

## **ANNUAL GOVERNANCE STATEMENT 2019/20**

<b>Head of Service:</b>	Gillian McTaggart, Head of Policy, Performance & Governance
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	
<b>Appendices (attached):</b>	<b>Appendix 1:</b> Draft Annual Governance Statement 2019/20 <b>Appendix 2:</b> Internal Audit Annual Report & Opinion 2019/20

### **Summary**

This report seeks the Committee's approval of the draft Annual Governance Statement for 2019/20 and that it receives the Annual Internal Audit Report & Opinion for the year ended 31 March 2020.

### **Recommendation (s)**

#### **The Committee is asked to:**

- (1) Approve the 2019/20 Annual Governance Statement (AGS) as set out in Appendix 1, prior to it being signed by the Chief Executive and the Chairman of the Strategy & Resources Committee on behalf of the Council.**
- (2) Receive the Annual Internal Audit Report & Opinion 2019/20 as set out in Appendix 2.**
- (3) Give delegated authority to the Chief Finance Officer to make any required amendments to the AGS prior to its submission with the Statement of Accounts.**

### **1 Reason for Recommendation**

- 1.1 To comply with the Accounts and Audit Regulations 2015, the Council must prepare an annual statement which covers its whole internal control environment. This statement, the Annual Governance Statement (AGS) forms part of the annual financial statements.

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- 1.2 In addition there is a requirement in the Accounts and Audit Regulations for an internal audit function in local government to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and taking into account public sector internal auditing standards or guidance.
- 1.3 The Head of the Southern Internal Audit Partnership is responsible for the delivery of an annual opinion and report that is used to inform the Annual Governance Statement.

## 2 Background

- 2.1 Our governance arrangements aim to ensure that we set and meet objectives, act lawfully, openly and honestly. In addition, all monies and resources are accounted for, safeguarded and used economically, efficiently and effectively.
- 2.2 The AGS is an important document which provides assurance concerning these governance arrangements, both financial and non-financial. It is prepared on an annual basis for inclusion in the Statement of Accounts. Before the Chief Executive and Chairman of the Strategy & Resources Committee certifies the statement it is presented to the Audit, Crime & Disorder and Scrutiny Committee for approval.
- 2.3 The AGS is normally presented to this Committee in June each year to meet the 31 July statutory timetable for the publication of the AGS and final, audited accounts. Due to the onset of COVID-19, the timetable for the publication has been pushed back by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 with final publication now due by 30 November 2020.
- 2.4 The Strategy & Resources Committee is due to consider the final accounts and AGS for 2019/20 on 22 September 2020.
- 2.5 The draft AGS for 2019/20 is attached at **Appendix 1**.
- 2.6 This statement is underpinned by the Head of Internal Audit’s Annual Opinion 2019/20 as contained in the Annual Internal Audit Report & Opinion provided by Southern Internal Audit Partnership (SIAP) which is attached at **Appendix 2**.

### **Annual Governance Statement**

- 2.7 The Head of Policy, Performance and Governance has drafted the statement in consultation with the Chief Finance Officer, Monitoring Officer and Chief Executive. The Leadership Team contributes through the Divisional Assurance Statements. The Head of Internal Audit’s opinion is included and provides independent assurance over the systems of internal control.

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- 2.8 Although the majority of 2019/20 was not impacted by COVID-19, the on-going pandemic has impacted on governance issues during the final days of 2019/20 and in line with guidance this has been captured within the draft AGS.
- 2.9 An action plan has been prepared to capture the issues raised throughout the review process. The action plan is part of the AGS. An update on progress made against the actions will be reported to this Committee later this year.

## **Annual Internal Audit Report & Opinion**

- 2.10 The Annual Internal Audit Report & Opinion is a critical document in preparing the AGS. The report sets out the work undertaken, breadth of coverage and key observations. The Head of Internal Audit's has concluded that he is

*“Satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of Epsom & Ewell Borough Council's internal control environment. In my opinion Epsom & Ewell Borough Council's framework of governance, risk management and control is Adequate and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.”*

- 2.11 This report is normally scheduled to go to the Committee in June however the committee calendar was suspended due to the Covid 19 lockdown and the Council need to focus on as a responder under the Civil Contingency legislation. As set out in para 2.3 above, to support all local authorities, regulations extended the deadline for approving the Annual Governance Statement. The Committee will receive a full update on the audit programme at its meeting in November with the Audit Plan for 2020/21.

## **3 Risk Assessment**

Legal or other duties

### 3.1 Impact Assessment

3.1.1 There are no specific equality implications associated with this report.

### 3.2 Crime & Disorder

3.2.1 There are no specific crime and disorder implications associated with this report.

### 3.3 Safeguarding

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3.3.1 There are no specific safeguarding implications associated with this report.

## 3.4 Dependencies

3.4.1 Before final publication of the AGS and audited accounts for the year ended 31 March 2020, the AGS must have been certified by the Chief Executive and Chairman of the Strategy & Resources Committee. This follows consideration of the draft statement by the Audit, Crime & Disorder and Scrutiny Committee.

3.4.2 The content of the AGS is, in part, dependent upon the findings of the Head of Internal Audit's Annual Opinion 2019/20.

## 3.5 Other

3.5.1 There are no other implications associated with this report.

## 4 Financial Implications

4.1 There are no financial implications arising through the preparation and publication of the Council's AGS.

4.2 **Section 151 Officer's comments:** None arising from the contents of this report.

## 5 Legal Implications

5.1 In order to comply with Regulation 6 of the Accounts and Audit Regulations 2015, the Council must prepare and approve an Annual Governance Statement.

5.2 Regulation 10 of the 2015 Regulations requires the Council to publish the Annual Governance Statement alongside the adopted statement of accounts.

5.3 As a result of the effect of COVID19 Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 were passed to extend the dates of the 2019/20 audit deadlines and publication dates.

5.4 **Monitoring Officer's comments:** none arising from the contents of this report.

## 6 Policies, Plans & Partnerships

6.1 **Council's Key Priorities:** The following Key Priorities are engaged:

6.1.1 Effective Council – Engaging, responsive and resilient Council.

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- 6.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.
- 6.3 **Climate & Environmental Impact of recommendations:** no relevance for the purposes of this report.
- 6.4 **Sustainability Policy & Community Safety Implications:** no relevance for the purposes of this report.
- 6.5 **Partnerships:**Not applicable. .

## 7 Background papers

7.1 The documents referred to in compiling this report are as follows:

### **Previous reports:**

- Annual Governance Statement 2018/19, Audit, Crime & Disorder and Scrutiny Committee 25 June 2019,

### **Other papers:**

- Internal Audit Plan 2019/20, Audit, Crime & Disorder and Scrutiny Committee 16 April 2019
- Internal Audit Progress Report, Audit, Crime & Disorder and Scrutiny Committee 21 November 2019 and 6 February 2020.
- Annual Governance Statement and External Audit Findings, Audit, Crime & Disorder and Scrutiny Committee 21 November 2019