

<b>Report to:</b>	<b>Audit and Standards Committee</b>
<b>Date:</b>	<b>14 November 2022</b>
<b>Title:</b>	<b>Amendment to the Annual Governance Statement 2021-22</b>
<b>Report of:</b>	<b>Chief Internal Auditor</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To seek the Committee’s approval of the amended Annual Governance Statement for 2021-22.</b>
<b>Officer recommendation(s):</b>	<b>To comment and approve the amended Annual Governance Statement for 2021-22.</b>
<b>Reasons for recommendations:</b>	<b>To meet the Council’s legal requirement to produce an Annual Governance Statement.</b>
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## **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 and was agreed. However, following the meeting, it was noted that in updating and trying to improve the layout, a couple of paragraphs had been missed out of the new version. For this reason, the amended Annual Governance Statement has been brought back to the committee for review and approval.

## **3 Missing Paragraphs**

3.1 Both missing paragraphs are from the section “Review of Effectiveness” which begins on page six of the Annual Governance Statement.

- 3.2 The first paragraph is “Managing the Risk of Fraud and Corruption”. This paragraph explains five principles of the Code of Practice on Managing the Risk of Fraud and Corruption (Cipfa) and includes a brief statement on how these are met.
- 3.3 The second paragraph is the “Financial Management Code”. Local authorities are expected to disclose compliance with the Financial Management Code and identify any outstanding areas for improvement or change.
- 3.4 These paragraphs have been reinstated and can be found in the attached, updated Annual Governance Statement.

#### **4. Improving the Process**

- 4.1 Historically, there has been limited input to the Annual Governance Statement, with reliance being placed on the Chief Internal Auditor to check for relevant updates from senior management.
- 4.2 For the 2022-23 Annual Governance Statement, some new processes are being put in place to ensure that there is better input into collating information. Regular quarterly meetings have been set up with the Head of Legal Services and Monitoring Officer, the Head of Democratic Services, and the Governance and Compliance Head and Group Company Secretary. A meeting has also been set up with the Deputy Chief Finance Officer toward the end of the year to discuss financial issues and the Financial Management Code. Other meetings will be set up with appropriate managers to discuss any other areas necessary.

#### **5 Actions**

- 5.1 The changes referred to in paragraph 3 have been highlighted on the attached, amended, Annual Governance Statement.
- 5.2 The committee is asked to review and consider these updates and approve the amended Annual Governance Statement.
- 5.3 Once agreed, the statement will be passed to the Leader and the Chief Executive to sign. Once signed the statement will be published on the council’s website.

#### **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 An equalities impact assessment is not considered necessary because the report is for information only and involves no key decisions.

**10 Environmental sustainability implications**

10.1 Not applicable.

**11 Appendices**

11.1 Appendix 1 - Annual Governance Statement

**12 Background Papers**

12.1 None.