

## **HIGH PEAK BOROUGH COUNCIL**

### **Report to Audit & Regulatory Committee**

**13th February 2019**

<b>TITLE:</b>	<b>Annual Governance Statement - Progress against 2017/18 Action Plan</b>
<b>EXECUTIVE COUNCILLOR:</b>	<b>Councillor Emily Thrane - Executive Councillor for Finance and Operational Services</b>
<b>CONTACT OFFICER:</b>	<b>Andrew Stokes – Executive Director (Transformation) &amp; Chief Finance Officer</b>
<b>WARDS INVOLVED:</b>	<b>Non-Specific</b>

### **Appendices Attached**

#### **Appendix 1 - Annual Governance Statement 2017-18 Action Plan Update**

#### **1. Reason for the Report**

- 1.1 Regulation 6 (1) (a) of the Accounts and Audit Regulations 2015 requires the Council to conduct a review each financial year of the effectiveness of its system of internal control and approve an Annual Governance Statement (AGS).
- 1.2 The statement needs to be prepared in accordance with proper practices in relation to accounts and must be approved in advance of the Council approving the statement of accounts. 'Proper practices in relation to accounts' relates to those accounting practices which are contained in a code of practice or other document which is identified for the purposes of this provision by regulations made by the Secretary of State. Such guidance is contained in the CIPFA/SOLACE framework and guidance on 'Delivering Good Governance in Local Government'.

#### **2. Recommendation**

- 2.1 That the committee note the progress information contained within this report.

#### **3. Executive Summary**

- 3.1 The production of the 2017/18 AGS was undertaken in line with CIPFA guidance. The process was co-ordinated through a Corporate Governance

Management Group containing the key officers who are given ultimate responsibility for drafting the AGS, evaluating assurances and the supporting evidence. Once the AGS has been produced it is required to be reviewed and approved by an independent review body of the Council. Councillors will recall that this was undertaken by the Audit & Regulatory Committee on 25<sup>th</sup> July 2018.

- 3.2 In essence, the AGS is the formal statement that recognises, records and publishes our governance arrangements as defined in the CIPFA/SOLACE framework 'Delivering Good Governance In Local Government'. It is also important to recognise that the purpose of the AGS is not just to be 'compliant', but also to provide an accurate representation of the arrangements in place during the year and to highlight those areas where improvement is required. This will also demonstrate to stakeholders what those arrangements are. An action plan containing all of the required actions to address identified weaknesses, including the significant issues detailed in the AGS, was therefore created.
- 3.3 Progress against the required actions is monitored by the Corporate Governance Management Group during the following financial year and details fed into the evidence gathering process for the production of the following years Annual Governance Statement. The actions identified for each issue will, if implemented, minimise the risks faced by the Council. No system of review can give full assurance that all risks have been minimised and all controls have been operating effectively throughout the year, only reasonable assurance can be given.

#### **4. How this report links to Corporate Priorities**

- 4.1 The Annual Governance Statement is the formal statement that recognises, records and publishes the Council's governance arrangements as defined in the CIPFA/SOLACE framework and therefore helps to confirm effective use of financial and other resources to ensure value for money.

#### **5. Alternative Options**

- 5.1 There are no options to consider.

**ANDREW P STOKES**  
**Executive Director (Transformation) and Chief Finance Officer**

**Web Links and  
Background Papers**

CIPFA/SOLACE  
Publication – Delivering  
Good Governance In  
Local Government:  
Framework and Guidance  
Notes for English  
Authorities 2016 Editions

**Location**

Moorlands House - Leek

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## 6. Detail

6.1 The AGS is a key corporate document. The most senior officer and the most senior member (the Leader) have joint responsibility as signatories for the accuracy and completeness of the AGS. The signatories need to ensure that the AGS accurately reflects the governance framework for which they are responsible. In order to achieve this they are likely to rely on many sources of assurance, such as:

- **The Chief Financial Officer and the Monitoring Officer** - the statutory functions undertaken by these two officers provide a key source of assurance that the systems and procedures of internal control that are in operation are effective, efficient and are being complied with on a routine basis. Both officers are involved in the production of the AGS.
- **Management** – Senior managers are charged with the responsibility of ensuring that policies within their service area are complied with and are held accountable for their actions/operations in delivering the service and achieving objectives. All Directors, Heads of Service and Service Managers were asked to complete and sign a Managers Assurance Statement to document the level of assurance that they could give for the internal controls in place in their service area and their effectiveness with regard to ensuring accountability, prudence, VFM, data quality, compliance with policy, Financial Regulations and Procedure Rules, Contract Procedure Rules and delivery of the Council’s objectives. In providing this assurance, Directors, Heads of Service and Service Managers were asked to identify any material issues where they consider the controls are not adequate or are absent. In providing such assurance statements it is accepted that Managers can only be expected to give reasonable assurance for their service area of activity and not a full guarantee.
- **Internal Audit** - The Public Sector Internal Audit Standards (PSIAS) defines Internal Audit as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.” Internal Audit produces an annual report that gives a summary of its work and provides an independent and objective opinion on the authority’s activities. The annual report and the work of Internal Audit have been used to inform the AGS. A review of the effectiveness of the system of internal audit has been undertaken to ensure that reliance can be placed on the work of internal audit and its contribution to the AGS.
- **Risk Management** – the Council’s strategic risk register details those issues considered to be a risk which may prevent the Council from achieving its corporate objectives and outlines the controls in place to mitigate those risks. This source of assurance has been used to inform the AGS.

- **External Audit and Other Review Agencies** – assurance can be taken from the work of external bodies such as the Council’s external auditors. Work undertaken by the external auditors has been used to inform the Annual Governance Statement.

6.2 At the centre of the production of the 2017/18 statement is a Corporate Governance Management Group who are given ultimate responsibility for drafting the AGS, evaluating assurances and the supporting evidence and this group has been established for a number of years. Each member of the group has supplied assurances and evidence to support the various elements of the AGS and action points to address weaknesses, some of which are significant and warrant specific mention in the AGS itself, have been drawn up in an AGS Action Plan.

## 7. Progress with the Actions Identified in the AGS

7.1 The attached AGS Action Plan (**Appendix 1**) outlines the progress made against the required actions as at the end of December 2018. The main actions that have been completed are summarised below:

- The Council’s revised recruitment policy has been implemented and is available via the intranet.
- The district profile has been updated and included in the Ward Data area of the intranet.
- The revised Corporate Plan has been communicated to all staff through the Core Brief and ‘Keeping You Informed’ and is available on the Intranet.
- Equality Impact Assessments have been integrated into the report writing module of Modern Gov.

7.2 The actions that are still being progressed are summarised below:

- Training for managers in completion of the consultation section of committee reports is planned as part of the introduction of the report writing module of the Modern Gov system.
- A system for embedding partnership risks and effectiveness in the performance management system has been designed and will be in place for 2019/20.
- A revised Procurement Strategy is now due for presentation during 2019 which will include reference and if deemed applicable defined processes in relation to Social Value.
- The Scheme of Delegations will be updated following amendments to the management structure.

- The Risk Management Strategy will be reviewed and formally approved and adopted by the end of February 2019.
- Further work is ongoing to develop the approach to identifying and managing corporate fraud risk to ensure compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014).
- The results of the housing stock condition survey have been interpreted and the results have been fed into the revised 30-year HRA Business Plan and the Medium Term Financial Plan which will be considered by Council for approval in February 2019.
- The Asset Management Plan is undergoing review. This review is expected to be completed by the end of March 2019.
- The next and final tranche of the transfer of services to AES (street cleansing and grounds maintenance) will take place in April 2019 – the governance arrangements will be subject to audit during 2019/20.

7.3 Councillors are requested therefore to note the content of the attached Action Plan.