

ANNUAL GOVERNANCE STATEMENT AND EXTERNAL AUDIT FINDINGS

Head of Service: Gillian McTaggart, Head of Policy, Performance & Governance

Wards affected: (All Wards);

Urgent Decision?(yes/no)

If yes, reason urgent decision required:

Appendices (attached): **Appendix 1** – Annual Governance Statement Significant governance issues update

Summary

This report sets out progress on the actions contained in the Council's Annual Governance Statement and any actions in the Audit Findings issued by the External Auditor following the audit of the financial statements.

Recommendation (s)

The Committee is asked to:

- (1) receive the update on progress in implementing the Action Plan contained within the Annual Governance Statement.**

1 Reason for Recommendation

- 1.1 Corporate Governance affects all aspects of the Council's services because it relates to the framework in which decisions are made. It is defined as the system by which local authorities direct and control their functions and relate to their communities.
- 1.2 The Annual Governance Statement (AGS) is prepared by the Council each year and published as part of the Financial Statements. The AGS is reviewed by this Committee prior to being reported to the Strategy & Resources Committee.
- 1.3 The Audit Findings prepared by the External Auditor following the audit of the accounts, include any recommendations that they may have made to improve controls.

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- 1.4 This Committee monitors both the recommendations from External Audit and the recommendations contained in the AGS.

2 Background

- 2.1 The AGS identified key risks to the Council's performance at the end of the financial year and the actions being taken to address them. Ensuring that the governance arrangements are fit for purpose is an ongoing process and this report provides an update on progress.
- 2.2 The AGS for 2019/20 recognised that there was significant operational disruption in 2019/20 in relation to both our governance and our business as usual arrangements due to the COVID-19 pandemic. Conducting the normal review of our governance arrangements was more challenging and identified some areas where actions were delayed due to the ongoing emergency response. The control issues identified in the AGS are deemed a substantial risk to the Council's ability to deliver public services.
- 2.3 The issues identified as significant governance issues reflect not only the impact on services and capacity due to the enduring emergency response to COVID-19, but also cover regular areas of business areas where we could improve controls.
- 2.4 The Emergency Response has directly impacted the Council's financial resilience and organisational capacity; both issues will be ongoing whilst the pandemic remains a risk. As a global health related emergency this has also impacted our corporate health and safety arrangements to ensure all buildings and services are COVID Secure.
- 2.4 The significant issues in the 2019/20 AGS which reflect a number of key risks where our governance arrangements could be improved include procurement and the risk to delivering the Local Plan programme.
- 2.5 Appendix 1 provides details on the significant governance issues identified and an update on progress made in implementing the actions. Some have been fully implemented whilst others will be ongoing. Any outstanding matters will be followed up in the AGS for 2020/21 which will be reported to the Committee in June 2021.

3 Annual Findings from External Audit

- 3.1 This Committee also monitors the implementation of the External Auditor's recommendations contained in the Audit Findings report. These findings were presented to the Strategy & Resources Committee on 22 September and 17 November 2020. Overall an unqualified opinion (this is favourable) was issued and other than a small number of adjustments required to the Statement of Accounts, the External Auditor raised no recommendations so there is no monitoring update required.

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4 Risk Assessment

Legal or other duties

4.1 Impact Assessment

4.1.1 The Annual Governance Statement is a statutory document which explains the process and procedure in place to enable the Council to carry out its functions effectively.

4.2 Crime & Disorder

4.2.1 None

4.3 Safeguarding

4.3.1 None

4.4 Dependencies

4.4.1 None

4.5 Other

4.5.1 None

5 Financial Implications

5.1 There are no specific implications for the purposes of this report but the AGS forms part of the Statement of Accounts.

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

6 Legal Implications

6.1 There are no implications for the purposes of this report.

6.2 **Monitoring Officer's comments:** None arising from the contents of the report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The AGS underpins all Key Priorities within the Four Year Plan 2020-2024.

7.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** None

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7.4 **Sustainability Policy & Community Safety Implications:** None

7.5 **Partnerships:** The Council joined the Southern Internal Audit Partnership (SIAP) hosted by Hampshire County Council for the provision of internal audit services in April 2019 and this is the second year of the contract.

8 Background papers

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

Previous reports:

- Annual Governance Statement 2019/20 , Audit, Crime & Disorder and Scrutiny Committee 17 September 2020

Other papers:

- Annual Governance Statement and External Audit Findings , Audit, Crime & Disorder and Scrutiny Committee 21st November 2019