

**AUDIT COMMITTEE: 25 JUNE 2019**

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**DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20  
REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 7.2**

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**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 the full AGS for 2019/20 that will sit alongside the Council's Statement of Accounts.

**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. The Audit Committee reviewed the mid-year SMAS position and Action Plan on 23 January 2020. The draft AGS for the financial year 2019/20 is attached to this report.

**Issues**

Senior Management Assurance Statements

6. The 2019/20 process built on the previous year's by requiring a more comprehensive evidence base to support the assessment of the assurance level. Since March 2020, the attention of Senior Officers has been firmly focussed on the Council's response to the crisis and upholding effective communication, decision making and control. There is an acknowledgment that the assurance process for the end of the year and looking forward to 2020/21 has not been as laid down by the Senior Management Assurance process previously agreed. However, the Senior Management Team is clear that this deviation from normal practice was temporary, and that there will be a move to re-engage with the previous senior management assurance process in full for future years.

7. In order to provide the Senior Management assessment of good governance for 2019/20 as a whole, once services were moving to a managed 'restart' towards the end of quarter one 2020/21, the Senior Management Team took the opportunity to review the 2019/20 half yearly returns, and considered the body of work delivered over the last six months, including a reflection on the response of the Council to Covid 19.
8. As reported in January, the mid-year 2019/20 self-assessment level for each Directorate and Assurance category is set out in the following two tables;

<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

<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)

9. The AGS Statement includes Statements from the Audit Manager, Audit Committee and Senior Management respectively. In addition, the two significant issues for 2019/20 have been taken forward alongside the corresponding actions in order to ensure that these are fully addressed prior to closure. Progress on the Action Plan and Assurance Statements will be reported to the Audit Committee later in the Calendar year.

## **Reasons for Recommendation**

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

## **Legal Implications**

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

## **Financial Implications**

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

## **Recommendation**

13. The Audit Committee to review and comment upon the Annual Governance Statement, namely, the resulting overall 'Senior Management Statement' and 'Action Plan of Significant Governance Issues'.

**Christopher Lee**  
**Corporate Director Resources**  
June 2020

The following Appendices are attached:

**Appendix A** - Annual Governance Statement 2019/20