
**REPORT FOR: GOVERNANCE, AUDIT,
RISK MANAGEMENT AND
STANDARDS COMMITTEE**

Date of Meeting:	16 July 2019
Subject:	Annual Governance Statement 2018/19
Responsible Officer:	Dawn Calvert, Director of Finance
Exempt:	No
Wards affected:	All
Enclosures:	Appendix 1 – Annual Governance Statement 2018/19 Appendix 2 – 2018/19 Evidence Table

Section 1 – Summary and Recommendations

This report sets out the Council's Annual Governance Statement (AGS) for 2018/19.

Recommendations:

The GARMS Committee is requested to:

- To review the Annual Governance Statement 2018/19 in line with the Committee's terms of reference and to recommend it for approval by the Leader and Chief Executive.

Section 2 – Report

Introduction

- 2.1 Harrow Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 2.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 2.3 Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires *‘an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England)’*.
- 2.4 Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, requires that *“for a local authority in England, the statement is an Annual Governance Statement”*.
- 2.5 The CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* was updated in 2016 and this Framework applies to annual governance statements prepared for the financial year 2016/17 onwards. The overall aim of the Framework *‘is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities’*.
- 2.6 In England the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be *“prepared in accordance with proper practices in relation to accounts”* and must be *“approved in advance of the relevant authority approving the statement of accounts. Therefore a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016) and this section of the Code”*.
- 2.7 The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) would fulfil the statutory requirements across the United Kingdom for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts.

- 2.8 The Annual Governance Statement explains how the Council has complied with the framework and meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of a statement of internal control (Annual Governance Statement).

Annual Governance Statement

- 2.9 Each year the Council undertakes a robust review of its governance arrangements to meet the requirements of the Framework and this year the annual review process consisted of an evidenced based self-assessment undertaken by members of the Corporate Governance Working Group co-ordinated and reviewed by Internal Audit (Appendix 2), a management assurance exercise completed by each Directorate, and a review of the governance of shared service and partnership arrangements.
- 2.10 Internal Audit co-ordinates and reviews the evidence/assurance provided as part of the process and this is used as a basis for the preparation of the AGS.
- 2.12 The Annual Governance Statement (Appendix 1) is prepared on behalf of the Leader of the Council and the Chief Executive who agreed the draft AGS that was also made available to members of the GARMS Committee as part of the draft accounts issued on 06/06/19. The final AGS will be signed off by the Leader and the Chief Executive by the end of July and included with the annual accounts to meet the statutory requirement of Regulation 6 of the Accounts and Audit Regulations 2015 which requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control”
- 2.13 Only a few changes have been made since the draft AGS was sent to members and the committees’ attention is specifically drawn to sections 3.2 Compliance with Laws and Regulations (final sentence of fifth paragraph), 3.20 Joint Working (third, fourth and fifth paragraphs), 4. Level of Assurance (final paragraph), 5.1 Health & Safety (second paragraph), 5.2 Regeneration Governance (third and fourth paragraphs) and 6.1 Health & Safety (second paragraph) all of which have been updated since the draft.
- 2.14 One significant governance gap has been identified for 2018/19 and the detail of the gap and the agreed action to close the gap is reported in the Annual Governance Statement (paragraph 6.1).
- 2.15 The GARMS Committee’s terms of reference require that it consider whether the AGS properly reflects the risk environment and supporting assurances and legal and financial advice, taking into account internal audit’s opinion on the overall adequacy and effectiveness of the council’s framework of governance, risk management and control

Legal Implications

2.16 As covered in the main body of the report.

Financial Implications

2.17 There are no financial implications.

Risk Management Implications

2.18 Preparation of the AGS describing the annual review of governance mitigates the risk of the Council not complying with Regulation 6 of the Accounts and Audit Regulations 2015.

Equalities implications

2.19 None

Council Priorities

2.20 The annual review of governance reviews arrangements in place to ensure that the intended positive outcomes for residents as outlined by the Council's priorities are achieved.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 01/07/19		

Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 04/07/19		

Name: Charlie Stewart	<input checked="" type="checkbox"/>	Corporate Director
Date: 03/07/19		

Ward Councillors notified:	NO
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Section 4 - Contact Details and Background Papers

Contact: Susan Dixon, Head of Internal Audit & Corporate Anti-Fraud, 02084241420

Background Papers: None

If appropriate, does the report include the following considerations? N/A

1.	Consultation	YES / NO
2.	Priorities	YES / NO