

Annual Governance Statement 2018/19 – Summary Report

Committee considering report:	Governance and Ethics Committee on 29 July 2019 Operations Board on 4 July 2019
Portfolio Member:	Councillor Howard Woollaston
Date Portfolio Member agreed report:	04 July 2019
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Forward Plan Ref:	GE3627

1. Purpose of the Report

- 1.1 The report sets out the Annual Governance Statement (AGS) for the Council for 2018-19.
- 1.2 This report outlines issues that Corporate Board considered should be included in the 2018-19 AGS as requiring action to resolve.

2. Recommendation

- 2.1 The Annual Governance Statement sets out actions to mitigate risks to the Council's governance arrangements, these should be considered and approved by the committee.

3. Implications

- 3.1 **Financial:** None
- 3.2 **Policy:** None
- 3.3 **Personnel:** None
- 3.4 **Legal:** None
- 3.5 **Risk Management:** The report aims to highlight any weaknesses in the Council's governance arrangements including any significant / critical risks.

- 3.6 **Property:** None
- 3.7 **Other:** None

4. Other options considered

- 4.1 None

Executive Summary

5. Introduction / Background

- 5.1 This report outlines the purpose of the Annual Governance Statement (AGS) and explains how the necessary assurance to support the AGS has been obtained. This should enable the Committee to make an informed judgement as to the effectiveness of the process that the Council has followed in conducting the annual review of the system of internal control within the Council.
- 5.2 The AGS is designed to provide stakeholders of the Council with assurance that the Council has operated within the law and that the Council has met the requirements of the Accounts and Audit Regulations:
- “The Council shall conduct a review at least once in a year of the effectiveness of its system of internal control”.
- 5.3 A copy of the AGS for 2018-19 is attached to this report, for review, at Appendix A.
- 5.4 The Council relies on a number of sources of information to carry out the review of the system of internal control. These are:
- (1) Service risk registers
 - (2) The Audit Manager’s annual report
 - (3) Reports from external regulators, eg OFSTED, Grant Thornton (the Council’s External Auditor), the LGA (peer review process).
- 5.5 This evidence provides the assurance that enables the Leader and Chief Executive to sign the AGS with confidence.
- 5.6 The Chief Executive will be reviewing governance arrangements in 2019/20 to ensure that this aligns with the new Council Strategy.
- 5.7 The Annual Governance Statement was prepared by the Finance and Governance Group and reviewed by Corporate Board.
- 5.8 A key element of the review of the system of internal control is the identification of any weaknesses or risks in the system, along with recommendations to mitigate such issues. Then in the subsequent year further report is made on progress with implementing agreed recommendations.
- 5.9 The Annual Governance Statement for 2018-19 outlined the following issues of concern:
- The Council’s significant investment in commercial property, transformation programme and pursuing commercialisation opportunities will continue to require effective governance arrangements around any proposed changes.
 - Financial management arrangements in demand led social care areas need to be strengthened to mitigate the chances of unplanned budget overspends occurring.

- Overview and governance of school funding needs to be strengthened particularly in light of a significant overspend within the High Needs Dedicated Schools Grant Block.

6. **Proposal**

6.1 In light of the issues raised during the year the following measures will be implemented during 2019/20:

- A review of the ASC forecast overspend position was undertaken by the Chief Executive and Audit Manager during 2018/19, and made a number of recommendations to strengthen the financial management arrangements within ASC and across the Council. These recommendations are being implemented according to an agreed plan and will be closely monitored for their effectiveness.
- Regular reporting of School DSG funding performance to be embedded within existing financial performance arrangements.

7. **Conclusion**

7.1 A key function of the Governance and Ethics Committee is to review and approve the AGS for 2018-19 prior to it being signed off by the Chief Executive and Leader of the Council.

7.2 In order to be able to review the AGS the Committee needs to examine the evidence, noted in 5.4, above, that supports the AGS. This evidence is presented in separate reports.

8. **Appendices**

Appendix B – Annual Governance Statement 2018/19