

**SENIOR MANAGEMENT ASSURANCE & ANNUAL GOVERNANCE
STATEMENTS – MID-YEAR REVIEW 2018/19**

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 6.2

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 (SMT). This report provides members of the Audit Committee with the mid-year review conducted by SMT.

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. Each of these 23 statements link to the 9 categories
 - Risk Management
 - Partnership/Collaborate Governance
 - Compliance
 - Programme and Project Assurance
 - Budget Monitoring
 - Planning and Decision Making
 - Internal Control Environment
 - Fraud & Financial Impropriety

- Performance Measurement & Management
5. All SMAS returns are subject to challenge, review and approval by SMT. The Mid-Year Review was undertaken at the SMT meeting of 31st October 2018 to reflect upon the content and key messages across the directorates and consequently the following was agreed as a true reflection of progress:
- The overall position as assessed at the mid-year (Appendix A)
 - Progress against the 'Action Plan' of Significant Governance Issues at the mid-year (Appendix B)

Issues

Senior Management Assurance Statements

6. The 23 assurance statements, summarized by 9 categories, showed an overall rate of strong or greater governance at 69%. This is a reduction of 15 percentage points from the assessment at the end of 2017/18. The reason for this can be attributed primarily to a more comprehensive evidence base for the assessment, and an increased level of self-awareness when undertaking the assessment. The impetus being that all assurance categories should move towards being at a level of 'strong' or 'embedded'.
7. At the end of 2017/18 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. The mid-year assessment 2018/19 highlights that the level of assurance has shifted to the following ranking.

Rank	Assurance Category	Assurance level Strong +
1	Fraud & Financial Impropriety	86%
2	Performance Measurement & Management	79%
3	Budget Monitoring	78%
4	Programme and Project Assurance	76%
5=	Risk Management	71%
5=	Internal Control Environment	71%
7=	Compliance	57%
7=	Planning and Decision Making	57%
9	Partnership/Collaborative Governance	50%

8. At the end of 2017/18 improvements in internal controls (81%), compliance (78%), the prevention and detection of fraud (86%), budget monitoring (78%), business planning and programme and project assurance were all assessed as strong or above. The mid-year position has seen a reduction in the assurance level for Internal Control Environment and Programme and Project Assurance, with a static position for Budget Monitoring, Compliance and Fraud & Financial Impropriety. In comparison with the rest of the Directorates, where the assessment level against the Future Generations aspect of Planning and Decision Making Category is 'mixed', Resources has provided an overall 'limited level' of assurance in relation to Future Generations due to the need to ensure all strategic decision making has the documented evidence to demonstrate that the obligations as specified in the Wellbeing of Future Generations Act 2015 have been met.

9. A detailed analysis is contained in Appendix A.
10. The assessment relating to the maturity of partnership governance, remains unchanged as 50% 'mixed' and 50% strong since the end of year assessment 2017/18. This is one of the significant governance issues and a progress update is included in Appendix B.

AGS Action Plan

11. Each member of the Senior Management Team contributed to an updated position against five existing significant governance issues.
12. An update on the issues in the AGS Action Plan is provided at Appendix B and these will continue to be managed and formally reviewed at the year-end in preparation of writing the AGS.

Reason for Recommendation

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

Legal Implications

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

Financial Implications

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

Recommendation

16. 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'.

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CORPORATE DIRECTOR RESOURCES
22nd January 2018

The following Appendices are attached:

Appendix A - SMAS Analysis 2018/19 (Mid-Year)

Appendix B – Progress against the 'Action Plan' of Significant Governance Issues at the mid-year 2018/19