

North Tyneside Council Report to Audit Committee Date: 20 November 2019

ITEM 5

Title: Annual Governance
Statement Update

Portfolios: Elected Mayor
Finance and Resources

Cabinet Member: Norma Redfearn
Councillor Ray
Glindon

Report from: Resources

Responsible Officer: Janice Gillespie, Head of Resources **Tel:** 0191 643 5701

Wards affected: All

PART 1

1.1 Executive Summary:

The Annual Governance Statement (AGS) explains how the Authority delivers good governance and reviews the effectiveness of these arrangements. It also meets the requirements of regulation 6(1) of the Accounts & Audit Regulations 2015 which require the Authority to publish an AGS.

This report is to advise the Audit Committee of the outcome of the mid-year review of the action plan agreed as part of the 2018/19 AGS.

The report will also outline the proposed method for compiling the evidence for the 2019/20 AGS.

1.2 Recommendation(s):

It is recommended that the:

- (a) Audit Committee note the outcome of the mid-year review of the Authority's action plan agreed as part of the 2018/19 AGS; and
- (b) Audit Committee note the proposed method for compiling the evidence for the 2019/20 AGS.

1.3 Forward plan:

This report is included within the annual workplan for the Audit Committee.

1.4 Authority plan and policy framework:

The AGS covers all the service responsibilities as identified within the Council Plan.

1.5 Information:

Regulation 6(1) of the Accounts and Audit Regulations 2015 requires audited bodies to conduct a review at least once a year of the effectiveness of its internal controls and produce an AGS.

Good governance is fundamental to the proper running of the Authority. It enables an Authority to pursue its vision effectively as well as underpinning that vision with control and management of risk. The arrangements in place must be proportionate to the risks and are acknowledged as being the responsibility of each authority in its area of operation.

The process of preparing the AGS should add value to the effectiveness of the corporate governance and internal control framework.

The AGS is an integral part of the Annual Financial Statement and is audited by external audit as part of the annual audit of the accounts. The external auditor considers whether the AGS reflects compliance with 'Delivering Good Governance in Local Government – A Framework' published by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in April 2016. The external auditor reports on compliance with proper practices specified by CIPFA/SOLACE. In its Audit Completion Report 2018/19, the external auditor issued an unqualified opinion on all financial statements including the AGS.

At the meeting of the Audit Committee on 29 May 2019 it was noted that no significant governance issues had been identified and that the governance arrangements in place within the Council were considered adequate by the Senior Leadership Team (SLT).

Areas were highlighted within the 2018/19 AGS as requiring continuous monitoring to ensure that they do not become significant governance issues in the future. These are outlined in **Appendix A**:

Appendix A outlines the controls in place for each of these issues. It should be noted that none of these issues are felt to be giving rise to governance concerns.

2019/20 Approach

The 2019/20 AGS will be compiled in a similar way to that used in 2018/19. Meetings will be held with each Head of Service regarding the governance arrangements in place within their service. This information will be collated into an overall Assurance Statement and signed off by the Chief Executive.

The Assurance Statement forms one part of the process undertaken to complete the AGS. **Appendix B** sets out the overall process, and evidence that will be reviewed, to ensure that there are appropriate governance arrangements in place within the Authority.

The completed AGS will be presented to the Audit Committee in May 2020 for their consideration and approval prior to publication, by 31 May 2020, in the Annual Financial Report for 2019/20.

1.6 Decision options:

The options available are:

- (a) To accept the recommendations made in section 1.2.1; or
- (b) To reject the recommendations made within this report.

1.7 Reasons for recommended option:

The production of the Annual Governance Statement is a requirement of the Accounts and Audit Regulations 2015.

1.8 Appendices:

Appendix A – Review of 2018/19 AGS Action Plan
Appendix B – Process for Completing the 2019/20 AGS

1.9 Contact officers:

Janice Gillespie – Head of Finance - Tel: 0191 643 5701
David Dunford – Senior Business Partner – Tel: 0191 643 7027

1.10 Background information:

The following background papers and reports have been used in the compilation of this report and are available for inspection at the offices of the author:

- (a) Annual Governance Statement 2016/17 (P)
- (b) CIPFA/SOLACE 'Delivering Good Governance in Local Government' April 2016 (P)
- (c) CIPFA/SOLACE 'Delivering Good Governance in Local Government: Guidance Notes' April 2016 (P)
- (d) 'The Role of the Chief Finance Officer' (CIPFA)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no financial implications as a result of the recommendations within this report.

2.2 Legal

The Annual Governance Statement is produced annually in accordance with regulation 6(1)(a) of the Accounts and Audit Regulations 2015.

2.3 Consultation / community engagement

Consultation has taken place with members of the Senior Leadership Team.

2.4 Human rights

There are no Human Rights implications as a result of the recommendations in this report.

2.5 Equalities and diversity

There are no Equalities and Diversity implications as a result of the recommendations in this report.

2.6 Risk management

The annual review of the systems of internal control will cover all controls, including the arrangements in place for Risk Management within the Authority.

2.7 Crime and disorder

There are no crime and disorder implications as a result of the recommendations in this report.

2.8 Environment and sustainability

There are no environment and sustainability implications as a result of the recommendations in this report.