

Meeting:	Audit and governance committee
Meeting date:	Wednesday 24 January 2018
Title of report:	Annual governance statement 2016/17
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To report progress made towards implementing the agreed action plan in response to issues identified in the 2016/17 annual governance statement; and to agree the process and timetable for undertaking the review to inform the development of the 2017/18 annual governance statement.

The annual governance statement approved in June of this year was accompanied by an action plan to address weaknesses identified during 2016/17. The report informs the committee about progress made in implementing the agreed action plan in order that the committee may gain assurance that action is being taken in a timely fashion to mitigate identified risks.

In order to prepare for the timetable required for approval of the statement of accounts for 2017/18 a revised timetable for undertaking the review to inform the production of the annual governance statement 2017/18 is proposed.

Recommendation(s)

That:

- (a) the committee review the progress made in delivering the annual governance statement action plan at appendix 1, and determine whether there are any elements requiring further assurance; and**
- (b) the process and timetable for the review to inform the development of the 2017/8 annual governance statement, detailed at paragraph 5 be approved.**

Alternative options

1. The committee may determine a different process and timetable for the development of the annual governance statement. In doing so regard must be had to ensuring proposals meet the statutory timetable and guidance, and can be resourced.

Key considerations

2. The council has a responsibility for conducting at least annually a review of the effectiveness of the governance framework including the system of internal control. This is reported through the annual governance statement and published as an appendix to the annual statement of accounts.
3. The annual governance statement also provides commentary on how the council's governance framework including the system of internal control can be improved. Whilst the statement by its nature is only signed off once a year, the process of review is continuous. Reports presented to the audit and governance committee inform the development of the annual governance statement, and the committee receives a half year progress report on implementation of the action plan supporting the annual governance statement. The progress report is attached at appendix 1. Progress has been made in all areas although there has been some slippage in timescale for delivery of some actions; where this is the case revised target dates are provided.
4. Since the annual governance statement and action plan was approved the committee has received reports which identified some weaknesses or failings of governance which either were not recognised within the annual governance statement or the risks of which had not been fully recognised. In particular these relate to the internal audit findings in relation to Blueschool House, and the external auditor's findings report which identified concerns in relation to the process for developing the statement of accounts. The risks identified in these two reports will be reflected in the next annual governance statement. Actions are already in progress to address the weaknesses identified and the committee has a report elsewhere on its agenda reporting progress in responding to the issues identified in relation to Blueschool House. In addition the process for producing the annual statement of accounts are being reviewed to ensure that the suggestions from the external auditors are incorporated in the revised plans.
5. The timetable for completing the statement of accounts process is changing again in 2018 with completion required by the end of July 2018 rather than end of September as in 2017. As the annual governance statement must be published with the statement of accounts the following timetable is proposed:

- i. An initial draft of the statement is provided in May so that the audit and governance committee can assure the statement accurately reflects the strength of the council's governance and internal control processes, on the basis of the knowledge available to the committee at that time;
- ii. The draft statement is published with the draft accounts by the end of May;
- iii. External and internal audit provide the committee with their opinion reports in July and the committee will confirm whether or not those reports raise any new issues which should be reflected in the final annual governance statement;
- iv. Following the July meeting of the committee, and taking account of any recommendations the committee makes, the final statement is signed by the Leader and Chief Executive for publication with the accounts by the end of July; and
- v. The committee receives a progress report on the implementation of the action plan in January 2019.

Community impact

6. Corporate governance is the term used to describe the systems, processes, culture and values Herefordshire Council has established to ensure we provide the right services, to the right people in a timely, open, and accountable way. The council's adopted code of corporate governance recognises that good corporate governance encourages better informed longer-term decision making using resources efficiently, and being open to scrutiny with a view to improving performance and managing risk; it sets out the seven principles to underpin good governance.
7. To assess compliance, the council conducts an annual review of the effectiveness of its governance framework and system of internal control. The results of this review, carried out in accordance with the principles of this code, inform the production of the annual governance statements presented as part of the statement of accounts.

Equality duty

8. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
9. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

10. There are no resource implications arising from the recommendations.

Legal implications

11. The Accounts and Audit Regulations 2015 include a requirement for all councils to produce an annual governance statement. This progress report is for information purposes only and does not have any legal implications.

Risk management

12. The statement itself identifies any significant governance risks and the action plan provides mitigation to those risks.

Consultees

13. None.

Appendices

Appendix 1: 2017/18 action plan progress update.

Background papers

None identified.