

FINANCE, AUDIT & RISK COMMITTEE
13th September 2023

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: ANNUAL GOVERNANCE STATEMENT 2022/23

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 2022/23 and Action Plan. The Statement reviews the Council's governance arrangements for the 2022/23 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).

2.2 That the Committee notes the current position of the actions within the AGS Action Plan, outlined at Appendix B.

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 2023-24 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 21st June 2023, members were asked to provide feedback on the draft AGS that was presented at that meeting. Comments were also received from the Shared Internal Audit Service (SIAS). A copy of the draft has also been provided to Ernst & Young (External Auditors) but no comments have yet been received. The Leadership Team provided additional information for Principle G – Implementing good practice in transparency, reporting, and audit to deliver effective accountability. The amendments include the following additions:

- 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 reviewed includes, but is not limited to; legislative compliance, compliance with financial regulations, project management, conduct, training and development, performance management, risk management processes, and conflicts of interest.
- Principle G – SIAS' Annual Assurance Opinion, based on the internal audit work undertaken at the Council in 2022/23 has been added to Principle G. The opinion was delivered as part of the Annual Assurance Statement at the June 2023 FAR Committee meeting.

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 21 June 2023 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)). The Statement of Accounts will be approved at a future meeting following the audit of the accounts. 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 guidance¹. 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 guidance²). The detailed self-assessment document has not been appended. It has been loaded on the Council's

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

² As above (*ibid*)

Corporate Governance internet page and will remain on the site until the next review is undertaken [\[Leadership AGS self-assessment document 2022-23\]](#).³

- 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 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 2022-23 is attached as Appendix A for approval.
- 8.3. The Council will publish the approved 2022-23 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 AGS must be approved by this Committee by 31 July (in advance of approving the Statement of Accounts, by the same date). An amendment to the regulation (The Accounts and Audit (amendment) Regulations 2022, has extended that deadline to 30th September for the 2022-23 AGS. The Regulations also detail what is required to do if the deadlines are not met. At this time, the extended deadline has not been reached. In relation to the approval of the Statement of Accounts for 2022-23, due to audit delays this will happen after 30th September 2023. The Council will comply with the requirements in relation to that 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 2022-23 AGS will ultimately accompany the final 2022-23 Statement of Accounts. Other than this there are no financial implications arising from this report.

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

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 and Strategy 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 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 2023-24.

16. APPENDICES

- 16.1 Appendix A –Annual Governance Statement for 2022-23
16.2 Appendix B – Action Plan for 2023-24 and Progress Updates

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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 also contains links to relevant background documents, reports, Policies and Guidance. The AGS also contains links to relevant documents.