

<p>Non-Executive Report of the:</p> <p><b>Audit Committee</b></p> <p>Thursday, 14 November 2019</p>	 <p><b>TOWER HAMLETS</b></p>
<p><b>Report of:</b> Neville Murton Corporate Director, Resources</p>	<p><b>Classification:</b> Open (Unrestricted)</p>
<p><b>Updated Draft Annual Governance Statement</b></p>	

<b>Originating Officer(s)</b>	Paul Rock
<b>Wards affected</b>	(All Wards);

## Executive Summary

As part of the Annual Accounts and in accordance with the principles of the CIPFA / SOLACE Delivering Good Governance in Local Government Framework. Tower Hamlets is required to undertake a review of its corporate governance processes, systems and the assurances on the governance framework to support the creation of an annual governance statement.

## Recommendations:

The Audit Committee is recommended to:

1. Review and comment on the Draft 2018/19 Annual Governance Statement and Action Plan attached at Appendix 1.

## 1. REASONS FOR THE DECISIONS

- 1.1 The Accounts and Audit Regulations 2015 require that the Authority must agree an Annual Governance Statement (AGS), prepared in accordance with proper practices published by CIPFA in relation to internal control, for publication with its Statement of Accounts. The Audit Committee provides an important role in reviewing the effectiveness of governance arrangements within the Council and therefore the recommendation above falls within the terms of reference for the committee.

## 2. ALTERNATIVE OPTIONS

- 2.1 None.

### **3. DETAILS OF THE REPORT**

- 3.1 The review of the effectiveness of the Council's system of internal control that underpins the Annual Governance Statement must be carried out at least annually. The Council's AGS forms part of the annual accounts. Its content is prepared from various sources and assurance processes including but not only the Annual Report of the Head of Internal Audit.
- 3.2 Corporate governance is defined as the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate lead their communities. There is a strong correlation between effective governance and effective service delivery. To deliver the Council's vision and support the drive for continuous improvement strong governance arrangements need to be in place.
- 3.3 The AGS is usually presented to the same Audit Committee meeting as the Statement of Accounts. This draft AGS is presented to the Committee in advance of the Statement of Accounts to provide the Committee with an opportunity to review and comment on the revised approach and content of the AGS, which identifies the current significant governance issues and how they will be addressed.
- 3.4 Evidence sources collated for drafting the 2018/19 AGS were as follows:
  - A review against the Council's own Code of Corporate Governance
  - Consultation with, and assurance provided by Corporate Directors;
  - Work undertaken during the year by Internal Audit and other inspection bodies; and
  - A review of progress against the delivery of the 2017/18 AGS significant governance issues and action plan.

### **4. EQUALITIES IMPLICATIONS**

- 4.1 There are no specific equality implications resulting from this report

### **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
  - Best Value Implications,
  - Consultations,
  - Environmental (including air quality),
  - Risk Management,
  - Crime Reduction,
  - Safeguarding,
  - Data Protection / Privacy Impact Assessment.

- 5.2 The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakness of the control environment and to oversee the financial reporting.
- 5.3 This report has therefore been provided within this context to ensure the committee is able to perform its core function and to consider summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 Other than the requirements of the Accounts and Audit Regulations 2015 there are no specific financial implications arising from this report.

## **7. COMMENTS OF LEGAL SERVICES**

- 7.1 The Council is under a duty to produce an Annual Governance Statement by virtue of regulation 4 of the Accounts and Audit Regulations 2015, which requires authorities to "conduct a review at least once a year of the effectiveness of its system of internal control".
  - 7.2 This report confirms compliance with the above statutory requirement.
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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- None.

### **Appendices**

- Appendix 1 Draft Annual Governance Statement

### **Local Government Act, 1972 Section 100D (As amended)**

### **List of "Background Papers" used in the preparation of this report**

List any background documents not already in the public domain including officer contact information.

- None

### **Officer contact details for documents:**

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