

Summary Sheet

Council Report:

Audit Committee 30th July 2018

Title:

Annual Governance Statement 2017-18.

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

David Webster (*Head of Internal Audit*)

Finance and Customer Services

Extension 23282

david.webster@rotherham.gov.uk

Ward(s) Affected:

All

Executive Summary:

On the 19th of June 2018, the Audit Committee reviewed the Council's draft Annual Governance Statement (AGS) for the 2017-18 financial year. The draft AGS was published alongside the Council's financial statements on 31st May 2018. 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 2017-18 Annual Governance Statement subject to any comments from the external auditor KPMG and;
- 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 21st November 2017 "Code of Corporate Governance"

Audit Committee Report 19th June 2018 "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 2017-18.

1. Recommendations:**1.1 The Audit Committee is asked to:**

- **agree the final 2017-18 Annual Governance Statement subject to any comments from the external auditor KPMG and;**
- **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 2017-18 AGS was published on 31st May 2018 and the final will be published by 31st July 2018.
- 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 and the Assistant Director, Legal Services.
- 2.3 The assurance and evidence process produced a strong evidence base and enables 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 2017-18 AGS

- 3.1 In constructing the AGS for 2017-18, the Council has assembled sufficient evidence to support the statements that it has made. To achieve this, like last year, 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 returned the required Statement of Assurance and supporting documents and the Corporate Governance Group reviewed the evidence contained in them. Additionally, the group 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 31st May 2018 and was considered by this Committee on 19th June. Following publication, the AGS has been updated as a result of developments since 31st May. At the point of writing this report, final comments are awaited from the external auditor, KPMG, and the AGS will need to be updated to reflect any information received from them before the Committee meeting.
- 3.5 The main changes to the AGS to produce the final version are:
- Paragraphs 3.10 to 3.13 have been added to reflect the publication on 14th June 2018 of the Commissioner's 36 and 39 month progress reviews and the outcomes of the independent Health Check.
 - Section 7 has been updated to include publication of the reviews mentioned in paragraphs 3.10 to 3.13.
 - Paragraphs 4.15 and 4.17 have been updated to reflect the latest position with the external audit at the time of writing this report

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 continued improvements made in the Council's performance throughout the financial year but also highlights a number of areas for further developments in 2018/19.

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 31st July, 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 2017/18 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 31st July 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

David Webster
Head of Internal Audit

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