

Audit Committee – 18 March 2024

Annual Governance Statement 2023/24

Report of the Head of Finance and Revenues

Recommendation:

That the Annual Governance Statement for 2023/24 be approved and that the Leader and Chief Executive be authorised to sign it on behalf of the Council.

Recommendation to Council

SUMMARY:

- The purpose of this report is to seek approval for the Annual Governance Statement, which will accompany the 2023/24 Statement of Accounts.
- Best practice requires that the approval of this Statement is considered separately from the Statement of Accounts, although both are published together each year.

1 Introduction

- 1.1 Test Valley Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and used economically, efficiently and effectively.
- 1.2 The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

2 Background

- 2.1 As part of its responsibilities outlined above, the Council is required to produce an Annual Governance Statement (AGS) and publish the Statement alongside its Annual Statement of Accounts. The format of the statement is based on guidance produced by the Chartered Institute of Public Finance (CIPFA) in conjunction with the Society of Local Chief Executives (SOLACE) titled "Delivering Good Governance in Local Government: Framework".

APPENDIX A

- 2.2 The Statement is attached as an Annex to this report and covers the following areas:
- (a) Scope of responsibility
 - (b) The purpose of the Governance Framework
 - (c) The Governance Framework in place at the Council
 - (d) A review of its effectiveness
 - (e) A separate Annex of best practice actions that have been identified and will be implemented during 2024/25.
- 2.3 The Review of Effectiveness has been carried out by the Internal Audit Manager, who has reviewed all of the internal audit work carried out during the year.
- 2.4 On the basis of Internal Audit work completed in 2023/24, the Internal Audit Manager has provided a “substantial assurance” opinion in respect of the Council’s risk management, control and governance arrangements.
- 2.5 The report is being presented to the Audit Committee ahead of the end of the financial year to which it relates. However, to receive the Council approval that will enable the AGS to be published alongside the Statement of Accounts, it needs to be considered at this meeting. An update to Councillors will be provided if any material events occur between the date of the meeting and 31st March.

3 Corporate Objectives and Priorities

- 3.1 In addition to its legal responsibilities, approval of an AGS is considered to be best practice and will ensure that proper arrangements are in place to deliver the aims of the Council’s Corporate Plan.

4 Consultations/Communications

- 4.1 The Chief Executive, Deputy Chief Executive and all Heads of Service have been asked to review the AGS and consider whether there are any areas which they felt are appropriate for disclosure. All comments received have been incorporated in the Statement.

5 Options and Options Appraisal

- 5.1 The Council has a statutory duty to approve an AGS. In view of this, if the annexed AGS is not recommended for approval, the Audit Committee should provide a clear indication as to what changes are needed in order for a revised version to be presented as soon as possible.

6 Risk Management

- 6.1 The research and preparation of the 2023/24 AGS has not identified any significant red or amber risks that need addressing.
- 6.2 Three areas have been identified where improvements can be made to existing controls to further strengthen the Council’s governance arrangements. These are summarised as an appendix to the AGS.

7 Resource Implications

- 7.1 There are no direct resource implications in approving the AGS. The publication costs can be met within existing budgets.

8 Legal Implications

- 8.1 The Council is required by the Accounts and Audit (England) Regulations 2015 to approve, and subsequently publish, the AGS with the Statement of Accounts.

9 Equality Issues

- 9.1 This report has not identified any equalities matters.

10 Conclusion and reasons for recommendation

- 10.1 The AGS is part of the framework for delivering good governance in local authorities. The Statement is signed by both the Leader and Chief Executive and is published with the Statement of Accounts each year to demonstrate a commitment to the continuous review and development of the Council's governance arrangements.

Background Papers (Local Government Act 1972 Section 100D)

[Accounts and Audit \(England\) Regulations 2015](#)

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:

1

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N/A

Report to:

Audit Committee

Date:

18 March 2024