

**FINANCE, AUDIT & RISK COMMITTEE  
24 SEPTEMBER 2018**

**PART 1 - PUBLIC DOCUMENT**

TITLE OF REPORT: ANNUAL GOVERNANCE STATEMENT 2017/18: UPDATED ACTION PLAN FOR 2018/19  
REPORT OF: SENIOR POLICY OFFICER  
EXECUTIVE MEMBER: [NON-EXECUTIVE FUNCTION]  
COUNCIL OBJECTIVE: RESPONSIVE AND EFFICIENT

**1. EXECUTIVE SUMMARY**

For the Finance, Audit & Risk Committee to note the progress made against the Action plan for 2018/19. This Action plan was presented to the Committee as part of the final Annual Governance Statement (AGS) for 2017/18 at the July 2018 meeting.

**2. RECOMMENDATIONS**

That the Committee:

- 2.1. Notes the progress made against the individual actions as outlined in the Action plan for 2018/19 at Appendix A.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 The AGS must be considered by Members of the Committee and approved under Regulation 6(4)(a) of the Accounts and Audit Regulations ('AAR') 2015/234, before the Statement of Accounts.
- 3.2 The Committee is the legal body with responsibility for approval of the AGS.
- 3.3 Reviewing the AGS Action Plan during 2018/19 will provide the Committee with assurances that NHDC is examining and where necessary improving its governance arrangements.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 There are no alternative options to be considered.

## **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1. As reported to the Committee on 18<sup>th</sup> June 2018 [[Draft Annual Governance Statement \(AGS\) 2017/18 report](#) ] the governance review and AGS format is based on the 2016 CIPFA/ SOLACE Framework.
- 5.2. At the Committee on 30<sup>th</sup> July 2018, Members were asked to approve the AGS for 2017/18 and the attached Action Plan for 2018/19. The external auditors Ernst & Young and SIAS were provided with a draft of the self- assessment Ernst & Young for comments.
- 5.3. Any comments, or queries have been included or links provided following this consultation as appropriate.

## **6. FORWARD PLAN**

- 6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

## **7. BACKGROUND**

- 7.1 Reference is made to the report of 18<sup>th</sup> June 2018, which sets out the legal requirements for preparation, review and approval of the AGS, together the matters included/ and parties involved in that process. As indicated this must be considered by Members of the Committee and the AGS approved under Regulation 6(4)(a) AAR 2015 *before* the relevant authority approves the Statement of Accounts (Regulation 9(2)(b)) at this Committee meeting. The AGS reviews the systems in place and identifies any actions to be undertaken in the forthcoming year.
- 7.2 The review was undertaken against the relevant CIPFA/ SOLACE Framework, which is the *Delivering good governance in Local Government Framework 2016 Edition* and any CIPFA/ SOLACE guidance<sup>1</sup>. The AGS was prepared following an in-depth review/ input and scoring of arrangements by SMT against the Framework 2016 Principles (in accordance with the guidance<sup>2</sup>). The detailed self-assessment document has not been appended. It has been loaded on the Council's Corporate Governance internet page and will remain on the site until the next review is undertaken [[SMT AGS self-assessment document](#)].
- 7.3 The format of the AGS conforms to recommended practice, as per the advice provided by CIPFA: a '*meaningful but brief communication*'; there is no requirement to repeat all the arrangements that have been comprehensively assessed. Nevertheless, the AGS highlights some key areas under the Principles, overall conclusion on the arrangements and appends the Action Plan.

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<sup>1</sup> CIPFA/SOLACE Delivering good governance in Local Government Guidance Notes for English Authorities 2016 Edition.

<sup>2</sup> As above (*ibid*)

## **8. RELEVANT CONSIDERATIONS**

- 8.1. The preparation of the AGS provides the Council with an opportunity to consider the robustness of its governance and internal control arrangements. It highlights areas where governance can be further improved or further reinforced. The approved AGS for 2017 can be found on the Council's website [[Annual Governance Statement 2017/18](#)].
- 8.2. Appendix A notes the progress made against the individual actions against the Action Plan for 2018/19. In respect of Action point 7 - '*Contract Guides to be updated to consider reflecting appropriate ethical practices*' it is suggested that it is removed. The Service Director for Resources confirms that the Contract and Relationship Management Guide provides a significant focus on building and maintaining effective working relationships with contractors. It highlights a number of the factors to consider in doing this, which includes ethics. This guide is reviewed on an annual basis, and this will include a consideration of whether there is sufficient advice on managing situations in an ethical way.
- 8.3 Further amendments to the AGS Action Plan for 2018/19 will be reported to this Committee again in or around March 2019. Any revisions to the Local Code of Governance will be presented at that time.

## **9. LEGAL IMPLICATIONS**

- 9.1 Under the Local Audit and Accountability Act ('LAAA') 2014/ AAR 2015 Regulations the 2017/18 AGS must be approved by this Committee by 31<sup>st</sup> July for financial year 2017/18. Otherwise the legal implications are set out above.
- 9.2 The Terms of Reference of this Committee under 10.1.5(h) are: "*To ensure that an annual review of the effectiveness of internal controls (accounting records, supporting records and financial) systems is undertaken and this review considered before approving the Annual Governance Statement.*" Review and approval of the AGS is a non-executive function and falls within the Committee's remit.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 There are no direct financial implications arising from this report.

## **11. RISK IMPLICATIONS**

- 11.1 The process of assessing the Council's governance arrangement enables any areas of weakness to be identified and an Action Plan to improve governance identified and monitored.

## **12. EQUALITIES IMPLICATIONS**

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no direct equality implications of this report or the AGS. Where relevant the Council's arrangements have been assessed against the 2016 Framework Principles. In respect of those arrangements, the SMT AGS self-assessment identifies the procedures in place and any outcomes. Council reports include any equality implications and are assessed by the Senior Policy Officer. Where appropriate an impact assessment will be undertaken and mitigation measures identified. The Senior Policy Officer undertakes an Annual Cumulative Equality Impact Assessment of these and publishes it on the Council's website<sup>3</sup>.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 The Social Value Act and "go local" policy do not apply to this report.

## **14. HUMAN RESOURCE IMPLICATIONS**

- 14.1 There are no direct human resource implications relating to this matter.

## **15. APPENDICES**

- 15.1 Appendix A - Action plan for 2018/19 and corresponding actions

## **16. CONTACT OFFICERS**

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<sup>3</sup> <https://www.north-herts.gov.uk/home/council-performance-and-data/policies/equality-and-diversity>

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## **17. BACKGROUND PAPERS**

17.1. The Finance, Audit & Risk Report and Appendix A (18<sup>th</sup> June 2018 linked above).

17.2. The SMT AGS self-assessment is on the Corporate Governance Page: <https://www.north-herts.gov.uk/home/council-performance-and-data/corporate-governance>. This contains links to further relevant background documents, reports, Policies and Guidance. The AGS also refers to documents and where possible, links have been provided to relevant pages and or documents.