

Summons to Meeting

Monday 26 June 2017

Audit Committee

Tuesday 4 July 2017, 2.00 pm

Council Chamber, Allerdale House

Membership:

Councillor Neil Schofield (Chair)
Councillor Mary Bainbridge
Councillor Adrian Davis-Johnston
Councillor Billy Miskelly

Councillor John Colhoun (Vice-Chair)
Councillor John Cook
Councillor Duncan Fairbairn

Members of the public are welcome to attend the meeting. If you have any questions or queries contact Dean Devine on 01900 702556.

Agenda

1. Minutes (Pages 1 - 4)

To sign as a correct record the minutes of the meeting held on 8 May 2017

2. Apologies for Absence

3. Declaration of Interests

Councillors/Staff to give notice of any disclosable pecuniary interest, other registrable interest or any other interest and the nature of that interest relating to any item on the agenda in accordance with the adopted Code of Conduct.

4. Questions

To answer questions from members of the public – submitted in writing or by electronic mail no later than 5.00 pm, 2 working days before the meeting.

5. Public Sector Internal Auditing Standards Self Assessment (Pages 5 - 12)

6. Draft Annual Governance Statement 2016/17 (Pages 13 - 24)



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Chief Executive

Date of Next Meeting:

**Monday 21 August 2017, 2.00 pm
Council Chamber, Allerdale House**

Agenda Item 1

At a meeting of the Audit Committee held in Council Chamber, Allerdale House on Monday 8 May 2017 at 2.00 pm

Members

Councillor Mary Bainbridge (Chair)
Councillor Duncan Fairbairn
Councillor Neil Schofield

Councillor John Colhoun (Vice-Chair)
Councillor Billy Miskelly

Apologies for absence were received from Councillors A Davis-Johnston and M Pugmire

Staff Present

D Devine, B Lennox, K Magnay and E Thompson

Also Present

J Farrar and R McGahon

456. Minutes

The minutes of the meetings held on 31 August 2016 and 17 February 2017 were signed as a correct record.

457. Declaration of Interests

None declared.

458. Questions

None received.

459. Audit Committee Progress Report and Update

J Farrar, Grant Thornton presented an Audit Committee update report to inform the committee of the progress made by the external auditors on delivering their responsibilities for the year ended 31 March 2017.

The report provided information on the pooling of the Local Government Pension Scheme. Councillor D Fairbairn asked for information as to who was responsible for providing information on this to the council. The Assurance, Risk and Audit manager agreed to find out.

Members noted the report.

Agreed

That the report be noted.

460. Grant Thornton - Audit Fee Letter for 2017/18

R McGahon, Grant Thornton submitted the Audit Fee Letter detailing the proposed work programme to be undertaken as external auditors of the Council and the scale of fees for 2017/18.

The proposed 2017/18 scale audit fee was £48,128, which was the same level as the previous year.

The scale fee covered:

- Audit of the Council's financial statements
- Work to reach a conclusion on the economy, efficiency and effectiveness in the Council's use of resources (value for money conclusion)
- Work on the whole of government accounts return (if applicable)

The Council's indicative grant certification fee had yet to be set by Public Sector Audit Appointments Limited.

The letter outlined the external auditors' audit timetable.

The auditor's key team members for 2017/18 were:

J Farrar, Engagement Lead
R McGahon, Engagement Manager
R Anderson, In Charge Auditor

Members noted the letter.

Agreed

That the letter be noted.

461. Assurance Risk and Audit Resource Plan and Assurance Risk and Audit Charter 2017/18

The Assurance, Risk and Audit Manager submitted a report that sought to set out how Assurance, Risk and Audit would deliver its service in line with the Public Sector Internal Auditing Standards 1 April 2018.

The report contained the Assurance, Risk and Audit plan for 2017/18 which set out how the service would be delivered.

Members noted the Internal Audit Charter appended to the report.

Agreed

That the Assurance, Risk and Audit resource plan and the Assurance, Risk and Audit charter 2017/18 be agreed.

462. Assurance, Risk and Audit Year End Report 2016/17

The Assurance, Risk and Audit Manager submitted the Assurance, Risk and Audit Year End Report 2016/17, which sought to inform the committee of the work performed by the Assurance, Risk and Audit service and to provide the annual assurance opinion.

The report set out a summary of how the services time had been spent on delivering its duties. The overall cumulative productive time was 77.98% compared to the target of 79.9%, but was considered an excellent achievement based on the team being new to audit.

At year end there were 12 agreed actions due for implementation by management overdue, 11 of these were in progress.

Councillor B Miskelly requested the Assurance, Risk and Audit Manager to look at setting realistic target times with managers who had agreed actions overdue. This was agreed.

Members noted the corporate risk and issues log. Councillor N Schofield asked that a link be circulated to members for them to access the log. The Assurance, Risk and Audit Manager agreed to circulate this.

Members noted the car park income audit review 2016/17 which had been undertaken with regard to the control activities and procedures currently in place in regard to car park income collection recording and banking by the council. Members required assurance that the targets set out in this review would be met and requested that the responsible manager be asked to attend the next meeting to provide this assurance.

Members agreed that the report be considered as part of the approval of the annual governance statement 2016/17 subject to additional information on the car parking income audit review which would be provided at the next meeting.

Agreed

That the report be considered as part of the approval of the annual governance statement 2016/17 subject to additional information on the car parking income audit review.

Actions

Action 1 - That the Assurance, Risk and Audit Manager would provide information regarding who is responsible for providing information on the Local Government Pension Scheme.

Action 2 – That the Assurance, Risk and Audit Manager will speak to managers about setting realistic target times for actions overdue.

Action 3 – That the Assurance, Risk and Audit Manager will circulate a link for members to access the corporate risk and issues log.

The meeting closed at 3.33 pm

Allerdale Borough Council

Audit Committee – 4 July 2017

Public Sector Internal Auditing Standards Self Assessment

| | |
|--|---|
| The Reason for the Decision | In line with the Public Sector Internal Auditing Standard 1311 (PSIAS) the Quality Assurance and Improvement Program (QAIP) should include an internal assessment of the internal audit activity. |
| Summary of options considered | To inform the Audit Committee of the results of the self-assessment and subsequent action plan. |
| Recommendations | To accept the content and action plan resulting from the QAIP self-assessment |
| Financial / Resource Implications | No additional resource required to deliver this. |
| Legal / Governance Implications | This has been completed in line with the professional guidance recommendations. |
| Community Safety Implications | None specific to this matter. |
| Health and Safety and Risk Management Implications | This contributes to the effectiveness of the Assurance Risk and Audit Team in Enterprise-Wide Risk Management. |
| Equality Duty considered / Impact Assessment completed | Considered – not required. |
| Wards Affected | None specifically |
| The contribution this decision would make to the Council's priorities | This will contribute to the achievement of all council plan priority areas. |
| Is this a Key Decision | No |
| Portfolio Holder | Councillor Joan Ellis |
| Lead Officer | Emma Thompson Assurance Risk and Audit Manager (01900) 702988 emma.thompson@allerdale.gov.uk |

Report Implications (Please delete where applicable)

| | | | |
|------------------|---|--------------------------------------|---|
| Community Safety | N | Employment (external to the Council) | N |
| Financial | N | Employment (internal) | N |
| Legal | Y | Partnership | N |
| Social Inclusion | N | Asset Management | N |
| Equality Duty | N | Health and Safety | N |

1.0 Introduction

- 1.1 The PSIAS require the Chief Audit Executive (Assurance Risk and Audit Manager) to develop and maintain a Quality Assurance and Improvement Programme. Performance, improvement and monitoring activities are reported quarterly to the Audit Committee as part of this requirement.
- 1.2 The ARA team collectively completed the self-assessment to confirm conformance with the PSIAS and identify areas for improvement where required. The Assurance Risk and Audit Manager identified the area for improvement and has detailed actions on the self-assessment. There were no significant areas of non-conformance.

2.0 Finance/Resource Implications

- 2.1 The results of this assessment has indicated there were no additional budget requirements.

3.0 Legal Implications and Risks

- 3.1 This process provides assurance to Allerdale Borough Council over the quality of the Internal Audit service they receive and that the service is operating in accordance with the Public Sector Internal Audit Standards (PSIAS).

4.0 Recommendations

- 4.1 To accept the content and action plan resulting from the QAIP self-assessment.

Emma Thompson
Assurance Risk and Audit Manager

| Public Sector Internal Auditing Standards (PSIAS) Self Assessment | | | | | | | |
|---|---|---------------|---------|---------------|---|-------------|------------------|
| PSIAS | Description | Now compliant | Partial | Not Compliant | Action/ Assurance | Assigned | Date to complete |
| Competency - Continuing Professional Experience (CPE) | Confirm action taken to record CPE consistently within the Internal Audit (IA) Section. | ✓ | | | Team training and development log - reminder issued to update the log and requirements discussed at team meeting 17/5/17. | ARA Manager | 30/06/2017 |
| 1000 - purpose, authority and responsibility | Does the IA charter set out the sections position in the organisation? | ✓ | | | Updated to reflect new standards and approved 8/5/17. | | |
| | Include responsibility of statutory officers with regard to Internal Audit | ✓ | | | | | |
| | Internal Audit to be notified of all suspected, detected fraud and impropriety | ✓ | | | | | |
| | Include arrangements for avoiding conflicts of interest if Internal Audit undertake non audit activities. | ✓ | | | The revised Charter includes reference to new standards. | | |
| | | | | | | | |
| 1110 - Independence and objectivity | Reporting and management arrangements where the Internal Audit Manager (IAM) is line managed by another officer in authority | ✓ | | | | | |
| | IAM's position in management structure; reflects their influence over the control environment. Ensures sufficiently senior and independent to provide credibly constructive challenge to senior management. | ✓ | | | | | |

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| | Does the Chief Executive(CE) and Audit Committee Chair countersign, feedback, review performance appraisal of IAM? | | | ✓ | No, the Corporate Director undertakes this responsibility on behalf of the CE through the Head of Governance . | | |
| | | | | | | | |
| 1200 -proficiency and due professional care | IAM holds professional qualification CMIIA/CCAB or equivalent and be suitably experienced. | | ✓ | | Suitably experienced, over ten years in a Senior Internal Audit position, Practitioner Chartered Institute of Internal Auditors and Certified Internal Auditor qualified. | | |
| | | | | | | | |
| 1220 | Consideration of the cost of assurance and or consulting engagement in relation to the benefits. | ✓ | | | Resource is allocated to the areas of highest value to the Council in terms of risk and objectives. | | |
| | | | | | | | |
| | IAM assess auditors against predetermined skills and competencies. | ✓ | | | What Great Looks Like behaviours framework supports this standard. | | |
| | | | | | | | |
| 1300 - quality assurance and improvement programme (QAIP) | QAIP covers all aspects of activity and enables conformance with all aspects of the PSIAS to be evaluated. | ✓ | | | Update to Audit Committee quarterly on development, training, Key Performance Indicators (KPIs) and KPIs are issued to the Senior Management Team monthly. All work has management review, independent client assessment results also contribute to the QAIP. | | |

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| 1311 | Ongoing performance monitoring includes comprehensive performance targets. | | ✓ | | Performance targets are under review by the Head of Governance to ensure these measure the teams effectiveness rather than that of the owners of Agreed Actions. | Head of Governance and Assurance Risk and Audit (ARA) Manager | 30/09/2017 |
| 1312 - external assessments | Has an external assessment of the Service been carried out, or is planned to be carried out, at least once every five years? | | ✓ | | Peer review planned July 2017. | | |
| 1320 - reporting on the QAIP | Has the IAM reported any instances of non conformance of the PSIAS to the Audit Committee? | ✓ | | | The results of this self assessment will be reported to the Audit Committee. | | |
| | IAM to consider significant deviations from the PSIAS in the Annual Governance Statement are evidenced | ✓ | | | There are no significant deviations to report in the 16/17 year end report. | | |
| 2000 - managing the Internal Audit activity | | | | | | | |
| 2010 planning | IAM determined a risk based plan with priorities consistent with organisational goals and org risk appetite and maturity. | ✓ | | | The 2017/18 plan has been resourced based on the risk profile for each service and their objectives against the Councils delivery plan. | | |
| | In developing the plan has the IAM taken in to account the organisation's risk management framework and relative risk maturity of the organisation. | ✓ | | | | | |

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| | Consulting engagements that have been accepted included on risk based plan. | ✓ | | | Assurance and advice projects are included in the resource plan as they arise and are accepted. | | |
| 2040 - policy and procedure | Policy and procedure reviewed and updated in line with working practices and standards. | ✓ | | | | | |
| 2050 - coordination | Assurance mapping completed - identifying and determining the approach to using other sources of assurance. | | ✓ | | Organisation wide assurance mapping by service - evidence detailed to support Annual Governance Statement (AGS) forms part of the assurance mapping information. Further work to be completed as part of the 2017/18 Internal Audit Plan to update assurance maps for all services. | | |
| | Does the IAM share information and coordinate activities with other internal and external providers of assurance and consulting services? | ✓ | | | | | |
| 2100 - nature of work | Has IA evaluated the design, implementation and effectiveness of the organisations ethics related objectives, programmes and activities? | | ✓ | | Planned review of Ethics and Culture as part of 2017/18 Assurance Risk and Audit Plan. Support the collation of evidence for the AGS 2016/17. | ARA Manager | 31/03/2018 |
| | Has the IAM considered the proportionality of the amount of work required to assess the ethics and IT governance of the org when developing the risk based plan? | ✓ | | | | | |
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| 2120 - risk management | Has IA evaluated the potential for fraud and also how the organisation itself manages fraud? | | ✓ | | Fraud risk assessment has been completed and the outcomes and action plan will be reported to the Audit Committee as part of the next quarterly report. | ARA Manager | 31/12/2017 |
| 2130 - control | Has IA evaluated the adequacy and effectiveness of the controls in the organisations governance, operations and information systems regarding the: strategic objectives, safeguarding of assets and compliance with laws, regulations, policies and contracts? | | ✓ | | Full assurance can never be provided however for the areas reviewed these elements have been evaluated on a risk based approach. | | |
| 2200 - engagement scope | Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up? | ✓ | | | | | |
| 2330 - documenting information | Has the IAM developed and implemented retention requirements for all types of engagement records? | ✓ | | | | | |
| 2420 - quality of communication | Are communications - timely? | | ✓ | | Delays can occur in reporting due to service demands however high priority deadlines are met. | | |

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| 2430 | Do internal auditors report that engagements are ' <i>conducted in conformance with the PSIAS</i> ' only if the results of the QAIP support such a statement? | ✓ | | | As included in the Year end report. | | |
| | 2431 <i>Engagement Disclosure of Non-conformance</i> | | ✓ | | This would be included where appropriate. | | |
| | Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: | | ✓ | | | | |
| | a) The principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved? | | ✓ | | | | |
| | b) The reason(s) for non-conformance? | | ✓ | | | | |
| | c) The impact of non-conformance on the engagement and the engagement results? | | ✓ | | | | |

Agenda Item 6

Allerdale Borough Council

Audit Committee – 4 July 2017

Draft Annual Governance Statement 2016/17

| | |
|--|--|
| The Reason for the Decision | This report sets out the Council's draft Annual Governance Statement (AGS) for 2016/17 required to meet the requirements of the Accounts and Audit Regulations 2015 (The Regulations). |
| Summary of options considered | The options considered are detailed in the report. |
| Recommendations | That the Committee approve the draft 2016/17 AGS (Appendix 1) |
| Financial / Resource Implications | There are no financial/resource implications directly arising from this report. |
| Legal / Governance Implications | In accordance with the Accounts and Audit Regulations 2015, the Annual Governance Statement should be approved by members of the Council meeting as a whole, or by a committee, at the same time as the statement of accounts is approved. |
| Community Safety Implications | There are no Community Safety Implications directly arising from this report. |
| Health and Safety and Risk Management Implications | The Authority is required to prepare and publish an Annual Governance Statement to meet the statutory requirements set out in the Accounts and Audit Regulations 2015. Failure to do so could result in non-compliance of the requirements of the Regulations. |
| Equality Duty considered / Impact Assessment completed | The Equality Duty has been considered. |
| Wards Affected | All |
| The contribution this decision would make to the Council's priorities | The Annual Governance Statement minimises the risk that the Council's priorities will not be achieved. |
| Is this a Key Decision | No |

Portfolio Holder

Councillor Alan Smith (Leader of Allerdale Borough Council)

Lead Officer

Sharon Sewell
 Head of Governance and Monitoring Officer
 01900 702887
 sharon.sewell@allerdale.gov.uk

Report Implications

| | | | |
|------------------|---|--------------------------------------|---|
| Community Safety | N | Employment (external to the Council) | N |
| Financial | N | Employment (internal) | Y |
| Legal | Y | Partnership | N |
| Social Inclusion | N | Asset Management | N |
| Equality Duty | N | Health and Safety | N |

Background papers: Local Code of Corporate Governance

Annual Governance Statement Evidence – 16/17 (based on the 2016 Delivering Good Guidance Core Principles)

1.0 Introduction

- 1.1 Allerdale Borough Council is responsible for ensuring that its business is conducted in accordance with the law, proper standards, good governance and that public money is safeguarded and properly accounted for. In discharging this overall responsibility, the Council has to ensure that it has sound systems of internal control, risk management and good governance arrangements in place to facilitate the exercise of its duties. Additionally, the Council is required to continuously review these arrangements and to ensure that the arrangements are considered by an appropriate body of the Council annually. This report sets out the governance arrangements and the system of internal control which operated during 2016/17 and up to the date of approval of the financial statements.
- 1.2 The Regulations require the Annual Governance Statement should be approved at a meeting of the Authority or Delegated Committee. Following approval the Annual Governance Statement should be signed by the leading member (or equivalent) and Chief Executive (or equivalent) on behalf of the Authority.

- 1.3 The purpose of the Annual Governance Statement is to provide reassurance that the provisions of the Local Code of Corporate Governance have been complied with. It also draws together any significant governance issues that need to be addressed over the next year.
- 1.4 The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance which is publicised on the Council website.

2.0 The Process

- 2.1 There is a strong correlation between effective governance and effective service delivery. The purpose of the AGS process is to provide a continuous review of the organisation's governance arrangements so as to give assurance on the effectiveness of the process and/or to address identified weaknesses, supporting the continuous improvement of the authority. This report and appendix are the result of that review.
- 2.2 In compiling the Annual Governance Statement a shared approach was adopted, involving Directors, Heads of Service (including the Section 151 Officer and the Monitoring Officer), the Assurance Risk and Audit Manager and Chief Executive (also as Head of Paid Service). The Corporate Governance Group has the responsibility of collecting evidence for, and the drafting of the Annual Governance Statement. Additionally, the statement would be required to be certified by signatories of the Leader of the Council and the Head of Paid Service after approval by the Audit Committee.
- 2.3 Once finalised, the AGS will be published on the Council's website, along with the statement of accounts, for members of the public, members, officers and other stakeholders to view.
- 2.4 A review of governance arrangements in place for 2016/17 has been informed by the work of Internal Assurance Risk and Audit and Senior Managers. The sources of assurance include:
- Assurance Statements with the Service Plans completed by Heads of Service, reflecting upon the application and governance processes and adequacy of controls within their areas of responsibility
 - Internal Assurance Risk and Audit, through the annual and interim reports.
 - Section 151 Officers and Monitoring Officer in meeting statutory responsibilities.
 - An Assurance Mapping exercise based on the three lines of defence.
- 2.5 In order that Members may discharge their duties, the Committee has received reports, information and training throughout the period under review.

- 2.6 In addition the Corporate Governance Group is currently reviewing the Local Code of Corporate Governance.

Outcome of the Process

- 2.7 The process confirms that the Council has sound systems of internal control and good governance arrangements in place. There are no significant governance issues identified in the draft Annual Governance Statement 2016/17.

3.0 Finance/Resource Implications

- 3.1 Through developing a robust assurance framework, the Council's financial controls will continue to be improved.

4.0 Legal Implications and Risks

- 4.1 No additional legal implication beyond the Council's duty to comply with the Accounts and Audit Regulations 2015 in regard to the AGS process.
- 4.2 The Council is required to produce an Annual Governance Statement to demonstrate that it has effective internal controls and sound governance arrangements in place throughout the financial year. There is a risk that failure to produce the Annual Governance Statement in accordance with statutory requirements would have negative consequences for the Council. The Statement accompanying this report meets statutory requirements and was produced in compliance with proper practices, giving regard to relevant professional guidance; hence the relevant risk is effectively being managed.
- 4.3 Having a well-defined assurance framework reduces the risk of any weaknesses arising undermining the Council's governance.

5.0 Recommendations

- 5.1 That the Committee approve the draft 2016/17 AGS (Appendix 1).

6.0 Conclusion

- 6.1 The draft Annual Governance Statement (AGS) was prepared in accordance with relevant professional guidance. It demonstrates that the Council had sound governance arrangements in place during the municipal year 2016/17 and in the period leading up to the preparation of the AGS and the Council's Accounts.

Sharon Sewell
Head of Governance and Monitoring Officer

Allerdale Borough Council

Draft Annual Governance Statement 2016/17

1. Scope of Responsibility

Allerdale Borough Council (the 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.

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, and which includes arrangements for the management of risk.

The 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*. The Code is regularly reviewed and the Council is currently reviewing and updating the Code. There is a copy of the code is on our website at [Local Code of Corporate Governance - Allerdale Borough Council](#). This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(b), which requires all relevant authorities to prepare an annual governance statement.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its priorities and to consider whether those priorities 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 reasonable and not 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 and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The following section summarises the key elements of the Council's governance arrangements in place during the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

3. Governance arrangements

3.1 Developing and Communicating the Council's vision and intended outcomes for citizens and service users

The [Council Plan](#) is the key policy document for the Council, providing the framework for all Council activity. The Council Plan provides a clear message to the public and our partners about the priorities for the Council over a 4 years period, and where the Council will focus its resources and activity. Along with the Council's [vision](#) and priorities the Council Plan also details the key objectives to be delivered in support of the priority themes.

3.2 The Council's vision – implications for governance arrangements

The Council Plan is reviewed annually with members to ensure the vision and priority themes are still relevant and consistent with members' aspirations. Executive Portfolios are reviewed by the Leader of the Council and all portfolio holders have been assigned responsibility for specific objectives in the Council Plan 2015-19.

The Council Plan 2015-19 is underpinned by a set of supporting strategies and a detailed [Delivery Plan](#) that sets out key activities and performance measures for each priority theme in the Council Plan. This Delivery Plan forms the basis of quarterly performance reports considered by the SMT, Executive and Overview and Scrutiny Committee.

3.3 Measuring the Performance of Services

User satisfaction is measured through a variety of [channels](#) and media. The Council carries out a large scale perceptions [survey](#) every two years. The survey specifically asks residents how satisfied they are with a variety of Council services as well as how informed they feel about Council decision making and how far they feel the Council provides value for money.

Performance of services provided to customers is monitored through a range of financial and non-financial performance measures which is monitored through Service Plans by the Senior Management Team.

3.4 Roles and Responsibilities

The Council documents and defines roles and responsibilities in a number of ways. These are set out in the [Constitution](#) and terms of reference for [Committees](#). The Council's role in significant partnerships is defined and responsibilities within these are understood by relevant parties.

3.5 Governance and People

The Council has adopted a suite of core and functional behaviours which all staff have collectively agreed is 'what great looks like' at Allerdale Borough Council. This behaviours framework is being used to develop the workforce, assist with communications by providing good well thought out feedback, enhance accountability and decision making and provides a clear definition of the standards of behaviour for staff. This is supported by the Council's [code of conduct](#) and [member induction](#) programme.

3.6 Risk Management

To support the need for continuous improvement the Council agreed to develop an integrated assurance framework to contribute to the delivery of the objectives of the Council Plan. This is being embedded via regular facilitator led risk management sessions and improved service planning and risk management processes.

The Corporate risks and issues log is discussed at the Senior Management Team meeting regularly and all risk owners are clear of their roles and responsibilities in the risk management framework. Communication of risk as part of the quarterly [performance report](#) ensures the Council's Executive have an opportunity to consult and contribute.

3.7 Ensuring Effective Counter-fraud and Anti-corruption arrangements are Developed and Maintained

The Council's Corporate Counter Corruption Framework was completely reviewed and published in 2015. To supplement this an e-learning training module has been released on the Council's intranet, it was agreed that this training would be mandatory and this is being completed by officers to raise their awareness of local government fraud risks. A CIPFA led fraud awareness training day was delivered to members and officers in March 2017.

The Council participates in the National Fraud Initiative data matching exercise conducted by the Cabinet Office. All datasets for the 2016/17 fraud exercise have been uploaded to the National Fraud Initiative website and the results are now available, highlighted cases are under review.

3.8 Ensuring Effective Management of Change and Transformation

The Council must be able to respond flexibly to the challenges and opportunities through the continued transformation of services and the new ways of working that are constantly sought in order to make best use of all Council resources.

The Council has reviewed its approach to change management and has developed a [Managing Change Policy](#) Statement and Procedure which enables the Council to respond effectively to change in order to maintain a workforce that efficiently and effectively delivers a high standard of service to local residents and provides a framework for managing change effectively, fairly and consistently, through planning, consultation, and communication. During 2016/17 this framework has been used to support staff through full service restructures for the areas of Community Services and Customer Operations.

3.9 Programme and Project Management

When new Projects are initiated via the Project, Procurement and Commissioning service, they are reported to the Commissioning and Procurement Board (CPB). This allows assurance functions to oversee and advise on projects. This process includes risk management, legal advice, financial services advice, information management and data security, ICT and customer services. The CPB encourage accountability and responsibility for project assurance. Value for money information is expected as part of the business cases presented and provides assurance that relevant laws, regulations, internal policies and procedures are considered and complied with.

3.10 Financial Management Arrangements

The Council's financial management arrangements conform to the governance requirements of CIPFA's "Statement on the Role of the Chief Financial Officer in Local Government" as the Head of Financial Services (s151 Officer) is a key member of the Senior Management Team and has unfettered access to the Leader and Chief Executive.

The Head of Financial Services is designated as the responsible officer for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972; their responsibilities are defined in the constitution.

The Head of Financial Services oversees the development and work of the financial management function at the Council and is the Council's responsible officer for matters of financial administration. The post holder is professionally qualified as a Fellow Chartered Certified Accountant with suitable experience.

The Council has established robust financial planning and review processes. The Council has a statutory responsibility to set a balanced budget for each financial year. The financial management approach, agreed by Members, also requires the Council to prepare a revised budget that takes into consideration the outputs and findings of the in-year financial monitoring procedures and quarterly financial reporting to the Council's Executive. This approach allows for more accurate monitoring of spend and enables the Council's Executive to approve revisions and supplementary estimates.

The annual revenue budget is set within the context of the Council's three year Medium Term Financial Strategy. The Medium Term Financial Strategy provides the funding framework within which the Council seeks to achieve the priorities set out in the Council plan and highlights the key financial risks facing the Council.

3.11 Financial Monitoring and Reporting

The Council's Executive receive quarterly finance reports including information on net revenue expenditure to date and forecast position against budget to the end of the financial year, capital expenditure to date and forecast position against budget to the end of the financial year, treasury and risk management activity and performance information relating to income collection and payments to suppliers. The Chief Finance Officer attends the Senior Management Team weekly and Executive meetings.

3.12 Ensuring Effective Arrangements are in Place for the Discharge of the Monitoring Officer Function

The Head of Governance is the Council's Monitoring Officer and has a duty to report to the Council and Executive in any case where they are of the opinion that any proposal, decision or omission will give rise to unlawfulness or if any decision or omission has given rise to or would constitute maladministration.

The Monitoring Officer provides a range of functions relating to the conduct of Members (for example maintaining the Register of Members' Interests, Code of Conduct complaints etc.), advising the Audit Committee and providing commentary on every report to the Executive and Council.

3.13 Ensuring Effective Arrangements are in Place for the Discharge of the Head of Paid Service Function

The Council's [Head of Paid Service](#) is the Chief Executive. The Council's Local Code of Corporate Governance includes among its core principle 'Members and officers working together to achieve a common purpose with clearly defined functions and roles' and makes the Chief Executive responsible and accountable to the Council for all aspects of operational management. The Chief Executive is supported in his role by the Corporate Director and has regular access to and contact with, the Leader of the Council and the Council's Executive, through formal meetings of the Executive and informal Joint Executive/SMT meetings. The Corporate Leadership Team meets weekly, this consists of the Chief Executive, Leader, Deputy Leader and Corporate Director.

3.14 Audit Committee

As a means of ensuring best practice, the Council has established an [Audit Committee](#) to oversee the workings of the corporate governance arrangements of the Council and to report to Council on these and related financial probity issues. The Audit Committee operates in accordance with CIPFA's "Audit Committees – Practical Guidance for Local Authorities".

3.15 Internal Audit

An annual audit opinion the adequacy and effectiveness of the organisations framework for risk management, control and governance processes is provided to the Audit Committee based on the work undertaken by Internal Audit during the year.

The [Assurance Risk and Audit](#) Manager reports to the Council's Head of Governance and Monitoring Officer and has access to the Senior Management Team, Section 151 Officer and Chief Executive as required.

The Public Sector Internal Auditing Standards are embedded into the Internal Audit Service, who constantly review quality and strive for improvement.

The Internal Audit Manager considers in the annual overview for 2016/17 that:

'It is my opinion that the independent assurance reviews completed by the Assurance Risk and Audit Team and the evidence gathering processes employed by the Governance Group provide substantial assurance over the adequacy and effectiveness of the organisations framework for risk management, control and governance.'

3.16 Ensuring Compliance with Relevant Laws and Regulations

Systems are in place to ensure appropriate legal and financial advice is provided at relevant points in the decision-making process. All reports to Members are reviewed by both the Head of Financial Services (the Council's Chief Finance Officer) and the Head of Governance (the Council's Monitoring Officer). This ensures checks are made on the legal and financial consequences of any course of action prior to a decision being made.

The Council has a variety of methods of receiving updates in legislative changes. In addition to the departmental roles in keeping up to date with legislative, regulatory and guidance changes, the Council subscribes to a corporate policy updating service which provides regular updates directly to officers. The Policy Group meets bi-

monthly to oversee major legislative changes and involves representatives from all services. The usual method of direct notification of legislative changes by Central Government also occurs on an ongoing basis. This is also supported by employees membership to professional bodies and the associated requirement that they will remain up to date with changes to their area of expertise and responsibility. Employees are provided with training necessary to maintain up to date professional competencies.

3.17 Complaints and Whistle blowing

The Council operates a formal [Corporate Complaints](#) System in accordance with best practice, giving members of the public the means through which to complain about aspects of the Council's services with which they are dissatisfied. The Council's [whistle blowing](#) arrangements are publicly available to ensure there is a clear channel of confidential reporting for the public.

The Senior Management Team undertakes monthly reviews of the Corporate Complaints to ascertain areas which we can learn to do things better in the future. The Local Government Ombudsman provides an annual report detailing the number of complaints and enquiries they receive along with the outcome.

3.18 Clear Channels of Communication

All formal meetings are held in public, and the reports and [minutes of those meetings](#) are published on the Council's website, unless there are legal reasons for confidentiality. There are opportunities for members of the public to ask questions at meetings of the Council, Committees and Scrutiny Panels. Many channels of communication are used to ensure all stakeholders find information accessible.

3.19 Commercial and Commissioning

The Council recognises that a commercial and commissioning approach brings with it opportunities for introducing greater flexibility in commitment of resources. But purchasing services from third parties also demands assurance that businesses delivering the goods and services are able to be resilient, reliable, reputable and continue to deliver at the right quality in the face of difficult economic conditions locally, nationally and globally. This work is overseen by the Councils Commercial and Commissioning and Procurement Boards, membership of these boards comprise of both members and officers.

Whilst the Council continues to deliver most of its services directly there are a number of areas where services are commissioned. The Council has a number of significant contractual arrangements in place for delivery of services. Arrangements are in place, to monitor both the administration of the services and the quality of that service and this information is reported back into the Council.

3.20 Good Governance in respect of Partnerships

The Council's key governance arrangements and procedures ensure that partnerships are entered into for the right reasons and partnership arrangements are clearly defined. The actual appliance of and delivery of partnerships is the responsibility of individual service areas. Significant partnerships are subject to regular monitoring and review.

4 Review of Effectiveness

During 2016/17 organisation wide assurance information has been collated and there exists many means of independent review of effectiveness throughout the Council Services. These include assurance reviews by Assurance, Risk and Audit and External Auditor Grant Thornton. Opportunities to strengthen governance arrangements were identified and the Commercial Board has grown its membership to include the Commissioning Manager and The Heads of Economic Growth, Housing and Health and Development Services.

During 2016/17 the Institute of Cemetery and Crematorium Management awarded Bereavement Services a gold standard for the Bereaved Assessment Process. The new Workington Leisure Centre which opened in September 2016, won the Tourism and Leisure award in the 2017 RICS Awards (North West), run by the Royal Institution of Chartered Surveyors.

5 Significant Governance Issues Update

5.1 Business Continuity

During 2016/17 the Council has further developed its Business Continuity arrangements. This included:

- the creation of ICT and Corporate Business Continuity Actions Plans held on an externally hosted, cloud based, business continuity system
- introducing procedures for the ongoing review of Business Continuity Actions Plans by individual departments
- completion and evaluation of a desktop exercise.

A rolling programme of departmental exercises involving unannounced business continuity scenario test by external consultants is planned to take place during 2017/18.

5.2 Allerdale Investment Partnership

The Allerdale Investment Partnerships management arrangements have been reviewed and the Council are satisfied by the effectiveness of these arrangements in delivering the Council priorities and managing the partnerships activities in accordance with the Members Agreement.

The Council has reviewed its financial and governance processes and procedures and appointed a Project Manager to coordinate the monitoring and scrutiny of the identified governance, legal and operational improvements in addition to furthering proposals for the key development sites. An internal officer group, including Director, Head of Economic Growth, Head of Financial Services and the Head of Governance meets monthly prior to the project team to scrutinise arrangements for the AIP.

Conclusions

At the date of approval of the financial statements there were no significant governance issues requiring action.

Signed

Leader of Allerdale Borough Council

Signed

Chief Executive of Allerdale Borough Council