

Report for: Audit Committee 22 July 2025

Item number: 9

Title: Draft Annual Governance Statement 2024/25

Report authorised by: Taryn Eves – Director of Finance and Resources

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Ward(s) affected: N/a

**Report for Key/
Non-Key Decision:** N/a

1. Describe the issue under consideration

To inform the Audit Committee of the statutory requirements to produce an Annual Governance Statement for 2024/25 (AGS) and to provide a draft statement relating to the 2024/25 financial year for review and approval.

2. Cabinet Member Introduction

Not Applicable.

3. Recommendations

The Audit Committee review and approve the draft 2024/25 AGS, attached at Appendix A.

That the Audit Committee notes the approval timescale and processes for the draft 2024/25 AGS.

4. Reasons for decision

The Terms of Reference of the Audit Committee provides that it is responsible for reviewing the Council's draft AGS prior to its approval. 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 Audit Committee, culminating in the production of the draft AGS.

The Audit Committee's terms of reference include a review the Council's corporate governance arrangement against the good governance framework, including the ethical framework, and consider the local code of governance.

5. Alternative options considered

Not Applicable.

6. Background information

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 underlying set of legislative requirements, governance principles and management processes.

The preparation of an AGS is a statutory requirement under the Accounts and Audit Regulations (England) 2015. These regulations require local authorities to produce an annual statement, in accordance with 'proper practice' as defined in the CIPFA publication 'Delivering Good Governance in Local Government: Framework 2016'. This guidance outlines seven core principles of governance (set out on pages 7 – 24 of Appendix A) focusing on the systems and processes for the direction and control of the Council and its activities, including its engagement with the community. The guidance applies to governance statements produced from 2016/17 onwards.

Specifically, Regulation 3 of the Accounts and Audit Regulations (England) 2015 requires the Council to ensure that it has a sound system of internal control which:-

- facilitates the effectiveness of its functions and the achievement of its aims and objectives;
- ensures that the financial management and operational management of the Authority is effective; and
- includes effective arrangements for the management of risk.

Under Regulation 6, each financial year, the Authority must:

- conduct a review of the effectiveness of the system of internal control
- prepare an Annual Governance Statement.

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 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 Audit Committee for information and is attached as Appendix B to this report.

The annual review and development of the Annual Governance Statement was co-ordinated by Internal Audit with input from Corporate Leadership Team. Each Corporate Director completed a Directorate Assurance Statement to support the preparation of the AGS.

The Corporate Leadership Team have identified six areas where the Council's governance arrangements need to be strengthened, as detailed on pages 35 to 45

at section 4.2 of the Draft Annual Governance Statement 2024/25. The governance issues are: -

- We need to ensure we deliver savings identified in our Medium-Term Financial Strategy (MTFS) to manage within our financial means and embed change in following transformation of our services, including schools. (This may need to be strengthened depending upon the financial outturn / future financial projections);
- We need to continue to embed the planned improvements across strategic and operational Asset Management which include fully embedding robust management of our operational and Commercial Properties because audit work continues to conclude that systems and controls are inadequate;
- Following our self-referral to the regulator we continue with our Housing Improvement Programme to deliver improvements in the delivery of our housing service and implement recommendations to address weaknesses in our management systems, including Health and Safety risks in Council owned residential properties that deliver improvements to housing for tenants and meets the requirements of the Social Housing Regulator including safe housing;
- Due to the high levels of FOIs and SARs, which are not completed in time and feedback from the Ombudsman we need to continue to strengthen our information governance arrangements;
- The range of skills and experience required to fulfil our duties has become increasingly challenging over time, particularly within some professions. The Council needs to have a high-performing workforce that delivers great services by attracting, developing, and retaining talent that delivers quality public services whilst making the best possible use of public money; and
- The Council has recognised weaknesses with regards procurement and contract management arrangements.

For each of the governance issue, the appropriate Corporate Director has set out the actions planned over 2025/26.

Section 4.1 of the AGS also outlines the progress made on issues identified in the 2023/24 statement. The update was previously reported to the audit committee in March 2025.

7. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes’?

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 will assist in improving services to residents and other stakeholders.

8. Carbon and Climate Change

There are no direct Carbon implications arising from this report.

9. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

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.

Internal audit undertakes reviews of matters arising at the Statutory Functions Board and in consultation with the Corporate Leadership Team 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).

Procurement

There are no direct contract and/or procurement implications arising from this report.

Assistant Director of Legal & Governance – Haydee Nunes DeSouza Head of Legal Services

Legal – Haydee Nunes de Souza Head of Legal Services

The Council's Head of Legal Services has been consulted in the preparation of this report.

Regulation 6 of the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2024 requires the council to conduct an annual review of the effectiveness of its systems of internal control and following review, the council must approve the Annual Governance Statement, produced in accordance with current best practice guidelines.

The Audit Committee's terms of reference includes a review of the Annual Governance Statement to consider whether it properly reflects the risks environment and supporting assurances and to consider whether the annual evaluation concludes that the governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

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.

10. Use of Appendices

Appendix A - Draft Annual Governance Statement 2024/25
Appendix B – Council's Local Code of Corporate Governance

11. Background papers

None