

## **AUDIT COMMITTEE**

**DATE OF MEETING: 26 JULY 2022**

**TITLE OF REPORT: DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22**

**Report of: Section 151 Officer**

**Cabinet Portfolio: Finance**

**Key Decision: No**

**Confidentiality: Non Exempt**

## **PURPOSE OF REPORT**

1. To seek approve to the draft annual governance statement 2021/22.

## **RECOMMENDATION**

2. That the Audit Committee review and approve the draft annual governance statement 2021/22 attached at Appendix A.

## **BACKGROUND**

3. The Council is required by statute to prepare an annual governance statement (AGS), so allowing it to report publicly on the extent to which it complies with its own local code of corporate governance.

## **MAIN ISSUES**

4. After considering the review of the local code of corporate governance and the annual internal audit report, the Senior Leadership Team (SLT) consider that there are proper arrangements in place for the governance of the Council's affairs and facilitating the effective exercise of functions.
5. SLT are of the opinion that improvements can always be made and have identified two areas for improvement:
  - Ensuring works funded by disabled facilities grants are properly let.
  - Enhancing the control arrangements for a small number of IT systems managed in service areas; andFurther information on these two items is included in the AGS at paragraph 4.1 (b). Section 5 explains what improvements are to be made to address these areas.
6. Ahead of presenting the AGS to the Committee for final approval (alongside the Statement of Accounts), it will be reviewed and updated to reflect any changes to the governance framework.

## **CORPORATE GOVERNANCE CONSIDERATIONS**

### **Relevance to the Corporate Plan and/or The Hart Vision 2040**

7. Good corporate governance arrangements underpin delivery of all aspects of the Corporate Plan.

### **Service Plan**

- Is the proposal identified in the Service Plan? No
- Is the proposal being funded from current budgets? Yes

- Have staffing resources already been identified and set aside for this proposal?  
Yes

### **Legal and Constitutional Issues**

8. Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, require the Council to 'prepare an annual governance statement'. The statement shall be prepared following the review of the effectiveness of the system of internal control.
9. The AGS is required by the 2015 Regulations to be published alongside the annual Statement of Accounts. The Audit Committee's terms of reference require it to review and sign off the annual Statement of Accounts. It is appropriate for the Committee to approve the draft AGS.

### **Financial and Resource Implications**

10. There are no financial implications arising from this report.

### **Risk Management**

11. The external auditors in forming their value for money (VFM) opinion, review the AGS as part of considering the 'proper arrangements' that secure economy, efficient and effectiveness in the use of resources. If they consider the AGS is not reflective of the governance arrangements a qualified VFM opinion may be issued.
12. Whilst the AGS does not need to be approved by the Committee until the external auditor has completed their review of the Statement of Accounts, good practice is for the Audit Committee to have early sight of the draft AGS to allow them to review and provide comment, prior to it being forwarded to the external auditor for review. If this did not happen, the Committee would receive the AGS at the same time as they were being asked to approve its contents. This would not give the Committee sufficient time to review or request changes if they considered them to be necessary.

### **EQUALITIES**

13. There are no equality issues arising from this report.

### **CLIMATE CHANGE IMPLICATIONS**

14. No direct carbon/environmental impacts arising from the recommendations.

### **ACTION**

15. The draft AGS 2021/22 is approved.

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### **Appendices**

Appendix A. The Local Code of Corporate Governance.

**Background Papers:** None