

LONDON BOROUGH OF CROYDON

REPORT:	Audit and Governance Committee	
DATE OF DECISION	19 January 2023	
REPORT TITLE:	Council's Assurance Framework	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources and S151 Officer	
LEAD OFFICER:	Dave Phillips, Head of Internal Audit Dave.Phillips@croydon.gov.uk	
LEAD MEMBER:	Jason Cummings, Cabinet Member for Finance	
KEY DECISION? [Insert Ref. Number if a Key Decision]	No	REASON: N/a
CONTAINS EXEMPT INFORMATION?	No	Public
WARDS AFFECTED:	N/a	

1. SUMMARY OF REPORT

- 1.1 The Council is required to prepare an Annual Governance Statement (AGS) and to present it alongside the Statement of Accounts. This report summarises the annual process for compiling the AGS.

2. RECOMMENDATION

- 2.1 For the reasons set out in the report the Audit and Governance Committee is recommended:
- To note the report

3. REASONS FOR RECOMMENDATION

- 3.1 On 26 January 2022 Croydon Council's external auditors published a Report in the Public Interest (RIPI2) following a review of the council's arrangements for the refurbishment of Fairfield Halls, which took place between June 2016 and September 2019. The report made 12 recommendations, seven of which were statutory recommendations.

- 3.2** The Council fully accepted the findings and apologised for the historic actions that led to the failings in the RIPI2. The action plan to address the recommendations, which was agreed at full Council on 3 February 2022, included as action 6.4 that:

A new assurance framework will be developed and reported on annually to the General Purposes and Audit Committee.

- 3.3** This report is to present the new assurance framework to the Audit and Governance Committee (which has replaced the General Purposes and Audit Committee.)

4. BACKGROUND AND DETAILS

- 4.1** The Council is required to prepare an Annual Governance Statement (AGS) and to present it alongside the Statement of Accounts. The AGS provides public assurance that the Council has a sound system of internal control and robust corporate governance arrangements, designed to help manage and control its risks. It is an important public expression of what the Council has done to put in place good business practice, high standards of conduct and sound governance.

- 4.2** CIPFA/ SOLACE guidance suggests that the process for compiling the AGS should be clearly set out and provided as part of supporting evidence.

- 4.3** The report to General Purposes and Audit Committee in relation to the Annual Governance Statement for 2020/21 stated that:

In normal circumstances, the AGS would be prepared in light of assurance statements completed by all Council directors. For the year 2020/21, the decision was taken not to seek assurance statements in light of:

- a. the significant amount of externally-produced information about areas for improvement in the Council's governance, and;*
- b. the need for officer attention to focus on identified improvement actions and the development of plans for a balanced budget.*

The opportunity has been taken, informed by the process of developing the AGS for this year, to revise the process of obtaining statements of assurance from directors to inform the AGS for 2021/22. Directors will be asked to complete a fuller statement than in previous years, giving detail of work planned to address areas for improvement. These statements will then be reviewed and counter-signed by the relevant Corporate Directors to ensure appropriate challenge and oversight of improvement actions. The statements will be used to inform an assessment of the effectiveness of the Council's governance for 2021/22.

4.4 In January 2022 CMT agreed that the process of developing the AGS and considering statements of assurance will take place as part of the Council's ongoing improvement journey and will be informed by all other audits and inspections, as follows:

4.5 Annual process

January:	The Monitoring Officer convenes a working group, including the Head of Internal Audit, the Head of Insurance, Anti-Fraud and Risk and a nominee from each directorate, to review the Code of Governance (Appendix A) through self-assessment against the CIPFA/ SOLACE Framework for good governance and to compile appropriate evidence through liaison with each directorate as required.
Mid-March:	Internal Audit sends the statement of assurance form (Appendix 3) to each Corporate Director and requires them to: a) Require all direct reports to complete their own version of the form and return to the Corporate Director in time (i.e. for them to complete the master return.) b) Complete a master version of the form, informed by their directors' own returns, for completion by the end of April.
March:	The internal control board with responsibility for governance reviews the revised draft Code of Governance and identifies any points for amendment/ addition.
May:	The Monitoring Officer meets with the working group to review the returns and to draft the AGS, taking account of all other relevant risk registers, performance reports, improvement plans, reviews, audit and inspection reports. The internal control board with responsibility for governance reviews the draft AGS and approves a revised version for submission to CMT.
June:	Corporate Management Team reviews the draft AGS and Code of Governance.
July:	The Audit and Governance Committee comments on the AGS prior to it being approved by the Mayor and the Chief Executive. AGS and Code of Governance published.

4.6 Corporate Directors are required to ensure that any Director leaving their service completes an interim statement, using the required form and returns it to the Corporate Director who will:

- share it with the new postholder to inform their end-of-year return
- use it to inform the agreement of priorities with the new postholder.

4.7 The Monitoring Officer will require any Corporate Director leaving the Council to complete an interim statement and will:

- share it with the new postholder to inform their end-of-year return
- discuss any priorities for action with the Chief Executive.

4.8 Delivery of actions included in the AGS action plan will be monitored by the internal control board responsible for governance. Delivery of actions identified in directorate and divisional statements of assurance will be monitored by Directorate Management Teams.

5. CONTRIBUTION TO COUNCIL PRIORITIES

5.1 This process directly contributes to '*OUTCOME 1: The Council balances its books, listens to residents and delivers good, sustainable services*' and part 4 to '*Ensure good governance is embedded and adopt best practice.*'

6. IMPLICATIONS

6.1 FINANCIAL IMPLICATIONS

6.1.1 There are no direct financial implications as a result of this decisions. Any financial impact will be fully considered as part of subsequent reports as it arises.

6.1.2 Comments approved by Lesley Shields, Head of Finance for Assistant Chief Executive and Resources on behalf of the Director of Finance. (09/01/2023)

6.2 LEGAL IMPLICATIONS

6.2.1 Under Regulation 3 of the Accounts and Audit Regulations 2015, the Council must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective, and includes effective arrangements for the management of risk.

6.2.2 Regulation 4 provides that the Section 151 officer must determine, on behalf of the authority, the form of its accounting records and supporting records, and its financial control systems, and must ensure on the authority's behalf, that those systems are observed and that the accounting records are kept up to date.

6.2.3 Regulation 6 provides that the Council must, each financial year conduct a review of the effectiveness of the system of internal control required by

Regulation 3, and prepare and publish an annual governance statement which must be prepared in accordance with proper practices in relation to accounts. Insert at the end of the legal section: Comments approved by Sandra Herbert, the Head of Litigation & Corporate Law on behalf of the Director of Legal Services and Monitoring Officer. (Date 05/01/2023)

6.3 HUMAN RESOURCES IMPLICATIONS

6.3.1 There are no HR impacts arising from this report for Council employees or staff. If any matters should arise this will be managed through the appropriate HR policies and procedures.

6.3.2 Approve by Gillian Bevan, Head of HR Resources and Assistant Chief Executives on behalf of the Chief People Officer (22/12/2022)

6.4 EQUALITIES IMPLICATIONS

6.4.1 The Council is required to comply with the Public Sector Equality Duty [PSED], as set out in the Equality Act 2010. The PSED requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Failure to meet these requirements may result in the Council being exposed to costly, time consuming and reputation-damaging legal challenges.

6.4.2 As set out in the code of corporate governance, there are a number of resources and structures in place to support the Council in delivering against the PSED. These include dedicated staff resources, an Equality Strategy and policy statement and a dedicated Internal Control Board.

6.4.3 Comments approved by Gain Handford, Director Policy, Programmes & Performance. (10/01/2023)

7. APPENDICES

7.1 Appendix 1 – Code of Governance

7.2 Appendix 2 - Governance Framework

7.3 Appendix 3 - Corporate Director's Assurance Statement 2022/23

8. BACKGROUND DOCUMENTS

8.1 None

9. URGENCY

9.1 There is none.