

# Delivering the Council's Annual Governance Statement (AGS) 2016-17

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## SUMMARY

1. The London Borough of Hillingdon is required to prepare an Annual Governance Statement (AGS) to meet its responsibilities for safeguarding public money and managing business functions in accordance with the Accounts and Audit Regulations 2015. The Council also has a duty under the Local Government Act 2003 to conduct a continuous assessment and improvement of business functions and demonstrate Economy Efficiency and Effectiveness.
2. A new framework entitled "Delivering good governance in Local Government : Framework (CIPFA 2016)" has been introduced and applies to AGSs prepared for the financial year 2016/17 onwards.
3. The Council is reviewing the new framework introduced for the AGS for 2016/17 and is considering how its corporate governance framework matches the new requirements. Over recent years the Council has developed a system to evaluate the management of internal controls, risk and control assurances across all services which will form part of the new approach. This will conclude with a formal statement outlining overall performance and any measures needed to address identified weaknesses as part of the Statement of Accounts. The Corporate Governance Working Group (CGWG) will provide leadership and support to compile the 2016-17 AGS.

## REASON FOR REPORT

4. To provide Audit Committee with an update on the process to be adopted and approach to be taken in compiling the AGS 2016-17.

## RECOMMENDATION

5. **Members are invited to note procedure followed and assurance used to produce the AGS for 2016/17.**

## BACKGROUND INFORMATION

### AGS Requirements and New Framework

6. Under regulation 6(1)(a) of the Accounts and Audit Regulations 2015 the London Borough of Hillingdon is required to conduct a review at least once in a year of the effectiveness of its system of internal control and include a

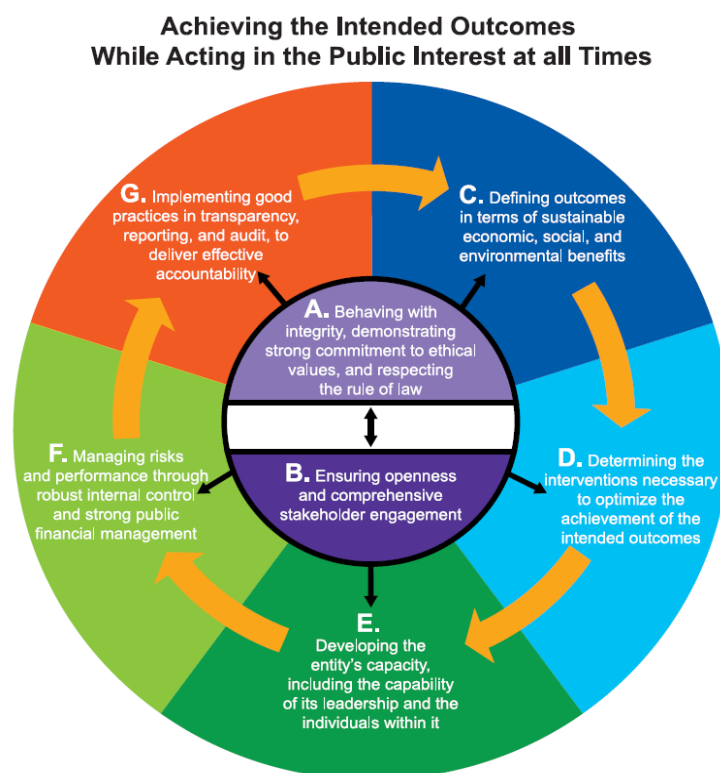
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statement reporting on the review with any published Statement of Accounts.

7. The AGS is the process for self-assessing the Council's management of internal governance systems across all services, with the publication of a formal statement outlining overall performance and measures needed to address any identified risks.
8. The new Framework develops the existing guidance and seeks to ensure it is fit for a modern local government, including for example governance in emerging new structures such as combined authorities or through shared services.
9. The guidance is based upon 7 core principles :



10. Principles A & B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic.
11. Within the guidance it is suggested that key good practice features of an AGS are :
  - The statement has been properly approved.
  - It is regarded as valuable means of communication which will enable stakeholders to understand the authority's governance arrangements.

- It is easily accessible by authority members and the public , for example through prominent display on website and publishing it with, but separately, from accounts.
- It has been clearly thought out and reflects the vision, character and structure of the authority i.e. the big picture and not the detail.
- It demonstrates ownership by the authority and has high status within senior management.
- It is genuinely shared effort with wide input from outside the finance and audit functions.
- It is a key document for showing how the authority is achieving its strategic objectives.
- It is in an open and readable style.
- It demonstrates Challenge.
- Issues are clearly articulated and it communicates a clear and concise message.
- Weaknesses together with areas for improvement are highlighted.
- It clearly communicates what has been done to resolve significant control issues and what remains to be done.
- Actions are SMART (specific , measurable, achievable , realistic and time-bound).
- Responsibility for those actions is clearly identified.
- It is a living document, i.e. it is not focussed exclusively on year end and communicates significant issues which may change from year to year.

#### Progress on the AGS 2016-17

12. The AGS will combine a broad range of management information and assurances from across the council and external sources. The key sources contributing to the AGS include:

- Performance management & data quality
- Risk management processes
- Improvement and transformation programme
- Legal and regulatory assurances
- Financial control assurances
- Service delivery assurances from Directors and Heads of Service
- Annual Internal Audit report and assurance
- External inspection reports and assurances

13. The Corporate Governance Working Group has been set up by the Corporate Management Team to oversee the process and is made up of representatives from:

- Policy and Partnerships

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- Internal Audit
  - Corporate Finance
  - Procurement
  - Legal Services
  - Democratic Services
  - Human Resources
  - Residents Services
  - Adult & Children's Social Care
14. The group guides and oversees the delivery of the AGS by ensuring that key changes to governance arrangements and control systems are reported, review actions against governance or control weaknesses identified in the AGS 2016-17 and highlight cross-council assurance sources.
15. Gathering management assurance statements is a central component of the AGS. In discharging this accountability senior officers are responsible for putting in place proper risk management processes and internal controls to ensure the right stewardship of resources. Deputy Directors and Heads of Service are required to submit management assurance statements for the period up to 31<sup>st</sup> March 2017.
16. Any governance or control weaknesses identified in the management assurance statements will be reviewed by the Corporate Management Team in May 2017 with the draft AGS 2016-17 presented to the Audit Committee in June 2017 for comment and approval.