Contains confidential or exempt information	No
Subject of report	Draft Annual Governance Statement 2019/20
Responsible officer	Ross Brown, Chief Finance Officer (s151 Officer) Mike Pinder, Assistant Director Audit & Investigations
Author	Mike Pinder, Assistant Director of Audit & Investigations – Ext 5792, pinderm@ealing.gov.uk
Portfolio	Cllr Bassam Mahfouz - Finance & Leisure
For consideration by	Audit Committee
Date to be considered	28 July 2019
Implementation Date if Not Called In	N/A
Affected Wards	All
Keywords/Index	Annual Governance, Risk Management.

Reason for report

This report sets out the methodology for producing the Annual Governance Statement (AGS) for 2019/20 and highlights governance issues.

1.   **Recommendations**

1.1   It is recommended that Audit Committee:

- Note the Draft Annual Governance Statement for 2019/20.

2.   **Reason for recommendation and options considered**

2.1   Regulation 6 of the Accounts and Audit Regulations (2015) requires audited bodies to conduct a review at least once per year of the effectiveness of its system of internal control and publish a statement on internal control each year with the authority's financial statements. The AGS therefore fulfils this requirement and is attached as Appendix A to this report.

3.   Key implications

3.1   The Committee should note that the Chief Executive and Leader must sign the final 2019/20 Annual Governance Statement, which will be published as part of the statement of accounts.

3.2   One of the Committee's key roles is to oversee the Authority's control environment and its associated system of internal control and assurance processes. The Committee should satisfy itself that the Authority's assurance statement, in particular the AGS, properly reflects the risk environment and any actions needed to improve it. The Accounts and Audit Regulations (2015) and Public Sector Internal Audit Standards (2017) require the Council to maintain a robust, adequate and effective system of risk management in its delivery of core services. Operation of an effective risk management framework is an important element in order that the Council effectively discharges its corporate governance responsibilities.

3.3   The assurance process is provided through regular reporting to the audit committee of internal audit, external audit and risk management work undertaken during the year. The process to compile the annual governance statement also includes a self assessment return by all directors and executive directors for their services and review and input by a working group which have oversight of key governance processes across the council.

4.   Financial

4.1   The AGS will form part of the published Statement of Accounts for 2019/20.

5.   Legal

5.1   The Accounts and Audit Regulations 2015 refer to CIPFA guidance in relation to the 'proper practice' of internal audit. CIPFA guidance is therefore utilised in guiding the production of the AGS.

6.   Value for money

6.1   Compliance with best practice guidance helps ensure that the requirements of the Accounts and Audit Regulations 2015 will be met.

7.   Risk management

7.1   The preparation of the AGS links to the risk management framework within the authority. A key principle of good governance is 'taking informed decisions and effectively managing risk'. Strong governance helps to ensure congruence with key corporate objectives.

8.   Community safety

8.1   None

9. Links to the 3 Priorities for the Borough

9.1 The effective identification, assessment and management of risk is an important foundation to the successful achievement of the strategic objectives in terms of managing resources effectively. The issues outlined in this report have therefore a focus on all three priorities.

10. Equalities and community cohesion

10.1 No equality impact assessment has been undertaken as the report is for information and does not affect the general duties of the Equality Act 2010.

11. Staffing/workforce and accommodation implications:

11.1 No changes

12. Property and assets

12.1 None

13. Any other implications:

13.1 None

14. Consultation

14.1 The preparation of the AGS is an important task. Preparation and challenge has been provided by a multi-disciplinary team. An AGS working group, consisting of the Chief Finance Officer, Director of Legal & Democratic Services, Director of Human Resources & Occupational Development, Director of Strategy and Engagement and the Head of Audit and Investigation.

The AGS was prepared in draft using a wide variety of sources and discussed and challenged by the AGS working group.

15. Timetable for implementation

15.1 The final AGS will accompany the financial statements for approval by the Council.

16. Appendices

- Appendix A: Annual Governance Statement 2018/19

17. Background Information

- Accounts and Audit Regulations (England) 2015
- Delivering Good Governance in Local Government: Framework and Guidance Note for English Authorities 2012.

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received from consultee	Comments appear in paragraph:
Internal				
Ross Brown	Chief Finance Officer (s151 Officer)`	15/7/2020	15/7/2020	Throughout
Cllr Bassam Mahfouz	Portfolio holder – Finance & Leisure			For information

Report History

Decision type:	*Urgency item?*
For Information	No
Report no.:	Report author and contact for queries: Mike Pinder, Assistant Director of Audit and Investigation, ext. 5792.

Annual Governance Statement

1. Scope of Responsibility

1.1 Ealing 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 properly accounted for, and used economically, efficiently and effectively. 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.

1.2 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.

1.3 The council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government 2016 Edition. A copy of the code can be located on Ealing Council's Internet website at https://www.ealing.gov.uk/download/downloads/id/2550/corporate_code_of_governance.doc , or can be obtained from the Monitoring Officer.

1.4 This statement explains how the council has complied with the code and also meets the requirements of regulation 6(2) Accounts and Audit Regulations 2015, in relation to the approval of the Annual Governance Statement. It also highlights how the council's financial management arrangements conform to the governance requirements of CIPFA's Statement on the Role of the Chief Finance officer in Local Government (2016).

2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 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 not

fully achieving policies, aims and objectives and, therefore, provides a reasonable rather than absolute assurance of effectiveness. 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 of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 Ealing Council has interests in a number of entities ranging from sole ownership to representation on Community Interest Companies. Group companies are assessed as part of the risk based internal audit planning process to ensure adequate assurance can be provided to the Council regarding the control environment these bodies operate in.

2.4 Governance arrangements for Council Owned Companies are monitored by the Council Owned Companies Advisory Board, chaired by the Director of Legal and Democratic Services.

2.5 The governance oversight arrangements have been in place at Ealing Council for the year ended 31 March 2020 and up to the date of approval of the statement of accounts.

Creating and Implementing a Vision for the Local Area

2.6 Ealing Council has put in place arrangements regarding the key systems and processes that comprise its governance framework. The administration's three priorities form the basis of the Council's Plan 2018 – 22 and provides focus for improvement. The Council Plan specifies three priorities for Ealing:

- Good, genuinely affordable homes
- Opportunities and living incomes
- A healthy and great place

2.7 All Cabinet and Committee reports are required to be referenced to one or more of these three priorities. The Council Plan and any amendments or updates to it are considered and approved by Full Council.

2.8 The council has moved to an outcome led approach to strategic planning and budget setting better align resources with priorities and meet the challenges the Council faces. This work is being delivered through a programme called Future Ealing which was agreed by Cabinet in March 2017 with specific proposals incorporated into the programme through the annual budget setting process.

Roles and Responsibilities of Members and Officers

2.9 A Scheme of Delegation sets out the powers delegated to officers, at part 8 of the Constitution. The Financial Regulations and the Budget and Policy Framework Rules are also part of the Constitution, together with the Code of Corporate Governance and the Contract Procedure Rules. The Constitution is reviewed regularly, with all changes approved by the Council and published on the external website.

2.10 The Code of Conduct for Councillors is contained within the Constitution. All councillors receive training on the requirements of the Code of Conduct and related issues. The council also has a Planning Code of Conduct and a Licensing Code of Conduct for members. Both of these codes are subject to ongoing revision and training is provided (and compulsory) for all members working in these areas.

2.11 The Employee Code of Conduct is also contained within the Constitution and a copy of this is provided to all new employees when they start work for the council.

2.12 The New Starters Induction Programme requires all new joiners, whether Council employees or agency staff, to undertake a corporate induction on their first day of work for the Council. This induction is led by an officer from the HR directorate and entails an introduction to the Council, and the completion of council policies including the employee code of conduct, data protection and health and safety in addition to a number of e-learn modules.

2.13 The statutory Forward Plan is published monthly on the internet, and details all key decisions proposed to be made by the council during the relevant period. Any key decision which is not on the Forward Plan may not be taken within that period, unless the report author is able to demonstrate to the Monitoring Officer and relevant members that urgency procedure requirements are met. All urgent decisions taken are monitored by the Monitoring Officer and regular reports taken to Full Council.

2.14 Cabinet and Full Council reports, and other committee reports which have significant financial or legal implications, must be 'signed off' by a finance and a legal services officer, as well as by the responsible service director, before they are accepted onto a meeting agenda. Where draft reports fail to address key requirements, they are either amended or rejected and removed from the agenda as part of the approval process. Both reports and minutes of all decisions taken are published on the internet, including the reason for the decision.

2.15 Responsibilities of the council's decision making bodies are set out in Part 3 of the constitution.

Standards of Conduct and Behaviour

2.16 Good governance means promoting appropriate values for the council and demonstrating the values of good governance by upholding high standards of conduct and behaviour. The following describes how the council achieve this:

All members and chief officers are required to complete statements relating to third party transactions and a register of members' interests, which is updated by members, is maintained and published on the Council's website.

The Local Council Code of Conduct for Councillors (Constitution Part 5), which was most recently revised in April 2019, defines the standards of conduct expected of elected representatives including a requirement for members to declare any interests at the start of every meeting, which are recorded in a public register. That Code has recently been reviewed by the council's Standards Committee.

In addition, the following codes, protocols and systems are well established within the council. All are regularly reviewed and updated to account for developments in governance arrangements and changes in local government.

These include:

- A declaration of interest process for members and senior officers as described above;
- Rules and protocols are in place and are being further developed for all partnership working;
- Organisation-wide performance appraisal and employee development schemes are in operation;
- There is a corporate complaints procedure in place in line with Ombudsman good practice requirements;
- Whistle-blowing, anti-fraud and anti-corruption / bribery policies are in place and publicised in compliance with the national transparency agenda; senior officers' remuneration is published on the council website.

Decision Making, Scrutiny and Risk Management

2.17 Good governance means taking informed and transparent decisions that are effectively scrutinised and which manage risk. The following describes how the Council achieves this:

The Leader and Cabinet are responsible both individually and collectively for all 'executive' decisions, as set out in Part 3 of the constitution – "Responsibility for

Functions".   Some executive decisions are delegated to council officers as outlined in Part 8 of the Constitution – "Delegations to Officers"

All forthcoming 'Key' decisions are publicised on the Cabinet's Forward plan, which is published every month on the Council's website.

Reports and minutes of formal meetings are also published on the council's website.   This includes delegated decisions made by individual Cabinet Members, and key decisions by officers.   Where decisions were made using urgency provisions, this is shown on the agenda front sheet, together with the reasons for urgency and the provision used.   Where appropriate, urgent decisions are subsequently reported to the next meeting of either cabinet or full council.

2.18 The council has an Audit Committee with clear terms of reference and an annual work programme for internal audit and risk management.

2.19 The Council maintains an Internal Audit and Risk Management service that operates in accordance with the published internal audit standards expected of a local authority in the United Kingdom.   The Head of Internal Audit and Investigation has direct access to the Chief Executive, the Chief Finance Officer (Section151 Officer) and the Chair of the Audit Committee.

2.20 An embedded Risk Management Framework is in place, with each Directorate maintaining a risk register.   The risk management framework was approved by the then Corporate Board (now Strategic Leadership Team) and the Audit Committee.

2.21 Robust business continuity management arrangements exist within the council, with all critical services having business continuity plans in place.   The Interim Resilience Standards have been used as the guide to measure council emergency planning and business continuity arrangements.   We have been assessed via a peer challenge against these standards which established that the our arrangements have been implemented and are effective.

2.22 The council has a four year Medium Term Financial Strategy, which is reviewed and updated annually as part of the budget setting process to support the achievement of the council's corporate priorities.   The budget and policy framework outlines the process and timetable to be followed each year when setting the council's budget. The financial management framework includes bi-monthly budget monitoring reports to the Financial Strategy Group, departmental management teams, Strategic Leadership Team and regular reports to Cabinet.

2.23 The budgeting process requires departments to submit budget proposals that are aligned to the council's objectives, and which are based on a required savings target. Throughout the year, Cabinet Members receive regular updates on the Finance Monitor which shows the financial position for each department and what is being done to address potential overspends. In addition, a budget monitoring which includes the delivery of agreed savings is also presented.

Developing the Capacity & Capability of Members and Officers

2.24 Good governance means developing the capacity and capability of members and officers to be effective. The following describes how the council achieves this:

A full member training and development programme is in place and there is a comprehensive induction programme for all councillors within the first few weeks of their election to office. Training on the Council's Code of Conduct for Councillors is compulsory. The council has adopted specific codes of conduct for councillors involved in planning or licensing decision-making and these councillors receive additional training in these areas as a pre-condition of their participation.

All new directors and executive directors meet with the Director of Legal and Democratic Services for a one to one induction briefing on governance issues.

There is a corporate learning programme which consists of a variety of learning interventions and is delivered using a blend of approaches i.e. face to face workshops, e-learn modules and books. The programme typically includes corporate activities such as New Starter Induction (key information and policies for Health & Safety, Data Protection, Equality & Diversity, Appraisal and Recruitment), personal development (Resilience, Presentation, Apprenticeship Qualifications) and management development and their responsibilities. We are currently running a number of development interventions in relation to Values and Behaviours and New Ways of Working to ensure our staff have the right skills and capabilities to enable the achievement of the council's future vision.

Engaging with Local people and Stakeholders

2.25 The council's strategic planning priorities are directly aligned with those of the Local Strategic Partnership (LSP), through the LSP Borough Plan 2018-22. The council is therefore better able to relate its own performance to the outcomes it seeks for the borough. This also facilitates greater alignment of priorities between the council and other key partners and service delivery agencies, such as NHS Ealing and the Police.

2.26 The council includes a definition of a partnership within its Constitution. Work has been undertaken to identify and assess key partners and ensure that robust protocols are in place for partnership working. In conjunction with performance, legal, and procurement a list of significant partners has been agreed. Evidence has been gathered to support good governance arrangements for these significant contractors. Assurance is gained through the Joint Contract Board.

2.27 Commitments to deliver against our responsibilities in relation to equality and diversity feature strongly in the council's Council Plan. Regard to equality, diversity and human rights duties is embedded in the budget setting and business planning process, and templates for each require that officers and members take into consideration in an appropriate manner the equality, diversity and human rights impacts of proposed decisions. The council's approach is to embed equality and diversity within all of its work so that equality considerations are part of day-to-day management. Strategic Leadership Team takes regular updates on progress and developments in relation to implementation of the Equality Act, and the Cabinet report process and pro-forma have been amended to ensure that service directors sign off on service related equality assessments before any dependent Cabinet decision. All salient points from equality assessments carried out on Cabinet reports are included in the body of the report. Proposals that impact on staffing/workforce are signed off by HR Business Partners and service directors.

3. Review of Effectiveness

3.1 The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.

3.2 The council's review of the effectiveness of its system of internal control is informed by:

- Annual Assurance Opinion of the Head of Internal Audit.
- Performance against targets;
- Annual Assurance Statement; and
- A review of the previous year's Annual Governance Statement.

3.3 The review of effectiveness of the council's governance framework is informed by the work of the Executive Directors who have responsibility for the development and maintenance of the governance environment, the Head of Audit and Investigations' Annual Report, and by comments made by the external auditors and other review agencies and inspectorates. The Annual Governance Statement Working Group (AGSWG) considers these sources of information and informs the creation of the Annual Governance Statement.

3.4 The AGSWG consists of senior officers from multi-disciplines with responsibility for the preparation of the AGS and relevant supporting evidence. The AGSWG meets on a targeted engagement cycle during the year to ensure compliance with the corporate timetable. The AGSWG also undertook a review of the 2019/20 AGS, in particular the disposition of the significant governance issues identified. The key evidence to support the review of effectiveness is outlined below:

3.5 **Planning** – The Strategy and Engagement Department monitors delivery of the Council Plan, working closely with directorates to oversee.

3.6 **Performance Management** – The Strategy and Engagement Department works with all directorates to monitor performance against the agreed corporate performance indicator suite. Regular performance reports are taken to the Strategic Leadership Team and (quarterly) to Cabinet . In addition, a number of governance mechanisms are in place to support performance management across the council, including: monitoring the delivery of the; Budget Monitoring;; and, the Budget Steering Group..

3.7 Council projects are run in line with an appropriate control framework that defines the control processes needed in consideration of risk profile and other factors. Within this framework, individual departments develop their own detailed processes that reflect their different needs, risk profile and working practices. The key governance control is that each project in the council reports into an appropriate project board or managerial group. The Project Management Office oversees core projects as agreed through the Future Ealing Framework.

3.8 The council continues to implement an extensive efficiency/value for money programme to improve services and identify significant on-going savings in both the current and future years. This is achieved through financial management and budget proposal scrutiny, including on-going line-by-line analysis of individual budgets.

3.9 A quarterly stock take report incorporating risk management, performance and key areas for assurance is reported to the Strategic Leadership Team. There is also a comprehensive revisit of the Strategic Risk Register undertaken annually ahead of the March reporting round.

3.10 Members play a regular role in performance management, providing challenge to officers. Cabinet receives a report on performance each quarter. Cabinet portfolio holders have monthly meetings with Executive Director Team and review finance and performance indicators each month.

3.11 The Cabinet – The council operates a Leader and Cabinet model of local government. Cabinet has nine members; each member has a specific area of responsibility known as a 'portfolio' and is accountable for the council's decisions. Cabinet carries out all the local authority's functions which are not the responsibility of any other part of the local authority.

3.12 Opposition – The Opposition comprises members of the largest opposition party. The Opposition has access to all relevant documents and officer advice.

3.13 General Purposes Committee – This committee takes an overview of regulatory functions such as development control, parliamentary proceedings, election, registration and inspection of homes and member training. It also exercises any other functions referred to it.

3.14 Licencing Panel and Licensing Committee exercise the council's various licensing functions.

3.15 Overview and Scrutiny Committee – There is a respected and active scrutiny function managed by the Overview and Scrutiny Committee (OSC) to discharge the functions conferred by section 21 of the Local Government Act 2000. In addition to the Health and Adult Social Services Standing Scrutiny, the council has four scrutiny panels that select new topics of focus every year in response to circumstances. Topics for 2019/2020 were: education, active citizenship, local effects of national issues, and leisure

3.16 The Standards Committee – The Standards Committee has ten members, including an independent (non-voting) chair. In line with regulatory requirements, the committee is supported by two independent people. The committee carries out the council's statutory responsibility to promote and maintain high standards of conduct by councillors and co-opted members and deals with complaints. The committee also reviews and oversees member development, freedom of information work and the council's Whistle-blowing Policy. The committee submits an annual report on its work to Full Council. Twelve complaints were made concerning Councillors in 2019-20, none have been referred for full investigation. No councillors were found to have acted in breach of the council's Local Code of Conduct for Councillors. All have been reviewed by the Director of Legal and Democratic Services.

3.17 The Audit Committee – The council has an Audit Committee that provides independent, effective assurance on the adequacy of the council's governance environment. All major political parties are represented on the committee, in addition there is an independent member.

3.18 The Audit Committee met regularly during 2019/20, considering reports (including the Annual Internal Audit Report) from the Head of Audit & Investigation and the External Auditor. This also includes other key financial information for example Treasury Management.

3.19 The remit of the Audit Committee is to:

- Provide independent assurance of the adequacy of the risk management framework and the associated control environment;
- Provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority exposure to risk and weakens the control environment; and
- Oversee the financial reporting process.

3.20 The Audit Committee also reviews Internal Audit performance against targets and quality assurance results.

3.21 Audit Board comprises of the Chief Finance Officer, Head of Audit with invites to PWC Management, The Audit and Risk Manager and Reactive Fraud Manager as required. The Audit Board meets quarterly and seeks to strengthen the assurance framework of the Council. Internal Audit and Investigation provides progress reports on internal control and counter fraud to the Audit Board. As and when required, officers are held to account by the Audit Board through the use of challenge sessions to focus on any areas of weakness or non-compliance.

3.22 **Statutory Officers** – The Constitution sets out how the council operates, how decisions are made and the policies which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the council to choose. The Constitution comprises eight parts which sets out the basic rules for governing the council's business, as well as detailed procedures and codes of practice.

3.23 The Constitution is regularly reviewed by the Monitoring Officer and any significant change proposals are considered by the Constitutional Review Group (an informal group of senior councillors) and advertised on the web prior to adoption by full council on the presentation of a detailed report. The Constitution sets out the responsibilities of both members and officers. In particular the council has identified the following six statutory posts.

- Head of Paid Service – Chief Executive
- Chief Financial Officer (Section 151) – Chief Finance Officer
- Monitoring Officer – Director of Legal and Democratic Services
- Director of Children's Services – Executive Director, Children, Adults and Public Health.

- Director of Adult Social Services –Director of Adult Services
- Director of Public Health – Director of Public Health

The council's chief executive, s.151 officer, and monitoring officer meetings are scheduled for every six weeks for a "statutory officers meeting" where issues of particular governance concern are raised, and approaches agreed

3.24 Management – The Chief Executive, each Executive Director/Director has provided a self-assurance statement in respect of 2019/20, confirming that:

- They fully understand their roles and responsibilities;
- They are aware of the principal statutory obligations and key priorities of the Council which impact on their services;
- They have made an assessment of the significant risks to the successful discharge of the Council's key priorities; and
- They acknowledge the need to develop, maintain and operate effective control systems to manage risks.

3.25 All staff, in particular managers, are responsible for ensuring that laws and regulations are complied with and that the authority's policies are implemented in practice. The Monitoring Officer and the Legal Services Team monitor compliance with, and awareness of, key laws and regulations. Executive Directors, Directors, Assistant Directors, and service heads are responsible for monitoring implementation of the council's policies.

3.26 One of the key elements in obtaining the required internal controls assurance for the Annual Governance Statement is the completion of the Annual Assurance Statement by senior officers. The Statement noted that for the year ended 31 March 2020, senior officers were aware of their responsibilities and had complied with the council's policies and procedures.

3.27 Executive Directors were asked to compile their statement after reviewing the statements from their direct reports. Direct reports were asked to compile their statement after taking assurance from their senior management teams.

3.28 Internal Audit – The council takes assurance about the effectiveness of the governance environment from the work of Internal Audit which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Head of Audit and Investigations to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.

3.29 The Head of Audit & Investigations provided his annual report to the Audit Committee in May 2020. This report outlined the key findings of the audit work undertaken during 2019-20, including areas of significant weakness in the internal control environment.

3.30 An assurance mechanism is used to reflect the effectiveness of the council's internal control environment. The table below details the four levels of assurance provided:

Level	Definition
Substantial	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.
None	Control processes are generally weak leaving the processes / systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes / systems open to error or abuse.

3.31 It is the opinion of the Head of Audit and Investigations that, taking into account all available evidence, there is reasonable assurance over the adequacy and effectiveness of the council's overall internal control environment during the financial year 2019-20.

3.32 External Audit – Deloitte is currently the council's appointed external auditor. As well as an examination of the council's financial statements, the work of the council's external auditor includes an assessment of whether significant arrangements to secure economy, efficiency an effectiveness from the use of resources has come to their attention.

3.33 Risk Management – The council managed its risks during 2019-20 in accordance with the approved Risk Management Policy. The Strategic

Leadership Team formally considers risks, with quarterly reports also being presented to the Audit Committee.

3.34 The indicative Internal Audit Plan for 2019-20, presented to the Audit Committee in March 2019, is chiefly based upon the key risks faced by the council as identified in the corporate and directorate risk registers, such that Internal Audit will provide assurance on the effectiveness of the internal control framework during 2019-20.

3.35 Developing Capacity – The council has operated procedures during the period covered by this statement to ensure the training needs of staff are assessed against core competencies and any key training needs are met. Line managers are primarily responsible for identifying individual and service needs and sharing their requirements with the corporate learning team in order to ensure that commissioning arrangement are effective and cost efficient; this also includes exploring opportunities to resource needs through external funding arrangements i.e. Apprenticeship Levy.   Additionally, the council has provided and makes available ongoing training opportunities to councillors to enable them to effectively fulfil their duties as councillors of the council.

3.36 Engagement – Regular consultation on formal decisions is also undertaken with residents to ensure that the authority makes decisions based on resident requirements and feedback regarding general provision and quality of service.

4. Update to matters raised in 2018/19.

Issue	Actions (Set)	Update
1. Financial Pressures An overall net financial pressure of c£1m for the Council due to external demand driven pressures in social care and the forced academisation of 2 schools that resulting in a large liability for LBE. The Council continues to be over reliant on the use of reserves to support its general revenue expenditure activity which severely hampers the level of financial resilience'.	Budget growth was built in to 2018/19 MTFS that will enable Adults services to deliver within budget. However the service has struggled to do this although financial performance has improved markedly The Council has been successful in generating new ways to mitigate the pressures down to a net nil position, but was overly reliant on reserves and grant use to solve the challenge. Future funding pressures will mean that work continues in this area.	Financial measures put in place successfully managed the overall position to £440k. The financial risks have evolved and an overall pressure remains and is set out for 2019/20.
2. Health & Safety Programme Enhancing governance and oversight arrangements to monitor and ensure that all health and safety inspections are undertaken and action programmes implemented.	1) A new Health and Safety governance arrangement has been developed and is due to be implemented in April 2019. 2) A new system to log H&S assessments is to be procured. 3) Services will need to ensure that inspections are undertaken, recorded and any actions implemented.	The new governance framework is in place. Actions and measures have continued to monitor and progress during the year to reduce the overall risk position. Work continues to address within service areas and that is reflected in the 19/20 issues in the table at 5.1.
3. Brexit	A Brexit working group has been established to monitor and respond to	The Brexit working group continues to meet.

Issue	Actions (Set)	Update
The Council is monitoring potential issues from Brexit and planning contingency arrangements for different scenarios. With uncertainty remaining around timing and the eventual outcome, this will need to continue.	issues if they become live. This will continue until and then after agreement to monitor any pressures resulting on the Council. A list of risks specific to Brexit has been developed. Regular discussions at Strategic Leadership Team on the Brexit. A report also went to Cabinet in March 2019.	A further report went to Cabinet in October. The risk remains and continues to be managed as set out in 19/20.

5. Significant Governance Issues 2019/20

5.1 Based on the Council's established risk management approach, the issue detailed below have been assessed as being significant for the purpose of the 2019/20 Annual Governance Statement. The Council propose over the coming year to take steps to address these matters to further enhance our governance arrangements and are satisfied that the actions will address the issues raised. Progress will be monitored throughout the year.

Table 1 2019/20 Governance Issues			
Issue	**Actions**	**Officer Responsible**	**Timescale**
1. Financial Pressures An overall net financial pressure of £440k for the Council due to external demand driven pressures saw an improved overall position. Sat within that, however, are areas of significant pressures notably Children's services spend on Children with Disabilities (CWD).	An internal audit was undertaken of CWD to look at spending and commitments position.	Ross Brown	Ongoing
2. Brexit The Council continues to monitor potential issues from Brexit and planning contingency arrangements for different scenarios.	The Brexit working group continues has been established to monitor and consider scenarios. This will continue until and then after agreement to monitor any pressures resulting on the Council. Regular discussions at Strategic Leadership Team on the Brexit.	Kieran Reid	Ongoing
3. Health and Safety Health and Safety Issues relating to a range of	The enhanced governance and oversight	Director of Safer Communities and	Ongoing – to be monitored by the

Table 1 2019/20 Governance Issues			
Issue	**Actions**	**Officer Responsible**	**Timescale**
Council buildings.	measures introduced during 18/19 have provided a valuable oversight of H&S monitoring across the Council's services, the Corporate Health and Safety Board is receiving regular information on progress to complete reviews and monitor remedial actions. The Council is conducting reviews and drawing up actions plans for each of the service areas. Internal Audit work has been undertaken in a number of the key services.	Housing, Director of Housing Development, Assistant Director Schools Property & Resources, Director of ICT (ICO) and Property Services and other directors with buildings responsibilities.	Corporate Health and Safety Board.
Covid pressures are also included, which although not specific to 19/20 in any great quantum do represent material issues known after year end. 4. **Covid 19 Financial –** the spend related to Covid 19 will has put significant pressures on the 20/21 financial position estimated at £30m.	Contingency and scenario planning for different scenarios and options. Cost Control measures including: - Introduction of a Council wide spend freeze. - Stepping service provision to statutory basic delivery levels.	Ross Brown and Paul Najsarek	Ongoing

Table 1 2019/20 Governance Issues			
Issue	**Actions**	**Officer Responsible**	**Timescale**
	- Discreet standalone measures designed to release funds e.g asset sales. Lobbying Central Government on an individual and supporting London Council's Central to help ensure London and Ealing get a fair deal.		
5. Covid 19 Impact on Community – the ongoing need to manage the impact on the residents and customers during lockdown and in to recovery phases. .	Initial daily gold meetings were held to manager the response phase and measures necessary to support the community. Work was untaken in key areas including: • PPE • Food distribution • Shielding support • Test and trace Moving towards recovery a detailed plan has been developed to support workforce, suppliers and the community,	Senior Leadership Team	Ongoing

Conclusion and Evaluation

As Leader and Chief Executive, we have been advised of the implications of the results of the review of the effectiveness of the

Council's governance framework.

Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the London Borough of Ealing to ensure effective internal control is maintained.
We are also satisfied that there are appropriate plans in place to address the weaknesses and ensure continuous improvement in the system of internal control.

Signed……………………………………………   Signed……………………………………………

Chief Executive – Ealing Council   Leader of the Council
Paul Najsarek   Cllr. Julian Bell