



**Havering**  
LONDON BOROUGH

**AUDIT COMMITTEE**  
**24 02 2021**

**Subject Heading:**

AGS 2019/20 Significant Issues Update

**SLT Lead:**

Jane West  
Chief Operating Officer

**Report Author and contact details:**

Jeremy Welburn  
Head of Assurance.  
Tel: 01708 432610  
E-mail: jeremy.welburn@onesource.co.uk

**Policy context:**

To inform the Audit Committee of progress against the significant governance issues as reported in the 2019/20 Annual Governance Statement

**Financial summary:**

N/A

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

**SUMMARY**

This report advises the Committee on the progress against significant governance issues as reported in the 2019/20 Annual Governance Statement (AGS).

**RECOMMENDATIONS**

1. To note the contents of the report.
2. To raise any issues of concern and ask specific questions of officers where required.

<b>REPORT DETAIL</b>
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**1. Introduction**

- 1.1 Regulation 6(1b) of the Accounts and Audit Regulations 2015 requires all relevant bodies to prepare an Annual Governance Statement (AGS). The purpose of the AGS is to communicate to stakeholders the standards of corporate governance the organisation demonstrates and identify any significant issues that have arisen in year, and what is planned to address these issues.
- 1.2 The Council has an officer Governance and Assurance Board which meets at least quarterly and is made up of the following standing members:
  - Chief Operating Officer (S151 and Chair)
  - Head of Assurance, oneSource
  - Monitoring Officer (Deputy Director of Legal & Governance oneSource)
  - Director of Finance (oneSource)
  - Head of Finance (Strategic)
  - Head of Procurement (oneSource)
  - Head of the Programme Office
  - Assistant Director Transformation
  - Technical Services Director
  - Head of the Joint Commissioning Unit
  - Director of Human Resources / Organisational Development (oneSource)
- 1.3 This group oversees the process to produce the AGS annually and as a standing meeting item monitors and updates the action plan to address significant governance issues raised. The group maintains a record of new issues raised during the year and a detailed action plan to capture outcomes and achievements. Actions are allocated to responsible officers for progression between meetings.

**2. 2019/20 AGS – action taken in relation to significant governance issues**

- 2.1 The 2019/20 AGS was reported to the July 2020 Audit Committee.
- 2.2 The significant issues raised in the 2019/20 Annual Governance Statement are set out in detail in Appendix A and progress against each of these is reported there. For Members' ease of reference the five areas identified are:

- **Delivery of a balanced budget:** The Council was able to set a balance budget for the 2019/20 financial year. As set out in the report to Council there continues to be pressure over the medium term to the Council due to increased service demand and demographic pressures while available resources are reducing. As outlined in the budget setting report for 20/21 approved in February 2020, uncertainty around many aspects of the future funding model for Local Government remains a challenge in the medium term. However, over and above all this, sits the COVID19 pandemic and the emergency response which was initiated nationally in March 2020. This has brought an unprecedented challenge to local government generally and requires a reconsideration of the MTFS that was agreed and the corporate approach to recovery.
- **Embedding the Governance Culture and Framework within the organisation:** Further work needs to be undertaken to develop a comprehensive, auditable and objective assurance process to give reassurance that the Governance framework is understood and embedded within the organisation. Particular emphasis should be given to ensuring that any change in the governance framework is known and addressed and that new personnel are equipped with the correct knowledge and understanding.
- **EU Exit:** Preparations and Impact.
- **COVID-19:** Impact and recovery.
- **Cyber Security:** Chief Information Officer (CIO) has raised concerns about the increased likelihood of Cyber security breaches given the almost exclusive focus of public sector organisations on COVID-19 response.

**Appendices:** Provide supporting detail for Members' information

**Appendix A:** Governance and Assurance Board AGS 2019/20 Significant Issues Action Plan updated January 2021.

## **IMPLICATIONS AND RISKS**

### **Financial implications and risks:**

There are none arising directly from this report which is for noting and/or providing an opportunity for questions to be raised. The risks of our arrangements not complying with best practice may lead to the Council not being viewed as open and transparent by stakeholders.

**Legal implications and risks:**

The Council is responsible for ensuring that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk (Regulation 3 of the Accounts and Audit Regulations 2015).

The Council must carry out an annual review of the effectiveness of its system of internal control which must be considered by the relevant committee. In the light of that review, the Council must produce an annual governance statement which must be approved by the relevant committee in advance of the Authority approving the statement of accounts (Regulations 6 (1), (2) and (4) of the Accounts and Audit Regulations 2015).

There are no apparent risks in noting the content of this report.

**Human Resources implications and risks:**

None arising directly from this report.

**Equalities implications and risks:**

None arising directly from this report. Equality and social inclusion are key factors to consider in the Council's governance arrangements and any changes to the Code of Governance or other related policies and procedures are assessed in order to ensure the impact is appropriately identified. The Governance Group is attended by someone with equalities expertise.

**BACKGROUND PAPERS**

Annual Governance Statement 2019/20

CIPFA/Solace – 'Delivering Good Governance in Local Government' framework 2016.