

Item No. 11.	Classification: Open	Date: 10 June 2020	Meeting Name: Audit, Governance and Standards Committee
Report title:		Draft Annual Governance Statement 2019-20	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATION

1. That the audit, governance and standards committee note the draft Annual Governance Statement (AGS) 2019-20 as attached at Appendix 1.

BACKGROUND INFORMATION

2. The Accounts and Audit Regulations 2015 require that the annual governance statement be presented to and approved by an appropriate committee of the council. Under the constitution, the audit, governance and standards committee is the body that formally receives the annual governance statement.
3. The 2015 Regulations require the annual governance statement to accompany the signed and dated accounts and to be approved at the same time as the statement of accounts. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 have changed the accounting timetable, extending the deadline for the draft accounts to 31 August 2020 and the final audited accounts to 30 November 2020. It is currently expected that the audit of the accounts will be completed by the end of August, with the accounts and annual governance statement presented to the committee for approval in September.
4. Following this approval, the annual governance statement should be signed by the most senior member of the council and most senior officer, who are the leader of the council and the chief executive.
5. From March 2020, the council has been impacted by the coronavirus pandemic, issues of assurance are raised in the 'Governance issues' section of the annual governance statement and highlighted in the 'Areas of Significant Change'.

KEY ISSUES FOR CONSIDERATION

6. Every year, each local authority is required by law to conduct a review of the effectiveness of its system of internal control and to publish a statement reporting on the review, the annual governance statement, with its financial statements. The draft statement, this year, has included consideration of the impact on council services of the coronavirus pandemic.
7. The annual governance statement is therefore a mandatory statement that recognises, records and publishes the council's governance arrangements as defined in the CIPFA/SOLACE framework for good governance in local authorities. It reflects how the council conducts its business, both internally and in its dealings with others. Its objective is to provide assurance on the

effectiveness of the corporate governance arrangements and to identify significant governance issues requiring management action.

8. The statement is produced following a review of the council's governance arrangements and system of internal control. The review consists of an evaluation of the council's governance arrangements against the best practice described in the CIPFA guidelines. This includes an assessment of the systems and processes for:
 - establishing the council's principal statutory obligations and organisational objectives and applying the six CIPFA/SOLACE core principles of good governance
 - identifying the principal risks to the achievement of the council's objectives
 - identifying and evaluating key controls to manage the council's principal risks
 - obtaining assurances on the effectiveness of key controls.
9. The assurances on the effectiveness of key controls are obtained throughout the year in the form of internal and external audit and inspection reports, risk management and performance activities. In view of the emergency, it has not been possible to gather all the assurance statements from the strategic directors, or to circulate the draft AGS to them for comment, but this will be completed before the final statement is signed off.
10. The corporate governance panel (CGP) is responsible for evaluating assurances and the supporting evidence, and agreeing the final draft of the AGS. In agreeing the final draft AGS, the CGP will consider issues that are of significance and comment on the final draft AGS as appropriate. Issues that are considered 'significant' are those that meet the following criteria:
 - The issue has seriously prejudiced or prevented achievement of a principal objective;
 - The issue has resulted in a need to seek additional funding to allow it to be resolved or has resulted in significant diversion of resources from another aspect of the business;
 - The issue has led to a material impact on the accounts;
 - The audit, governance and standards committee has advised that it should be considered significant for this purpose;
 - The chief audit executive has reported on it as significant in the annual opinion on the internal control environment;
 - The issue, or its impact, has attracted significant public interest or seriously damaged the reputation of the organisation; the issue has resulted in formal action being taken by the section 151 officer and/or monitoring officer.
11. The draft AGS (Appendix 1) is presented to the audit, governance and standards committee for review. It will be brought back to a future audit, governance and standards committee for further consideration and final approval. Subject to this approval, it will need to be signed by the leader of the council and the chief executive.

Community impact statement

12. This report and the accompanying annual governance statement are not

considered to have a direct impact on local people and communities. However, good governance arrangements are important to the delivery of local services and to the achievement of outcomes.

Resource implications

13. There are no direct resource implications in this report.

Consultation

14. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

15. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Financial and Information Governance files	Finance and Governance, Second Floor, Tooley Street	Rob Woollatt 020 7525 0614

APPENDICES

No.	Title
Appendix 1	Draft Annual Governance Statement 2019-20

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Rob Woollatt, Interim Departmental Finance Manager	
Version	Final	
Dated	27 May 2020	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	No	N/A
Strategic Director of Finance and Governance	N/A	N/A
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Team		27 May 2020