

# APPROVAL OF THE 2023/24 ANNUAL GOVERNANCE STATEMENT

## AGENDA ITEM NO 12

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**MEETING:** FULL COUNCIL

**DATE:** 12<sup>TH</sup> JUNE 2024

**REPORT BY:** CORPORATE MANAGEMENT TEAM

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### **1.0 Purpose of the Report**

1.1 The purpose of this report is to put forward for approval the Council's Annual Governance Statement for the 2023/24 financial year.

### **2.0 Background to the Report**

2.1 Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to prepare, approve and publish an Annual Governance Statement each year.

2.2 The purpose of the Annual Governance Statement is for the Council to *'report publicly on its arrangements for ensuring that its business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for'*.

2.3 The Annual Governance Statement is contained within Section 1 of the Council's Annual Governance and Accountability Return and must be considered and approved in advance of the approval of the Council's annual accounts.

2.4 In considering the Annual Governance Statement, Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council conduct an annual review of the effectiveness of its system of internal control, and to take the outcome of this review into account in approving the Annual Governance Statement.

2.5 Members will recall that the annual review of the effectiveness of the Council's system of internal control was reported to and approved at the meeting of the Council on 13<sup>th</sup> March 2024.

2.6 This review concluded that the Council's system of internal control is sound and operating effectively and it was agreed that this conclusion would be taken into account in providing the assurance that the Council requires in considering the Annual Governance Statement.

### **3.0 2023/24 Annual Governance Statement**

- 3.1 A copy of the Annual Governance Statement for the year ended 31<sup>st</sup> March 2024 is attached to this report at Appendix 1 for Member's consideration.
- 3.2 The Annual Governance Statement for smaller authorities is based around a number of statements or 'assertions' in relation to good governance, financial management and internal control.
- 3.3 In approving the Annual Governance Statement, the Council is required to provide an answer of 'yes' or 'no' to each assertion.
- 3.4 The Council is expected to have relevant evidence in place to support each 'yes' answer and would need to provide an explanation to the external auditor if it is not able to provide a 'yes' answer, including details of how the Council will address any identified weaknesses in its governance arrangements.
- 3.5 The eight assertions relevant to the Council are summarised below:-
  1. *We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.*
  2. *We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.*
  3. *We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.*
  4. *We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.*
  5. *We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.*
  6. *We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.*
  7. *We took appropriate action on all matters raised in reports from internal and external audit.*
  8. *We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year end, have a financial impact on this authority and, where appropriate have included them in the accounting statements.*

- 3.6 The Council's Corporate Management Team have reviewed the specific requirements behind each of the above assertions as set out in the '*Joint Panel on Accountability and Governance Practitioners' Guide*,' which is published by the National Association of Local Councils, and sets out the 'proper practices' to be applied by smaller authorities in the preparation of statutory annual accounts and governance statements'.
- 3.7 Attached at Appendix 2 is a document setting out how officers' consider that the Council has complied with the requirements behind each assertion and referring to the relevant evidence of this.
- 3.8 As highlighted earlier, Members can also place reliance on and take assurance from the outcome of the annual review of the effectiveness of the Council's system of internal control as previously reported to and approved by the Council on 13<sup>th</sup> March 2024.
- 3.9 Reliance can also be placed upon the assurances provided by the Council's Internal Auditor in relation to the Council's system of internal control, as set out in the Annual Internal Audit Report, and the reports to the Council's Audit Sub Committee throughout the year.
- 3.10 The Corporate Management Team are satisfied that the Council's governance arrangements are sound and operating effectively, and that the Council fully meets the requirements of all of the above Annual Governance Statement Assertions.
- 3.11 It is therefore recommended that the Annual Governance Statement set out in Section 1 of the 2023/24 Annual Governance and Accountability Return is approved and signed off by the Town Clerk and the Chairman of the Council.

#### **4.0 Policy Implications**

- 4.1 The preparation, approval and publication of the Annual Governance Statement assists in the delivery of the following Council Aims:-

*Council Aim 1 - "To provide good quality governance and management of the Council"*

*Council Aim 2 - "To manage the Council's finances and assets in a responsible manner".*

#### **5.0 Staffing Implications**

- 5.1 Review of compliance with the Annual Governance Statement assertions has been undertaken by the Council's Corporate Management Team, and significantly informed by the work of the Internal Auditor throughout the financial year.
- 5.2 Service managers within the Council have a responsibility for ensuring that sound governance and internal control arrangements are in place and being followed in relation to their individual service areas, and that these meet the requirements of the Financial Regulations and all other supporting financial policies and procedures. This is monitored and checked by the Internal Auditor during the year.

## **6.0 Financial Implications**

6.1 The financial implications for the Council are fully set out in the report.

## **7.0 Crime and Disorder Implications**

7.1 None.

## **8.0 Equal Opportunities Implications**

8.1 The Annual Governance Statement will be made available for inspection at the Council Offices and on the Council website.

8.2 Copies of the Annual Governance Statement would be made available in alternative formats upon request.

## **9.0 Environmental, Biodiversity and Climate Change Implications**

9.1 None.

## **10.0 Risk Assessment**

10.1 Successful risk management plays an integral role in ensuring that an effective system of corporate governance and internal control is in place and in monitoring compliance with this.

10.2 The maintenance of the Council's Risk Management Strategy and Corporate Risk Register are key components in ensuring compliance with the Assertion 5 within the Annual Governance Statement.

## **11.0 General Data Protection Regulation (GDPR)**

11.1 There is no personal or sensitive data required for this proposal which may have any implications for GDPR.

## **12.0 Recommendations**

12.1 It is recommended that the Annual Governance Statement in respect of the 2023/24 financial year, as set out in Section 1 of the 2023/24 Annual Governance and Accountability Return, and attached at Appendix 1, is approved and signed off by the Town Clerk and the Chairman of the Council.