



**AUDIT AND RISK MANAGEMENT COMMITTEE
MONDAY, 12 JUNE 2017**

REPORT TITLE:	ANNUAL GOVERNANCE STATEMENT 2016-17
REPORT OF:	CHIEF EXECUTIVE

REPORT SUMMARY

The preparation of an Annual Governance Statement (AGS) is necessary to meet the statutory requirement set out in Regulation 6 (1) (b) of the Accounts and Audit (England and Wales) Regulations 2015.

The report presents the Audit and Risk Management Committee with the final Annual Governance Statement and action plan for consideration.

RECOMMENDATION/S

That the Annual Governance Statement and action plan are considered by the Audit and Risk Management Committee and presented to cabinet for approval on the 17th July 2017.

That progress on the Annual Governance Statement action plan shall be reported to each meeting of the Audit and Risk Management Committee.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The preparation of an Annual Governance Statement (AGS) is necessary to meet the statutory requirement set out in Regulation 6 (1) (b) of the Accounts and Audit (England and Wales) Regulations 2015.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council is under a statutory duty to prepare and publish an Annual Governance Statement.

3.0 BACKGROUND INFORMATION

- 3.1 It is necessary for the Council to have approved and adopted a Code of Corporate Governance that complies with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016; and to report publicly through the Annual Governance Statement the extent to which the governance processes outlined in the Code are operating effectively in practice.

- 3.2 The Framework identifies seven core principles of good governance:

- Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Principle B: Ensuring openness and comprehensive stakeholder engagement.
- Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle E: Developing the entity's capacity including the capability of its leadership and the individuals within it.
- Principle F: Managing risk and performance through robust internal control and strong public financial management.
- Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

4.0 Annual Governance Statement 2016-17

4.1 The Approach

The Annual Governance Statement 2016-17 covers the period from April 2016 to March 2017 and therefore the significant governance issues identified are those which have occurred during this period.

Whilst positive progress was made in relation to the Council's compliance issues of absence management, Contract Procedure Rules and essential training in 2016-17, the statement recognises that these compliance issues

remain outstanding. Significant progress was made in the management of performance appraisals and the same is marked as “complete” by internal audit.

The Annual Governance Statement 2016-17 action plan outlines the progress that has been made to date on the aforementioned outstanding compliance issues and communicates the manner in which the Council will continue in its endeavours to ensure that these issues are addressed during this municipal year.

As the Council’s approach to Governance along with its digital management has improved, new issues have been identified in ICT relating to business continuity and resilience planning. The addressing of these issues is a facet of the Council’s ICT strategy and is more particularised in the statement action plan.

Following an inspection by Ofsted of Children’s Services in 2016, an Improvement Notice was issued by the Secretary of State for Education on the 30th September 2016. As a result of this notice the Council has created an improvement board and plan to address the identified findings. This is the final issue identified and highlighted in the statement action plan.

The production of the Council’s Annual Governance Statement is based on relevant supporting evidence provided by Internal Audit, with the overall direction provided by the Strategic Leadership Team to ensure high level corporate engagement and ownership.

The Council’s Internal Audit team has been responsible for undertaking the relevant assurance work; however, it is important to note that the Annual Governance Statement is not owned by the audit function and is a Council statement on the effectiveness of its governance processes.

The review of the Annual Governance Statement and the accompanying assurances are also important roles for the Audit and Risk Management Committee.

4.2 Evidence

Internal Audit has provided the following sources of evidence and documentation to support the production of the Annual Governance Statement:

- a) A review of the key governance processes in place.
- b) Collation and review of Chief Officers and Managers Assurance Statements (in which assurances are provided and weaknesses highlighted over a range of key governance processes within specific areas of responsibility).
- c) A review of reports by external review agencies has been completed.

4.3 Progress on significant governance issues: compliance

Despite the fact that 3 out of the 4 compliance issues from 2015-16 remain outstanding, there has been encouraging progress made from April 2016 to date, to address the issue of compliance. An overview of the current position is outlined within the statement action plan to provide Members of the Committee with assurance that action is being taken and is having a positive impact.

4.4 Significant governance issues identified 2016-17

4.4.1 Children's Services Ofsted Inspection 2016

Following the 2016 Ofsted report and subsequent Improvement Notice issued by the Secretary of State for Education (30th September 2016), the inspection recommendations were accepted as a significant issue and became a high priority for the organisation.

In response to the findings, an improvement plan was created and delivery of the same is underway, with oversight being provided by the independently chaired Wirral Improvement Board.

The Board meets every month to consider its progress against the Ofsted recommendations and monitor the impact of the delivery of the improvement plan.

Additional oversight for the improvement plan is provided by the Council's Children and Families Committee.

The Leader of the Council was also committed to the setting up of a Leader's Task Force to ensure oversight of the improvement plan.

4.4.2 Serious Case Review

The Audit & Risk Management Committee's attention is brought to the fact that a Serious Case Review is currently underway in relation to a specific case of child sexual exploitation. The Review is chaired by Jane Booth, who is nationally recognised and respected in the field of children safeguarding.

The Local Safeguarding Children Board undertakes the Serious Case Review in accordance with statutory guidance and is completely independent of the Council and other agencies. The scope of the review was determined by the governing Board and focuses on a single case and what learning can be taken following an in-depth analysis and review of the case. OFSTED is aware of the Review being undertaken. The final Serious Case Review report and response of the Board must be published.

4.4.3 ICT Business Continuity and Resilience Planning

Following a review of the Council's ICT Business Continuity plans in 2015-16 and a subsequent scrutiny review panel in November 2016, it was clear that the Council did not retain a fit for purpose I.T. disaster recovery plan.

The scrutiny review panel requested that a comprehensive I.T. disaster recovery plan be created. The panel request was approved by Cabinet, with all recommendations to be implemented by September 2017.

Following the aforementioned findings, the ICT business continuity and resilience planning were recognised as new significant governance issues for 2016-17.

5.0 FINANCIAL IMPLICATIONS

There are none arising directly from this report. Any implications identified in the production of the Annual Governance Statement will be reported to the Council's Strategic Leadership Team, Cabinet and the Audit and Risk Management Committee to identify the appropriate action that will be taken.

6.0 LEGAL IMPLICATIONS

The preparation of an Annual Governance Statement (AGS) is necessary to meet the statutory requirement set out in Regulation 6 (1) (b) of the Accounts and Audit (England and Wales) Regulations 2015.

7.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

There are none arising directly from this report. Any implications identified in the production of the Annual Governance Statement will be reported to the Council's Strategic Leadership Team, Cabinet and the Audit and Risk Management Committee to identify the appropriate action that will be taken.

8.0 RELEVANT RISKS

Potential failure of the Council to comply with the statutory requirement set out in Regulation 6 the Accounts and Audit (England) Regulations 2011, Regulation 4(3).

9.0 ENGAGEMENT/CONSULTATION

All appropriate Council stakeholders have been consulted by the author in the preparation of the Annual Governance Statement.

10.0 EQUALITY IMPLICATIONS

None identified

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APPENDICES

Annual Governance Statement 2016-17

REFERENCE MATERIAL

- CIPFA/SOLACE Delivering Good Governance in Local Government: Guidance Note and Framework (2016).
- Accounts and Audit Regulations (England) 2015.
- CIPFA The Role of the Chief Financial Officer in Local Government (2015).
- CIPFA The Role of the Head of Internal Audit in Public Service Organisations (2010).

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Annual Governance Statement	18th March 2015
Audit & Risk Management draft Annual Governance Statement	8th June 2015
Audit & Risk Management Annual Governance Statement	22nd September 2015
Audit & Risk Management Annual Governance Statement	15th March 2016
Audit & Risk Management draft Annual Governance Statement	13th June 2016
Audit & Risk Management Annual Governance Statement	26th September 2016
Audit & Risk Management Annual Governance Statement – Significant governance issues update	22nd November 2016
Audit & Risk Management Annual Governance Statement – Significant governance issues update	30th January 2017
Audit & Risk Management Annual Governance Statement	14th March 2017