

# Annual Governance Statement

**How did we do in 2016/17?  
Were we well-governed?**



# Slough Borough Council

## INTRODUCTION AND PURPOSE OF THIS DOCUMENT

Slough Borough Council is responsible for ensuring that its business is conducted in accordance with the law and regulations, internal policies and procedures and that public money is safeguarded and properly accounted for, and used economically, efficiently, effectively and lawfully. Slough Borough Council also has a duty under the Local Government Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Slough Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Slough Borough Council has approved and adopted a code of corporate governance through its constitution and five year plan, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 edition*. A copy of the authority's constitution is on our website at [www.slough.gov.uk](http://www.slough.gov.uk) or can be obtained from the Section 151 Officer. This statement explains how Slough Borough Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

This document is an assessment of our "governance", but what do we mean by that word? There is no legal definition of "governance", but we believe it is best summarised as:

having:

- the right **governance structures** (including constitution, committees, delegated powers, internal management structures and audit arrangements)
  - the right **plan of action** (including **vision, aims, approaches and ambitions**); and
  - the right **way of operating** (including openly, honestly and efficiently)
- so that we deliver:
- the **right services**, to the **right people**, at the **right price** and at the **right time**.

Further guidance is given by CIPFA (the Chartered Institute for Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) which in 2007 jointly published a "Framework for Delivering Good Governance in Local Government", updated on an annual basis with the latest revision dated 2016.

This guidance is recognised as the proper practices referred to in the Accounts & Audit Regulations that we must follow (and in that sense is the nearest one can get to the 'official' definition of Governance), and sets out seven core principles of good governance, which we think are compatible with the summary we gave above.

CIPFA/SOLACE lists these core principles as:

- 1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law**
- 2. Ensuring openness and comprehensive stakeholder engagement**
- 3. Defining outcomes in terms of sustainable economic, social and environmental benefits**
- 4. Determining the interventions necessary to optimise the achievement of intended outcomes**
- 5. Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- 6. Managing risks and performance through robust internal control and strong public financial management**
- 7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The law requires each council to produce an annual statement to provide assurance that it is a well-governed organisation with the right policies and controls in place to ensure excellent public services are delivered and public money is spent wisely. **This is called our 'Annual Governance Statement' and includes a 'review of effectiveness'.**

This report is written under the authority of the Council's Audit and Corporate Governance Committee and approved by the committee at its meeting on 11th July 2017 through its delegated authority. It is signed by the Leader (an elected Councillor) and Interim Chief Executive (an Officer) and published with the final accounts by 30<sup>th</sup> September 2017. It was submitted to our external auditors along with our annual accounts in June 2017; the auditors will consider whether the information we've submitted meets their expectations as part of their annual opinion in September 2017.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

We acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated in connection with the resources concerned. The system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

## **GOVERNANCE STRUCTURES**

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

In the introduction above, the first thing we said was that we should have the right governance structures in place.

The key elements of the systems and processes that comprise Slough Borough Council's governance arrangements are set out below and include arrangements for:

- Identifying and communicating Slough Borough Council's Strategy through our Five Year Plan 2017-2021. The Plan sets out our intended outcomes for citizens and service users, the key actions to deliver these outcomes and how we will measure success
- Measuring the quality of services for users, ensuring they are delivered in accordance with Slough Borough Council's objectives and ensuring that they represent the best use of resources
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- Reviewing and updating the Constitution including Financial Procedure Rules and the scheme of delegation, which clearly define how decisions are taken and the processes and controls required to manage risks
- Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (April 2016)"
- The Audit and Corporate Governance committee which performs the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities" (2014)
- Policies for Whistle-blowing, and requirements defined within the Constitution for managing conflicts of interest and for procedures which are available via the Council's website in relation to receiving and investigating complaints from the public
- Demonstrating a commitment to openness and acting in the public interest by exercising leadership through a robust scrutiny function (including the Audit and Corporate Governance and Overview and Scrutiny Committees) and demonstrating openness through the public's ability to attend Council meetings.
- Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

This section reviews those structures. We govern ourselves through **Council**, a **Corporate Management Team**, **Cabinet** and **Committees**, and we have many **policies** in place that govern our activities which we follow. These are listed in turn below:

### **Council**

The number of elected Councillors in place at the end of the 2016/17 financial year is 41. The Council met eight times during the year. In June 2016, the Council elected a new leader, Councillor Sohail Munawar. The numbers attending each meeting were as follows:

- 19 Apr 2016: 37 Councillors attended the meeting
- 17 May 2016: 42 Councillors attended the meeting
- 6 Jun 2016: 40 Councillors attended the meeting
- 26 Jul 2016: 38 Councillors attended the meeting
- 27 Sep 2016: 38 Councillors attended the meeting
- 29 Nov 2016: 39 Councillors attended the meeting
- 22 Dec 2016: 32 Councillors attended the meeting
- 31 Jan 2017: 37 Councillors attended the meeting
- 23 Feb 2017: 35 Councillors attended the meeting

Meetings of Council were held in open forum and considered reports from other committees.

### **Corporate Management Team (CMT)**

CMT meets regularly throughout the year, and reviews and approves reports before they are sent on for consideration by the relevant Committee. They are also involved in the development of new policies and strategies for the Council, either directly, or by management review and comment. Senior members are:

- the **Interim Chief Executive** (Roger Parkin) is the person who is ultimately responsible for the welfare of the Council's employees and is Head of Paid Service (Mr Parkin also retains his substantive role as Strategic Director of Customer and Community Services); the role was previously filled for part of the year by Ruth Bagley;
- the **Strategic Director for, Children, Learning and Skills**;
- the **Director, Adult Social Care**;
- the **Assistant Director for Finance and Audit**; and
- the **Interim Strategic Director, Regeneration, Housing & Resources**.

### **Supporting Officers**

- The **Section 151 Officer** (Neil Wilcox) is responsible for looking after the financial affairs of the Council, fulfils the role of Chief Financial Officer and is a CIPFA Qualified Accountant. This role was previously filled by Joseph Holmes up to July 2016. From July 2016 to November 2016, this role was filled by an Interim Section 151 Officer, Stephen Fitzgerald until the current post holder commenced in November 2016. The role of the Chief Financial Officer complies with the governance requirements as set out within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) through:
  - Being a key member of the Leadership Team, with a dotted reporting line to the Chief Executive, helping the Council to develop and implement strategy and to resource and deliver the organisation's strategic objectives and having access to CMT papers and meetings;
  - Being involved in all material business decisions made by the Council to ensure both immediate and long term risks and implications are considered and that these are in line with the financial strategy;
  - Leading the promotion and delivery of good financial management across the Council through ensuring that key financial targets are being set and reporting on performance against these to CMT and Members;
  - Ensuring the finance function is well led and effectively resourced throughout the year.
- The **Monitoring Officer** (Linda Walker) is responsible for ensuring that decisions by the Council are legal, and are made in an open and transparent way. The Monitoring Officer also reviews any reports or complaints about conduct and behaviour. The current post holder has held the position from September 2016 to date with the post filled by a previous post holder (Gurpreet Anand) from the start of the year until this date.

### **Cabinet**

The Cabinet is the Council's principal decision-making body, consisting of elected Councillors, appointed by the Leader of the Council, each with an area of responsibility called a 'portfolio' for which they are 'Commissioners'. Although the Cabinet can be made up of any political proportion, at the moment all our Cabinet Members come from the majority political party.

### **Audit & Corporate Governance Committee**

This Committee met four times during the year. The purpose of this Committee is to advise and review the Council's arrangements for internal audit, internal control, risk management, financial management, standards and corporate governance, in line with the CIPFA Practical Guidance for Local Authorities (2013). The Committee will also:

- Promote and maintain high standards of conduct by Members.
- Provide independent assurance of the adequacy of the risk management framework and the associated control environment.
- Approve the financial statements.
- Approve the Annual Governance Statement.

### **Overview & Scrutiny Committee**

The Overview & Scrutiny Committee consisted of nine non-Executive members (those who are not members of the Cabinet) and is appointed on a proportional basis (with political groups represented in the same proportion as on the whole Council).

This Committee scrutinises a range of policy, financial and performance issues and makes reports and recommendations to Cabinet or full Council.

The Committee also scrutinises the implementation of the community and corporate performance plans, as well as investigating broad policy matters, including reviewing decisions taken or to be taken by the cabinet or Chief Officers under delegated powers.

The Committee is responsible for co-ordinating the consideration of 'member call-ins' where a Councillor requests that a particular issue is considered.

There are also three Scrutiny Panels in addition to the Overview and Scrutiny Committee which focus on the different aspects of the Council's work – Health, Neighbourhoods and Community Services and Education and Children's Services

The Council also has other committees (planning, licensing etc.), but these are not concerned directly with governance arrangements so are not listed here.

### **Policies**

The following table lists the Council's main documents, policies and procedures; we refer to and follow these, to make sure we do things in the right and consistent way. All these policies have been approved by your elected Councillors where required.

<b>Title</b>	<b>Last updated</b>
Constitution (including Financial Procedure Rules)	2016
Risk Management Strategy 2016	2016
ICT Strategy 2015-2018	2015
Slough Joint Wellbeing Strategy 2016-2020	2016
Whistleblowing Policy and Procedure	2017
Corporate Plan (Five Year Plan) 2017-21	2017
Slough Wellbeing Strategy 2016-20	2016
Economic Development Strategic Plan for Growth 2014-18	2014
Equalities Strategy 2017	2017
Commissioning Strategy for Adult Social Care 2010	2010

Better Care Fund Plan 2016-17	2016
Safeguarding Adults Multi-Agency Workforce Development Strategy 2014-17	2014
Joint Carers Commissioning Strategy 2016-21	2016
Autism Strategy 2014-2017	2014
Learning Disabilities Plan 2016-2019	2016
Voluntary Sector (Partnership) Strategy 2015-2020	2015
Joint Strategic Needs Assessment 2016	2016
Sustainability and Transformation Plan 2016-2020	2016
Corporate Parenting Strategy 2016-2018	2016
Corporate Procurement Strategy 2012	2012
Leisure Strategy 2016	2016
Parks and Open Spaces Strategy 2015-20	2015
Carbon Management Plan 2015-20	2015
Regulatory and Enforcement Services Enforcement Policy 2016	2016
Asset Management Plan 2014-17	2014
Local Transport Plan 2011-26	2011
Housing Revenue Account Business Plan 2016-46	2016
Draft Housing Strategy 2016-21	2016
Housing Allocations Scheme 2013-18	2013
Tenancy Strategy and Policy 2013-18	2013
Medium Term Financial Strategy 2017-21 (included in Revenue Budget)	2017
Capital Strategy 2017-23	2017
Treasury Management Strategy 2017-18	2017

In addition to the above, we are currently revising our Anti Fraud and Corruption Strategy and Policy and are developing a Confidential Reporting Code, which will include whistle-blowing arrangements. These policies will be made available on our website once approved.

### **VISION, AIMS, APPROACHES AND ACTIONS**

In the introduction to this document, the second thing we said we needed was the right plan of action. The Five Year Plan was introduced in January 2015 and replaced the previous Corporate Plan. This is reviewed and refreshed on an annual basis, the most recent version being updated in 2017. It was accepted that as a result of the funding challenges the Council faces, we needed a new approach to forward planning over the medium term.

The Plan sets the following overarching **Vision** for the Council:

***“Growing a place of opportunity and ambition”***

The Plan further outlines the priority outcomes of the Council which, by 2021, is:

- Our children and young people will have the best start in life and opportunities to give them positive lives
- Our people will become healthier and will manage their own health, care and support needs
- Slough will be an attractive place where people choose to live, work and visit
- Our residents will have access to good quality homes
- Slough will attract, retain and grow businesses and investment to provide jobs and opportunities for our residents.

The Plan identifies the challenges and opportunities facing the town, and includes five outcomes to respond to these opportunities and challenges, along with key actions to deliver the outcomes and measures of success. We have chosen to express our Plan in terms of outcomes supported by actions and success measures that will assist us in delivering our Plan, because we believe that a clear, simple, transparent set of statements provides the best way of establishing and then achieving them, and of being able to monitor performance – all of which is good governance.

The introduction of the Five Year Plan was important in providing clarity of vision and direction, explaining how and why the council is changing and identifying more effective and efficient ways of working together. The Five Year Plan is updated every year and we also produce an Annual Report so we can check progress. Last year, 2016, we carried out a light-touch refresh of the Five Year Plan to update the actions in the outcome plans and set out how we will work with our partners and communities. This year there has been a more in-depth review. The Leader and Cabinet have worked with officers to define their political priorities and revised the outcomes to reflect these. The Leader has been clear in his foreword about his priority to put people first. We have reduced the number of outcomes from eight to five, combining some where there was overlap and duplication and removing others where they were more about ways of working than tangible outcomes.

The Plan is therefore an important element of our strategic narrative in explaining our ambitions for Slough and how we are delivering major schemes to transform the borough for the better, while at the same time ensuring that vital services for those most in need are provided.

## **REPORTING**

In the Introduction, we said that we needed the right way of operating (including openly, honestly, efficiently, etc.) so that, as outputs, we deliver the right services, to the right people, at the right price, and the right time. We also mentioned above that “it is standard practice to ‘work backwards’ and assess the results and performance, and infer that, if these outputs are good, that is a sign that the underlying governance is also working properly. This section reviews how we reported on the results.

### **Regular reporting**

Within our Five Year Plan we have established a number of key performance indicators which we use to measure the performance of the Council during the year. These are reported in the form of a balanced scorecard, which is reviewed and updated annually. The following regular reports are received at our Cabinet meetings:

- **Five Year Plan Progress Updates and Annual Report (formerly Corporate Plan)**
- **Finance and Performance Report:** quarterly reporting on progress against the targets in the Corporate Plan and delivery of performance targets. We also publish detailed revenue and capital expenditure reports each quarter, and include financial forecasts.
- **Balanced Scorecard:** quarterly performance against the Council's key performance indicators
- **Council's Gold Projects Updates:** we publish quarterly performance in respect of the delivery of the Council's Gold projects, which are our key strategic projects.
- **Financial and Performance Outturn Report:** we will publish a report following the year end detailing how we performed against our targets for 2016/17

We publish, annually:

- The **Statement of Accounts**: The format of these is set by accounting regulations. The council's accounts are subject to external audit, currently by BDO. Members of the public and local government electors have certain rights in the audit process.
- An **Annual Audit Letter**: Every year the council's external auditors, produce an Annual Audit Letter. This letter is a high level summary of the auditors' findings from their work during the previous financial year.

### **Auditing and monitoring**

The Council was subject to auditing and monitoring processes, which were intended to be objective and (where necessary) critical:

- **Internal audit**: we appointed RSM to carry out audits on a number of specific areas that we asked them to review, linking them with our known risk areas.

To satisfy the requirements of the CIPFA guidance in relation to the role of the Head of Internal Audit, RSM's Head of Internal Audit provides an annual opinion to the council on all aspects covered in relation to governance, risk management and internal control following objective assessments during the year of the adequacy of governance and the management of risks. RSM's Head of Internal Audit is a Partner within RSM, and leads an Internal Audit service which has been independently assessed by the Institute of Internal Auditors (IIA) during 2016 which concluded that the service provided by RSM was fit for purpose.

The head of Internal Audit also has a functional reporting link into the Audit and Corporate Governance Committee, and a direct link in to both the Chief Executive and Section 151 Officer.

To comply with good governance on partnership arrangements, the Internal Audit service reports into the Audit and Corporate Governance Committee, and the management of this relationship is through the Council's Section 151 officer.

For each area of review, internal audit typically provide assurance on the policies and procedures in place and the governance arrangements in operation to monitor the performance in that area. For each area, a report was issued concluding with an assurance opinion that utilised a 'traffic light' system (red, amber, green) as to how they think each area was doing; and to agree management actions for changes to our procedures and governance arrangements. RSM have provided an Annual Report in which it includes all the areas they reviewed; what 'traffic light' they gave and how many [high/medium/low priority] management actions were agreed.

The Head of Internal Audit Opinion for 2016/17 concluded that 'there were weaknesses in the framework of governance, risk management and control such that it could be, or could become, inadequate and ineffective'.

Positive assurance opinions were provided in 14 of the 27 assurance (33 reports issued in total) reports issued in 2016/17. Of the four 'no assurance' and nine 'partial' assurance opinions issued during the year a number of areas were identified where improvements in the control framework were required. It should also be noted that a number of advisory reviews were also undertaken which identified weaknesses in control, and these, together with the significant issues identified within the no assurance and partial assurance reports have been highlighted within the improvements section below.

- **External audit**: The Council's external auditors, BDO, provided an unqualified opinion on the financial statements for the year ended 31 March 2016. However, due to significant weaknesses in children's social care services identified by Ofsted during 2015/16, and insufficient monitoring of contractual performance of the service after it transferred to Slough Children's Services Trust on 1 October 2015, BDO's value for money conclusion was qualified on an 'except for' basis. Except for weaknesses in the arrangements for children's social care services during the year, BDO were satisfied that the Council had adequate arrangements in place to secure economy, efficiency and effectiveness from its use of resources for the year ended 31 March 2016.

- **Other external assurance sources:** Sometimes we are reviewed by external bodies that look at certain services such as OFSTED, which provided a review of Children's services, resulting in an inspection in December 2015 with an 'inadequate' rating. This was following the intervention of the Parliamentary Under Secretary of State for Children and Families using intervention powers under section 497A of the Education Act 1996 with respect to the Council's exercise of its children's social services functions, and creating a new organisation (Slough Children's Services Trust) from 1 October 2015.

The trust has quickly established an accurate view of what needs to change. Managers are rightly prioritising workforce, performance management and the management oversight of practice. Under the decisive leadership of the chief executive of the trust, some important areas of poor practice are being tackled and children are already safer as a result.

- **Corporate Risk Register:** We document our corporate risks within this register which enables the Council to monitor how risks are being managed through regular review at the Risk Management Group and CMT. The Corporate Risk Register describes and rates each risk in terms of likelihood and consequence. It also lists controls mechanisms in place to manage those risks stated and actions to be undertaken to reduce the risks. This process has continued into 2016/17, Due to the implementation of new risk management software a corporate risk register was not presented to CMT for the first nine months of the year, although this is now reported regularly to CMT meetings.
- **Audit recommendation tracker:** In 2013/14 we introduced a process of recommendation tracking to ensure that recommendations made by our Internal Auditors are implemented in a timely manner. We report on the progress in implementing recommendations to the Risk Management Group each meeting. This process has continued into 2016/17.

## **REVIEW OF EFFECTIVENESS**

Slough Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of all managers within Slough Borough Council who have responsibility for the development and maintenance of the governance environment.

The following process has been applied in maintaining and reviewing the effectiveness of the governance framework, and includes:

- The work of the Risk Management Group and the Risk Management Strategy
- The annual assurance statements produced by all Heads of Service
- The work of the Audit and Corporate Governance Committee
- The work of the Standards Sub-Committee
- The work of Internal Audit
- The work of the Overview and Scrutiny Committee.
- Directors complete an annual assurance statement that is supported by a governance self-assessment completed by each Assistant Director; these are available on request.

We have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Audit and Corporate Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## **ANNUAL ASSURANCE STATEMENTS**

As detailed above, in order to provide confirmation that each Directorate within the Council has a sound system of internal control in operation, which in turn helps to manage and control business risk, each Director has been required to complete, certify and return a statement of their Directorate's current position.

Each Director and Assistant Director has been provided with a model format for completion and, in completing the statement, has facilitated the involvement of their Direct Reports (Heads of Service and Assistant Directors) to ensure that sufficient input has been obtained to provide a clear and coherent statement of all risk and control issues within any given area. These statements are held by Internal Audit.

While the statements do not make reference to specific actions or audits undertaken, they document the control frameworks currently operating and the changes in process, such as the process to assign responsibility for management actions to ensure accountability for improvements required, and the mechanisms to monitor the implementation, through Senior Management Team meetings for each directorate.

## **IMPROVEMENTS**

In the Annual Governance Statement for 2015/16 we identified a number of areas for improvement. The table below lists them, and comments how we did in addressing them in 2016/17.

<b><i>Issues reported in 2015/16 AGS</i></b>	<b><i>2016/17 actions taken</i></b>	<b><i>Is this an issue for 2017/18 and beyond?</i></b>
Safeguarding services and Safeguarding outcomes for children and young people (including risk assessments).	<p>Risks remain on the corporate risk register in Children’s Social Care following the Ofsted inspection in December 2013 and the follow up in February 2014. An inspection of Children’s Services was also undertaken during 2015/16 and the Service continues to be rated as inadequate.</p> <p>From the 1<sup>st</sup> October 2015 a new organisation, Slough Children’s Services Trust, was established with staff previously working with Children’s Services transferred to this organisation.</p> <p>The Council and Trust have worked together to develop a joint Ofsted Delivery Plan to address findings of Ofsted inspection and develop good services for vulnerable children.</p> <p>In August 2016 the council and Trust established a Joint Improvement Board (JIB) to monitor the delivery of the plan. The JIB includes all key partners, it meets monthly and is chaired by the Chief Executive of the Council with the Chief Executive of the Trust as the Vice Chair. The DfE attends as observer. The JIB reviews key performance and audit information as well as considering themed reports.</p> <p>There have been two Monitoring visits by Ofsted which have both recognised that progress has been made and the DfE have agreed that Slough no longer requires them to deploy a Commissioner for Children’s Social.</p>	Yes
Contract Management	<p>This remains a key risk for the Council and continues to be managed by officers and captured on the Strategic Risk Register. In 2016/17 Internal Audit undertook a number of advisory reviews to assist us in developing our contract management arrangements together with carrying out an open book review into significant contracts. This work will continue into 2017/18.</p> <p>We have specifically targeted some of our internal audit coverage to provide some advice and assistance around the transition of significant contracts back into the Council, together with further work to support the development of our contract management framework.</p>	Yes

Continued Economic Instability and Turbulence at a national level.	<p>The Failure to Deliver a Balanced Budget Remains on the Corporate Risk Register for 2016/17 and beyond. The Council has reported a final outturn underspend for 2016/17 of £26,000.</p> <p>We have set ourselves a balanced budget for 2017/18.</p> <p>In 2016/17 we also commissioned our Internal Auditors to undertake a review of our Budgetary Control arrangements together with a review of our key financial controls, and these audits provided only partial assurance over the effectiveness of controls in place for some areas reviewed including budgetary control. We have developed an action plan in response to this audit and are in the process of implementing these actions.</p>	Yes
Managing a mixed economy workforce.	<p>The Council continues to monitor performance through metrics to ensure outcomes are met. We are continuing to ensure that the actions agreed from previous Internal Audit reports in this area are being implemented throughout the Council.</p>	Yes
Partnership and Governance arrangements	<p>This in part relates to the above risk, though we need to continue to improve partnership governance arrangements in light of the Ofsted report and ensuring close working with partners into the future.</p> <p>In addition, a 2016/17 Internal Audit review into the Five Year Plan Outcomes provided a positive opinion in relation to the governance arrangements for the monitoring and delivery of outcomes.</p>	Yes
Procurement	<p>During 2016/17 we have continued to use Internal Audit in an advisory capacity to support us in the development of our contract management arrangements including how significant contracts are procured.</p>	Yes
Schools Environment	<p>We continued to commission an extensive programme of Internal Audit reviews around the management of our schools, including re-auditing a number of schools where negative opinions were provided in the previous year. Further audits of schools have taken place in 2016/17 to continue to drive forward improvements in internal controls, and to engage further with schools over improving safeguarding arrangements. This process will continue to be actively supported by our Audit and Corporate Governance Committee in 2017/18 and beyond. The Council needs to maximise its progress in respect of school improvement in an increasingly disparate education provision environment.</p> <p>We have also requested reviews in relation to Special Educational Needs (SEN) funding at schools and also a review in relation to how the Pupil Premium received by schools is being spent as part of the Internal Audit programme for 2017/18.</p>	Yes
Risk Management	<p>During 2016/17 we have been in the process of implementing new risk management software to aid the Council in the identification, prioritisation, management and reporting of risks within the Council.</p> <p>We have continued to develop our risk management arrangements during 2016/17, working towards implementing the actions agreed in this area by Internal Audit. Whilst we acknowledge that there is further work to be completed, improvements have been made in the processes in place, particularly with regards to developing the role of the Risk Management Group. In 2017/18 we will be further embedding risk management throughout the organisation and using this to support the delivery of our 5</p>	Yes

	year plan. As part of this, we plan to roll out risk management training to help embed understanding of how to manage risk.	
Asset Register	<p>During 2016/17 we requested our Internal Auditors to undertake a further review of the controls in place around our asset register, and to identify improvements made from the previous year. This review concluded that reasonable assurance can be provided over this area, although it noted that a number of further improvements were still required.</p> <p>We have developed an action plan in conjunction with Internal Audit and these actions will be monitored and implemented throughout 2017/18.</p>	No

**In addition to the above, the following significant control issues were identified as part of work undertaken by our Internal Auditors during 2016/17. The table below details both the issue identified together with the actions taken to address these.**

<b>Area</b>	<b>Issues identified during 2016/17</b>	<b>Action Taken</b>
Business Continuity	<p>An internal audit of this area provided a no assurance opinion over the effectiveness of controls in place and highlighted a lack of a robust framework for business continuity management within the Council.</p> <p>A lack of dedicated resource in this area over the last couple of years has resulted in a lack of attention being given to this important area. Furthermore, there were no arrangements for delivering business continuity management training to staff, or to ensure that there is effective monitoring and oversight of business continuity arrangements.</p>	<ul style="list-style-type: none"> <li>• The Council has reviewed the staffing resource and employed a resource to deal with Business Continuity</li> <li>• An overarching Business Continuity Management policy is in development</li> <li>• It has been agreed that progress against the Internal Audit actions and the plan will be reported monthly to the Risk Management Group.</li> </ul>
Information Governance	<p>An internal audit of this area provided no assurance opinion over the effectiveness of controls in place and identified that there was a lack of robust policies and procedures in place to support information governance framework within the Council, and as a consequence of this a number of key information governance requirements, such as data flow mapping were not being undertaken effectively across the Council.</p>	<ul style="list-style-type: none"> <li>• There has been little progress in this area but staffing levels are being reviewed to strengthen this area and address the agreed actions</li> </ul>
Voids Management	<p>An internal audit of our voids management procedures provided a no assurance opinion over the effectiveness of controls in place and highlighted a lack of policies and procedures in place to manage our voids process together with ineffective</p>	<ul style="list-style-type: none"> <li>• A recharge process using either Agresso or Capita will commence from May 2017</li> <li>• Three Performance Indicators were approved by Neighbourhood and Community Scrutiny Panel in</li> </ul>

	mechanisms to ensure that key controls are being complied with.	<p>January 2017</p> <ul style="list-style-type: none"> <li>• There is now an overarching Voids Policy in place</li> <li>• The Voids procedures have been updated and await final approval</li> <li>• The timeliness and the performance of the voids process is now recorded</li> </ul>
Fixed Penalty Notice Enforcement	An internal audit of our fixed penalty notice enforcement procedures provided a no assurance opinion over the effectiveness of controls in place as it was not possible to demonstrate that we were managing our contracts effectively and that all income due was being collected.	<ul style="list-style-type: none"> <li>• The Council can demonstrate that income received is being spent on related functions in line with Government guidance</li> </ul>
Health and Safety	An Internal Audit of our health and safety processes provided only partial assurance over the effectiveness of controls in place for this area and identified weaknesses in the reporting of health and safety risks across the Council, together with issues around the compliance with mandatory training not being identified.	<ul style="list-style-type: none"> <li>• The interim Chief Executive has taken responsibility for the majority of the Management Actions to ensure that they are completed</li> <li>• A member of the Health &amp; Safety Team now attends the Risk Management Group and Health &amp; Safety issues are now on the Corporate Risk register</li> <li>• The Corporate Management Team are currently reviewing the existing service provision.</li> <li>• The Manager's time input has been increased from 1 day to 3 days per week.</li> </ul>
Governance – Compliance with the Local Government Transparency Code 2015	<p>An Internal Audit of our compliance with the Local Government Transparency Code 2015 provided only partial assurance over the effectiveness of controls in place for this area.</p> <p>It identified that in a number of areas information which must be published by the Council was not and in a number of further instances the information that was published was out of date.</p>	<ul style="list-style-type: none"> <li>• Staff members have been assigned to maintain and update the information required</li> <li>• The list of transactions exceeding £500 has been updated</li> <li>• The publication date of the Social Housing Asset Value Spreadsheet has been stated.</li> <li>• The Housing Asset Value spreadsheet is now published at a general level</li> <li>• The Council has updated the detail required on Credit Card payments.</li> <li>• The Contracts Register is being updated to meet the requirements</li> <li>• The categorisation of payments is now consistent with the Local Government Transparency Code</li> </ul>

<p>Adult Safeguarding</p>	<p>In 2016/17, we requested that Internal Audit undertook a further review of our adult safeguarding arrangements and this identified that a number of areas of improvement were required. A partial assurance opinion was issued and one high and nine high priority actions were agreed.</p> <p>We have developed an action plan in response to this audit and are in the process of implementing actions to address the weaknesses identified.</p>	<ul style="list-style-type: none"> <li>• Regular review of delivery of actions at management meetings</li> <li>• Multi-agency audits of safeguarding practice and reporting outcome to statutory Safeguarding Adults Board and executive board</li> <li>• Executive board chaired by Director of Adult Social Care has oversight of safeguarding practice</li> <li>• Plans to establish a joint adult and children’s safeguarding business unit to ensure business support elements of safeguarding board functions are managed and improved</li> </ul>
<p>Voluntary Sector Commissioning</p>	<p>An audit of our arrangements for the ensuring the delivery of outcomes through our voluntary sector commissioning arrangements provided only partial assurance over the effectiveness of controls in place.</p>	<ul style="list-style-type: none"> <li>• Regular review of delivery of actions at management meetings</li> <li>• Resetting of the outcomes and outputs for this contract</li> <li>• Regular contract monitoring meetings have been set up</li> <li>• Publishing of delivery against outputs and outcomes.</li> </ul>

## Risk Register

The following risks have been highlighted on the Corporate Risk register as at the 31<sup>st</sup> March 2017, together with the associated residual risk rating (colour coding):



*We, the Leader and Interim Chief Executive, undertake over the coming year to continue to improve and monitor our governance arrangements to ensure they remain fit for purpose. We acknowledge the weaknesses highlighted above in our governance arrangements and are committed to addressing these during 2017/18 and will reflect and report on their operation and effectiveness as part of our next annual review.*

Signed .....

Date:

Leader

Signed .....

Date:

Interim Chief Executive

## **CONCLUSION**

The Council's Audit & Corporate Governance Committee is responsible for providing independent assurance on the adequacy of the risk management framework and the associated control environment and ensuring that appropriate action is taken with respect the issues raised on the control environment (for which the Annual Governance Statement forms a key element).

The Committee believes that it has discharged that responsibility, and that this report is evidence of that.