

## **Summary Sheet**

### **Council Report:**

Audit Committee 19<sup>th</sup> September 2017

### **Title:**

Annual Governance Statement 2016-17.

### **Is this a Key Decision and has it been included on the Forward Plan?:**

No

### **Strategic Director Approving Submission of the Report:**

Judith Badger (*Strategic Director of Finance and Customer Services*)

### **Report Author(s):**

Simon Dennis (*Corporate Risk Manager*)  
Assistant Chief Executive's Department  
Extension 22114  
[simon.dennis@rotherham.gov.uk](mailto:simon.dennis@rotherham.gov.uk)

David Webster (*Head of Internal Audit*)  
Finance and Customer Services  
Extension 23282  
[david.webster@rotherham.gov.uk](mailto:david.webster@rotherham.gov.uk)

### **Ward(s) Affected:**

All

### **Executive Summary:**

On the 19<sup>th</sup> of July 2017, the Audit Committee reviewed the Council's draft Annual Governance Statement (AGS) for the 2016-17 financial year. The draft AGS was published alongside the Council's financial statements on 30<sup>th</sup> June 2017. This report briefly reminds the Committee of the process that was followed to construct the AGS and provides an update on changes made to the draft AGS to produce this final version. The full AGS is attached to this report as Appendix A.

**Recommendations:**

**The Audit Committee is asked to:**

- **agree the final 2016-17 Annual Governance Statement**
- **note that following the Audit Committee's approval of the AGS, the Leader and Chief Executive will be asked to sign the statement to confirm the Council's approval of it.**

**Background Papers:**

"Delivering Good Governance in Local Government", published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in April 2016.

Audit Committee Report 8<sup>th</sup> February 2017 "Local Code of Corporate Governance"  
Audit Committee Report 19<sup>th</sup> April 2017 "Annual Governance Statement Review for 2016/17"

Audit Committee Report 19<sup>th</sup> July 2017 "Draft Annual Governance Statement 2016-17"

**Consideration by any other Council Committee, Scrutiny or Advisory Panel:**

No

**Council Approval Required:**

No

**Exempt from the Press and Public:**

No

**Title:**

Annual Governance Statement 2016-17.

**1. Recommendations:**

**1.1 The Audit Committee is asked to:**

- **agree the final 2016-17 Annual Governance Statement**
- **note that following the Audit Committee's approval of the AGS, the Leader and Chief Executive will be asked to sign the statement to confirm the Council's approval of it.**

**2. Background**

2.1 The Accounts and Audit Regulations require the Council to produce an Annual Governance Statement (AGS) alongside its Statement of Accounts in each financial year. The AGS is a statutory document which explains the processes and procedures in place to enable the Council to carry out its functions effectively. Local Authorities are required to prepare an AGS in order to report publicly on the extent to which they comply with their own Local Code of Governance. The draft 2016-17 AGS was published on 30 June 2017 and the final will be published by 30 September 2017.

2.2 The Committee will recall that a process to gather assurances and evidence to support the AGS was led by the Corporate Governance Group, chaired by the Strategic Director Finance and Customer Services. The group included the Head of Internal Audit, the Corporate Risk Manager, the Insurance and Risk Manager and the Assistant Director, Legal Services.

2.3 The assurance and evidence process produced a stronger evidence base than in previous years and enabled the Council to have confidence in the statements that it made in the AGS. Since publication of the draft version, a small number of updates have been included to produce the final AGS which is attached to this report as Appendix A.

**3. Process to construct the 2016-17 AGS**

3.1 In constructing the AGS for 2016-17, the Council has assembled sufficient evidence to support the statements that it has made. To achieve this, each Strategic Director was asked to oversee a self-assessment of governance in their Directorate. This comprised the completion of a self-assessment form based on the Principles and Sub-principles in the Local Code by each Assistant Director as well as a review and update of the detailed issues raised in the 2015-16 AGS. Each Strategic Director was also required to sign a Statement of Assurance which was based on the information arising from their review of current and previous governance issues.

- 3.2 Each Directorate has returned the required Statement of Assurance and supporting documents and the Corporate Governance Group has reviewed the evidence contained in them. Additionally, the group has considered which issues are of sufficient significance to require reporting in the AGS.
- 3.3 The group then produced the AGS itself, which was reviewed by SLT, the Strategic Director Finance and Customer Services, the Assistant Director Legal Services and the Chief Executive.

#### **Updates since publication of the draft AGS**

- 3.4 The draft AGS was published on 30<sup>th</sup> June 2017 and was considered by this Committee on 19<sup>th</sup> July. Following publication, the AGS has been updated as a result of developments since 30<sup>th</sup> June, as well as comments from the external auditor.
- 3.5 The main changes to the AGS to produce the final version are:
  - Modified wording in paragraph 4.11 to reflect Internal Audit's improvement journey over the course of the year
  - Recognition in paragraphs 4.14 and 4.16 that KPMG intends to issue an unqualified opinion the Financial Statements and an unqualified Value for Money conclusion.
  - New wording included at paragraphs 5.7 to 5.9 to provide a summary of Ofsted reports received during the year
  - A new paragraph at 5.13 reflects the publication on 6<sup>th</sup> September 2017 of six independent reports on the Council's actions around CSE.
  - Paragraph 5.17 now reflects the position with the Improvement Plan at the end of the financial year rather than in June 2017
  - Section 7 has been updated to include a commentary on the Ofsted Review of Further Education and Skills which was published in July 2017
  - Section 7 has also been updated to include the most up to date position on the return of powers to the Council as well as referring to the reports also mentioned in paragraph 5.13

#### **Overall conclusion**

- 3.6 The AGS outlines the governance arrangements in place throughout the year and how their effectiveness was monitored.
- 3.7 The Committee will note that the AGS at Appendix A reaches an overall conclusion that "...the Council demonstrated good governance and met its Best value duty throughout the year". The AGS recognises the improvements made in the Council's performance throughout the financial year but also highlights a number of areas for further developments in 2017/18.

## **Next Steps**

- 3.8 The Audit Committee are invited to comment on any aspect of the Annual Governance Statement attached to this report at Appendix A.
- 3.9 The AGS will be published by 30<sup>th</sup> September, taking account of any further comments made by the Audit Committee and the external auditor.

## **4. Options considered and recommended proposal**

- 4.1 This paper considers the final AGS for 2016/17 and provides feedback on the progress to date. As a result, no specific options have been considered.

## **5. Consultation**

- 5.1 All Strategic Directors have been asked for their input into the AGS process through the submission of signed Statements of Assurance.
- 5.2 The final AGS has been reviewed by the Strategic Director Finance and Customer Services, the Assistant Director Legal Services and the Chief Executive.

## **6. Timetable and Accountability for Implementing this Decision**

- 6.1 The Corporate Governance Group will ensure that the final AGS is published by 30<sup>th</sup> September 2017.

## **7. Financial and Procurement Implications**

- 7.1 There are no direct financial implications other than the requirement to publish the AGS alongside the Council's Annual Finance Statements. There are no procurement issues.

## **8. Legal Implications**

- 8.1 There are no direct legal implications arising from this report, although it is a statutory requirement for an AGS to be published alongside the Council's Financial Statements. This report endeavours to set out how the Council intends to comply with that requirement.

## **9. Human Resources Implications**

- 9.1 There are no Human Resources implications directly associated with the paper.

## **10. Implications for Children and Young People and Vulnerable Adults**

10.1 Any implications for the Children and Young People's Service and Adults Services are set out in the AGS attached at appendix A.

## **11. Equalities and Human Rights Implications**

11.1 There are no direct human rights or equalities implications in this report.

## **12. Implications for Partners and Other Directorates**

12.1 There are no direct implications for our Partners in this report. The AGS has been constructed following consultation with all Directorates. Individual directorates are responsible for implementing action to respond to weaknesses identified in the AGS.

## **13. Risks and Mitigation**

13.1 The AGS is expected to be completed each year to sit alongside the Financial Statements. The risk of failing to produce an AGS has been considered and, although this is a remote risk resources are in place to ensure that a complete and accurate AGS is delivered on time.

## **14. Accountable Officer:**

14.1 Judith Badger (*Strategic Director of Finance and Customer Services*)

Approvals Obtained from:-

Strategic Director of Finance and Customer Services: Judith Badger

Director of Legal Services: Dermot Pearson

Simon Dennis

Corporate Risk Manager

This report is published on the Council's website or can be found at:  
<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories>