

**Surrey Heath Borough Council**  
**Audit and Standards Committee**  
**03 October 2023**

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**Annual Governance Statement**

**Head of Service:** Head of Legal and Democratic Services  
**Report Author:** Alex Middleton, Senior Internal Auditor  
**Wards Affected:** N/A

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**Summary and purpose**

Each year the Council is required to publish its Annual Governance Statement as part of the preparation of the financial statements and accompanying policy papers. The Statement must be signed by the Leader of the Council and the Chief Executive.

**Recommendation**

The Audit & Standards Committee is advised to RESOLVE to

- (i) review and comment on the draft Annual Governance Statement for 2022/23; and
- (ii) recommend that the Annual Governance Statement be submitted to the Leader and Chief Executive for their signatures.

**1. Background and Supporting Information**

- 1.1 Surrey Heath Borough Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. (A copy of the code is available on the Council's website and is contained in part C of the documents that support the Constitution)
- 1.2 This statement explains how the Council has complied with the code and also meets the requirements of Part 2, 6(1) of the Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement.
- 1.3 The Annual Governance Statement is reviewed by the Council's auditors, who will comment if in their view they feel that the Statement does not properly reflect the standard of governance demonstrated in the previous financial year.

**Supporting information**

- 1.4 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled; and its activities through which it is accountable to, engages with and leads its communities.

- 1.5 It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide a reasonable assurance of effectiveness.
- 1.6 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically. The governance framework has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the Annual Reports on financial outturn and performance as well as the quarterly reports on budget monitoring.
- 1.7 Management assurance statements have been provided by senior officers from service departments which inform the high-level risks and issues across the Council. These management assurance statements support the governance statement in terms of identifying key issues for services departments.
- 1.8 The Statement aims to be transparent and recognises that whilst organisation-wide improvements are needed in a number of areas and the Council is facing many challenges and obstacles, the organisation is nonetheless heading in the right direction and can show that it is continuously improving in many of these areas.

## **2. Reasons for Recommendation**

- 2.1 Surrey Heath Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must ensure that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.
- 2.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions. This includes arrangements for the management of risk.

## **3. Alternative Options**

- 3.1 None applicable

## **4. Contribution to the Council's Five-Year Strategy**

- 4.1 Not applicable

## **5. Resource Implications**

- 5.1 Officer time is required to prepare the Annual Governance Statement. Predominantly the Council's Statutory officers and Senior Internal Auditor are engaged in the preparation. Senior officers from service departments are required to prepare management assurance statements which contribute to the statement.

## **6. Section 151 Officer Comments:**

- 6.1 The Annual Governance Statement is a document that forms part of the annual statement of accounts and is reviewed by the external auditor when they form their opinion on the level of governance at the Council.

## **7. Legal and Governance Issues**

- 7.1 The Annual Governance Statement is required to be prepared in accordance with Regulation 6 of the Accounts and Audit Regulations 2015 and is required to be published in accordance with Regulation 10.

## **8. Monitoring Officer Comments:**

- 8.1 The Annual Governance Statement is an essential document to provide high level assurance on governance matters and issues at the Council. The document provides high level direction on the corporate issues and risks that require focus from senior management across service departments.

## **9. Other Considerations and Impacts**

### **Environment and Climate Change**

- 9.1 Not applicable

### **Equalities and Human Rights**

- 9.2 Not applicable

### **Risk Management**

- 9.3 The Annual Governance Statement identifies corporate risks by service areas. The statement sets out in detail the identified risks and how such risks have been resolved or mitigated. The statement also details the principles that the Council adopts to assist with the better management of corporate risks.

### **Community Engagement**

- 9.4 Not applicable

## **Annexes**

Draft Annual Governance Statement for 2022-23

## **Background Papers**

None