

**FINANCE, AUDIT & RISK COMMITTEE**  
**8 March 2023**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: ANNUAL GOVERNANCE STATEMENT 2021/22**

REPORT OF: POLICY AND COMMUNITIES MANAGER

EXECUTIVE MEMBER: [NON-EXECUTIVE FUNCTION]

COUNCIL PRIORITY: PEOPLE FIRST/SUSTAINABILITY/A BRIGHTER FUTURE TOGETHER

**1. EXECUTIVE SUMMARY**

1.1 For the Finance, Audit & Risk Committee to approve the Annual Governance Statement (AGS) for the year 2021/22 and Action Plan. The Statement reviews the Council's governance arrangements for the 2021/22 period. It also proposes an Action Plan to update/improve those arrangements for the next financial year.

**2. RECOMMENDATIONS**

2.1 That the Committee is recommended to approve the amended AGS and Action plan (Appendix A).

**3. REASONS FOR RECOMMENDATIONS**

3.1 The AGS must be considered and approved by this Committee before the approval of the Statement of Accounts under Regulation 6(4)(a) of the Accounts and Audit Regulations ('AAR') 2015/234.

3.2 The Committee is the legal body with responsibility for approval of the AGS.

3.3 Reviewing the AGS Action Plan during 2022-23 will provide the Committee with assurances that the Council is examining and where necessary improving its governance arrangements.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 There are no alternative options to be considered.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

5.1 At the Committee meeting on the 7 December, members were asked to provide feedback on the draft AGS that was presented at that meeting. A copy of the draft was also provided to both the Shared Internal Audit Service (SIAS) and Ernst & Young (External Auditors). The Leadership Team provided additional information for Principle G - Assurance and effective accountability, additional commentary has been added at

Principle F from the self-assessment document in line with a query raised at the December meeting and officers have responded to queries from Ernst & Young raised in January. The amendments include the following additions:

- Principle F- additional information has been added regarding the Council's Data Sharing statement which outlines the way in which information is collected, handled, recorded, and used. A Data sharing protocol provides a framework for the Partner Organisations for the regulation working practices between Partner Organisations and is in accordance with the ICO's data sharing code of practice. The use of encrypted emails by default are used by services areas that handle private, sensitive, and confidential information.
- Principle G - Assurance and effective accountability – An assurance statement has been completed by the Service Directors for each of their service areas. Each Service Director is responsible for producing their own assurance statements and where relevant for mitigating identified risks and governance weaknesses as part of the Service Planning process. The areas of governance reviews included, but is not limited to; legislative compliance, project management, training and development, performance management, and conflicts of interest.
- Principle G - Reference to the EY external Audit Annual report has been updated.

The final version of the AGS is attached as Appendix A.

## 6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

## 7. BACKGROUND

- 7.1 Reference is made to the report of the 12 July 2021, which sets out the legal requirements for preparation, review, and approval of the AGS, together with the matters included/ and parties involved in that process. As indicated, this must be considered by Members of the Committee and the AGS approved under Regulation 6(4)(a) AAR 2015 in advance of approving the Statement of Accounts (Regulation 9(2)(b)) at this Committee meeting. The AGS reviews the systems in place and identifies any actions to be undertaken in the forthcoming year.
- 7.2 The review was undertaken against the relevant CIPFA/ SOLACE Framework, which continues to be the *Delivering good governance in Local Government Framework 2016 Edition* and any CIPFA/ SOLACE guidance<sup>1</sup>. The AGS was prepared following an in-depth review/ input and scoring of arrangements by Leadership Team against the Framework 2016 Principles (in accordance with the guidance<sup>2</sup>). The detailed self-assessment document has not been appended. It has been loaded on the Council's Corporate Governance internet page and will remain on the site until the next review is undertaken [[Leadership AGS self-assessment document 2021-22](#)].<sup>3</sup>
- 7.3 The format of the AGS conforms to recommended practice, as per the advice provided by CIPFA: a '*meaningful but brief communication*'; there is no requirement to repeat all the arrangements that have been comprehensively assessed. Nevertheless, the AGS

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<sup>1</sup> CIPFA/SOLACE Delivering good governance in Local Government Guidance Notes for English Authorities 2016 Edition.

<sup>2</sup> As above (*ibid*)

<sup>3</sup> CIPFA/SOLACE Delivering good governance in Local Government Guidance Notes for English Authorities 2016 Edition.

highlights some key areas under the Principles, the overall conclusion on the arrangements and appends the Action Plan.

## **8. RELEVANT CONSIDERATIONS**

- 8.1. The preparation of the AGS provides the Council with an opportunity to consider the robustness of its governance and internal control arrangements. It highlights areas where governance can be further improved or further reinforced.
- 8.2. The AGS for 2021-22 is attached as Appendix A for approval.
- 8.3. The Council will publish the approved 2021-22 AGS alongside the Statement of Accounts as it has in previous years.
- 8.4. Updates to the Action Plan will be reported to this Committee again at future meetings.

## **9. LEGAL IMPLICATIONS**

- 9.1 Under the LAAA 2014/ AAR 2015 Regulations the 2021-22 AGS must be approved by this Committee by 31 July. An amendment to the regulation (The Accounts and Audit (Coronavirus) (amendment) Regulations 2021, due the impact of Covid-19, has extended that deadline. The Regulations also detail what is required to do if the deadlines are not met, and the Council has complied with those requirements i.e. publishing a notice on the website explaining the delay. Otherwise, the legal implications are set out under section 7 above.
- 9.2 The Terms of Reference of this Committee under 10.1.5(i) are: *“To ensure that an annual review of the effectiveness of internal controls (accounting records, supporting records and financial) systems is undertaken and this review considered before approving the Annual Governance Statement.”* This approval of the AGS therefore falls within the Committee’s remit.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The final AGS is to be approved and accompany the Statement of Accounts. Other than this there are no financial implications arising from this report.

## **11. RISK IMPLICATIONS**

- 11.1 The process of assessing the Council’s governance arrangement enables any areas of weakness to be identified and improvement actions put in place, therefore reducing the risk to the Council.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.1 There are no direct equality implications of this report or the AGS. Where relevant the Council’s arrangements have been assessed against the 2016 Framework Principles.

In respect of those arrangements, the Leadership AGS self-assessment identifies the procedures in place and any outcomes. Council reports include any equality implications and are assessed by the Corporate Policy Team. Where appropriate an impact assessment will be undertaken, and mitigation measures identified. The Corporate Policy Team undertake an Annual Cumulative Equality Impact Assessment and publishes it on the internet.

### **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. The Social Value Act and “go local” requirements do not apply to this report.

### **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

### **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 Council employees the Organisational Values and Behaviours and Employee Handbook provide further guidance on the standards we expect from our staff. Human resources will support the relevant actions within the Action Plan for 2022-23.

### **16. APPENDICES**

- 16.1 Appendix A –Annual Governance Statement for 2021-22 and Action Plan for 2022-23.

### **17. CONTACT OFFICERS**

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### **18. BACKGROUND PAPERS**

- 18.1 The Leadership AGS self-assessment is on the on the Corporate Governance Page: <https://www.north-herts.gov.uk/home/council-performance-and-data/corporate-governance>. This will also contain links to relevant background documents, reports, Policies and Guidance. The AGS also contains links to relevant documents and or documents.