

**Report for:** Corporate Committee – 30 July 2020

**Title:** Draft Annual Governance Statement 2019/20

**Report**

**authorised by :** Assistant Director of Corporate Governance

**Lead Officer:** Minesh Jani, Head of Audit and Risk Management

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**Ward(s) affected:** N/A

**Report for Key/**

**Non Key Decision: Information**

**1. Describe the issue under consideration**

- 1.1 To inform the Corporate Committee of the statutory requirements to produce an Annual Governance Statement (AGS) and provide a draft statement relating to the 2019/20 financial year for review and approval and maintain the Local Code of Corporate Governance.

**2. Cabinet Member Introduction**

- 2.1 Not applicable.

**3. Recommendations**

- 3.1 The Corporate Committee review and approve the draft 2019/20 AGS attached at Appendix A.
- 3.2 That the Corporate Committee notes the approval timescale and processes for the draft 2019/20 AGS.
- 3.3 That the Corporate Committee notes and approves the updated Local Code of Corporate Governance attached at Appendix B.

**4. Reasons for decision**

- 4.1 The Corporate Committee is responsible for approving the Council's draft AGS as part of its Terms of Reference. In order to facilitate this, and provide information on its sources of assurance from across the Council, reports have been provided on a regular basis for the Corporate Committee, culminating in the production of the draft AGS.
- 4.2 The Corporate Committee's terms of reference include under part D (ii), maintaining an overview of the Council's Local Code of Corporate Governance.

**5. Alternative options considered**

- 5.1 Not applicable.

**6. Background information**

- 6.1 The Council is required to produce an Annual Governance Statement (AGS) for publication with the Council's annual accounts. The AGS comments on the

Council's governance framework as a whole. Corporate governance brings together an underlying set of legislative requirements, governance principles and management processes.

- 6.2 The preparation of an AGS is a statutory requirement of the Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. These regulations require local authorities to produce an annual statement, in accordance with 'proper practice'.
- 6.3 In order to comply with the statutory reporting deadlines, the AGS for 2019/20 has to be approved by 31 August 2020. The Leader and Chief Executive will sign the statement assurance that responsibilities have been adopted at a corporate level and adequate processes exist and are effective before they sign the AGS.
- 6.4 Prior to its final approval, the Council needs to demonstrate that the AGS has been reviewed and agreed by relevant senior managers across the authority and an appropriate member body. The Corporate Board has reviewed the draft AGS and a copy of this is provided at Appendix A.
- 6.5 The AGS has been produced in line with the revised guidance issued in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in their report 'Delivering Good Governance in Local Government: Framework'. The guidance applies to governance statements produced from 2016/17 onwards.
- 6.6 The revised guidance is recommended to be used as 'best practice' for developing and maintaining a locally adopted code of governance. The Council's existing and published Local Code of Corporate Governance has been revised to incorporate the updated guidance and submitted to the Corporate Committee for approval.
- 7. Contribution to strategic outcomes**
- 7.1 Corporate governance is an important element of the external assessment processes. The annual accounts, including the AGS, are subject to audit by the council's external auditors. While the whole of the financial statements may not be qualified, an incorrect or inaccurate AGS may be raised as a recommendation by the external auditors. Ensuring the adequacy and effectiveness of the Council's governance arrangements, which cover all Priority areas, will assist in improving services to residents and other stakeholders.

## **8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### **8.1 Finance and Procurement**

There are no direct financial implications arising from this report. The work within service areas which supports and provides evidence for the AGS, is contained and managed within their revenue budgets. Service departments manage risks and governance arrangements as part of the routine work to achieve their business plans and costs are contained within their revenue budgets. Covid-19 has and will continue to impact most Council services to a greater or lesser extent in a myriad of different ways some of which will be financial. This has been recognised in the AGS revised action plan to be closely monitored throughout the year.

Internal audit undertakes reviews of matters arising at the Corporate Board and in consultation with the Priority Owners identified the significant governance issues. Additionally, the Head of Audit and Risk Management provides an annual report to support the assurance processes for the AGS. This work is part of the annual internal audit plan and costs are included within Audit and Risk Management's budget.

The Chief Finance Officer confirms that the presentation of the attached draft AGS for approval by this Committee meets the Council's statutory requirement under the Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.

### **8.2 Legal**

The Assistant Director of Corporate Governance has been consulted in the preparation of this report, and in noting that the AGS has been produced in accordance with current and best practice guidelines, has no comments.

### **8.3 Equality**

There are no direct equality implications for the Council's existing policies, priorities and strategies as a result of this report. However, ensuring that the Council has effective governance arrangements in place and taking appropriate action to improve these where required will assist the Council to use its available resources more effectively.

This report deals with governance arrangements and their implementation across all areas of the Council, which have an impact on various parts of the community. Improvements in managing governance will therefore improve services the Council provides to all sections of the community.

## **9. Use of Appendices**

Appendix A – Draft Annual Governance Statement 2019/20

Appendix B – Revised Local Code of Corporate Governance

10. **Local Government (Access to Information) Act 1985**  
Not applicable.