



## AUDIT & GOVERNANCE COMMITTEE

Monday, 28 June 2021

<b>Subject</b>	Annual Governance Statement 2020/21
<b>Report by</b>	Councillor Maurice Cook Cabinet Member with responsibility for Resources
<b>Supporting Officer</b>	Brian Mew Chief Finance Officer and Section 151 Officer <a href="mailto:Brian.mew@eastsoffolk.gov.uk">Brian.mew@eastsoffolk.gov.uk</a> (01394) 444571  Lorraine Rogers Finance Manager and Deputy Section 151 Officer <a href="mailto:Lorraine.rogers@eastsoffolk.gov.uk">Lorraine.rogers@eastsoffolk.gov.uk</a> (01502) 523667

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

### **Purpose of Report:**

The Accounts and Audit Regulations 2015 require 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 2020/21, alongside the draft Statement of Accounts for 2020/21.

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 2020/21, currently scheduled for the March 2022 meeting.

### **Options:**

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.

### **Recommendation/s:**

That the draft Annual Governance Statement for 2020/21 (1 April 2020 to 31 March 2021) be reviewed and approved prior to final sign-off with the audited Statement of Accounts.

## Corporate Impact Assessment

### **Governance:**

The Annual Governance Statement (AGS) is a statutory requirement of the Accounts and Audit Regulations 2015 and requires approval by the Committee.

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.

### **ESC policies and strategies that directly apply to the proposal:**

All ESC policies and strategies provide governance and assurance that the Council is managing and delivering its services effectively.

### **Environmental:**

No impact.

### **Equalities and Diversity:**

No impact.

### **Financial:**

No direct financial impact.

<b>Human Resources:</b> No impact.
<b>ICT:</b> No impact.
<b>Legal:</b> No impact.
<b>Risk:</b> The Council's Corporate Risk Register is regularly monitored and managed which is a key document feeding into the production of the Annual Governance Statement.

<b>External Consultees:</b> None.
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## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		

P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**How does this proposal support the priorities selected?**

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 the governance theme of the East Suffolk Strategic Plan.

## Background and Justification for Recommendation

1 Background facts	
1.1	<p>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 major issues of concern raised by the Corporate Management Team and Head of Internal Audit together with emerging issues upon which the Council will need to focus over the coming year. The Council's AGS for 1 April 2020 to 31 March 2021 is appended to this report.</p> <p>The Council's AGS embraces the seven core principles set out in the CIPFA framework: <i>Delivering Good Governance in Local Government</i>.</p>
1.2	<p>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.</p>
1.3	<p>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.</p> <p>Risk management is an integral part of the Council's corporate governance arrangements, which is independently assessed by the Head of Internal Audit. Recommendations made to improve the control environment and ensure good governance are assessed by External Audit and the Audit &amp; Governance Committee.</p>
2 Current position	
2.1	<p>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 Ernst and Young LLP and other external bodies.</p>
2.2	<p>A sound system of internal control and the management of risks are integral elements of the Council's corporate governance arrangements. Based on the findings of the managed audits and governance reviews carried out throughout 2020/21 and considering the current climate in which the Council is operating it is the opinion of the Head of Internal Audit that the Authority's control environment provides <b>Reasonable Assurance</b> of sound systems of control. Generally, risks are professionally managed but some areas require internal control improvements to ensure strategic objectives are met.</p>
2.3	<p>The opinion of Head of Internal Audit is based on internal work undertaken, and completed, alongside emergency measures being implemented because of the Coronavirus Pandemic. These measures have resulted in significant levels of strain</p>

	being placed on normal procedures and control arrangements. The level of impact is also changing as the situation continues. All findings that are found to be of a significant corporate concern have been considered during 2020/21 and are reported within the Annual Governance Statement for this year under areas called Ongoing Governance Issues.
2.4	Section 5 of the Annual Governance Statement (AGS) provides a review of effective governance measures undertaken in the year.
2.5	Appended to this report is the draft AGS for 2020/21 to allow Members the opportunity to review and provide feedback prior to its finalisation. The final version will be reported to the Audit & Governance Committee with the audited Statement of Accounts, currently scheduled for the March 2022 meeting.

### 3 How to address current situation

3.1	<p>The areas to address in the AGS (1 April 2020 to 31 March 2021) within the Statement have been informed by:</p> <ul style="list-style-type: none"> <li>• the outcomes of internal and external review bodies that report on the Council's effective governance performance during the year;</li> <li>• Corporate Management Team review and assurance (Corporate Governance arrangements);</li> <li>• the AGS Steering Group assessment and progress monitoring; and</li> <li>• changes in Government policy that impact across a wide range of Council's activities.</li> </ul>
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### 4 Reason/s for recommendation

4.1	To comply with the Accounts and Audit Regulations 2015.
4.2	To strengthen the Council's governance arrangements and to ensure any issues or risks are appropriately managed and resourced.
4.3	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.

## Appendices

### Appendices:

<b>Appendix A</b>	East Suffolk Council draft Annual Governance Statement 2020/21 (1 April 2020 to 31 March 2021).
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### Background reference papers:

Date	Type	Available From
	No papers.	