

**AUDIT COMMITTEE: 26 June 2018**

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**SENIOR MANAGEMENT ASSURANCE STATEMENTS - 2017/18 YEAR-END  
REPORT OF CORPORATE DIRECTOR RESOURCES**

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**AGENDA ITEM: 8.1**

**Reason for Report**

1. The Audit Committee's Terms of Reference requires Members to review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk and internal control.
2. Specific components of the AGS reported individually to the Audit Committee are the biannual Senior Management Assurance Statements (SMAS) and the AGS Action Plan of significant governance issues, following approval by the Senior Management Team. This report provides members of the Audit Committee with these outcomes at the year-end SMT review and the associated disclosures for inclusion in the AGS 2017.18.

**Background**

3. Senior Management Assurance Statements (SMAS) are used to assess governance maturity in application of the 'Delivering Good Governance in Local Government' framework, developed by CIPFA / SOLACE.
4. Through the SMAS, each Director responds to 23 good governance statements using a 5-point maturity scale for their areas of responsibility ranging from 'not in place', 'limited application', 'mixed application', 'strong application' to 'embedded'. Prior to submitting their returns, each Director is required to obtain underlying assurances from their management teams to support a directorate-wide response to each statement.
5. All SMAS returns are subject to challenge, review and approval in SMT. From the SMT meeting in May 2018, the following disclosures were approved, subject to a small level of moderation:
  - The agreed overall position (Appendix A)
  - An overall 'SMT Assurance Statement' to include in the AGS (Appendix B)
  - An 'Action Plan' of Significant Governance Issues for the AGS (Appendix C)
6. The Audit Committee reviewed the mid-year SMAS position and Action Plan on 30 January 2018. The draft AGS for the financial year 2017/18 was presented to Audit Committee on 27 March 2018, containing a gap for the results of the SMAS exercise, as the review takes place following the financial year-end.

## **Issues**

### Senior Management Assurance Statements

7. The 23 assurance statements, summarised by nine categories showed an overall 'strong' application of good governance across the assurance areas. The greatest maturity was reported in respect of risk and performance management with responses of strong or greater at rates of 97% and 93% respectively.
8. The maturity assessment highlighted opportunities to enhance the discipline of partnership governance, for which there was a higher incidence of mixed application and evidence than other areas at 50%.
9. It also identified opportunities in some directorates to target improvements in internal controls, compliance, the prevention and detection of fraud, budget monitoring, aspects of business planning and programme and project assurance. These areas were assessed as strong or above at rates between 78% - 86%.

### AGS Action Plan

10. Each member of the Senior Management Team contributed to an updated position against five existing significant governance issues. On review of the seven returns on 22 May 2018, SMT decided to retain the five governance issues from the prior year on the ongoing AGS Action Plan. It was considered the existing issues continue to represent the most significant governance areas that require monitoring, reporting and management at the senior level, when reflecting on the results of the SMAS.
11. The issues in the AGS Action Plan will continue to be managed and formally reviewed on a bi-annual basis in 2018/19.

## **Reason for Recommendation**

12. To enable the Audit Committee to review and comment upon the self-assessed elements of the AGS.

## **Legal Implications**

13. There are no direct legal implications arising from this report.

## **Financial Implications**

14. There are no direct financial implications arising from this report.

## **Recommendation**

15. The Audit Committee to review and comment upon the self-assessed elements of the AGS, namely the Senior Management Assurance Statements', the resulting overall 'Senior Management Statement' and 'Action Plan of Significant Governance Issues'.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**  
26 June 2018

The following Appendix is attached:

**Appendix A** - SMAS Analysis 2017/18 (Year-end)  
**Appendix B** – SMT Assurance Statement 2017/18  
**Appendix C** - Action Plan of Significant Governance Issues