

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference:

Date of meeting: 19 September 2024

Portfolio: Leader of the Council

Subject: Annual Governance Statement 2023/24

Responsible Officer: Andrew Small (01992 564278).

Democratic Services Officer: Laura Kirman

Recommendations/Decisions Required:

- (1) The Committee reviews and comments on the draft Annual Governance Statement for 2023/24

Executive Summary:

The Council's Statutory Statement of Accounts have to be prepared in accordance with the Accounts and Audit Regulations 2015. Within the Regulations, and in accordance with defined 'proper practice', there is a mandatory requirement to publish an Annual Governance Statement (AGS).

The production of an AGS enables the Council to use the review process positively and proactively to deliver assurance about governance arrangements within the Council to stakeholders, and to develop better arrangements where the review finds areas in need of improvement. The process involves a comparison of achievements against the principles set out in the Council's Local Code of Governance and supports an intention and commitment to provide good governance.

Reasons for Proposed Decision:

Although the AGS is not subject to audit by the external auditors, it is a public document, and auditors form a view of governance arrangements by comparing statements with their accumulated 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.

Approval of the AGS should be at a corporate level and should be confirmed by the most senior Officer and Councillor 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 proposed in this report, as this helps to ensure its robustness and reinforce its corporate standing. As the AGS is published, it is an opportunity to demonstrate that the Council is self-aware and has set a transparent agenda for improvement.

Other Options for Action:

No other options.

Report:

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. In accordance with good practice the governance statement has included the following information:
 - (a) an acknowledgement of responsibility for ensuring there is a sound system of governance.
 - (b) an indication of the level of assurance that the systems and processes that comprise the Authority's governance can provide.
 - (c) a brief description of the key elements of the governance framework, including reference to group or partnership activities where those activities are significant.
 - (d) a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements; and
 - (e) an outline of the actions taken, or proposed, to deal with significant governance Issues.
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. The AGS is derived partly from detailed reviews by all Directors of the effectiveness of the governance arrangements operating within their service areas, by reference to a detailed checklist incorporating the key elements within the Local Code of Governance. As part of this process Directors have considered available evidence to demonstrate that these governance systems and processes are working effectively and as intended. All Directors have provided assurance statements indicating the level of assurance that can be placed on the effectiveness of key controls operating at service level. These statements are intended to be a balanced representation of the arrangements in place during the year, and to highlight those areas where improvement is required. Significant issues are commented upon in the Governance Statement.
4. Internal Audit focuses its work on providing an independent and objective opinion on the Council's internal controls and submits an annual report and quarterly monitoring reports to this Committee, where significant audit findings and improvement areas are highlighted. The Head of Internal Audit is required to include in the annual audit report an opinion on the overall adequacy and effectiveness of the Council's internal control environment, drawing attention to any issues that are relevant to the preparation of the Governance Statement. The annual audit report for 2023/24 forms part of the June 2024 agenda of the Audit and Governance Committee
5. 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
6. 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.
 7. Preparation of the AGS has been managed by the Council's Corporate Governance Group, and a draft of the AGS was considered by them. This Corporate Governance Group 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 audit recommendation tracker, and reviewing progress with risk and performance management.
 8. The AGS should be produced at the same time as the draft accounts and needs to be up to date at the time of publication. 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.

Resource Implications:

From existing resources.

Legal and Governance Implications:

Completion and approval of the Annual Governance Statement is required by the Accounts and Audit (England) Regulations 2015.

Safer, Cleaner and Greener Implications:

No specific implications.

Consultation Undertaken:

Corporate Governance Group and Directors.

Background Papers:

The following papers referred to in the preparation of the report are not attached as appendices but are available for public or Councillor study:

Accounts and Audit (England) Regulations 2015

Delivering Good Governance in Local Government (Framework and Guidance Note for English Authorities) CIPFA/SOLACE (2016 Edition)

Risk Management:

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.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making.