

Report Title:	2017-18 Annual Governance Statement
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Targowska, Principal Member for HR, Legal & IT
Meeting and Date:	Audit and Performance Review Panel – 12 June 2018
Responsible Officer(s):	Alison Alexander, Managing Director Elaine Browne, Head of Law and Governance
Wards affected:	All

## REPORT SUMMARY

- 1 This report presents the 2017/18 Annual Governance Statement (AGS) see Appendix 1.
- 2 It recommends that the Audit and Performance Review Panel consider the content and recommend the 2017/18 AGS to the Leader and Managing Director for signature and presentation with the Annual Statement of Accounts.
- 3 The recommendation is 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.
- 4 The governance issues identified from the Management Assurance Statements prepared by each Head of Service are included within the Corporate Action Plan shown as Appendix 2 in the AGS.

## 1 DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION:** That Audit and Performance Review Panel notes the report and:

- i) Consider the draft 2017/18 AGS and identify any specific matters which should be brought to the attention of Council or Cabinet; and
- ii) Recommend the 2017/18 AGS to the Leader and Managing Director for signature and publication with the Council's Statement of Accounts.

## 2 REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 The annual review of the Council's governance framework is required under the Accounts and Audit Regulations 2015 which state that 'A relevant authority must ensure that it has a sound system of internal control (Regulation 3) and each financial year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement (Regulation 10).
- 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 The Council's governance framework comprises of a six stage process:

- Stage 1 – Distribution of Management Assurance Statements (MAS) to Heads of Service.
- Stage 2 – Completion and return of MAS.
- Stage 3 – Analysis of completed MAS.
- Stage 4 – Compilation of Corporate Action Plan and Production of AGS
- Stage 5 – Recommendation by Audit & Performance Review Panel for sign off of AGS by the Leader and the Managing Director.
- Stage 6 - Sign off of AGS by Leader and the Managing Director.

2.4 The draft AGS and Corporate Action Plan for 2017/18 are in Appendices 1 and 2.

2.5 The 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.

2.6 The AGS 2017/18 is shown in Appendix 1.

- Progress has been made on the 2016/17 Corporate Action Plan although there are action points previously included in the 2015/16 and 2016/17 Corporate Action Plans which are included in the 2017/18 Corporate Action Plan as part of the continuous on-going improvement process.
- New action point areas have been also been identified and these are set out in the 2017/18 Corporate Action Plan shown in Appendix 2.

## Overview of the preparation of the AGS

- 2.7 The individual MAS have been analysed to identify areas of a wider corporate nature, rather than individual service issues, and the common areas used to inform the action plan. The Senior Leadership Team has been consulted on the emerging issues from the service based MASs, and on the action points that have emerged.

## What happens next

- 2.8 Once approved by the Audit and Performance Review Panel, the AGS is required to be signed off by the Managing Director and the Leader of Council and presented with the Council's 2017/18 Statement of Accounts to fulfil the Council's statutory obligations. Then external auditor is required to comment on the content of the AGS in terms of whether it correctly represents the organisation.

Option	Comments
Consider the draft 2017/18 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. <b>The Recommended Option</b>	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 2017/18 AGS and changes to the process, propose further changes before submission to the Managing Director and Leader of the Council. <b>Not Recommended</b>	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 2017/18 AGS or changes to the process adopted. <b>Not Recommended</b>	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

Table 2: Key implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Council has a process in place to meet the core principles of good governance supporting good	Poor service performance and outcomes for service users / residents.	Good service performance and outcomes for service users / residents.	n/a	n/a	Ongoing

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
performance and outcomes for service users / residents.					
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

#### **4 FINANCIAL DETAILS / VALUE FOR MONEY**

##### **4.1 Financial impact on the budget (mandatory)**

Revenue – There are none arising directly as a result of this report.

#### **5 LEGAL IMPLICATIONS**

- 5.1 The Accounts and Audit Regulations 2015 require that a relevant authority must, ensure that it has a sound system of internal control (Regulation 3) and each financial year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement Regulation 10).

#### **6 RISK MANAGEMENT**

**Table 3: Impact of risk and mitigation**

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
Failure of the Council to have a process in place to meet	High	Ensure that:-  The AGS provides the management processes to update, review and react to amendments to	Low

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
all core principles of good governance leads to poor performance, poor outcomes for service users / residents.		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.	
Failure to consult appropriate officers with correct levels of responsibility in the assurance gathering process.	High	Directorate Management Teams undertake regular self-assessments of their governance arrangements.  Periodic update reports to Corporate Management Team summarising progress in achieving the governance action plan on those areas identified as needing to be addressed.	Low

## **7 POTENTIAL IMPACTS**

- 7.1 The adoption of the AGS process will support the delivery of all six strategic objectives.

## **8 CONSULTATION**

- 8.1 All Senior Leaders have been consulted in the preparation of the AGS. They have completed and returned individual Management Assurance Statements.

## **9 TIMETABLE FOR IMPLEMENTATION**

- 9.1 The 2017/18 AGS covers the governance arrangements in place during the financial year to 31 March 2018. The timescales for addressing the significant governance issues identified are detailed within the Action Plan at Appendix 2.

## **10 APPENDICES**

- Appendix 1 - 2017/18 Annual Governance Statement  
Appendix 2 - 2017/18 Annual Governance Statement Corporate Action Plan

## **11 BACKGROUND DOCUMENTS**

- 11.1 The Accounts and Audit Regulations 2015.

11.2 The Public Sector Internal Audit Standards (PSIAS) (March 2017)

**12 CONSULTATION (MANDATORY)**

<b>Name of consultee</b>	<b>Post held</b>	<b>Date sent</b>	<b>Commented &amp; returned</b>
Cllr Targowska	Principal Member for HR, Legal & IT	1.6.2018	
Alison Alexander	Managing Director	1.6.2018	
Russell O'Keefe	Executive Director	1.6.2018	
Andy Jeffs	Interim Executive Director	1.6.2018	
Rob Stubbs	Section 151 Officer	1.6.2018	
Nikki Craig	Head of HR	1.6.2018	3.6.2018
Elaine Browne	Head of Law and Governance	1.6.2018	N/A

**REPORT HISTORY**

<b>Decision type:</b> Key decision	<b>Urgency item?</b> No
Report Author: Elaine Browne, Head of Law and Governance 07818588192	



**Royal Borough of Windsor and Maidenhead**  
**Annual Governance Statement (AGS) 2017/18**

**1. WHAT THE COUNCIL IS RESPONSIBLE FOR**

- 1.1 The Council is responsible for: carrying out its business in line with the law and; in accordance to proper accounting standards and a duty to use public money economically, efficiently and effectively, and to account for it properly. The Local Government Act 1999 requires the Council to keep under review and improve the way the Council work, to offer value for money and provide an efficient and effective service.
- 1.2 To ensure adherence to these requirements the Council has arrangements (“governance framework”) to oversee its activity. These arrangements are intended to ensure that the Council 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 2017/18 Annual Governance Statement explains how the Council has followed its governance framework to assure compliance with its responsibility and duty in line with the Accounts and Audit Regulations 2015.

**2. THE GOVERNANCE FRAMEWORK**

- 2.1 The Council's governance framework comprises of a six stage process:
- **Stage 1:** Distribution of Management Assurance Statements (MAS) to Heads of Service/Deputy Directors.
  - **Stage 2:** Completion and return of MAS.
  - **Stage 3:** Analysis of completed MASs.
  - **Stage 4:** Compilation of Corporate Action Plan and Production of AGS using analysis of MASs.
  - **Stage 5:** Recommendation by Audit & Performance Review Panel for sign off of AGS by the Leader and the Managing Director.
  - **Stage 6:** Sign off of AGS by Leader and the Managing Director.
- 2.2 Senior Officers are required to use the MAS to provide assurance about the internal systems of control, and any exceptions they have been identified, and the sources of assurances which they have used. The MASs are used to inform the annual, 2017/18, AGS which identifies the material governance issues affecting the Council.
- 2.3 The Council uses a local code of corporate governance consistent with principles required by the Accounts and Audit Regulations. The code is available on request from the Head of Law & Governance, Town Hall, St Ives Road, Maidenhead, Berkshire, SL6 1RF.

**3. THE AIM OF THE GOVERNANCE FRAMEWORK**

- 3.1 The governance framework is basically the systems, processes, culture and values which govern the Councils behaviour, and by which the Council engage with and lead the community, and the standards to which the Council is held to account. The framework allows the Council 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.



- 3.2 The Council approved a four year plan in July 2017 through to March 2021 and this has informed the 2018/19 Annual Service Plans. Together these documents help the Council focus on its six strategic objectives:
1. Healthy, skilled and independent residents
  2. Safe and vibrant communities
  3. An excellent customer experience
  4. Growing economy, affordable housing
  5. Attractive and well-connected borough
  6. Well-managed resources delivering value for money
- 3.3 The governance framework cannot eradicate risk of failure, is it designed to identify risk and the internal audit function seeks to ensure risk is address and or mitigated. It is part of a wider system of internal control. All internal controls are designed to:
- Identify and prioritise the risks that could prevent the Council from achieving its policies, strategic vision and priorities.
  - Assess the likelihood, and likely consequences or the risks.
  - To manage the risks efficiently, effectively and economically.
- 3.4 The AGS supports the published approved statement of accounts.

#### **4. REVIEW OF EFFECTIVENESS OF THE GOVERNANCE STATEMENT**

- 4.1 The current 'Public Sector Internal Audit Standards' (PSIAS) came into effect from 1 April 2013 and were revised in March 2017. The 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 external assessment has been carried out for internal audit activities during 2017/1 which concluded that the Internal Audit Service is assessed at the current draft stage as "generally compliant" for 2017/18, with areas identified where compliance could be improved.

#### **5. GOVERNANCE MEASURES**

- 5.1 In addition to the external PSIAS assessment, the Chief Audit Executive reviews Internal Audit through gathering information and feedback from council's management, panels and committees and by comments from other review agencies and inspectorates such as CQC and Ofsted.
- 5.2 Value-for-money is a strategic priority. The Council maintains Contract Rules which govern Council spend.
- 5.3 The Council maintains Anti Fraud and Anti Corruption strategies and policies alongside the Shared Audit and Investigation Service.
- 5.4 The Council is still 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.
- 5.5 The Council's Constitution details the responsibilities of the Managing Director, Executive Directors and Senior Leaders, 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.

- 5.6 Self-assessment has revealed three areas carried over from the 2015-2016 AGS still requiring improvement. Accordingly, these are reiterated in the 2017-2018 Action Plan, which will be progressed during 2018-19. In addition the analysis of the MASs has identified two further areas which have corporate wide implications and are included in the new plan.
- 5.7 The review of governance is overseen by the Council's 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 issues.
- 5.8 This review has confirmed that the Council have the main processes and documents in place. These processes and documents are defined in the framework.

## **6. SIGNIFICANT GOVERNANCE ISSUES**

- 6.1 Completion of the MASs by the Senior Management Team ensure identification of the most serious risks. The most serious risks, identified in the 2017/18 are captured in a corporate action plan alongside expected outcomes and target dates, see appendix 2.

Over the next year, the Council will be taking steps to tackle the issues listed in the Corporate Action Plan so that the Council can further improve its governance arrangements. The Council is satisfied that these steps will bring about the improvements that the Council identified in its review of effectiveness and the Council will monitor these improvements as part of its next annual review.

**Signed on behalf of the Royal Borough of Windsor and Maidenhead:**

**Alison Alexander**  
**Managing Director**  
**Date:**

**Cllr Simon Dudley**  
**Leader of the Council**  
**Date:**

APPENDIX 2

Royal Borough of Windsor and Maidenhead - Annual Governance Statement 2017/18 Corporate Action Plan

Ref	Corporate Governance issue	Management action and response	Responsibility	Expected Outcome	Target Date
AGS18.1	Business Continuity Plans for the organisation. (Carried forward from 2015/16)	SMT have confirmed that Business Continuity Plans are in place, however, in order to strengthen the process Management Team will obtain independent validation.  A formal response to the 2017/18 draft internal audit report is still outstanding.	Senior Management Team	Internal audit to be commissioned to independently review the BCPs during 18/19.	December 2018
AGS18.2	Lack of and timeliness of responses to internal Audit reports.(Carried forward from 2015/16)	SMT Agreed that all internal audit draft reports are responded to, including agreed required actions.  Head of Finance will bring a quarterly report to SMT of all outstanding responses and any learning points.	Senior Management Team  Deputy Director & Head of Finance (s.151 Officer)	All draft internal audit reports are responded to in a timely manner with lessons learned and best practice shared with SMT.	June 2018 September 2018 December 2018 March 2019
AGS18.3	Budget pressures	Quarterly checks by s.151 Officer that robust budget monitoring has taken place at all levels of the organisation.	Deputy Director & Head of Finance (s.151 Officer)	Quarterly budget report to Cabinet sets out budget pressures.	June 2018 September 2018 December 2018 March 2019
AGS18.5	Health and Safety	The approved 2018/2019 internal audit plan includes high risk Health and Safety areas.  Head of HR will bring Quarterly report to SMT setting any reported H&S issues together with any learning points and best practice.	Senior Management Team  Head of HR		March 2019  June 2018 September 2018 December 2018 March 2019