<p><u>Workforce Plan</u></p> <p>Following changes to working practices as a result of COVID 19 and anticipated changes from the Transformation Programme the council would benefit from a workforce plan that analyses its workforce and determines the steps it must take to prepare for future staffing needs. These future skill needs can be met by recruiting, by training or by outsourcing the work.</p>	Head of Human Resources and Organisational Development	<p>In progress. The workforce plan will be developed once changes associated with Service Reviews, new customer service model and Finance in the cloud are implemented.</p>
<p><u>Delays in Financial Reporting:</u></p> <p>The council has failed to publish draft financial statements within the regulatory timeframe for multiple years.</p> <p>The 2021/22 draft financial statements were published on 11 December 2023, significantly after the statutory deadline of 31 July 2022.</p> <p>The 2022/23 draft financial statements were not published until 6 November 2024, again missing the statutory deadline of 31 May 2023.</p> <p>The 23/24 draft financial statements have yet to be published (as of 18th March 2025) and have not included the required notices on the website.</p>	CFO (S151 Officer)	<p>Completed</p> <p>The 2021/22 and 2022/23 Accounts completed and signed off at Audit & Governance on 22 April 2025.</p> <p>The 2023/24 draft accounts were published on 29 April 2025.</p> <p>The 2024/25 draft accounts were published on 27 June 2025, in line with statutory deadline.</p>

Key Improvement Area	Lead Officer	Update
<p><u>Completeness and Accuracy</u> The draft accounts published for inspection did not include the Annual Governance Statement (AGS) and contained outdated information, i.e the Statement of Responsibilities from the 2020/21 accounts.</p>	CFO (S151 Officer)	<p>Completed The new S151 Officer has put additional controls in place to ensure adequate time is given for reviews to be undertaken prior to publication. For 2024/25 the draft accounts were completed a week before publication to enable relevant officers, including the CFO to review the accounts and allow for amendments to be made.</p>
<p><u>Finance Team Capacity</u> The finance team has experienced significant capacity issues, leading to delays in completing financial statements and supporting the external audit process. This has impacted on the Council’s ability to provide timely, sufficient, and appropriate audit evidence to support the external audit.</p>	CFO (S151 Officer)	<p>On-going - The new S151 Officer started on 1 April 2025. A review of the Finance team will be undertaken in their first six months to propose a new structure that will address: potential ‘single point of failure’; capability and capacity of the team to ensure it is fit for purpose; Individuals have the necessary skills needed to deliver in line with all deadlines. Tasks are clearly defined and delivered on time. Additional interim has started to help and provide capacity within the team.</p>
Key Improvement Area	Lead Officer	Update

<p><u>Single point of Failure</u></p> <p>The report by the External Auditors identifies a significant risk associated with the current structure of the finance team, specifically pointing out a single point of failure.</p> <p>This issue arises from the over-reliance on one individual for critical financial tasks and responsibilities. The report emphasises that this concentration of duties in one person not only increases the risk of errors and delays but also poses a substantial threat to the continuity of financial operations in the event of that individual's absence or departure.</p>	CFO (S151 Officer)	On-going See above point
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8. Governance Issues

The following governance issues, comments and recommendations have been extracted from the External Auditors (Azets) report 'Auditor's Annual Report financial year ending 31 March 2024'.

Key Improvement Area	Lead Officer	Update
<p>Financial Sustainability Officers should consider:</p> <ul style="list-style-type: none"> • The minimum level of reserves and the current levels of reserves in the context the financial risks currently faced by the Council. • A Robust savings plans are put in place and delivered to ensure spend is contained. • Mitigates the further use of reserve balancers to support the revenue budget in the medium term. • Actions to address the findings from the Finance Peer Review. • A review of its Minimum Revenue Provision (MRP) policy and calculation to ensure its fully compliant with statutory requirements and guidance. 	<p>CFO (S151 Officer)</p>	<p>On-going Plans are in place with the minimum reserves required and mitigate use of reserves will be picked up in the MTFP that is planned to go to Executive during October. Along with review of existing saving programme for future years.</p> <p>On-going review of savings programme in-year will be picked up during the quarterly budget monitoring process.</p> <p>Update to Audit & Governance in November on the progress of the recommendations that came out of the Finance Peer Review and the Statutory Recommendations made by the previous External Auditors EY.</p> <p>Next iteration of the MRP as part of the budget report for 2026/27 will undertake the appropriate review.</p>

Key Improvement Area	Lead Officer	Update
<p><u>Governance</u></p> <ul style="list-style-type: none"> • Council needs to ensure actions are taken to address weaknesses identified by Internal Audit on a timely basis. 	<p>CFO (S151 Officer)</p>	<p>On-going – following actions being taken:</p> <ul style="list-style-type: none"> • CFO have regular meetings with Chief Internal Auditor • These will be discussed with Leadership Team as part of the monthly focus on Finance / Budgets • Where necessary they will also be monitored by the Operation Council (consisting of Chief Executive, CFO and Monitoring Officer). • Reports regularly go to Audit & Governance Committee for noting and updating.

Key Improvement Area	Lead Officer	Update
<p><u>Improving economy, efficiency and effectiveness</u> The Council is actively looking at asset disposals to reduce borrowing and make MRP savings. Whilst these actions, in isolation, make sense, the Council will now also need to be mindful of the Local Government Reorganisation.</p>	<p>CFO (S151 Officer) / Director of Communities</p>	<p>On-going The Council will continue to review its assets and to determine the best value for those assets, whether it is to dispose, use or lease out. Each asset will go through a business case to determine the best value for the Council and residents.</p>

9. Statutory Recommendations – By the External Auditors (Azets)

The same Statutory Recommendations that had been Contained in the previous External Auditors report by EY -titled 'The Completion Report for Those Charged with Governance Years ended 31 March 2022 and 31 March 2023'., has been included within the Auditor's Annual Report for year ended 31 March 2024 as the recommendations were only raised formally in April 2025, it was acknowledged there is insufficient time for any of the responses to have been implemented at this date.

Statutory Recommendation	
1. Finance Function Workflow Review:	<p>Conduct a comprehensive review of the finance function workflow to identify bottlenecks in the flow of information and the completion of key finance tasks.</p> <p>Use the findings to redefine roles and responsibilities within the finance team, ensuring an equitable distribution of workload and preventing any single individual from being overburdened.</p>
2. Quality Assurance Issues:	<p>Implement a thorough review of the quality assurance process for draft accounts and underlying workpapers.</p> <p>Establish clear timelines for the closedown process, ensuring appropriate segregation of duties between those preparing and those reviewing the draft accounts and workpapers.</p> <p>Monitor adherence to this process and report performance to the Audit and Governance Committee</p>
3. Finance Team Capacity:	<p>The Council should re-assess roles, responsibilities, and resource requirements for financial reporting across the Council, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) regulations 2024.</p>

10. Certification

To the best of our knowledge, the governance arrangements, as defined above have been effectively operating during the year except for those areas identified in Sections 7, 8 and 9. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for the improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Cllr Ben Crystal

Leader of the Council

Date:

Helen Standen

Chief Executive

Date: