

Report to:	Audit and Standards Committee
Date:	27 September 2021
Title:	Annual Governance Statement
Report of:	Chief Internal Auditor
Ward(s):	All
Purpose of report:	To seek the Committee’s approval of the amended Annual Governance Statement.
Officer recommendation(s):	To comment on and approve the changes to the Annual Governance Statement.
Reasons for recommendations:	To meet the Council’s legal requirement to produce an Annual Governance Statement.
Contact Officer(s):	Name: Jackie Humphrey Post title: Chief Internal Auditor E-mail: Jackie.humphrey@lewes-eastbourne.gov.uk Telephone number: 01323 415925

1 Introduction

- 1.1 Corporate governance involves everyone in local government. Two definitions are:
- “Ensuring the organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner” – Audit Commission.
- “How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.” – CIPFA/SOLACE
- 1.2 The Council has a legal requirement to produce an Annual Governance Statement each year in accordance with the Accounts and Audit Regulations, 2015. The statement accompanies the Statutory Statement of Accounts once adopted.
- 1.3 The Audit and Standards Committee is tasked with overseeing the risk management, internal control and reporting to the council. A key component of this work is to approve the Annual Governance Statement.

2 Background

- 2.1 The Annual Governance Statement was brought to the committee in July. Some issues were raised by committee members at the meeting and it was agreed that the Chair could approve the Annual Governance Statement if the changes were made.
- 2.2 However, following the meeting the Deputy Chief Finance Officer questioned part of the Annual Governance Statement which led to a further review. For this reason the amended Annual Governance Statement has been brought back to the committee for review and approval.

3 Councillors Questions

- 3.1 One councillor questioned that this issue of document retention was not being shown as a significant governance issue. At the meeting the Head of Legal Services was asked for his opinion and stated that he did not feel that it was significant. Following the meeting the opinion of the Chief Finance Officer/s. 151 Officer was sought. She stated that she was happy to rely on the opinion of the Head of Legal Services in this matter. The Head of Legal Services was therefore requested to give further consideration to the issue. After further consideration he was of the same opinion. The Annual Governance Statement has therefore been updated to state that the opinion of the Head of Legal Services was sought.
- 3.2 A councillor pointed out an issue with page numbering. It appears that there was a formatting issue in the document and this has now been corrected.
- 3.3 Under the section on the Covid-19 pandemic there was a sentence that stated that the council had received £3.2m toward "homelessness". A councillor questioned this, saying that it was incorrect. This was checked with the officer that had provided the information for the Annual Governance Statement. It was confirmed that this was an error and should have read "rough sleeping". The Annual Governance Statement has been amended accordingly.

4 Change raised by Deputy Chief Finance Officer

- 4.1 There was a question raised by the Deputy Chief Finance Officer over the Housing Software being shown as a significant governance issue. He believed that the issues had either been addressed or were currently being resolved. He therefore did not feel that any of this was having a significantly detrimental effect on producing the accounts.
- 4.2 This was therefore discussed with the Chief Finance Officer/s. 151 Officer, who stated that she was happy to defer to the opinion of the Deputy Chief Finance Officer as he is responsible for the day to day work on the accounts and is therefore aware of any issues and how they are affecting the accounts.
- 4.3 A decision was therefore made to remove Housing Software as a significant governance issue. Whilst it is no longer showing as a significant issue, it has not been completely removed from the statement. As it was shown as a significant

governance issue last year, there is a requirement for an update on the issue. Housing Software has therefore been moved to a table "Update on Significant Governance Issues 2019/20".

5 Actions

- 5.1 All of the changes reported above have been highlighted on the attached amended Annual Governance Statement.
- 5.2 A review of the process of producing the Annual Governance Statement was already being considered. The issues this year have underlined that changes are necessary and these will be put in place for the production of the Annual Governance Statement for 2021-22.
- 5.3 The Committee is asked to review and consider these changes and approve the amended Annual Governance Statement.

6 Financial appraisal

- 6.1 There are no financial implications arising from this report.

7 Legal implications

- 7.1 This report is for noting only and therefore the Legal Services team has not been consulted on the content of it.

8 Risk management implications

- 8.1 Failure to produce an Annual Governance Statement, and to maintain proper assurance arrangements to support its production, can reduce the likelihood of the council meeting its objectives, and attract criticism from the Council's stakeholders and the Council's external auditor. The Audit and Standards Committee review of the Annual Governance Statement significantly reduces these risks.

9 Equality analysis

- 9.1 A detailed Equality analysis is not required for this report.

10 Appendices

- 10.1 Appendix A - Annual Governance Statement.

11 Background papers

- 11.1 Internal Audit Report for the financial year 2020-2021.
- 11.2 Report on the Annual Governance Statement taken to Audit and Standards Committee on 26th July 2021.

