

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE: Annual Governance Statement 2021/22	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Audit and Corporate Governance Committee	DATE 17 November 2022
<p>SUMMARY OF REPORT: This report provides Members with the Council's Draft Annual Governance Statement for 2021/22.</p> <p>LOCAL GOVERNMENT ACT 1972 – ACCESS TO INFORMATION No documents that require listing were used in the production of this report.</p> <p>CONTACT OFFICER: Peter Taylor Financial Reporting Manager 5 Pancras Square London. N1C 4AG Telephone: 020 7974 6378 peter.taylor@camden.gov.uk</p>	
<p>RECOMMENDATION:</p> <p>The Audit and Corporate Governance Committee is asked to:</p> <ol style="list-style-type: none"> 1) approve the Annual Governance Statement for 2021/22 at Appendix 1; 2) provide authority to the Executive Director Corporate Services, in consultation with the Chair of Audit and Corporate Governance Committee, to approve any minor amendments to the Annual Governance Statement to reflect any changes required as a result of external audit, prior to the signing of the final statement of accounts; 3) note that officers will report back on any amendments made in line with recommendation 2) above at a future Audit and Corporate Governance Committee meeting, and provide a copy of any amended version of the Annual Governance Statement for the Committee's information. 	
<p>SIGNED: Director of Finance</p> <p>DATE: 7 November 2022</p>	

1. Introduction

- 1.1 This report provides the Committee with the Council's 2021/22 Annual Governance Statement (AGS). In accordance with Regulation 6 of the Accounts and Audit Regulations 2015, the Council is required to undertake a review its governance framework and publish an AGS as part of the Statement of Accounts.
- 1.2 The purpose of the AGS process is to provide a continuous review of the Council's governance framework to provide assurance on its effectiveness and, where applicable, produce an action plan to address any weaknesses identified. The process of preparing the AGS adds value to the corporate governance and internal control framework.

2. Consultation and preparation

- 2.1 The 2021/22 Annual Governance Statement follows the guidelines encompassed in the CIPFA/SOLACE¹ 'Delivering Good Governance in Local Government' framework (2016).
- 2.2 In line with the framework, the AGS is an assessment of the Council's performance across all of its activities and describes:
 - key elements of the Council's governance arrangements, covering all corporate systems and the range of activities for which the Council is responsible;
 - specific governance arrangements for the 2021-22 financial year;
 - processes applied in reviewing the effectiveness of the Council's governance framework, including the system of internal control; and
 - actions proposed to deal with any significant governance issues identified.
- 2.3 The governance framework described in the AGS must be in place for the financial year, and prepared in accordance with proper accounting practices. The governance framework described in the AGS has been in place at the Council during the year ending 31 March 2022.
- 2.4 In a change from previous years, the production of the AGS was co-ordinated by Finance as opposed to Internal Audit. This was done to closer align with best practice on the role of Internal Audit and maintain their independence. The Statement includes the opinion of the Head of Internal Audit, which was reported to Committee as adequate (moderate assurance) as part of the Council's 2021/22 Internal Audit Annual Report in June 2022. As before, contributions have also been received from officers across the Council including Law and Governance, Finance, Strategy and Human Resources.
- 2.5 The structure of the AGS as presented in **Appendix 1** has been kept consistent with that of 2020/21, and reflects Committee's feedback from last year. An

¹ The Chartered Institute of Public Finance and Accountancy (CIPFA), and Society of Local Authority Chief Executives (SOLACE) collaboration

overview of the Council's governance framework is presented in Section 3, and key governance issues facing the Council are discussed within relevant paragraphs of Section 4 (key elements of the Council's governance framework for 2021-22). The statement then reports on a Review of Effectiveness of that governance framework (Section 5), which primarily covers:

- the work and findings of Internal Audit during the year, including the annual opinion of the Head of Internal Audit
- External Audit's findings reported during the year, typically focussed on the previous year's Statement of Accounts and accompanying findings on Value for Money
- a self-assessment by management (each of the Directorate Management Teams) reflecting on changes to governance arrangements, and significant issues or risks, and providing an overall self assessment rating.

2.6 Section 6 reflects an action plan, indicating the steps that will be taken to address the key governance areas that require monitoring in the coming year.

2.7 Stable elements of the Council's governance framework, which largely remain unchanged from year-to-year, are reflected in Appendix 1 Part B. By retaining the core elements of the Council's governance framework within Part B of the statement we have ensured that the AGS remains compliant with the CIPFA/SOLACE² code of governance.

2.8 An unsigned version of the statement will be published alongside the draft statement of accounts for 2021/22. The Chief Executive and the Leader will sign the final AGS ahead of the final accounts being approved.

2.9 The governance framework described in the AGS must be in place for the year ending 31 March 2022, and prepared in accordance with proper accounting practices. Following the advice of the Council's External Auditors, additional updates may need to be factored into the AGS to reflect post balance sheet events, which are expected to be minor. In line with the previous year, the Committee is therefore asked to provide authority to the Executive Director Corporate Services, in consultation with the Chair of Audit and Corporate Governance Committee, to approve minor amendments to the AGS prior to the signing of the final statement of accounts. Officers will report back any amendments made to a future Audit Committee for information.

3. Legal comments of Borough Solicitor

3.1 By regulation 3 of the Audit and Accounts Regulations 2015 ('the Regulations') the Council is under a duty to ensure that it has a sound system of internal control which:

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and

² The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) collaboration

(c) includes effective arrangements for the management of risk.

- 3.2 By regulation 6, each financial year the Council must conduct a review of the effectiveness of the system of internal control required by regulation 3 above and prepare an annual governance statement (AGS). This review must be considered by, and the AGS approved by resolution of, a committee or members of the authority meeting as a whole. Such matters are within the remit of the terms of reference of the Audit and Corporate Governance Committee. The AGS must be approved in advance of the authority approving the statement of accounts and prepared in accordance with proper practices. Whilst the Committee has authority to approve the AGS, any decision not to approve it would need to be reasonable in all the circumstances. For example, it would not be reasonable to refuse to approve it due to minor matters where perhaps the Committee would have done it differently or used slightly different wording. It would only be reasonable for it to legitimately not approve the AGS if for example, it was manifestly incorrect in its assertions based on documented evidence.
- 3.3 The Accounts and Audit Regulations 2015 state that the authority must after approving the statement of accounts, but not later than 31st July of the financial year immediately following the end of the financial year to which the statement relates, publish (which must include publication on the authority's website):
- (a) the statement of accounts together with any certificate or opinion, entered by the local auditor;
 - (b) the annual governance statement; and
 - (c) the narrative statement prepared in accordance with the regulations.
- 3.4 However The Accounts and Audit (Amendment) Regulations 2022 came into force on 22 July 2022 and amend the 2015 Regulations to delay the deadlines for Category 1 authorities to publish their statement of accounts and supporting documents (together with any certificate or opinion of the local auditor) relating to the financial year beginning in 2021 to 30th November. Where an audit of accounts has not been concluded that date an authority must publish (which must include publication on the authority's website) as soon as reasonably practicable on or after that date a notice stating that it has not been able to publish the statement of accounts and its reasons for this.

4. Finance comments of the Executive Director Corporate Services

- 4.1 The Executive Director Corporate Services has been consulted and his comments are incorporated within the body of the report.

5. Environmental Implications

- 5.1 There are no environmental implications.

6. Appendices

- 6.1 Appendix 1: 2021/22 Draft Annual Governance Statement