

# **Report to the Audit and Governance Committee**



**Epping Forest  
District Council**

**Report reference:** AGC-003-2019/20  
**Date of meeting:** 12 September 2019

**Portfolio:** Leader of the Council

**Subject:** Annual Governance Statement 2018/19

**Responsible Officer:** Sarah Marsh (01992 564446).

**Democratic Services Officer:** Gary Woodhall (01992 564470).

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## **Recommendations/Decisions Required:**

- (1) The Committee approves the Annual Governance Statement for 2018/19.

## **Executive Summary:**

The Council's Statutory Statement of Accounts has been prepared in accordance with the Accounts and Audit Regulations 2015. Within the Regulations, and in accordance with defined 'proper practice', there is a mandatory requirement to publish an Annual Governance Statement (AGS). The arrangements are designed to provide the Council with assurance regarding the adequacy of its governance arrangements and identifying where those arrangements need to be improved.

## **Reasons for Proposed Decision:**

Although the AGS is not subject to audit by the external auditors, it is a public document and auditors form a view of governance arrangements by comparing statements with their accumulated knowledge of systems and controls. Any significant differences between the two are likely to raise questions about the Council's willingness to acknowledge and address problem areas.

Approval of the AGS should be at a corporate level and should be confirmed by the most senior Officer and Councillor signing the Statement on behalf of the Council. It is good practice for the Council to review and approve the AGS separately from the accounts, as proposed in this report, as this helps to ensure its robustness and reinforce its corporate standing. As the AGS is published, it is an opportunity to demonstrate that the Council is self-aware and has set a transparent agenda for improvement.

## **Other Options for Action:**

No other options.

## **Report:**

1. The Council's Statutory Statement of Accounts has been prepared in accordance with the Accounts and Audit Regulations 2015. Within the Regulations, and in accordance with defined 'proper practice', there is a mandatory requirement to publish an Annual Governance Statement (AGS). In accordance with good practice the governance statement has included the following information:

- (a) an acknowledgement of responsibility for ensuring there is a sound system of governance;
  - (b) an indication of the level of assurance that the systems and processes that comprise the Authority's governance can provide;
  - (c) a brief description of the key elements of the governance framework, including reference to group or partnership activities where those activities are significant;
  - (d) a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements; and
  - (e) an outline of the actions taken, or proposed, to deal with significant governance Issues.
2. The production of an AGS enables the Council to use the review process positively and proactively to deliver assurance about governance arrangements within the Council to stakeholders, and to develop better arrangements where the review finds areas in need of improvement. The process involves a comparison of achievements against the principles set out in the Council's Local Code of Governance and supports an intention and commitment to provide good governance.
  3. The Annual Governance Statement is the product of an annual review, by the Council, of the effectiveness of the Council's governance arrangements. This includes an assessment of the effectiveness of its internal control arrangements. The AGS is published with the Statement of Accounts.
  4. The AGS is derived partly from detailed reviews by all Service Directors of the effectiveness of the governance arrangements operating within their Directorate, by reference to a detailed checklist incorporating the key elements within the Local Code of Governance. As part of this process Directors have considered available evidence to demonstrate that these governance systems and processes are working effectively and as intended. All Directors have provided assurance statements indicating the level of assurance that can be placed on the effectiveness of key controls operating at service level. These statements are intended to be a balanced representation of the arrangements in place during the year, and to highlight those areas where improvement is required. Significant issues are commented upon in the Governance Statement.
  5. Internal Audit focuses its work on providing an independent and objective opinion on the Council's internal controls and submits an annual report and quarterly monitoring reports to this Committee, where significant audit findings and improvement areas are highlighted. The Chief Internal Auditor is required to include in the annual audit report an opinion on the overall adequacy and effectiveness of the Council's internal control environment, drawing attention to any issues that are relevant to the preparation of the Governance Statement. The annual audit report for 2018/19 is included on the agenda for this meeting.

**Resource Implications:**

From existing resources.

**Legal and Governance Implications:**

Completion and approval of the Annual Governance Statement is required by the Accounts and Audit (England) Regulations 2015.

**Safer, Cleaner and Greener Implications:**

No specific implications.

**Consultation Undertaken:**

Corporate Governance Group and Directors.

**Background Papers:**

The following papers referred to in the preparation of the report are not attached as appendices but are available for public or Councillor study:

Accounts and Audit (England) Regulations 2015

Delivering Good Governance in Local Government (Framework and Guidance Note for English Authorities) CIPFA/SOLACE (2016 Edition)

**Risk Management:**

The preparation of the Annual Governance Statement is a key part of the Council's governance arrangements in demonstrating that there is a continuous review of the Council's internal control and risk management systems.

**Equality Analysis:**

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 2 to the report.