



# Doncaster Council

## Report

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Date: 11<sup>th</sup> April 2019

To the Chair and Members of the AUDIT COMMITTEE

### 2018-19 DRAFT ANNUAL GOVERNANCE STATEMENT (AGS)

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Ros Jones	N/a	No

#### EXECUTIVE SUMMARY

1. An annual review of the Council's governance arrangements and the subsequent preparation and publication of an Annual Governance Statement (AGS) are statutory requirements by virtue of the Accounts and Audit Regulations (England) 2015.
2. The council's governance arrangements in place during 2018-19 have been reviewed and an Annual Governance Statement has been drafted which shows governance compliance by:
  - Highlighting **10** key areas of improvement that have been completed and have been effectively managed to the extent that they were no longer significant. (Page 11)
  - Identifying **7** new significant issues arising from the 2018-19 review of effectiveness of the corporate governance arrangements (Pages 4-8)
  - Providing an update on the **3** key areas identified during previous years that remain an issue in 2018-19 (Pages 8-9).
3. Audit Committee members are asked to note that this document is the draft AGS and some of the key actions to mitigate the issues identified for 2018-19 will be reviewed before the production of the final AGS in June 2019 to reflect the final position.
4. The Accounts and Audit Regulations require proper practice to be followed in the production and approval of the final Statement. 'Proper practice' requires the Council Leader (in Doncaster's case, the Mayor) and the Chief Executive to sign the final statement to confirm their satisfaction with the governance framework and the procedures for reviewing it, and their acceptance of the significant issues highlighted in the final statement, along with actions for tackling the issues raised. This should be done prior to the publication of the Statement of Accounts in July 2019.

## EXEMPT REPORT

5. Not Applicable

## RECOMMENDATIONS

The Chair and Members of the Audit Committee are asked to review and endorse the initial outline of the draft Annual Governance Statement:

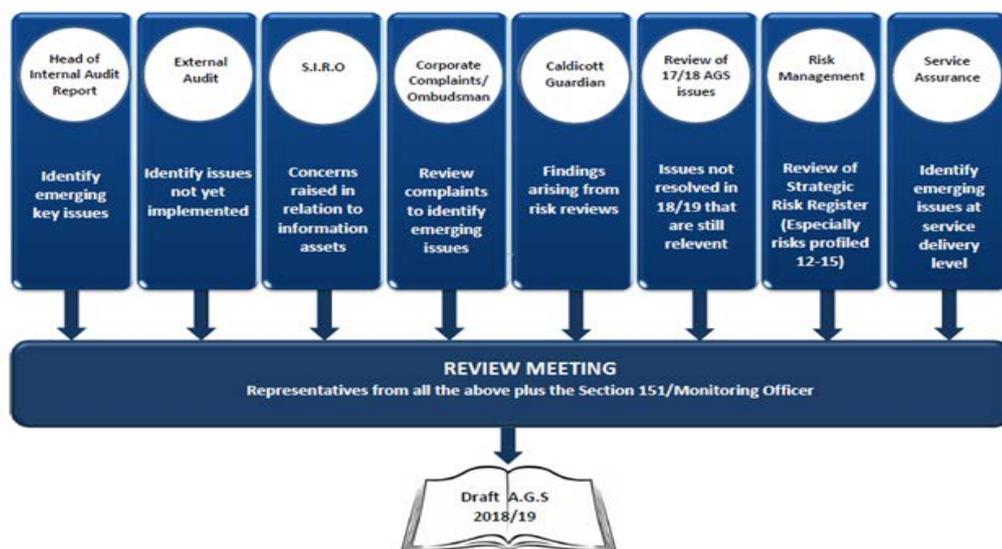
- prior to being published for consultation as part of the Draft Accounts in May 2019.

## WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. By ensuring that there is good governance and a sound system of internal controls in place the Council will be able to provide the citizens of Doncaster with services that are provided in accordance with the law and proper standards. It will also ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

## BACKGROUND

7. The Council is required to prepare, approve and publish an Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations and professional accounting practice. The Council must ensure that there is good governance and a sound system of internal controls in place.
8. This year we have reviewed and simplified the process to amalgamate a top down and bottom up approach, whilst still maintaining confidence in the process.
9. Issues on the AGS are reviewed as part of the quarterly Resource Management cycle and items that start to be a concern are raised during this process and elevated to the Governance Group. This allows the Council to react to emerging issues and possibly prevent entry onto a future AGS.
10. Pentana is used to record compliance and/or areas for development and to provide updates for the quarterly Resource Management process.
11. An AGS review meeting considers relevant information from a diverse range of internal sources, as identified in the diagram below. This meeting will facilitate the top down bottom up approach and will synthesise emerging issues to produce the 2018-19 Annual Governance Statement.



12. The timing of the production of the AGS has been aligned with the production of the Head of Internal Audit report to allow them both to be considered at the same Audit Committee meeting.

13. The AGS document is a valuable means of communication. It enables the Council to explain its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes and we recommend retaining the current format of the final public document.

**OPTIONS CONSIDERED**

14. Not Applicable

**REASONS FOR RECOMMENDED OPTION**

15. Not Applicable

**IMPACT ON THE COUNCIL’S KEY OUTCOMES**

16.

	<b>Outcomes</b>	<b>Implications</b>
	<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	<p>The Annual Governance Statement enables the Council to ensure that there is good governance and a sound system of internal controls in place</p>

**RISKS AND ASSUMPTIONS**

17. The production of an Annual Governance Statement is a statutory requirement. The key risk is that failure to produce a statement to meet this requirement would result in an adverse audit report by the Council’s external auditor and damage the Council’s reputation. The original risk profile is 16 but by producing the Annual Governance Statement and addressing key corporate issues the risk profile is reduced to 8.

**LEGAL IMPLICATIONS [Officer Initials NC Date 6/3/19]**

18. The production and publication of an Annual Governance Statement is a statutory requirement by virtue of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, following a review of the Council’s effectiveness of internal controls in terms of the exercise of its functions, financial and operational management and management of risk. The 2015 Regulations and the Council’s Constitution also require the findings of that review to be considered by the Audit Committee.

#### **FINANCIAL IMPLICATIONS [Officer Initials FT Date 11/03/19]**

19. There are no direct financial implications resulting from this report. The individual elements in the AGS will be subject to specific reporting as required.

#### **HUMAN RESOURCES IMPLICATIONS [Officer Initials KM Date 06/03/19]**

20. There are no specific human resources implications resulting from this report

#### **TECHNOLOGY IMPLICATIONS [Officer Initials PW Date 05/03/19]**

21. Technology work has been completed with the Community Safety service and the 3rd party supplier to support the implementation of the upgraded case management system used by the Alarm Receiving Centre. Further work in relation to the implementation of additional functionality (Service Manager and Field Force Management) is currently being scoped. As outlined in the Annual Governance Statement, an extensive programme of work is currently underway to implement the upgrade of all servers, systems and desktops to ensure they all continue to be supported, secure and achieve Cabinet Office Public Service Network security accreditation. There is a full plan and governance in place with extra resources being assigned, however due to the volume this work will impact on business as usual and new council wide and partner delivery requirements which will need to be carefully managed and prioritised based on the level of criticality. The implementation of the Doncaster Integrated People System (DIPS) continues to be tightly led and managed, with phase 1 scheduled to go live August 19.

#### **HEALTH IMPLICATIONS [Officer Initials RS Date 05/03/2019]**

22. Whilst there are no immediate health implications from the Annual Governance Statement (AGS) effective governance of civil institutions is a key prerequisite for Health and Wellbeing. Decision makers should consider the extent to which the AGS provides this assurance.

#### **EQUALITY IMPLICATIONS [Officer Initials SWr Date 01/03/2019]**

23. In line with the corporate approach for compliance against the equality act 2011 due regard must be shown across all activity within the council. As the Annual Governance Statement draws together a diverse range of activities at a strategic level a due regard statement is not required. All the individual components that make-up the Annual Governance Statement will require a due regard statement to be completed and reported as and when appropriate.

#### **CONSULTATION**

24. There is consultation with Directors and seniors managers throughout this process. Nominated directorates leads work with the Strategy and Performance Unit and their directorate senior managers to complete the assessment which supports the production of the final Annual Governance Statement.

#### **BACKGROUND PAPERS**

25. CIPFA/ SOLACE delivering good governance in Local Government Framework  
Accounts and Audit Regulations (England) 2015.

2017-18 Annual Governance Statement  
Annual Report of the Head of Internal Audit 2018-19

## **REPORT AUTHORS AND CONTRIBUTIORS**

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