



**AUDIT & GOVERNANCE COMMITTEE: 28 July 2020**

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**Report of: Head of Finance, Procurement and Commercial Property**

**Contact for further information: Marc Taylor (Extn. 5092)**  
**(E-mail: [marc.taylor@westlancs.gov.uk](mailto:marc.taylor@westlancs.gov.uk))**

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**SUBJECT: ANNUAL GOVERNANCE STATEMENT**

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Borough wide interest

## **1.0 PURPOSE OF THE REPORT**

1.1 To consider the Council's Annual Governance Statement.

## **2.0 RECOMMENDATION**

2.1 That the Annual Governance Statement 2019/2020, set out in Appendix 1, be approved and commended to the Leader and Chief Operating Officer for signature.

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## **3.0 BACKGROUND**

3.1 The Accounts and Audit Regulations require the Council to publish an Annual Governance Statement with its financial reports.

3.2 The terms of reference of this Committee include responsibility for approving the Annual Governance Statement and commending it for signature by the Leader and Chief Operating Officer.

## **4.0 CURRENT POSITION**

4.1 The Annual Governance Statement provides a summary of the Council's internal control environment and a review of its effectiveness. This year's Statement confirms that the framework is adequate and that it is working effectively. This continues the Council's track record of demonstrating solid financial and governance arrangements.

- 4.2 There is an ongoing governance issue related to the financial challenges facing local authorities primarily as a result of reductions in government grant funding. This risk is included on the Council's Key Risk Register and the primary mechanism for addressing it will be the Sustainable Organisation Review Project.
- 4.3 The coronavirus has had a significant impact on the Council's activities and a summary of the projected financial impact was reported to the Council meeting on 22<sup>nd</sup> July. This issue is also included on the Council's Key Risk Register and it will be proactively managed going forward through regular meetings of the Corporate Management Team.
- 4.4 The Authority has consistently received positive feedback from its external auditors on its arrangements for internal control, and the most recent Annual Audit Letter has concluded the same. In the Annual Internal Audit Report, elsewhere on this agenda, the Council's Internal Audit Manager has summarised the findings from Internal Audit activity over the year and these findings are incorporated into the Annual Governance Statement.
- 4.5 All Heads of Service have considered and signed a Certificate on Internal Control to confirm that governance arrangements and internal controls have not been compromised during the past year in their areas of responsibility. As it is Managers who are charged with embedding governance systems in their areas, this is an integral part of the annual review process.

## **5.0 SUSTAINABILITY IMPLICATIONS**

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

## **6.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 6.1 All the activity referred to in this report is covered by existing budget provisions.

## **7.0 RISK ASSESSMENT**

- 7.1 Failure to publish an Annual Governance Statement with the Statement of Accounts would breach one of the Council's statutory obligations.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

### **Appendices**

Appendix – West Lancashire Borough Council 2019/20 Annual Governance Statement