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

Date of Meeting:	8 September 2020
Subject:	Annual Governance Statement 2019/20
Responsible Officer:	Dawn Calvert, Director of Finance and Assurance
Exempt:	No
Wards affected:	All
Enclosures:	Appendix 1 – 2 nd Draft Annual Governance Statement 2018/19 Appendix 2 – 2018/19 Evidence Table

Section 1 – Summary and Recommendations

This report sets out the 2nd Draft Annual Governance Statement (AGS) for 2019/20.

Recommendations:

The GARMS Committee is requested to:

- To review the Annual Governance Statement 2019/20 in line with the Committee's terms of reference, to 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; suggest any appropriate changes and 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.
- 2.11 The 2019/20 Annual Governance Statement includes two new significant areas: the Chartered Institute of Public Finance (CIPFA) issued a briefing note requiring Council's to include details of the impact of the Covid 19 pandemic on governance within their 2019/20 statements and the Committee on Standards in Public Life published its report on local government ethical standards stating that it is best practice to report on separate bodies they have set up or which they own as part of their annual governance statement, and give a full picture of their relationship with those bodies.
- 2.12 The Annual Governance Statement (Appendix 1) is prepared on behalf of the Leader of the Council and the Chief Executive who reviewed the 1st draft AGS that was included in the 2019/20 draft accounts published on 06/06/19 and included on the agenda of this meeting. Due to the disruption caused by Covid 19 not all assurances were obtained/analysed in time to be included in the 1st draft and hence this 2nd draft AGS has been prepared and will be signed off by the Leader and the Chief Executive 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 A number of changes (shown in red) have been made since the 1st draft AGS was included in the draft accounts and the committees' attention is specifically drawn to Financial Impact paragraph of the Covid-19 Impact on Governance section; the final paragraph of section 3.5; section 3.6; the third paragraph of 3.8; section 3.11; the middle section of section 3.14; the Head of Internal Audit's overall opinion contained in section 4 and the significant governance gap identified in section 6.1, all of which have been updated since the 1st draft.

Legal Implications

As covered in the main body of the report.

Financial Implications

There are no financial implications to this report.

Risk Management Implications

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 / Public Sector Equality Duty

N/A

Council Priorities

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.

1. **Improving the environment and addressing climate change**
2. **Tackling poverty and inequality**
3. **Building homes and infrastructure**
4. **Addressing health and social care inequality**
5. **Thriving economy**

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert



Chief Financial Officer

Date: 25/08/20

Name: Hugh Peart



Monitoring Officer

Date: 24/08/20

Name: Charlie Stewart



Corporate Director -
Resources

Date: 24/08/20

Ward Councillors notified:

NO

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