



Committee	Audit and Governance Committee
Date	08/07/2024
Subject	Draft Annual Governance Statement 2023/24
Cabinet Member	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
Report Author(s)	Lorraine Rogers Chief Finance Officer and Section 151 Officer lorraine.rogers@eastsoffolk.gov.uk Stacey Ransby Performance and Risk Officer stacey.ransby@eastsoffolk.gov.uk
Head of Service	Lorraine Rogers Chief Finance Officer and Section 151 Officer lorraine.rogers@eastsoffolk.gov.uk
Director	Chris Bally Chief Executive chris.bally@eastsoffolk.gov.uk

Key Decision	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	Not applicable
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Purpose/Summary

The Accounts and Audit Regulations 2015 requires councils to produce an Annual Governance Statement, in line with the conclusion of the audit of the Statement of Accounts.

The purpose of this report is for the Committee to review and approve the draft Annual Governance Statement for 2023/24, alongside the draft Statement of Accounts for 2023/24.

The draft Annual Governance Statement is subject to external audit review and could therefore change. Any changes will be presented to the Committee with the audited Statement of Accounts for 2023/24. The timing of this is yet to be confirmed.

Recommendation

That the Audit and Governance Committee:

1. Reviews and approves the draft Annual Governance Statement for 2023/24, alongside the draft Statement of Accounts for 2023/24.

Strategic plan

How does this proposal support Our Direction 2028?

Environmental Impact	No direct environmental impact.
Sustainable Housing	No direct sustainable housing impact.
Tackling Inequalities	No impact.
Thriving Economy	No impact.
Our Foundations / governance of the organisation	It is a statutory requirement that the Annual Governance Statement (AGS) is produced each year to provide assurance as to how governance of the Council is conducted and is effectively being managed. The AGS is significant to all areas of the Council and feeds into Our Foundations/governance theme of the East Suffolk Strategic Plan – Our Direction 2028.

Justification for recommendations

1. Background

- 1.1. The Annual Governance Statement is a key document that helps provide assurance to Members and other stakeholders as to how governance of the Council is conducted, how effective it has been for the year and identifies issues of concern raised by the Corporate Leadership Team and Head of Internal Audit together with emerging issues upon which the Council will need to focus on over the coming year. The Council's draft AGS for 1 April 2023 to 31 March 2024 is appended to this report.
- 1.2. The Council's AGS embraces the seven core principles set out in the CIPFA framework: *Delivering Good Governance in Local Government*.
- 1.3. The Council has a duty to ensure that public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively. It also has a duty under the Local Government Act 2000 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.
- 1.4. In discharging this overall responsibility, the Council is required to put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements of the management of risk to a reasonable level rather than eliminate all risk of failure to achieve the Council's policies, aims and objectives.
- 1.5. Risk management is an integral part of the Council's corporate governance arrangements, which is independently assessed by the Head of Internal Audit.
- 1.6. Recommendations made to improve the control environment and ensure good governance are assessed by External Audit and the Audit and Governance Committee.

2. Introduction

- 2.1 The Annual Governance Statement (AGS) is a statutory requirement of the Accounts and Audit Regulations 2015 and requires approval by the Committee.
- 2.2 The Council's Section 151 Officer (Chief Finance Officer) has a statutory obligation to ensure that the Council has an adequate and effective system of internal control in place (Local Government Act 1972). The Council's systems of internal control are independently assessed by the Head of Internal Audit.
- 2.3 The overall effectiveness of the Council's governance arrangements continued to improve, with positive assessments and feedback by Internal Audit, the Council's external auditors (EY) and other external bodies.
- 2.4 The Head of Internal Audit issues an annual audit opinion each financial year to notify the Council of the objective assessments undertaken by internal audit and the degree of confidence available in the organisation's governance, risk management and control processes. Based on the findings of the audit reviews carried out during 2023/24 and other sources of assurance available, it is the opinion of the Head of Internal Audit that **Reasonable Assurance** may be given on the Council's risk, governance and control environment. The Council's definition of Reasonable Assurance is that "Some specific control weaknesses were noted and some improvement is needed; evaluated controls are generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met."

- 2.5 The opinion of Reasonable Assurance is broadly consistent with the view from previous years. However, it should be noted that the reasonable assurance opinion provided this year contains one significant issue where one service unit of the Council has been unable to demonstrate effective management of procurement and contract management risk.
- 2.6 In order to prepare the annual opinion Internal Audit has completed risk-based internal audit assessments compliant with the Public Sector Internal Audit Standards and the Internal Audit Charter. Assurance is evidence-based, and the annual opinion is based on the risks and evidence available to the Head of Internal Audit in May 2024.
- 2.7 The AGS provides a review of effective governance measures undertaken in the year and includes an action plan. The areas to address in the AGS (1 April 2023 to 31 March 2024) within the Statement have been informed by:
- the outcomes of internal and external review bodies that report on the Council's effective governance performance during the year;
 - Corporate Leadership Team review and assurance;
 - the AGS Steering Group assessment and progress monitoring; and
 - changes in Government policy that impact across a wide range of Council's activities.
- 2.8 The AGS includes a significant governance issue identified in 2021/22, which was updated in the 2022/23 AGS, relating to Housing regulation. Significant progress has been and continues, to be undertaken, with progress details contained on page 39 of the appended draft AGS.

3 Proposal

- 3.1 The draft AGS for 2023/24 allows Members the opportunity to review and provide feedback prior to its finalisation. The final version will be reported to the Audit and Governance Committee with the audited Statement of Accounts.

4 Financial Implications

- 4.1. There are no financial implications as a result of this report.

5 Legal Implications

- 5.1 There are no legal implications as a result of this report.

6 Risk Implications

- 6.1 The Council's Corporate Risk Register is regularly monitored and managed which is a key document feeding into the production of the AGS.

7 Options

- 7.1 There are no other options available. The Annual Governance Statement is a statutory requirement by the Accounts and Audit Regulations 2015, which requires approval by the Committee.

8 Recommendation

- 8.1 The draft Annual Governance Statement for 2023/24 (1 April 2023 to 31 March 2024) be reviewed and approved prior to final sign-off with the audited Statement of Accounts.

9 Reasons for Recommendations

- 9.1 To comply with the Accounts and Audit Regulations 2015.
- 9.2 To strengthen the Council's governance arrangements and to ensure any issues or risks are appropriately managed and resourced.
- 9.3 To provide further assurance to stakeholders that the Council's statutory Statement of Accounts accurately represents the Council's overall financial position for the year.

10 Conclusions/Next Steps

- 10.1. The draft Annual Governance Statement is subject to external audit review and could therefore change. Any changes will be presented to the Committee with the audited Statement of Accounts for 2023/24. The timing of this is yet to be confirmed and is subject to the external auditors timetable and addressing the national audit backlog.

Areas of consideration comments

Section 151 Officer comments:

The report complies with the required Council's Section 151 Officer (Chief Finance Officer) statutory obligations to ensure that the Council has an adequate and effective system of internal control in place (Local Government Act 1972).

Monitoring Officer comments:

The Monitoring Officer has been consulted on this report and has no additional comments.

Equality, Diversity and Inclusion/EQIA:

There are no direct implications arising from this report.

Safeguarding:

There are no direct implications arising from this report.

Crime and Disorder:

There are no direct implications arising from this report.

Corporate Services implications:

There are no direct implications arising from this report.

Residents and Businesses consultation/consideration:

There are no direct implications arising from this report.

Appendices:

Appendix A	Draft Annual Governance Statement (2023/24)
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Background reference papers:

None
