

# Allerdale Borough Council

## Audit Committee – 27 October 2021

### Annual Governance Statement

---

<b>Portfolio holder</b>	Mike Johnson, Leader of Allerdale Borough Council
<b>Report from</b>	Sharon Sewell Chief Officer Place and Governance
<b>Wards affected</b>	All
<b>Is this a key decision</b>	No

---

#### **1.0 The reason for the decision**

- 1.1 This report sets out the Council's Annual Governance Statement (AGS) for 2020-21 required to meet the requirements of the Accounts and Audit Regulations 2015 ("The Regulations").

#### **2.0 Recommendations**

- 2.1 To approve the Annual Governance Statement 2020-21 as set out in Appendix A of the report.

#### **3.0 Background and Introduction**

- 3.1 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 2020-21 and up to the date of approval of the financial statements.
- 3.2 The Regulations require that the Annual Governance Statement should be approved at a meeting of the Authority or Delegated Committee. Following its approval, the Annual Governance Statement should be signed by the leading member (or equivalent) and Chief Executive (or equivalent) on behalf of the Authority.

- 3.3 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.
- 3.4 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.

#### **4.0 The Process**

- 4.1 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 accompanying appendix are the result of that review.
- 4.2 In compiling the Annual Governance Statement a shared approach was adopted, involving Chief Officers (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. 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.
- 4.3 A review of governance arrangements in place for 2020/21 has been informed by the work of Internal Assurance Risk and Audit and Senior Managers. The sources of assurance include:
- Assurance Statements completed by Chief Officers, 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 Officer and Monitoring Officer in meeting statutory responsibilities;
  - The Local Code of Corporate Governance.
- 4.4 In order that Members may discharge their duties, the Committee has received reports, information and training throughout the period under review.
- 4.5 The following changes have been made:

- 4.2.8 This has been updated to reflect the current position on LGR;
- 4.38 This has been updated to reflect the fact that Council agreed the changes;
- 5.6 The last sentence has been added to provide clarity in relation to consideration of internal audit recommendations.

**5.0 Delivery arrangements - Outcome of the Process**

5.1 The process confirms that the Council has sound systems of internal control and good governance arrangements in place.

**6.0 Implications and Impact**

**6.1 Contribution to Council Strategy Priorities, Outputs and Outcomes**

Effective governance is vital and underpins all of the council’s priorities, outputs and outcomes outlined in the Council Strategy

**6.2 Finance/Resource implications**

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

**6.3 Legal and governance implications**

6.3.1 No additional legal implication beyond the Council’s duty to comply with the Accounts and Audit Regulations 2015 in regard to the AGS process.

6.3.2 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.

6.3.3 Having a well-defined assurance framework reduces the risk of any weaknesses arising undermining the Council’s governance.

**6.4 Risk analysis**

<b>Risk</b>	<b>Consequence</b>	<b>Controls required</b>	<b>Mitigated score</b>
Failure to produce the AGS in accordance with statutory requirements	The Council would be in breach of the relevant legislation and guidance which could lead to weaknesses in	Governance Group ensures that AGS meets statutory requirements and is produced in	Low

	the assurance framework which undermines the Councils governance	compliance with proper practices, giving regard to relevant professional guidance	
--	--	---	--

## 6.5 Increasing satisfaction and service

The process confirms that the Council has sound systems of internal control and good governance arrangements in place.

## 6.6 Equality impacts

There are no negative equality impacts from the update report

## 6.7 Health and Safety impacts

There are no health and safety implications directly associated with this report.

## 6.8 Health, wellbeing and community safety impacts

There are no health, wellbeing and community safety impacts.

## 6.9 Environmental/sustainability impacts

There are no environmental impacts

## 6.10 Other significant implications

None.

## Appendices attached to this report

Appendix number	Title of appendix
Appendix A	Annual Governance Statement 2020-2021

## Report author(s) and contact officer(s):

*Sharon Sewell*

*Chief Officer Place and Governance)*

*Sharon.sewell@alldale.gov.uk*