

# North Tyneside Council Report to Audit Committee Date: 23 May 2018

## ITEM 4

Title: Annual Governance  
Statement Update

---

**Report from Service:** Finance

**Report Author:** Janice Gillespie, Head of Finance (Tel: 643 5701)

**Wards affected:** All

---

### PART 1

#### 1.1 Purpose:

1.1.1 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.

1.1.2 The purpose of this report is to advise the Audit Committee of the outcome of the review of the authority's systems of internal control as presented in the AGS (Appendix A). The review will assist the Audit Committee in considering the effectiveness of the Authority's arrangements for the governance of its affairs, including arrangements for management of risks and systems for internal control.

#### 1.2 Recommendation(s):

1.2.1 It is recommended that the:

- (a) Audit Committee note the outcome of the review of the Authority's system of internal control;
- (b) Audit Committee consider the draft AGS and approve that it accompanies the Statement of Accounts for 2017/18; and
- (c) Audit Committee note the actions proposed in the AGS relating to any governance issues identified and make suggestions about including additional items if considered necessary.

#### 1.3 Forward plan:

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

#### 1.4 Council plan and policy framework:

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

## 1.5 Information:

- 1.5.1 Regulation 6(1)(a) 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.
- 1.5.2 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.
- 1.5.3 The process of preparing the AGS should add value to the effectiveness of the corporate governance and internal control framework.
- 1.5.4 The AGS has been compiled using a governance framework produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).
- 1.5.5 CIPFA originally published the framework 'Delivering Good Governance in Local Government' in association with SOLACE in 2007. CIPFA and SOLACE subsequently reviewed the Framework to ensure that it remains fit for purpose and a revised edition was published in spring 2016. The new framework builds on the existing one and details the principals that should underpin the governance of a local authority. The framework is based on seven core principals' that feed into the AGS – a summary of these are shown in Section 3 of the AGS together with examples of the evidence supporting the principals in practice within the Authority. The AGS is attached as **Appendix A**.
- 1.5.6 The Chief Executive, Deputy Chief Executive, Director of Public Health and each of the Heads of Service have been involved in populating the AGS with the evidence supporting how the principals are met within the Authority.
- 1.5.7 **Appendix B** outlines the key documents/functions that have been reviewed as part of the compilation of the AGS together with an overview of the process.
- 1.5.8 Section 5 of the AGS (**Appendix A**) outlines the outcome of the review of the effectiveness of internal control and identifies areas that have been highlighted as requiring continuous monitoring to ensure that they do not become significant governance issues in the future.
- 1.5.9 The risk management update, included in the agenda for this meeting, sets out the current Corporate Risks being managed and monitored, and for the purpose of completeness should be considered alongside this report. This process evidences an important part of the Authority's governance framework.  
  
The report presented to the 22 November 2017 Audit Committee contained an update on the potential governance issues that were identified in the 2016/17 Annual Governance Statement. A new section on Devolution has been included in the 2017/18 Annual Governance Statement. In addition all items previously identified will continue to be monitored throughout the year.
- 1.5.10 The AGS is a draft based on the information and evidence available as at the date of this meeting. If there are any issues raised by the external auditor during the audit of the 2017/2018 financial statements that require the AGS to be revised prior to approval by

Council at the end of July 2018, a revised AGS will be presented to the Audit Committee for its consideration.

## **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 – Annual Governance Statement 2017/2018  
Appendix B – Annual Governance Statement Framework

## **1.9 Contact officers:**

Janice Gillespie – Head of Finance - Tel: 643 5701  
David Dunford – Principal Accountant (Business Partner) – Tel: 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 2017/18
- (b) 'Delivering Good Governance in Local Government' 2016 Edition (CIPFA)
- (c) 'Delivering Good Governance in Local Government: Guidance Notes' 2016 Edition (CIPFA)
- (d) 'The Role of the Chief Finance Officer' 2016 Edition (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**

The Chief Executive, Deputy Chief Executive, Director of Public Health and all Heads of Service have been consulted. There will be a series of Member briefings during the

summer on the Financial Statements before full Council approve the Annual Governance Statement in September 2018.

#### **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.