



**TO: Audit & Governance Committee**

**FROM: Head of Audit & Assurance**

**DATE: 15 January 2019**

**PORTFOLIOS AFFECTED: All**

**WARDS AFFECTED: All**

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**TITLE OF REPORT: Annual Governance Statement (AGS) – Progress of 2017/18 Actions and 2018/19 Approach/Timetable**

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**1. PURPOSE**

To inform Members on the progress of the actions taken to address the significant governance issues identified in the 2017/18 AGS and the planned approach and timetable for producing the 2018/19 Statement.

**2. RECOMMENDATIONS**

The Committee is asked to:

- review the progress made to address the significant actions identified in the 2017/18 AGS; and
- note the approach/timetable for producing the 2018/19 AGS.

**3. BACKGROUND**

The Accounts & Audit Regulations require that the Council must publish an AGS on an annual basis in accordance with proper practice. The Audit & Governance Committee is also required to review and provide independent assurance on the Council's governance framework.

**4. RATIONALE**

The AGS is a product of the Council's own review of its framework of governance. This framework comprises the policies, systems and processes, the culture and values, by which the organisation is directed and controlled, and its activities through which it accounts to, engages with and leads the community. The framework itself is based on guidance issued by CIPFA/SOLACE. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

**5. KEY ISSUES**

The AGS is a statutory document, which is published each year to accompany the Council's annual Statement of Accounts. It outlines the arrangements that are in place to direct and control the Council's activities (the governance framework). It also includes an annual assessment of the effectiveness of the governance framework. Any significant governance issues identified must be reported.

### Actions from 2017/18 AGS

The following significant issues were noted in the 2017/18 AGS:

- Children's Services Financial Position (action brought forward from 2016/17); and
- Highways Inspection Arrangements (2017/18 action).

The details of progress made to 30 November for each of these areas is shown in Appendix 1. These show that appropriate steps have been taken by managers and senior officers in respect of the issues identified. However ongoing children's social care pressures are noted. The actions taken and progress made is largely in accordance with expected targets.

### Approach for 2018/19

The Management Accountabilities Framework (MAF) provides ongoing assurance on the effectiveness of the Council's governance framework. Through their completion of the half-yearly "Directors Exception/Dashboard Report and Assurance Statement" each director provides an update with regard to their departmental/operational plan priorities and confirms the effective operation of sound systems of internal controls, risk management and governance within their department, highlighting and exceptions and actions. These reports, combined with the Deputy Chief Executive's Programme Area Meetings (PAM), provide appropriate challenge to the process, with significant "red" issues identified being reported to the Management Board and Audit & Governance Committee for consideration.

There is a year-end process (led by Audit & Assurance), which provides further assurance on the Council's governance framework. This includes the receipt of signed statements of assurance from each Director and the Deputy Chief Executive for their areas of responsibility. This statement requires each Director to provide an assessment of their Departmental governance arrangements and systems of internal control, with an action plan for any areas of weakness identified. The year-end process also involves the collection and assessment of evidence to determine the Council's compliance with the core principles of good governance. This evidence includes examples of systems, processes, documentation and other evidence (including self-assessment tools and sources of further guidance) as recommended in the CIPFA/SOLACE publication "Delivering Good Governance in Local Government: Guidance Note for English Authorities 2016 edition".

### Proposed Timetable for 2018/19 AGS Completion and Related Processes

<b>Deadline</b>	<b>Action</b>
11/3/19	Circulation of director statement of assurance templates.
29/3/19	Completion of Second Half-Year MAF Directors reports.
29/4/19	Receipt of signed director statements of assurance. Receipt and collation of annual governance core principle evidence.
03/5/19	Year-end MAF PAM challenges.
15/5/19	Second Half-Year MAF significant "red" issues reported to Management Board.
31/5/19	AGS evidence and statements considered by Primary Assurance Group (PAG).

12/6/19	Production of draft AGS by PAG for consideration by Management Board.
26/7/19	Year-end MAF significant “red” issues reported to Audit & Governance Committee. Approval of AGS by Audit & Governance Committee.
29/7/19	AGS signed by Chief Executive and Leader of the Council.
31/7/19	AGS published.

**6. POLICY IMPLICATIONS**

The Code of Corporate Governance sets out the core principles for good governance. These guide the Council’s policy making.

**7. FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from the AGS process.

**8. LEGAL IMPLICATIONS**

The Council’s preparation and publication of an annual AGS, that accords with the CIPFA/SOLACE Framework, is necessary to meet the statutory responsibility (set out in Regulation 6 (2) of the Accounts & Audit Regulations 2015) This responsibility requires that an AGS is prepared in accordance with proper practices and accompanies the statement of accounts.

**9. RESOURCE IMPLICATIONS**

There are no direct resource implications arising from this AGS process.

**10. EQUALITY AND HEALTH IMPLICATION**

There are no equality or health implications arising from this AGS process.

**11. CONSULTATIONS**

Deputy Chief Executive (as Chair of the Primary Assurance Group), Director of Finance & Customer Services and Director of HR, Legal & Governance.

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Date: 24 December 2018

Background Papers: 2017/18 AGS approved by Audit & Governance Committee on 24 July 2018