



TO: Audit & Governance Committee

FROM: Head of Audit & Assurance

DATE: 14 January 2020

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT: Annual Governance Statement (AGS) – Progress of 2018/19 Actions and 2019/20 Approach/Timetable

1. PURPOSE

To inform Members on progress of the actions taken to address the significant governance issues identified in the 2018/19 AGS and the planned approach and timetable for producing the 2019/20 Statement.

2. RECOMMENDATIONS

The Committee is asked to:

- review the progress made to address the significant actions identified in the 2018/19 AGS; and
- note the approach/timetable for producing the 2019/20 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 that 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, along

with an explanation of actions taken in the year to address the significant governance issues identified in the previous year's statement.

Actions from 2018/18 AGS

The following significant issues were noted in the 2018/19 AGS:

- Children's Services Financial Position - action brought forward from 2017/18); and
- Compliance with the General Data Protection Regulation (GDPR) - 2018/19 action).

Details of the progress made to 30 November for each of these areas is provided in Appendix 1. These show that appropriate steps have been taken by senior officers and managers in respect of the issues identified. However, the strategies taken in Children's Services to address the issue in this area will take time to affect real change and it is forecast that the Portfolio budget will overspend at 31 March 2020. The progress made regarding the action to address GDPR compliance is largely in accordance with the plan. The issue was still assessed as red in the half-year Digital & Business Change Director's Half-year Management Accountabilities Framework (MAF) Dashboard Report. The impact of the actions on this area will not be able to be assessed until the end of Quarter 3.

Approach for 2019/20

The MAF process provides ongoing assurance on the effectiveness of the Council's governance framework. Each director provides an update with regard to their departmental/operational plan priorities through their half-yearly "Directors Exception/Dashboard Report and Assurance Statement". These include confirmation of the effective operation of sound systems of internal controls, risk management and governance arrangements within their department and highlight any exceptions and actions required to address these. These reports, combined with the Chief Executive's Programme Area Meetings (PAM), provide appropriate challenge to the process, with significant "red" issues identified 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 annual assurance statements from each Director 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 to support the AGS. 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 2019/20 AGS Completion and Related Processes

Deadline	Action
9 March 2020	Circulation of director annual statement of assurance templates.
10 March	Completion and return of Year-end MAF Directors

2020	Exception/Dashboard reports.
27 April 2020	Receipt of signed director annual statements of assurance. Receipt and collation of annual governance core principle evidence.
4 May 2020	Year-end MAF PAM challenges.
13 May 2020	Year-end MAF significant “red” issues reported to Management Board.
1 June 2020	AGS evidence and statements considered by Primary Assurance Group (PAG).
10 June 2020	Production of draft AGS by PAG for consideration by Management Board.
23 June 2020	Year-end MAF significant “red” issues reported to Audit & Governance Committee. Approval of AGS by Audit & Governance Committee.
28 June 2020	AGS signed by Chief Executive and Leader of the Council.
31 July 2020	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

Directors of Finance & Customer Services, HR, Legal & Governance, Digital & Business Change and Children’s Services.

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Date: 03 January 2020

Background Papers: 2018/19 AGS approved by Audit & Governance Committee on 25 June 2019.