



AUDIT AND PERFORMANCE REVIEW PANEL

TUESDAY, 28TH JUNE, 2016

At 7.00 pm

in the

COUNCIL CHAMBER - GUILDHALL,

SUPPLEMENTARY AGENDA

PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
7.	<u>2015-16 ANNUAL GOVERNANCE STATEMENT</u> To consider the report.	3 - 16

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Report for: ACTION



Contains Confidential or Exempt Information	No - Part 1
Title	2015-16 Annual Governance Statement
Responsible Officer(s)	Russell O'Keefe, Strategic Director for Corporate and Community Services 01628 796222
Contact officer, job title and phone number	David Scott, Head of Governance, Partnerships, Performance and Policy 01628 796748
Member reporting	Cllr Targowska, Principle Member for HR and Legal
For Consideration By	Audit and Performance Review Panel
Date to be Considered	28 June 2016
Implementation Date if Not Called In	Ongoing in 2016/17
Affected Wards	All

Report Summary

1. This report presents the 2015/16 Annual Governance Statement (AGS), see Appendix 1.
2. It recommends that the Audit and Performance Review Panel consider the content and recommend the 2015/16 AGS to the Leader and Head of Paid Service¹ for signature and presentation with the Annual Statement of Accounts. These recommendations are being made to ensure that the Council meets its statutory requirements and those of this Panel's Terms of Reference to be satisfied that the Council has in place appropriate corporate governance systems and controls. In addition, the Panel is asked to note the changes that have been made to the Corporate Governance processes compared to the 2014/15 statement.
3. The significant governance issues identified from the Management Assurance Statements prepared by each Head of Service, under the revised AGS process for this year, are included within the Corporate Action Plan shown as Appendix A in the AGS.
4. The 2015/16 governance self assessment process, and Corporate Action Plan includes two areas that have been previously identified. These areas are:
 - a. Induction plans being tailored to meet individual appointment needs,
 - b. The refresh and reshaping of the Council's Performance Management Framework is progressing and is, to an extent, a continuous on-going improvement process but a new framework will shortly be implemented.

If recommendations are adopted, how will residents benefit?

Residents will have assurances that the principles of good corporate	Ongoing
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¹ * Head of Paid Service role fulfilled at RBWM by the Managing Director, hence reference to this role throughout.

<p>governance are incorporated into the Council's day to day business delivery and processes. Providing confidence in its decision-making, management processes, conduct and professionalism of Council Members, Officers, Partners and other agents in delivering services. Application of a good governance framework will help the Council to improve its performance, give local residents better local services and provide stronger leadership for local communities.</p>	
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1. DETAILS OF RECOMMENDATIONS

RECOMMENDED: The Panel is asked to:

- a) **Consider the draft 2015/16 AGS and identify any specific matters which should be brought to the attention of Council or Cabinet;**
- b) **Recommend the 2015/16 AGS to the Leader and Managing Director for signature and publication with the Council's Statement of Accounts;**
- c) **Note the revisions that have been made to the Council's Annual Governance processes for 2015/16 compared to previous years.**

2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 The annual review of the Council's governance framework is required under the Accounts and Audit (Amendment) (England) Regulations 2015 which state that 'A relevant authority must ensure that it has a sound system of internal control (Part 2, 3a) and each financial year (Part 6, 1 and 2) conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement'.
- 2.2 The AGS is required to demonstrate that systems and processes are in place to ensure that Council business is conducted lawfully and in accordance with proper standards. The AGS process is intended to demonstrate that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 2.3 In previous recent years, RBWM has followed what was the CIPFA/SOLACE Joint Working Group issued '*Delivering Good Governance in Local Government: Framework*' and an accompanying Guidance Note in 2007. In an effort to continue to streamline this process and reduce the burden this processes placed upon the organisation, for the 2015/16 statement, the Council has adopted the process used by Wokingham Borough Council, which is more streamlined and less bureaucratic.
- 2.4 The revised process have five stages, which includes the following:
 - Stage 1- Managing Director initiates the process with all Heads of Service, in January.
 - Stage 2 - Heads of Service prepare Management Assurance Statements (MAS) for the areas of responsibility they manage, based upon standard template, by end of March.
 - Stage 3 - Analysis of the completed and returned MAS and results reviewed with Corporate Management team, and a draft Corporate Action Plan prepared by the Head of Governance, Partnerships, Performance and Policy, in conjunction with the Shared Service for Audit and Investigation.

Stage 4 -The draft AGS and Corporate Action Plan be submitted to Audit and Performance Review for comments and recommendation to submit to the Managing Director and Leader of the Council for signature.

Stage 5 - AGS signed by the MD and Leader by the end of June to go with the Statement of the Annual Accounts.

2.5 The draft AGS and Corporate Action Plan for 2015/16 are attached at Appendix 1 and 2.

2.6 The revised AGS process follows the six core principles of effective governance, as previously recommended and these are summarised in Table 1.

1.	Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
2.	Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
3.	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4.	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
5.	Developing the capacity and capability of Members and Officers to be effective.
6.	Engaging with local people and other stakeholders to ensure robust public accountability.

2.7 The Headlines of the draft 2015/16 AGS are:-

- The Council has an improved and revised governance framework and assurance processes in place for this year, which is less resource intensive than the process followed and adopted in previous years. The process this year requires individual Deputy Directors and Heads of Service to identify governance issues at a functional level within the service areas they are directly responsible for managing.
- The AGS 2015/16 is attached at Appendix 1.
- Progress has been made on the 2014/15 Corporate Action Plan, although there are two action points that have not yet been completed, and therefore these are included in the 2015/16 Corporate Action Plan to enable completion.
- Some further new action point areas have been identified as part of the revised and more streamlined approach adopted this year. These are set out in the 2015/16 Corporate Action Plan shown in Appendix 2.

Overview of the preparation of the AGS

2.8 The individual MAS have been analysed to identify areas of a wider corporate nature, rather than individual service or directorate specific issues, and the common areas used to inform the new action plan.

2.9 The Corporate Management Team have been consulted on the emerging issues from the service based MASs, and on the action points that have emerged.

2.10 The Shared Service for Audit and Investigation have supported the process, including training for the whole of the Senior Leadership Team (Strategic Directors and the 15 Deputy directors and heads of Service) in the revised approach adopted this year.

What happens next

2.11 Once approved by the Audit and Review Panel, the AGS is required to be signed off by the Leader of the Council and Managing Director and presented with the Council’s 2015/16 Statement of Accounts to fulfil our statutory obligations.

2.12 External Audit, KPMG, is required to comment on the content of the AGS in terms of whether it correctly represents the organisation.

Option	Comments
Consider the draft 2015/16 AGS and changes to the process, confirm the draft AGS to the Managing Director and Leader of the Council for signature and publication with the Council's Statement of Accounts. Recommended	This will ensure that the Council meets its statutory requirements. In addition, this Panel will comply with its responsibilities as set out within their Terms of Reference in respect of the Council’s governance arrangements.
Note the draft 2015/16 AGS and changes to the process, propose further changes before submission to the Managing Director and Leader of the Council.	Members may wish to request that the AGS is amended if they feel that there are material issues which have not received sufficient emphasis or if there are specific issues either document is deficient in.
Not approve the 2015/16 AGS or changes to the process adopted.	The Council will not meet its statutory requirements and this may expose the Council to an avoidable risk, arising from not having an adequate governance framework. . This could result in a qualification in the External Auditors’ Annual Management Letter.

3. KEY IMPLICATIONS

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date to be delivered by
Council has a process in place to meet the core principles of good governance supporting good performance and outcomes for service users / residents.	Poor service performance and outcomes for service users / residents.	Good service performance and outcomes for service users / residents.	n/a	n/a	Ongoing
Residents will have assurances that the principles of good governance are being incorporated into the Council's normal business processes, providing them with confidence in the decision-making and management processes and in the conduct and professionalism of its Members, officers, partners and other agents in delivering services.	Loss of residents' confidence. Council reputation may be affected.	Gain residents' confidence. Council reputation protected.	n/a	n/a	Ongoing
Unqualified opinion from External Audit in respect of the Financial Accounts and Management Letter in relation to the preparation and content of the AGS.	Adverse comment and a qualified External Audit Management Letter.	Unqualified External Audit opinion in the Management Letter as Council meets its statutory requirements.	n/a	n/a	Ongoing

4. FINANCIAL DETAILS

a) Financial impact on the budget (mandatory)

Revenue – There are no arising directly as a result of this report. However there may be additional costs for services in implementing specific actions to ensure improvements are made in internal control and governance to meet the corporate actions or improvement identified at a service or directorate level. These will be met from within existing budgets.

Capital - None

b) Financial Background (optional) – N/a

5. LEGAL

5.1 The Accounts and Audit (Amendment) (England) Regulations 2015 state that: A relevant authority must, ensure that it has a sound system of internal control (Part 2, 3. a) and each financial year (Part 6, 1 and 2)

- a. Conduct a review of the effectiveness of the system of internal control and,
- b. prepare an annual governance statement.

6. VALUE FOR MONEY – N/a

7. SUSTAINABILITY IMPACT APPRAISAL - N/a

8. RISK MANAGEMENT

Risk	Uncontrolled Risk	Controls	Controlled Risk
Failure of the Council to have a process in place to meet all core principles of good governance leads to poor performance, poor outcomes for service users / residents.	High	Ensure that:- The AGS provides the management processes to update, review and react to amendments to Corporate Governance principles, as laid out by legislative requirements. An independent Audit Committee (in the form of this Panel) has the skills capable of both considering and challenging the robustness of the Council's governance arrangements. Senior Officers and Members take ownership of the AGS.	Low
Failure to consult appropriate officers with correct	High	Directorate Management Teams undertake regular self-assessments of their governance arrangements. Periodic update reports to Corporate	Low

Risk	Uncontrolled Risk	Controls	Controlled Risk
levels of responsibility in the assurance gathering process.		Management Team summarising progress in achieving the governance action plan on those areas identified as needing to be addressed.	

9 LINKS TO STRATEGIC OBJECTIVES

9.1 The adoption of the Annual Governance Statement process will support the delivery of our strategic objectives.

- Resident First
- Value for Money
- Delivering Together
- Equipping Ourselves for the future.

10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION - N/a

11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS - N/a

12. PROPERTY AND ASSETTS - N/a

13. ANY OTHER IMPLICATIONS – N/a

14. CONSULTATION

14.1 All Deputy Directors and Heads of Service and Strategic Directors have been consulted in the preparation of the AGS. Deputy Directors and Heads of Service have completed and returned individual Management Assurance Statements. Training on the revised process adopted for 2015/16 has been provided through the Senior Leadership Team by the Head of GPPP and Shared Service for Audit and Investigation.

15. TIMETABLE FOR IMPLEMENTATION

15.1 The 2015/16 AGS covers the governance arrangements in place during the financial year to 31 March 2016. The timescales for addressing the significant governance issues identified are detailed within the Action Plan at Appendix B.

16. APPENDICES

- Appendix A - 2015/16 Annual Governance Statement
Appendix B - 2015/16 Annual Governance Statement Action Plan .

17. BACKGROUND INFORMATION

17.1 The Accounts and Audit (Amendment) (England) Regulations 2015.

17.2 RBWM Constitution Part 6 – Terms of Reference of all other committees, Panels and other bodies of the Council – F6 – Audit and Performance Review: (k).

18. CONSULTATION (MANDATORY)

Name of consultee	Post held and Department	Date sent	Date received response	See comments (paragraph)
Internal				
Alison Alexander	Managing Director / Strategic Director Adults, Children and Health Services	16/06/15		
Russell O'Keefe	Strategic Director Corporate and Community Services	15/06/15		
Simon Fletcher	Strategic Director Operations and Customer Service	16/06/15		
Sheldon Hall	Shared Service for Audit and Investigation	16/06/16		
Cllr Paul Brimacombe	Chair of Audit and Performance Review Panel	??/06/15		

REPORT HISTORY

Decision type:	Urgency item?
Key decision entered into the Forward Plan – N/A	No

Report no	Full name of report author	Job title	Full contact no:
	David Scott	Head of GPPP	01628 79 6748

Royal Borough of Windsor and Maidenhead Annual Governance Statement (AGS) 2015/16

1. What RBWM are responsible for

- 1.1 RBWM are responsible for carrying out our business in line with the law and according to proper accounting standards. RBWM also have a duty to use public money economically, efficiently and effectively, and to account for it properly. The Local Government Act 1999 requires us to keep under review and improve the way we work, to offer value for money and an efficient and effective service.
- 1.2 RBWM therefore have proper arrangements for overseeing what we do (this is what we mean by governance). These arrangements are intended to ensure we do the right things, in the right way, for the right people, in good time and in a fair, open, honest and accountable way.
- 1.3 This Governance Statement explains how we have followed the framework required under the Accounts and Audit (Amendment) (England) Regulations 2015.

2. The Governance Framework

- 2.1 RBWM's governance framework comprises of a five stage process which directly involves the Senior Leadership Team (SLT) which comprises the Strategic Directors and the Deputy Directors and Heads of Service. The Deputy Directors and Heads of Service are required to complete an individual Management Assurance Statement (MAS), based upon a template which requires a declaration about:
- the use of effective control systems,
 - awareness of significant risks,
 - compliance with the Council's Constitution,
 - responsibility to report unresolved concerns,
 - the Whistleblowing Policy.

The MAS seeks assurances about the internal systems of control, and any exceptions that have been identified, and the sources of assurances which have been used. These MASs are then used to inform the 2015/16 Annual Governance Statement (AGS) and which identifies the material governance issues affecting the Council.

- 2.2 The Council uses a local code of corporate governance consistent with principles required by the Accounts and Audit Regulations. The Council's financial management arrangements similarly conform to the governance requirements set out in CIPFA's 'Role of the Chief Financial Officer in Local Government' (2010), which were in place until April 2016. The code is available on request a copy from the Shared Audit and Investigation Service, Town Hall, St Ives Road, Maidenhead, Berkshire, SL6 1RF. (The new code effective from April 2016 is available [here](#).)

3. The aim of the governance framework

- 3.1 The governance framework is basically the systems, processes, culture and values which govern our behaviour, and by which RBWM engage with and lead the community, and the standards to which RBWM is held to account. The framework allows RBWM to monitor how it is achieving its long-term aims and to consider whether these aims have helped deliver appropriate services which represent value for money. The Council approved a four year Council Strategic Plan 2016-2020 in December 2015, this has informed the 2016/17 Directorate Annual Plans. Together these documents help the Council focus on its four strategic objectives:

- Put residents first
- Deliver value for money
- Deliver together with our partners
- Equip ourselves for the future

3.2 The work undertaken by Internal Audit (Shared Audit and Investigation Service) provides an important role in securing these objectives. It cannot eradicate all risk of failure, but it is designed to manage risk down to reasonable levels. It is part of a wider system of internal control the purpose of which is to:

- identify and prioritise the risks that could prevent us from achieving our policies and aims;
- assess their likelihood, and likely consequences;
- to manage the risks efficiently, effectively and economically.

3.3 RBWM have had a governance framework in place from 1 April 2015 and up to the date the approved statement of accounts were prepared.

4. Review of Effectiveness of the Governance Framework

4.1 The current “Public Sector Internal Audit Standards” (PSIAS) came into effect from 1st April 2013 and were revised in March 2016. These standards recognise that a professional, independent and objective internal audit service is a key element of good governance and they encompass the mandatory elements of the Chartered Institute of Internal Auditors International Professional Practices Framework. A PSIAS compliance assessment has been carried out for internal audit activities during 2015/16.

The Internal Audit Service is assessed as “generally compliant” for 2015/16. A number of areas have been identified where compliance could be improved.

4.2 The review is also informed by those of the council's management, panels and committees responsible for developing and maintaining the governance environment, and by the Chief Audit Executive's annual report and by comments from the external auditor and other review agencies and inspectorates.

4.3 Value-for-money is a strategic priority. It means every material spending decision has documentary evidence the proper price was paid. We monitor this with Directorate self-assessments, action plans, and external inspections. Methods of extracting better value include the 'fundamental service reviews' and 'fast fundamental service reviews' carried out in 2015/16 and contract reviews.

4.4 The Council maintains Anti Fraud and Anti Corruption strategies and policies alongside the Shared Audit and Investigation Service.

4.5 The Council is undergoing a Transformation Programme, which is recorded in the Corporate Risk Register and assigned to the Managing Director. RBWM also consults its staff and their unions.

4.6 The Council's Constitution details the responsibilities of the Managing Director, Strategic Directors and Heads of Service, including the Monitoring Officer and Chief Financial Officer (Head of Finance). The Managing Director has specific objectives agreed with the Leader of the Council. These are monitored and reviewed as part of an annual performance appraisal. The Head of Finance and the Service Manager, Shared Audit and Investigation Service also complete an annual self-assessment. An action plan sets out areas for improvement, which is then monitored.

- 4.7 Self-assessment has revealed two areas carried over from the 2014-2015 AGS still requiring improvement. Accordingly, these are reiterated in the 2015-2016 Action Plan, which will be progressed during 2016-17. In addition the analysis of the MASs has identified five further areas which have organisational wide implications and are included in the new plan.
- 4.8 The review of governance is overseen by our Audit and Performance Review Panel, which is responsible for ensuring the production of the AGS and recommending it to the Leader and Managing Director for signature, while noting progress in addressing any governance problems.
- 4.9 This review has confirmed RBWM have the main processes and documents in place. These processes and documents are defined in the framework.

5. Significant Governance Issues

- 5.1 The governance process requires the Council to identify the more significant governance issues identified by the Senior Leadership Team. Action plans have been agreed to address such areas arising from our 2015-2016 review to promulgate continuous improvement. The attached Corporate Action Plan sets out the remedies we will administer.
- 5.2 The action plan at [Appendix A](#) lists the most significant governance issues identified during our 2015/16 annual review alongside remediation to date and any action still outstanding from the 2014/15 review of corporate governance.
- 5.3 In addition to the Corporate Action Plan, each of our directorates maintain its own action plan with specific directorate issues, which they are responsible for monitoring.

Over the next year, RBWM will be taking steps to tackle the issues listed in our Action Plan so we can further improve our governance arrangements. We are satisfied that these steps will bring about the improvements that we identified in our review of effectiveness and we will monitor these improvements as part of our next annual review.

Signed on behalf of RBWM:

Alison Alexander
Managing Director
Date:

Cllr Simon Dudley
Leader of the Council
Date:

Royal Borough of Windsor and Maidenhead - Annual Governance Statement 2015/16 Corporate Action Plan

Ref	Corporate Governance issue	Management action and response	Responsibility	Target completion timescale
AGS16.1	The quality of service for users is not effectively measured (carried forward from 2014/15 plan as not yet fully complete)	This work is progressing well and the Council is continuing to refine and strengthen the Council-wide performance management framework. While, as you would expect in a proactive organisation, there will be an ongoing process of looking to continually improve this, there will shortly be a revised performance management framework implemented.	Strategic Director of Corporate and Community Services and SLT	Qtr 2 2016/17, by end September 2016 for revised framework and then ongoing for continuous improvement.
AGS16.2	Induction programmes are not tailored to individual needs to allow officer to update their knowledge (carried forward from 2014/15 plan as not yet complete)	Significant work has been undertaken with input from two action learning sets who were involved in reviewing the induction process. More work is required to further strengthen induction processes to ensure staff, in all areas of the council, are receiving a tailored, high quality, induction that maximises the positive impact. Reports available that identify new staff induction status.	SLT (All Strategic Directors and Heads of Service)	Qtr 2 2016/17, by end of September 2016 and then ongoing for continuous improvement.
AGS16.3	Knowledge of the Borough's Whistle Blowing Policy and the obligations RBWM Constitution places on all Officers to support effective corporate governance.	Further work to strengthen wider knowledge and understanding of the Council's Whistleblowing policy and procedures, and how to raise issues in a way which enable individual who have concerns to raise them in a timely manner and without fear of retribution, across all staff in all areas of the council. Wider knowledge and understanding of the responsibilities arising from the Officer Code of Conduct and associated responsibilities and procedures as set out in RBWM Constitution.	SLT and Service Leaders to cascade and share with teams and individuals, and ensure refresher awareness opportunities are built into team meetings and 1-1 supervision sessions.	Ongoing, and linked with HR January 2017 focus on compliance for a range of annual refresh processes.
AGS16.4	Business Continuity Plans for the organisation In three aspects i. The corporate plans vs Service specific plans	Further strengthen the plans and shared understanding across the organisation of how 'Business as Usual' will be restored or delivered on an ongoing basis, in the event of a significant disruption arising from emergency	SLT and Service Leaders.	Ongoing, with reviews of progress at end of Qtr 2, 3 and 4.

Ref	Corporate Governance issue	Management action and response	Responsibility	Target completion timescale
	<ul style="list-style-type: none"> ii. The links to Disaster Recovery iii. The links to and reliance on IT Systems and Service delivery without IT 	<p>or unplanned critical incident.</p> <p>Robust plans are prepared and tested regularly to provide resilience to any critical Council services.</p> <p>Clear and shared knowledge of service critical systems (including IT) are agreed and contingency plans are refreshed and updated on a routine and rolling basis.</p>		
AGS16.5	None response to internal Audit reports	Further strengthen the approach to ensure all internal Audits are responded to promptly and required actions agreed are part of the audit sign off, and Heads of Service track and regularly monitor action plans.	SLT and Service Leaders.	By end of Qtr 4 all published Internal Action Plans are responded to and agreed actions implemented.
AGS16.6	Contract Management end to end systems and processes	Review, consolidate and further strengthen the central contract register and the end to end processes to enable the most effective contract management in all parts of the council.	SLT and Service Leaders	Throughout the year on an ongoing basis.
AGS16.7	Management restructure implications on organisational governance systems.	Further develop the understanding and robustness of the organisational governance systems across the whole organisation, to ensure the governance framework is applied and maintained consistently at all times.	SLT	Throughout the year on an ongoing basis.

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