

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4 June 2024**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **ANNUAL GOVERNANCE STATEMENT 2023/24**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
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Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for decision/report and options

- 1.1. 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. The Annual Governance Statement must be prepared in accordance with the requirements of 'Delivering Good Governance in Local Government: Framework' (CIPFA/SOLACE, 2016) and published with the Statement of Accounts.
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2. **RECOMMENDATIONS**

1. **To comment on the 2023/24 Annual Governance Statement, attached as Appendix A.**
2. **To agree the 2023/24 Annual Governance Statement subject to any changes made as a result of Recommendation One and any further minor updates required prior to finalising the Statement of Accounts 2023/24.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
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Transformation Policy

1. Policy Status: Not Applicable
 2. Making Bromley Even Better Priority (delete as appropriate): To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre:
 4. Total current budget for this head:
 5. Source of funding:
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Personnel

1. Number of staff (current and additional): Not applicable
 2. If from existing staff resources, number of staff hours: Not applicable
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Legal

1. Legal Requirement: Statutory Requirement: Accounts and Audit Regulations 2015
 2. Call-in: Not Applicable:
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Procurement

1. Summary of Procurement Implications: None
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Property

1. Summary of Property Implications: One of the significant governance issues relates to property.
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: None
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Impact on the Local Economy

1. Summary of Local Economy Implications: None
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Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: None
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Customer Impact

1. Estimated number of users or customers (current and projected): Relevant to all stakeholders of the Council.

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

- 3.1 Regulation 3 of the Accounts and Audit Regulations (England) 2015 requires the Council to ensure that it has a sound system of internal control which:
- (a) facilitates the effectiveness of its functions and the achievement of its aims and objectives
 - (b) ensures that the financial management and operational management of the Authority is effective
 - (c) includes effective arrangements for the management of risk.
- 3.2 Regulation 6 further requires that each financial year, the Authority must:
- (a) conduct a review of the effectiveness of the system of internal control
 - (b) prepare an Annual Governance Statement (AGS).
- 3.3 There is no prescribed format for the AGS. However, it must be prepared in accordance with proper practices as defined in the CIPFA publication 'Delivering Good Governance in Local Government: Framework 2016'. This guidance outlines seven core principles of governance (set out on pages 9 – 11 of **Appendix A**) focusing on the systems and processes for the direction and control of the Council and its activities, including its engagement with the community.
- 3.4 As per CIPFA guidance, Audit and Risk Management Committee scrutinises the AGS prior to final sign off from the Leader and Chief Executive.

3.5 Annual review of LB Bromley's Governance Framework

- 3.5.1 The annual review and development of the Annual Governance Statement was co-ordinated by Internal Audit with input from Corporate Leadership Team and relevant responsible officers. Each Chief Officer completed a Statement of Internal Control confirming that: 'In meeting my responsibilities, I have:

- ▶ Contributed to the review of Risk Registers and the outcomes
- ▶ Ensured that there are controls in place to mitigate the risks highlighted in the above exercise
- ▶ Considered relevant assessments of key service areas within the Department e.g. benchmarking, peer review
- ▶ Taken into account internal and external audit and inspection reports and results of follow ups regarding implementation of recommendations

I am satisfied that to the best of my knowledge, the following procedures are in place:

- ▶ The service is planned and managed in accordance with the Council's Corporate Operating Principles
- ▶ Business risks are identified, assessed and reported on a regular basis
- ▶ Key controls over systems and processes are in place to ensure the Council's assets are safeguarded
- ▶ Business Continuity Plans are maintained and reviewed as circumstances change

- ▶ There are quarterly budget monitoring arrangements in place which are reviewed and agreed through budget holders, Senior Leadership Team, Directors and through PDS and Executive
- ▶ Key contract information is kept up to date in the Contracts Database to allow Contract Registers and other management information to be reported’.

3.5.2 Relevant Heads of Service for the following compliance or assurance functions also provided statements that, in their professional opinion, the system of control, including standards of practice and Council policies, remained adequate and effective throughout 2023/24.

- ▶ Legal Services
- ▶ Health and Safety
- ▶ Information Technology
- ▶ Performance Reporting and Reviews, Internal and Self Assessments (Chief Executives, People, and Environment and Public Protection)
- ▶ Safeguarding (Adults and Children’s)
- ▶ Engagement and Complaints

3.6 Governance Issues

3.6.1 Chief Officers and Corporate Leadership Team have identified the following issues where further work either was (during the financial year) or continues to be required to monitor or improve how the key risks facing the Council are being managed. Further details on each of these areas, including actions completed or in progress, are set out from page 3 of **Appendix A**.

- (a) Finance – Achieving a balanced budget
- (b) Statement of Accounts – Delays in sign-off
- (c) Condition of the operational property estate
- (d) Dedicated Schools Grant deficit
- (e) Housing / Homelessness
- (f) Environment Contract Sustainability

3.7 Looking back on 2022/23

3.7.1 Section 9 of the AGS outlines the progress made on issues identified in the 2022/23 statement.

4. FINANCIAL IMPLICATIONS

Two of the significant governance issues identified relate to finance.

5. LEGAL IMPLICATIONS

This report meets the requirements of the Accounts and Audit Regulations (England) 2015 which stipulate that the Council must conduct annually a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement.

6. PROPERTY IMPLICATIONS

One of the significant governance issues identified relates to property.

Non-Applicable Headings:	Impact on Vulnerable Adults and Children Transformation / Policy Implications Procurement Implications Carbon Reduction / Social Value Implications Impact on the Local Economy Impact on Health and Wellbeing Customer Impact Ward Councillor Views
Background Documents: (Access via Contact Officer)	None