

## AUDIT COMMITTEE

### 17 04 2025

<b>Subject Heading:</b>	Draft Annual Governance Statement 2024/25
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<b>Policy context:</b>	This report presents the 2024/25 Draft Annual Governance Statement to note and for comment.
<b>Financial summary:</b>	N/A

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

People making Havering	[X]
Places making Havering	[X]
Resources making Havering	[X]

### SUMMARY

This report provides the background for the requirement to produce an Annual Governance Statement (AGS).

The report will update the Committee on progress against the significant governance issues monitored during 2024/25, the status of these issues and the new issues arising for monitoring in 2025/26.

### RECOMMENDATIONS

To note the contents of and comment on the 2024/25 Annual Governance Statement, attached as Appendix 1.

<b>REPORT DETAIL</b>
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1. The Accounts and Audit Regulations (England) 2015 require the Council to conduct at least annually a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control.
2. The Annual Governance Statement (AGS) is prepared in accordance with the requirements of 'Delivering Good Governance in Local Government: Framework' (CIPFA/SOLACE, 2016).
3. The Council must review its systems of internal control and governance annually and assure itself that its internal control environment is effective. The assurance framework sets out the sources of assurance that are relied upon on to enable preparation of the Annual Governance Statement. These include the work of the internal auditors and of directors and managers within the Council who have responsibility for the development and maintenance of the internal control environment, and also the comments made by the external auditors and other review agencies and inspectorates. The Head of Assurance opinion, set out in the internal audit annual report, forms a key element of the review, as does the Council's work on risk and performance management.
4. The AGS covers all significant corporate systems, process and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure that:
  - the Council's policies are implemented in practice;
  - high quality services are delivered efficiently and effectively;
  - the Council's values and ethical standards are met;
  - laws and regulations are complied with;
  - required processes are adhered to;
  - financial statements and other published performance information are accurate and reliable;
  - human, financial, environmental and other resources are managed efficiently and effectively.
5. The AGS is required to disclose any issues that the Council consider to be significant governance issues. The four significant governance issues identified in the 2024/25 Annual Governance Statement were:
  1. Delivery of a balanced budget 2024/25

2. Council's ability as a data controller to comply with, and demonstrate compliance with, all the data protection principles, UK GDPR requirements and ensuring compliance of our data processor(s);
3. Procurement;
4. Inadequate judgement outcome of Starting Well's Social Care Department following Ofsted's Inspection of Local Authority Children's Services (ILACS) in December 2023 – and corresponding Children's Services Improvement Plan.

The first two significant governance issues have been closed as ELT have concluded that sufficient action has been taken during the year to close them.

Two new issues have been raised during 2024/25 and will be addressed during 2025/26. These two issues are:

1. Delivery of a balanced budget 2025/26; and
  2. Council's ability to successfully end the existing onsource IT shared service with LBN by 31<sup>st</sup> December 2025. This includes both the required technical disaggregation and return of staff.
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6. Approval of the Annual Governance Statement should be at a corporate level and should be confirmed by the most senior officer (CE) and member (Leader) signing the statement on behalf of the Council. The Audit Committee is required as part of its role to consider any corporate governance related issues that need to be referred to the Governance Committee for review.
  7. The Annual Governance Statement is subject to audit alongside the Statement of Accounts. The auditors do not give an opinion on the statement as such, but consider whether it reflects their understanding of the Council's governance arrangements obtained through all aspects of their work. They also form a view as to whether the statement adequately discloses any significant governance issues.

The Draft AGS for 2024/25 is attached as appendix 1.

## **IMPLICATIONS AND RISKS**

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

There are no financial implications arising directly from commenting on/agreeing the Annual Governance Statement. However implementation of the planned actions set out in the AGS may have financial implications. The expectation is that these will be contained within existing resources. Where this is not the case issues will be raised through the appropriate channels.

Failure to produce a robust AGS could result in adverse comments from the Council's External Auditors.

### **Legal implications and risks:**

The Authority is statutorily obliged to conduct a review into the effectiveness of its systems of internal control prepared in accordance with proper practices and to prepare an Annual Governance Statement, which must be approved by the relevant committee (Regulation 6 Accounts and Audit Regulations 2015). Approval of the Annual Governance Statement (subject to any comments on the draft) complies with that requirement.

### **Climate Change implications and risks:**

None arising directly from this report. Risks around this are reflected in the Strategic Risk Register and incorporated into the scope of audits where relevant.

### **Human Resources implications and risks:**

None arising directly from this report.

### **Equalities implications and risks:**

None arising directly from this report.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.