

DECISION-MAKER:	AUDIT COMMITTEE
SUBJECT:	Draft ANNUAL GOVERNANCE STATEMENT 2023-24
DATE OF DECISION:	29th July 2024
REPORT OF:	DIRECTOR OF LEGAL AND GOVERNANCE

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director Enabling Services	
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STATEMENT OF CONFIDENTIALITY

Not applicable

BRIEF SUMMARY

The Accounts and Audit Regulations require that the Council develop and publish an Annual Governance Statement ('AGS'). The purpose of the AGS, which is published with the Statement of Accounts ('SoA'), is to provide an accurate representation of the corporate governance arrangements in place during the year and to identify any areas where there are significant gaps or where improvements are required.

In accordance with the Chartered Institute of Public Finance and Accountancy ('CIPFA') guidance, Audit Committees should be provided with early sight of a draft of the AGS noting that the final version will be signed as part of the SoA.

RECOMMENDATIONS:

	(i)	To review the draft 2023-24 AGS (Appendix 1)
	(ii)	To note the status of the agreed actions from the draft 2022-23 AGS (Appendix 3)

REASONS FOR REPORT RECOMMENDATIONS

1.	<p>In accordance with the terms of reference the Audit Committee is:</p> <p>'To provide independent assurance on the adequacy of the risk management framework and the internal control and reporting environment. To oversee financial reporting and annual governance processes leading to the production of the annual governance statement'</p> <p>and</p> <p>'To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audits opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control'.</p>
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ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	No alternative options have been considered as the development and publication of an AGS is a requirement under the Accounts and Audit Regulations.
DETAIL (Including consultation carried out)	
3.	Regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 requires that the relevant body must conduct a review at least once a year of the effectiveness of its system of internal control and to prepare a statement on internal control in accordance with proper practices.
4.	The purpose of the AGS, which is published with the SoA, is to provide an accurate representation of the corporate governance arrangements in place during the year and to identify any significant governance issues occurring during the year, or from the review, and to provide a commitment to address those matters.
5.	The AGS is produced following a review of the council's governance arrangements which is summarised in 'Appendix 2 – AGS Assurance Gathering and Actions'. The process to support development of the 2023-24 AGS was unchanged from the previous year noting that the external auditors review the AGS for completeness of disclosures, consistency with other information from their work, and whether it complies with relevant guidance.
6.	As per Appendix 2, the key elements of the assurance gathering process comprise completion of an 'Assurance Framework' document (based on Delivering Good Governance in Local Government Framework [CIPFA/Solace, 2016] Guidance Notes) together with 'AGS - Self Assessment Statements'. Both documents cover the key processes and systems that comprise the council's governance arrangements and are intended to identify any areas where improvement or further development is required. In respect of the latter, these are completed by Heads of Service with Executive Director sign off.
7.	The self-assessment returns were subsequently collated and analysed with a summary report for each area shared with the respective Executive Director. This recognises that the process of preparing the governance statement should add value to the effectiveness of the corporate governance and internal control framework.
8.	The draft AGS has been developed by the council's 'Controls Assurance Management Group' which comprises the Executive Director Enabling Services (Section 151 Officer), the Director of Legal and Governance (Monitoring Officer) and the Chief Internal Auditor. This Group reflects CIPFA/Solace guidance whereby "authorities should nominate an individual or group with appropriate knowledge, expertise and levels of seniority to evaluate the assurances and supporting evidence provided and draft the AGS"
9.	The draft 2023-24 AGS was reviewed by the Management Board on 21 st May 2024, with an updated version being reviewed on 2 nd July 2024.
10.	Although the AGS covers the period from 1st April to 31st March it is a requirement that the AGS is current at the time of publication. The AGS will therefore remain in draft and continue to be updated to ensure that it is current at the point that it is able to be signed off by the Leader of the

	Council and the Chief Executive together with the 2023-23 SoA. Prior to this the Audit Committee will be presented with the final version of the AGS for approval.
11.	The council is working with the external auditors toward getting the 2023-24 SoA (and the AGS) signed off by the end of September 2024 however, the backstop date consulted on by government was 31 May 2025 for the 2023-24 accounts.
12.	Appendix 3 is a summary of the status of the agreed actions arising from the 2022-23 draft AGS, noting that the year-end audit of the 2022-23 accounts has still not been completed which reflects a national backlog of open audits relating to earlier years. In February 2024, the Government consulted on imposing a backstop date of September 2024 for the completion of open audits relating to 2022/23 or earlier years. The proposed changes would require auditors to issue an opinion by the backstop date, which would be a disclaimed opinion if the audit has not been completed however, legislation to enact these changes was not passed before Parliament was dissolved for the General Election.

RESOURCE IMPLICATIONS

Capital/Revenue

None

Property/Other

None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

Regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 require that the Council must each financial year conduct a review of the effectiveness of the system of internal control and prepare an AGS for approval by a committee or members of the authority meeting as a whole. The AGS must be approved in advance of the relevant authority approving the SoA.

Other Legal Implications:

None

RISK MANAGEMENT IMPLICATIONS

The internal control framework and overall governance arrangements support the management of both operational and strategic risks.

POLICY FRAMEWORK IMPLICATIONS

None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	Not applicable
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	

1.	Draft Annual Governance Statement 2023-24
2.	AGS Assurance Gathering and Actions
3.	Summary of the status of the agreed actions from the draft 2022-23 AGS

Documents In Members' Rooms

1.	Not applicable
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	Not applicable