

Non-Executive Report of the: Audit Committee Thursday 19th October 2023	 TOWER HAMLETS
Report of: Julie Lorraine - Corporate Director, Resources	Classification: Open (Unrestricted)
Annual Governance Statements: 2020/21, 2021/22 and 2022/23	

Originating Officer(s)	David Dobbs – Head of Internal Audit, Fraud & Risk
Wards affected	(All Wards)

Reason for Urgency

The attached report was not published five clear days in advance of the meeting, due to the significant volume and level of detail that needed to be collated, reviewed, and reflected upon in relation to the Council’s governance arrangements for 2020/21, 2021/22 and 2022/23.

Therefore, before this report can be considered at this meeting, the Chair would need to be satisfied that it is necessary to consider Governance Statement reports. The Audit committee is requested to approve these reports in order to ensure the Governance Statements are complete by 31st October 2023.

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, the Council 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 agree the Council’s Annual Governance Statements in relation to 2020/21, 2021/22 and 2022/23.

1. REASONS FOR THE DECISIONS

- 1.1. The Accounts and Audit Regulations 2015 require that the Council must agree an Annual Governance Statement, prepared in accordance with proper practices published by the Chartered Institute for Public Finance

and Accountancy (CIPFA) 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.

- 1.2. Following lengthy delays in the external audit certification of the 2018/19 and 2019/20 accounts, final sign-off from the external auditor is expected in the coming months. The Council published its draft accounts for 2020/21 in January 2022 and external audit of this period commenced during 2023. Therefore, there are three years (2020/21, 2021/22 and 2022/23) of audited accounts currently outstanding. This is a sector-wide issue, with a DLUHC report citing 632 outstanding audit opinions in the sector as of June 2023.
- 1.3. The Annual Governance Statements for 2020/21, 2021/22 and 2022/23, which will be included and published within the Statement of Accounts, are now presented to ensure that they can be considered and reviewed appropriately without further delay.

2. ALTERNATIVE OPTIONS

- 2.1. None.

3. DETAILS OF THE REPORT

- 3.1 The Council's Annual Governance Statement forms part of the annual accounts. Its content is derived from various sources and assurance processes. It is informed by annual review of the Council's system of internal control which includes the Annual Report of the Head of Internal Audit and the Annual Review of the Code of Corporate Governance.
- 3.2 The evidence sources collated for draft the Annual Governance Statements were as follows:
 - The annual review against the Council's own Code of Corporate Governance
 - Consultation with, and assurance provided by Corporate and Divisional Directors
 - The results of work undertaken during the year by the Internal Audit and Fraud Investigation services, other inspection bodies and external reviews
 - A review of progress against the delivery of prior year issues identified in each statement.

3.3 The Annual Governance Statements are presented to the Audit Committee for review and agreement prior to final sign-off from the Chief Executive and Mayor.

4. EQUALITIES IMPLICATIONS

4.1 There are no specific statutory implications.

5. OTHER STATUTORY IMPLICATIONS

5.1 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. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 Other than the compliance requirements set out 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 required to produce an Annual Governance Statement in accordance with the Accounts and Audit Regulations 2015. Therefore, this report demonstrates the Council's compliance with the regulations.

Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

- Appendix 1: Annual Governance Statement 2020/21
- Appendix 2: Annual Governance Statement 2021/22
- Appendix 3: Annual Governance Statement 2022/23

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

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

- None

Officer contact details for documents:

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