

**Report for:** **GOVERNANCE, AUDIT  
AND RISK  
MANAGEMENT AND  
STANDARDS  
COMMITTEE**

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<b>Date of Meeting:</b>	15 July 2024
<b>Subject:</b>	INFORMATION REPORT – Draft Annual Governance Statement 2023/24
<b>Responsible Officer:</b>	Sharon Daniels, Strategic Director of Finance
<b>Exempt:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1 – Draft Annual Governance Statement 2023/24 Appendix 2 – Draft Annual Governance Statement 2022/23

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**Section 1 – Summary and Recommendations**

This report sets out the annual governance process and the 2023/24 Draft Annual Governance Statement (AGS) for information along with the final 2022/23 AGS published with the draft 2022/23 accounts.

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**Recommendations:**

The Committee is requested to:

- Consider the draft 2023/24 Annual Governance Statement at Appendix 1
- Note the draft 2022/23 Annual Governance Statement at Appendix 2

## Section 2 – Report

### Background

- 2.1. The London Borough of Harrow 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 Since 2005/06 the Council has undertaken an annual review of its governance arrangements to meet the requirements of the Framework. The Framework provides an evidenced based, self assessment methodology for the review of governance and is used to confirm the basic building blocks of governance are in place Council-wide.
- 2.11 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 In 2023/24 a new approach has been adopted for the format of the AGS which has streamlined the statement to simplify its presentation and providing a link to evidence supporting the conclusions in the draft AGS in an evidence table which sets out how Harrow complies with each of the principles of good governance as set out in our Local Code of Governance.
- 2.13 The draft Annual Governance Statement (Appendix 1) is written on behalf of the Leader of the Council and the Managing Director and was prepared for inclusion in the 2023/24 draft accounts. The draft AGS outlines the key findings of the annual review of governance to date. This review is ongoing and once completed will be reflected in the final AGS which will be signed off by the Leader and the Managing Director and included with the final annual accounts. This meets 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”
- 2.14 The 2022/23 AGS was not brought to GARMS prior to its publication in the draft accounts presented to this committee on 19 March 2024. This was due in part to the departure of the previous Head of Internal Audit, delays in the external auditor completing its audit of the 2021/22 accounts and cancellations of some scheduled GARMS meetings during the year. The draft 2022/23 AGS is included with this report for information, this remains in draft until the external auditors have completed their audit of the accounts at which time this will be published along with the 2022/23 final accounts. See Appendix 2.

## **Legal Implications**

As covered in the main body of the report.

## **Financial Implications**

There are no financial implications to this report.

## **Risk Management Implications**

Risks included on corporate or directorate risk register? **No**

Separate risk register in place? **No**

Relevant risks contained in the register are attached/summarised below - **N/A**

This is an information report therefore there are no key risks to be taken into account as there are no recommendations in this report however the risk of not preparing an AGS is outlined below:

<b>Risk Description</b>	<b>Mitigations</b>	<b>RAG Status</b>
Non-compliance with Regulation 6 of the Accounts and Audit Regulations 2015	<ul style="list-style-type: none"><li>• The annual review of governance</li><li>• Preparation and publication of the AGS with the accounts</li></ul>	Green

## **Equalities implications/Public Sector Equality Duty**

N/A

## **Council Priorities**

1. **A council that puts residents first**
2. **A borough that is clean and safe**
3. **A place where those in need are supported**

The work of the Internal Audit service supports the delivery of the Council's priorities by providing assurance on the effectiveness of risk management, control and governance processes and making recommendations to improve these processes, increasing the likelihood of the achievement of the priorities.

## **Section 3 - Statutory Officer Clearance**

As this is an information report Legal / Finance / Corporate Director clearances are not necessary.

## **Mandatory Checks**

Ward Councillors notified: No, as it impacts on all Wards

## **Section 4 - Contact Details and Background Papers**

**Contact:** Tracy Barnett, Interim Head of Internal Audit & Corporate Anti-Fraud

**Background Papers:** None.

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

1. Consultation NO
2. Priorities NO