

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