

**AUDIT COMMITTEE: 21<sup>st</sup> January 2020**

**SENIOR MANAGEMENT ASSURANCE STATEMENT AND AGS ACTION  
PLAN 2019/20 (MID-YEAR)**

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 7.3**

**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. The specific components of the AGS reported individually to the Audit Committee are the bi-annual 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'.
5. During 2019/20 a decision was made, as a result of the scope of the issues identified within the Waste Management function, to undertake an additional SMAS specifically for Street Scene and to use the output as part of the function's improvement agenda.
6. 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

7. During 2019/20, and in line with the Action Plan, SMAS returns have been reviewed by Subject Matter Experts brought together from across the Council to undertake a ‘triangulation exercise’. The Officers reviewed information and evidence submitted through the SMAS process in order to identify areas of improvement or support the self-assessment at half year point. The exercise aimed to test the levels of the assessments in a controlled and safe environment which will add value to the maturity and depth of the assessments by the year end. The results of this exercise were reviewed by SMT at their meeting of 14<sup>th</sup> January 2020.

## Issues

8. The 23 assurance statements summarized by 9 categories, showed an overall rate of strong or greater governance at 66%. This is comparable to 2018/19 end of year assessment and reflects the assessment of the seven Directorates plus the Street Scene. The Mid-year 2019/20 self-assessment level for each Directorate is set out in the table below;

<b>Directorate / Service</b>	<b>Self-Assurance Level</b>	<b>Change since end of 2018/19</b>
Economic Development	Mixed (bordering on strong assessment)	None
Education	Mixed (middle range of assessment)	None
Governance and Legal Services	Mixed (middle range of assessment)	None
People and Communities	Strong (lower range of assessment)	None
Planning, Transport and Environment	Mixed (middle range of assessment)	None
Resources	Mixed (bordering on strong Assessment)	None
Social Services	Mixed (middle range of assessment)	None
Street Scene	Limited	N/A

9. In the mid-year assessments the greatest maturity was reported in respect to risk management with a score that bordered on a Strong Assessment. All other areas reflected a mixed assessment but the scores for Partnership and Collaboration whilst still in the same range were markedly lower than the rest. The mid-year assessment also continues to highlight the relative lower assurance level in respect to Future Generations which contributes to the assessment on Planning & Decision Making. The Mid-year 2019/20 self-assurance level for each Assurance category is set out in the table below;

<b>Category</b>	<b>Assessments challenged</b>
Risk Management	Mixed (bordering on strong)
Partnership and Collaboration	Mixed (middle range of assessment)
Compliance	Mixed (middle range of assessment)
Programme and Project Assurance	Mixed (middle range of assessment)
Budget Monitoring	Mixed (middle range of assessment)
Planning and Decision Making	Mixed (middle range of assessment)
Internal Control Environment	Mixed (middle range of assessment)
Fraud & Financial Impropriety	Mixed (middle range of assessment)
Performance Measurement & Management	Mixed (middle range of assessment)

### Significant Governance Issues – Action Plan Update

10. The SMAS for 2019/20 indicated that there was further work to do in relation to:-
- informed, evidenced based decision making (including Future Generations)
  - Compliance, specifically around understanding the gaps in the compliance framework to provide a more focussed assessment
11. The following table sets out the detailed actions and the progress made against each at the mid-year point:-

<b>Issues</b>	<b>Agreed Actions</b>	<b>Progress Mid-Year 2019/20</b>
‘Informed evidence based decision making’ including aspects of Future Generations and further assurance work in relation to partnership and collaborative governance	Review the decision making processes to ensure that all aspects connected with legal and regulatory compliance are embedded into the processes to support the management of risk	On a four to six weekly basis, SMT consider Assurance items as part of its work programme with regular reports in respect to compliance, risk and internal controls. All Directors consider their legal and regulatory responsibilities and seek advice where appropriate.
	Further strengthen and develop compliance information provided through the Assurance SMT as part of the decision making process and identify where improvements are needed as appropriate	This has been undertaken as part of the triangulation process. The process has been used to review mid-year position. Feedback to SMT. Corporate Director meeting to be arranged with Directors to inform submissions of year-end position.

Issues	Agreed Actions	Progress Mid-Year 2019/20
	<p>Implement the Partnership and Collaborative Governance Framework to improve the assurance around the governance of these models of service delivery</p>	<p>This Framework has been issued to Directorates to use as a reference point to consider the level of assurance. Particular issues relating to Partnerships and collaboration have been referred to SMT in the first instance.</p>
	<p>Embed a consistent understanding and application of the Future Generations principle and five ways of working to improve outcomes for its citizens</p>	<p>Directors have identified Future Generations as an area which needs to have a strong level of assurance across each directorate. Action plans have been put in place to promote awareness, enhance application and ensure common understanding.</p>
<p>Compliance, specifically around understanding the gaps in the compliance (conformance) with the corporate process to provide a more focused assessment</p>	<p>Review the compliance framework to ensure that all aspects are reflected in to 'Compliance' category of the Senior Management Assurance Statement</p>	<p>This has been undertaken as part of the triangulation process. The process has been used to review mid-year position. Feedback to SMT. Corporate Director meeting to be arranged with Directors to inform submissions of year-end position.</p>
	<p>Implement the process of triangulation of Assurance Statement in line with the Council's Code of Corporate Governance and provide feedback through the Relationship Management Process to ensure that all aspects of compliance are representative</p>	<p>Process used to review the Mid-year position. Feedback to SMT. Corporate Director meeting to be arranged with Directors to inform submissions for the year-end position.</p>

**Reason for Recommendation**

- 12. To enable the Audit Committee to note the mid-year position in respect to self-assessments and action plan update.

**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 Senior Management Assurance Statements, and Action Plan of Significant Governance Issues.

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21<sup>st</sup> January 2020