

**READING BOROUGH COUNCIL**  
**REPORT BY DIRECTOR OF FINANCE**

<b>TO:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>		
<b>DATE:</b>	<b>18 July 2017</b>	<b>AGENDA ITEM:</b>	<b>5</b>
<b>TITLE:</b>	<b>Annual Governance Statement 2016/2017 and Implementation Plan</b>		
<b>LEAD COUNCILLOR:</b>	<b>Councillor Lovelock</b>	<b>PORTFOLIO:</b>	<b>AUDIT &amp; GOVERNANCE</b>
<b>SERVICE:</b>	<b>FINANCE</b>	<b>WARDS:</b>	<b>N/A</b>
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**1. EXECUTIVE SUMMARY**

- 1.1 The Council is responsible for ensuring that financial management is adequate and effective and that the Council has a sound system of internal control, which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.
- 1.2 The Accounts and Audit Regulations require local authorities to prepare and publish an Annual Governance Statement (AGS) each financial year, which accompanies the authority's financial statements.
- 1.3 The Annual Governance Statement is a key record of the overall effectiveness of governance arrangements within the Authority. The statement reflects the latest guidance from CIPFA/SOLACE on a strategic approach to governance and demonstrates how the key governance requirements have been met.
- 1.4 The following documents are appended:

Appendix 1 Draft Annual Governance Statement (AGS) 2016/2017

Appendix 2 - AGS Implementation plan

**2. ACTIONS REQUIRED**

- 2.1 Audit & Governance Committee is requested to receive and approve the draft Annual Governance Statement for 2016/2017 for publication with the Council's accounts.
- 2.2 The Committee is asked to authorise the Chief Executive, in consultation with the Leader and Chair of the Audit & Governance

Committee, to make any necessary amendments that are needed before final publication in September.

### 3. KEY ISSUES

3.1 The draft AGS for the Council for 2016/17 is attached at appendix 1. Essentially, it outlines for the Council:

- the scope of governance responsibilities
- the purpose of the governance framework
- a description of the governance framework
- arrangements for review of the effectiveness of the governance framework
- Governance issues that need to be addressed.

3.2 The preparation of the Statement has built on previously established arrangements, which involves the collating of information from a number of sources, both internal and external. The information is analysed and a draft Statement is produced, discussed with key officers, and any amendments identified are then made.

3.3 A review was also undertaken by Internal Audit of the ownership and completeness of documentation that the Council is required to hold, publicise and periodically review in relation to its own governance arrangements. This was assessed against the CIPFA/SOLACE *"Delivering Good Governance in Local Government"* framework, which sets out best practice for UK local authority governance.

3.4 Draft versions of the AGS were presented to the Council's Corporate Management Team (CMT) in early May and June for consideration and discussion, with the final draft presented to the Audit & Governance Committee in July.

3.5 To support the Annual Governance review, each directorate is required to complete a Directorate Governance Statement in relation to systems of internal control and governance arrangements. These are signed off by the relevant director. The directorate statements demonstrate that directorates have evaluated and assessed their internal control environment. These statements along with the other aspects of governance outlined have enabled the Council to conclude that it has an effective governance framework including systems of internal control, although improvements are required, which are reported in section five of the AGS. These cover:

- (i) Children's Services
- (ii) Interim & Agency Staff
- (iii) Financial Challenge

- (iv) Internal Controls and
- (v) Compliance

- 3.6 The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and its external auditors (Ernst & Young). The role of Internal Audit is to provide independent assurance that the Council's risk management, governance and internal control processes are operating effectively.
- 3.7 The role of External Audit is to review the financial statements, obtain evidence that they are materially correct and provide an opinion as to whether these represent a true and fair view of the financial position of the Council. In addition, External Audit also audit some grant claims and provide a value for money opinion assessing whether proper arrangements are in place for securing financial resilience and challenging how the Council secures economy, efficiency and effectiveness.
- 3.8 One of the assurance statements the Council receives is the annual opinion of the Chief Auditor in respect of the control framework. The opinion of the Chief Auditor in respect of audit work completed in 2016/17 is that **limited assurance** can be taken that arrangements to secure governance, risk management and internal control within those areas audited, are suitably designed and applied effectively.
- 3.9 Principally, the 'limited assurance' opinion determined by the Chief Auditor for 2016/17 was not derived from a lack of clear rules and procedures within the Council, but from a lack of adherence to them.
- 3.10 The Council's external auditor for the 2015/16 accounts Ernst & Young (EY), issued an adverse value for money conclusion on 17 November 2016. This means that they had concerns over the Council's arrangements for securing financial resilience and for how it secures value for money in its use of resources.
- 3.11 Although they did not identify any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the financial statements and which the Council does not know about, they found that some of the basic financial controls were not working as expected. In particular, the regular completion of reconciliations was not timely.
- 3.12 They highlighted that the financial and performance information used by the Council is not always accurate and reliable and therefore did not help informed decision making. Furthermore EY commented that planned

action had not been taken to achieve sustainable savings during 2015/2016 that may have prevented the need for significant savings to be made as a matter of urgency in the 2016/17 budget.

- 3.13 EY made statutory recommendations in February 2017 under Section 24 Schedule 7 (2) of the Local Audit and Accountability Act 2014 by way of a letter calling for sustainable resource deployment in relation to the immediate and medium term financial position of the Council and the need for robust budget monitoring. The Council formally considered and approved an officer response to these recommendations at its February 2017 meeting and progress towards addressing the recommendations is being monitored by the Audit & Governance Committee.
- 3.14 EY issued an unqualified opinion on the Council's 2015/16 financial statements on 17 November 2016. This means that they believe the 2015/16 financial statements (as amended following audit) gave a true and fair view of the financial position of the Council and of its expenditure and income for that year. EY's audit of the financial statements identified various adjustments to the draft accounts which the Council agreed to make. The audit raised recommendations to improve controls over bank and housing rent account year end reconciliation procedures and IT controls over applications and infrastructure. The Council has been addressing these recommendations.

#### **4. THE PROPOSAL**

- 4.1 Based on the governance framework and statement together with the Internal Audit review of the Council's control framework, governance related themes are highlighted that warrant reporting in the action plan which accompanies the Council's 2016/2017 Annual Governance Statement, Appendix 2.
- 4.2 The report covers the period up to the publication of the accounts, but as the Statement is signed off by the Leader of the Council and the Head of Paid Service, it would be sensible to authorise minor amendments that may be needed before then. The need for material amendment is not currently anticipated. External Audit will review the statement for consistency with their knowledge of the Council, but does not "audit" it as such.

## **5. CONTRIBUTION TO STRATEGIC AIMS**

- 5.1 Good governance enables us to pursue our vision and corporate objectives effectively as well as underpinning these with mechanisms for the control and management of risk. Governance must be owned by all stakeholders, including senior management and Members, thus forming the intrinsic core of the Council. It should remain embedded in the culture of the Council and applied within a transparent framework of legislative requirements, governance principles and management processes.

## **6. COMMUNITY ENGAGEMENT AND INFORMATION**

- 6.1 Good governance means focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area. The annual governance statement accompanies the authority's published financial statements.

## **7. EQUALITY IMPACT ASSESSMENT**

- 7.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 7.2 We are mindful of the Equality Act and Equality Impact Assessment which is not relevant to this report

## **8. LEGAL IMPLICATIONS**

- 8.1 Regulation 6 1b of Statutory Instrument 2015 No. 234 "The Accounts and Audit Regulations 2015" requires local authorities to prepare and publish an Annual Governance Statement (AGS) each financial year, which accompanies the authority's financial statements. It also requires the findings of the review to be considered by a committee of the Council (or the whole Council).

- 8.2 The CIPFA/SOLACE governance framework recommends that the assurance gathering process should have a structured link between the strategic objectives and statutory requirements of the authority and how these objectives are to be delivered. It requires the identification of key controls that are deemed critical to the delivery of these objectives and expects a formal review and risk assessment for the management and delivery of these key controls.

## **9. FINANCIAL IMPLICATIONS**

- 9.1 There are no financial implications directly arising from this report.
- 9.2 As indicated above the statement must be published with the Council's accounts, and will be reviewed by External Audit (though is not subject to audit).
- 9.3 In respect of the Council's Financial Management Arrangements, the CIPFA/SOLACE Guidance makes reference to specific CIPFA guidance covering the role of the Chief Financial Officer in Local Government and Head of Internal Audit in Public Service Organisations. Those roles in Reading are unchanged from recent years, and therefore continue to comply with the requirements.

## **10 BACKGROUND PAPERS**

- 10.1 CIPFA/Solace - Delivering Good Governance in Local Government framework (2016 Edition).
- 10.2 Audit & Accounts Regulations 2015.

# Annual Governance Statement

2016/2017



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## 1.0 INTRODUCTION

- 1.1 This Annual Governance Statement for 2016/17 builds upon those of previous years. It summarises key governance mechanisms and records the significant governance issues that need to be addressed over the coming year. The Council's Corporate Governance arrangements are enshrined in the Council's Constitution, which can be found on the Council's website: <http://www.reading.gov.uk/constitution>.
- 1.2 Reading Borough Council (RBC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In support of this a governance framework has been in place at the Council for the year ended 31 March 2017 and up to the date of approval of the Statement of Accounts.
- 1.3 This statement also enables the Council to meet its requirements under the Accounts and Audit Regulations 2015, which requires that the Council prepares an annual governance statement.

## 2.0 THE GOVERNANCE FRAMEWORK

- 2.1 Corporate governance refers to the process by which organisations are directed, controlled and held to account. Major elements of this framework are to monitor the achievement of strategic objectives, manage the Council's finances and provide a framework for public engagement. The governance framework of the Council endeavours to ensure that all operations and activities are fully compliant with these requirements.
- 2.2 The Council's **Corporate Plan** provides the link between our strategic priorities and the way in which the Council operates. The Corporate Plan and the Council's budget to support the delivery of the Council's service priorities for 2016-2019 were approved by full Council in February 2016. The priorities within the Corporate Plan form the basis of our spending plans over these three years, and identify an on-going need to reduce our budget gap further. Therefore, the plan and the budget continue to be updated every year (on a rolling three year basis) to take account the changing outlook.
- 2.3 The level of Council Tax for each financial year is set through a structured process of budget setting and review. The annual Revenue and Capital budgets are prepared by officers working with the Administration, and presented to Policy Committee for consideration before approval by the Full Council. Significant changes are subject to public consultation.
- 2.4 The overall budget and policy framework is set by the Council and all decisions are made within this framework. The medium term financial plan is incorporated as part of the Corporate Plan. The Council's Corporate Plan can be found on the Council's website: [http://www.reading.gov.uk/media/4929/Corporate-Plan-and-Budget-2016-2019/pdf/Corporate\\_Plan\\_and\\_Budget\\_2016-2019.pdf](http://www.reading.gov.uk/media/4929/Corporate-Plan-and-Budget-2016-2019/pdf/Corporate_Plan_and_Budget_2016-2019.pdf)



- 2.5 The Council also produces a Treasury Management Strategy Statement each year, which helps it manage the Council's cash flows, lending and borrowing activities and the mitigation of the risks associated with these activities. This is also considered and approved by the Full Council as part of the budget each year.
- 2.6 Members of the public and councillors are able to ask public questions about Council business at Council meetings, Policy and service committees (which are usually webcast). Other regulations permit the inspection of the accounts being audited and related documents during the audit process.
- 2.7 In support of the framework, the system of internal control is very important and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

### The Constitution

- 2.8 The conduct of the Council is defined by formal procedures and rules, which are set out in the Council's Constitution.
- 2.9 All Councillors meet together at Full Council meetings which are normally open to the public. 6 Council meetings took place in the 2016/17 municipal year.
- 2.10 As well as delivering statutorily-defined services to its residents, the Council also appoints a Returning Officer who is responsible for the administration of elections, referendums and other ballots within the Council's area. The Head of Legal & Democratic Services performs this role and no challenges have been received in respect of the Returning Officer's performance of his duties.

### Key Statutory Officers

- 2.11 **The Head of Paid Service** (in RBC this is the Chief Executive<sup>1</sup>) is responsible for all of the staff of the Council and for leading an effective corporate management team of directors and senior officers who focus on both strategic cross-directorate issues and operational delivery of individual service accountabilities. The Chief Executive's team of senior officers propose policy options and advise as necessary on possible action to elected councillors, who take the key decisions. The Chief Executive has overall responsibility for implementing Council priorities, managerial leadership, policy advice and the efficient and effective operation of the Council.

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<sup>1</sup> In 2016/2017 the head of paid service was the Managing Director. The Chief Executive was appointed during March 2017 and joined the Council full time in June 2017

- 2.12 The **Interim Director of Finance** is appointed as Chief Finance Officer<sup>2</sup> (CFO) under Section 151 of the Local Government Act 1972. The CFO helps to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest. The CFO is actively involved in, and brings influence to bear on, all material business decisions to ensure immediate and longer term financial implications are considered, that opportunities and risks are fully taken into account, and that there is alignment with the Council's financial strategy.
- 2.13 Furthermore, the CFO, supported by the Head of Finance, leads on delivery by the whole organisation in regard of financial management so that public money is safeguarded at all times and used appropriately.
- 2.14 The Council is required to appoint a **Monitoring Officer** and at RBC this is the Head of Legal & Democratic Services. The Monitoring Officer's functions include maintaining the Constitution, and overseeing compliance with the law and supporting the Standards Committee in the promotion of high standards of Member Conduct. The Standards Committee reported its review of the Members Code of Conduct on 30<sup>th</sup> June 2016. Whilst there have been 3 complaints about Member Conduct, involving 3 members, none of these cases required an investigation to be undertaken. The Head of Legal & Democratic Services has delegated authority to institute, conduct and where appropriate defend and settle criminal or civil legal proceedings and claims concerning the Council's responsibilities and interests, to take action to protect the interests of the Council and to give legal effect to any decision or action properly taken by the Council or a Committee or person on behalf of the Council.
- 2.15 To support the Annual Governance review, each directorate is required to complete a Directorate Governance Statement in relation to systems of internal control and governance arrangements. These are signed off by the relevant director. The directorate assurance statements demonstrate that directorates have evaluated and assessed their internal control environment to ensure controls are embedded across key areas including decision making, service planning and delivery, performance management, partnership governance and financial management.
- 2.16 These statements along with the other aspects of governance outlined have enabled the Council to conclude that it has an effective governance framework including systems of internal control, although improvements are required. One such improvement is a review and updating in 2017/18 of the Council's Code of Corporate Governance.

### **Partnership Governance**

- 2.17 The Council has created a housing company, 'Homes for Reading Limited' (HfR), wholly owned by the Council with the aim of purchasing 500 residential properties to rent. HfR was incorporated as a private limited company on 6th April 2016 and directors have been registered at Companies House. The HfR Board (which includes the HfR Executive Management Team, consisting of two senior council officers, 4 councillors and 2 non-executive directors, meet monthly to agree policy and processes. A company Managing Director and Company Secretary have also been appointed.

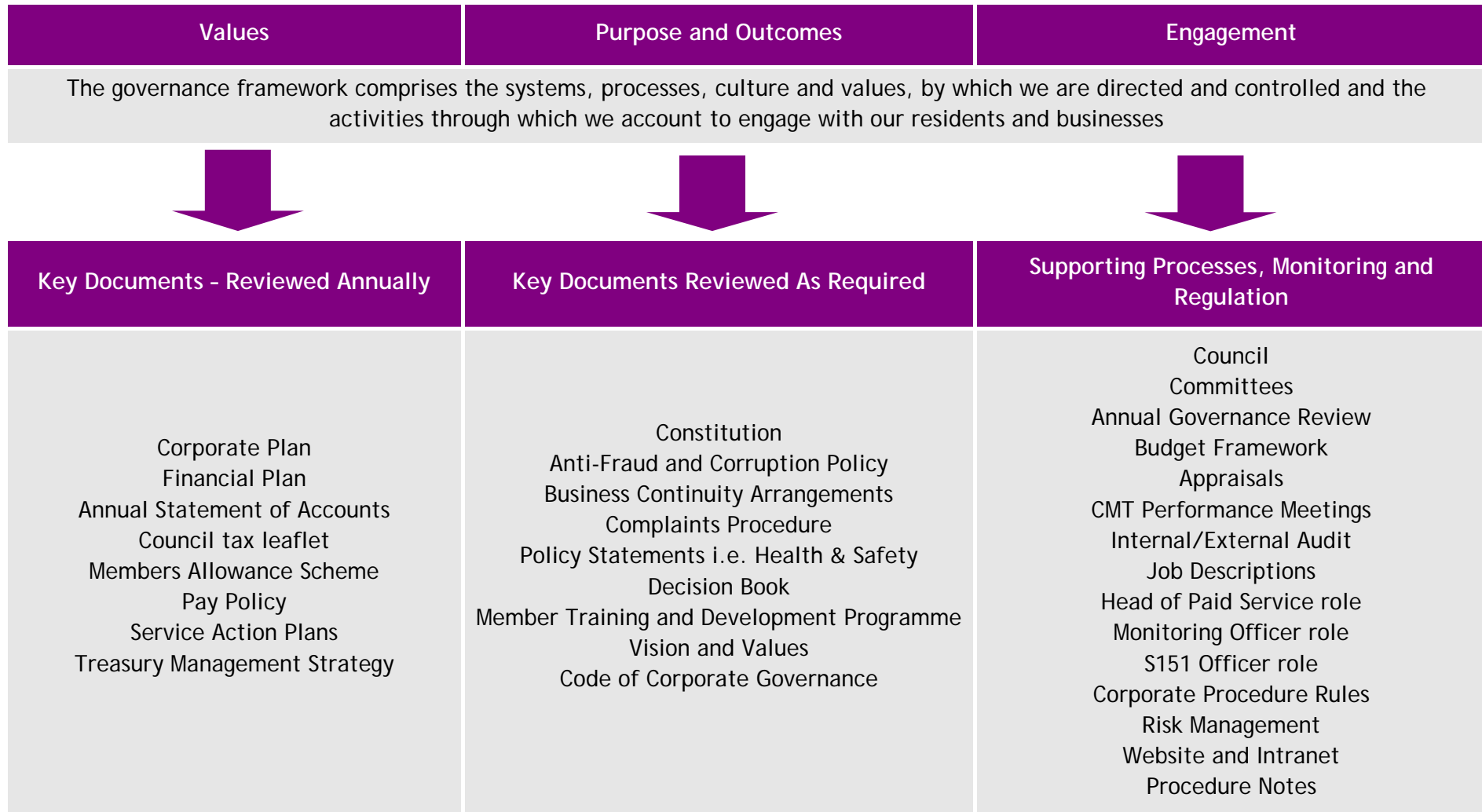
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<sup>2</sup> The Council appointed an interim Director of Finance as CFO in October 2016; prior to that the Head of Finance was the CFO.

- 2.18 The Council also owns Reading Transport Ltd (RTL)(which was incorporated in 1986 to comply with the Transport Act 1985) and runs the town's bus services. The Board includes councillors, executive directors and non-executive directors and the company operates at arms-length from the Council.
- 2.19 Both HfR and RTL have a formal governance structures, operates their own risk management strategy and are subject to internal and external inspection and audit, in compliance with the Companies Act (2006).
- 2.20 The Council shares a number of services with other councils, such as building control and health & safety. Each Council retains its own sovereignty and staff who work within the shared service arrangement do so through an agreement under section 113 of the Local Government Act 1972 whereby they are seconded to work on behalf of other Councils as well as continuing to work for their own employing authority.

### Annual Governance Review

The following diagram outlines the Council's governance framework around three streams of core activity - values, purpose & outcomes, and engagement:



### Audit and Governance Committee

2.21 The Audit and Governance Committee is the committee charged with governance and receives reports that deal with issues of good governance as well as those in need of improvement. During 2016/17 the Committee met in April 2016, July 2016, September 2016, November 2016 and January 2017. The Committee considers standing agenda items as well as specific items at particular times of the year, in part driven by the annual accounts preparation and finalisation and any matters that require further reporting. During the year the Committee reviewed:

- internal audit and counter fraud activity reports;
- Performance of the Internal Audit;
- implementation of recommendations;
- Internal Audit annual plan;
- Local Audit and Accountability Act;
- staffing issues;
- External Audit annual letter;
- External Annual audit plan;
- annual statement of accounts;
- risk registers;
- Chief Auditors annual audit opinion on internal control, governance & risk management.

### Overview and Scrutiny Process

2.22 The statutory overview and scrutiny functions of the Authority are exercised by individual committees in respect of the functions, services and partnerships that they cover, and by the Policy Committee in respect of functions, services and partnerships that cover more than one committee. The statutory external scrutiny functions of the Authority, in respect of health, crime and disorder, and flood prevention, are delegated to individual committees.

### Risk Management

- 2.23 It is recognised that risk management is an integral part of good governance. The Council's Risk Management Strategy Statement sets out the intended approach to risk management to be implemented by services. All councillors and officers are responsible for ensuring that risk implications are considered in the decisions they take.
- 2.24 The successful delivery of the Council's Risk Management Strategy depends on its ability to manage risk, rather than to eliminate it altogether.
- 2.30 The requirement for Health & Safety training is contained within the Council's Health & Safety Policy, whereby the training for *Heads of Service and Directors* is principally based on Business Risk Management. This enables health and safety to be integrated into the overall risk management process. In order to meet the requirements of Health & Safety Training we appointed the Council's insurers to provide strategic risk management training including health & safety, for Directors and Heads of Service during 2016/17.

### Managing the Risk of Fraud

- 2.31 The financial resources available to the Council need to be maximised and used effectively, in order to help achieve the corporate strategies. One aspect to assisting with maximising available resources is to reduce the opportunity for fraud and misappropriation. The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors or service users and will take all necessary steps to investigate any allegation of fraud or corruption and pursue sanctions available in each case, including removal from office, dismissal and/or prosecution.
- 2.32 The Anti-Fraud and Corruption Strategy summarises the Council's position, building on the content of a number of corporate policy statements incorporated in the Council's Constitution, namely:
- Members Code of Conduct;
  - Officers Code of Conduct;
  - Whistleblowing Policy;
  - Financial Regulations; and,
  - Contract Standing Orders.
- 2.33 Procedures are available to all council managers and staff, which provide guidance on what actions they need to take in the event of becoming aware, or suspicious of, a fraud or an act of corruption being committed against the Council, either internally or externally by individuals or organisations.
- 2.34 Individual fraud cases are normally handled by the Audit & Investigations Team who mainly deal with fraud encountered in areas such as benefits schemes (e.g. Council Tax support etc.), council tenancies, blue badges and/or social care payments. Quarterly updates are provided to the Council's Audit & Governance Committee. Although the Council administers Housing Benefit, most Housing Benefit Fraud is investigated by DWP officers, and the Council makes referrals as necessary.
- 2.35 We have no knowledge of any actual, suspected or alleged fraud affecting the Authority, which would cause a material misstatement in the financial statement's either through fraudulent financial reporting and/or misstatements resulting from misappropriation of assets for 2016/2017. An incident of fraud was uncovered during a review of the Planning Department's S106 data system in May 2016, whereby Section 106 contributions for two developments, totalling £42,000, were fraudulently diverted into the personal bank account of a now former employee. The former employee was charged with offences under the Fraud Act and sentenced to two years imprisonment in August 2016. The transactions related to the 2015/16 financial year and have since been reported.

### Anti Bribery and Corruption

- 2.36 All members of staff have a responsibility to declare any offer of a gift, hospitality, benefit or service, even if the offer is not accepted. Each member of staff is responsible for bringing any offer to the attention of their manager and for recording their offers, both accepted and declined. When an offer is received, employees need to record this in the Gifts and Hospitality Register.

### Managing Finances

- 2.37 The Council complies with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The Council appointed an Interim Director of Finance in September 2016 to fulfil Section 151 responsibilities; prior to this the role was fulfilled by the Head of Finance.
- 2.38 The Section 151 Officer is a qualified and suitably experienced accountant who is responsible for the proper administration of the Council's financial affairs, and for ensuring the lawfulness and financial prudence of financial transactions. The Interim Director of Finance is a regular attendee of the Corporate Management Team meeting, with responsibility for leading and advising on the strategic financial decisions impacting on the Council's delivery of its objectives, ensuring continuing effective financial controls, risk management and leadership and management of the Council's Finance Service.

## 3 INTERNAL AUDIT AND EXTERNAL AUDIT ASSURANCE

- 3.1 The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and its external auditors (Ernst & Young). The role of Internal Audit is to provide independent assurance that the Council's risk management, governance and internal control processes are operating effectively.
- 3.2 The role of External Audit is to review the financial statements, obtain evidence that they are materially correct and provide an opinion as to whether these represent a true and fair view of the financial position of the Council. In addition, External Audit also audit some grant claims and provide a value for money opinion assessing whether proper arrangements are in place for securing financial resilience and challenging how the Council secures economy, efficiency and effectiveness.

### Internal Audit

- 3.3 The Internal Audit Service operates in accordance with Public Sector Internal Audit Standards which have been developed specifically for the Public Sector by CIPFA. Compliance with these standards is externally assessed on a cyclical basis and is due to be undertaken in 2017/18. During 2016/17, a self-assessment of compliance was undertaken and no significant areas of non-compliance were found.
- 3.4 One of the assurance statements the Council receives is the annual opinion of the Chief Auditor in respect of the control framework. The opinion of the Chief Auditor in respect of audit work completed in 2016/17 is that **limited assurance** can be taken that arrangements to secure governance, risk management and internal control within those areas audited, are suitably designed and applied effectively.
- 3.5 Those audits which received limited or no assurance opinions, are set out below:
- Information Governance
  - Subject Access Requests
  - Corporate Governance Framework
  - Electronic Document & Records Management
  - Nursing & Residential Care Packages

3.6 Those key financial systems and processes which received limited assurance, are as follows:

- General ledger,
- Bank & Cash Reconciliations
- Accounts receivable
- Accounts payable

#### External Audit

3.7 The Council's external auditor for the 2015/16 accounts Ernst & Young (EY), issued an adverse value for money conclusion on 17 November 2016. This means that they had concerns over the Council's arrangements for securing financial resilience and for how it secures value for money in its use of resources.

3.8 Although they did not identify any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the financial statements and which the Council does not know about, they found that some of the basic financial controls were not working as expected. In particular, the regular completion of reconciliations was not timely. This increased the risk of fraud errors remaining undetected.

3.9 They highlighted that the financial and performance information used by the Council is not always accurate and reliable and therefore did not help informed decision making. Furthermore EY commented that planned action had not been taken to achieve sustainable savings during 2015/2016 that may have prevented the need for significant savings to be made as a matter of urgency in the 2016/17 budget.

3.10 EY made statutory recommendations in February 2017 under Section 24 Schedule 7 (2) of the Local Audit and Accountability Act 2014 by way of a letter calling for sustainable resource deployment in relation to the immediate and medium term financial position of the Council and the need for robust budget monitoring. The Council formally considered and approved an officer response to these recommendations at its February 2017 meeting and progress towards addressing the recommendations is being monitored by the Audit & Governance Committee.

#### Audit Opinion

3.11 EY issued an unqualified opinion on the Council's 2015/16 financial statements on 17 November 2016. This means that they believe the 2015/16 financial statements (as amended following audit) gave a true and fair view of the financial position of the Council and of its expenditure and income for that year. EY's audit of the financial statements identified various adjustments to the draft accounts which the Council agreed to make. Some adjustments were not material and were impractical to make and this was reported to the Committee. The adjustments did not affect the usable resources as reported in the draft accounts. The audit raised recommendations to improve controls over bank and housing rent account year end reconciliation procedures and IT controls over applications and infrastructure. The Council has been addressing these recommendations.



### *Annual Governance Statement*

- 3.11 EY reviewed the Annual Governance Statement for 2015/16 and concluded that it was sound, consistent with the principles of the CIPFA/SOLACE Framework and correlated with their understanding of the governance arrangements of the Council.

### *Whole of Government Accounts*

- 3.12 EY review and report to the Department of Communities & Local Government (DCLG) and the National Audit Office on the Council's Whole of Government Accounts return. The extent of their review is specified by the National Audit Office. EY reported to the Audit & Governance Committee in January that they had completed this work (and agreed the final return).

## **4.0 KEY GOVERNANCE CHALLENGES**

- 4.1 We continue to monitor and manage our service delivery as part of good governance within the Council. Whilst some actions reported in the 2015/16 Annual Governance Statement have been addressed during 2015/16, with no significant residual issues, the majority remain as work in progress:

- i. A financial sustainability plan was submitted to Government on 14 October 2016, setting out the process for achieving sustainability. A lawful budget was set for the 2017/18 financial year at the meeting of Council on 21 February 2017 but it required significant use of reserves and one off measures. It therefore included a requirement to identify actions to address the remaining financial gap in 2017/18 to 2019/20 by the second quarter of the 2017/18 financial year. Officers have proposed recommendations to the Policy Committee in July 2017 to address these requirements.
- ii. Work is ongoing to further develop the financial support to the Council. The Budget Managers Handbook has been completed and made available to budget holders. The service provided by Corporate Finance is under review to ensure the Council's needs are met.
- iii. The Council developed a Learning and Improvement Plan for Children's Services following the Ofsted Inspection in June 2016 when the Council's Children's Services were judged by Ofsted to be 'inadequate' (see section 5). The progress and performance against the plan is monitored by the independently chaired Children's Services Improvement Board on a monthly basis. The Board receives a comprehensive performance dataset and highlight report (with RAG status) focused on the 18 outcome areas, as well as an update of the Plan setting out the current position.
- iv. The Council has put in place a governance structure and provided operational expertise and resource for Health and Safety.
- v. During 2016/17 the Council introduced and monitored arrangements to ensure an efficient and effective handover for senior management, particularly related to the role of Managing Director during 2016/17. This culminated in the appointment of a new Chief Executive (as Head of Paid Service) in March 2017. The Interim Managing Director's contract ended at the end of March and the Director of Environment & Neighbourhood Services agreed to take on the role of Acting Chief Executive for the short period between then and the arrival of the new Chief Executive in June 2017.

- vi. The Adult Social Care Transformation (ASC) programme continues to evolve in line with service priorities and the financial challenges of the Council. In 2016/17 the Programme delivered approximately £1.4 million savings. For 2017/18, the programme will be aligned to the new ASC strategy and will form part of the overarching delivery plan. In addition the service will continue to maximise any synergies with the Better Care Fund to ensure that best use of limited resources is made and solutions to address the challenges faced across the health and social care landscape are developed.
- vii. Resource panels have been established in Adult and Children's Services to manage demand and ensure appropriate service provision, delivering services within statutory requirements and operating within budget.
- viii. Key information governance issues have been addressed and continue to be implemented. The Council's IT policies have been updated and rolled out, and the Protocol Policy, which is soon to be rolled out, will for the first time introduce a dynamic IT policy system into the Council's compliance regime. Automatic Document Marking for all emails was rolled out in March 2017. Projects to meet the next step of Payment Card Industry Data Security Standards and connect to the health service over their N3 network are ongoing.
- ix. A project gateway approach for all ICT and digital projects has been introduced via the Digital and ICT Board and a review of the governance arrangements. This is working well. Towards the end of 2016, a Delivery Unit was set up in Corporate Support Services which is developing a Council-wide Change Programme. This incorporates robust governance arrangements for programme and project management across the Council.
- x. Following the S106 fraud (paragraph 2.35,) new processes have been introduced to improve control over income. In addition, a new S106 data system has been installed. In due course, it is anticipated that the new system can link directly to Oracle Fusion, the Council's main finance system, as this will be the most efficient way of monitoring receipts.
- xi. Work has been undertaken to deal with changes to the IR35 Regulations from 6 April 2017, which altered the way tax and National Insurance was paid if someone was contracted to work for a client through an intermediary (commonly affecting agency and interim staff engaged by the Council). IR35 could significantly alter the costs of some placements and could drive a renegotiation of charge rates. Positions potentially affected by the change were identified and managers worked with HR to make an assessment of whether or not workers were within the scope of the Regulations.

## 5.0 SIGNIFICANT GOVERNANCE ISSUES

- 5.1 As part of continuing efforts to improve governance arrangements the following issues, as highlighted in this year's Annual Governance Statement, have been identified for improvement.

### Children's Services

- 5.2 In August 2016, Ofsted issued an inspection report on services for children in need of help and protection; children looked after and care leavers and a review of the effectiveness of the Local Safeguarding Children Board. It concluded that children's services in Reading were inadequate and found serious, persistent and systemic failures in the services provided to children who need help and protection. The inspection found that children are left too long in situations of unknown and acute risk. The report also found leadership, management and governance to be inadequate and that instability in the senior leadership team had impeded progress in addressing identified weaknesses in services for children and families.
- 5.3 The Council accepted the findings of the Inspection and developed an Improvement Plan as a response to it, supported by the appointment of a Commissioner for Children's Services. The Council also reports performance against the actions in the Improvement Plan, to the Adult, Children and Education Committee, three times a year.
- 5.4 Following the Ofsted Inspection, the Council re-organised its Children's Services Leadership Team. A new operating model for Children's Social Care had been implemented in August 2016. This included an increase in the overall establishment of social work posts, to create an effective and affordable children's services structure for Reading, which will enable the delivery of safe and effective services to meet local need.
- 5.5 Moving forward a key objective within the Learning and Improvement Plan is to increase the number of permanent (compared to agency) social care staff across the service. The Directorate is reviewing its workforce development strategy, including its approach to recruitment and retention in Reading's Children's Services, to secure a permanent and competent children's services workforce to deliver responsive and safe services.
- 5.6 To address the collective need for cost avoidance and improvements to the Directorate a project has been initiated to create a single co-located Access to Resources Team (ART). The objective is the realignment of functions across Children's Services and Commissioning into a single team with a clear governance and accountability structure that addresses permanence for children within the financial constraint of the Local Authority whilst delivering value of spend across Children's Services. The project commenced on 1<sup>st</sup> April 2017.

### Interim & Agency Staff

- 5.7 During 2016/17 the Council made particularly significant use of interim & agency Staff, including several roles within the Corporate Management Team, The Council is in the process of replacing as many of these interim staff with permanently employed staff as possible, as quickly as practicable. This will reduce costs and deliver more stability in leadership and at practice level.

### Financial Challenge

- 5.8 The Council has developed a financial strategy, which allowed a legal budget to be set for 2017/18. However, this is achieved in part through the reliance on £11m reserves, which necessitates using all but critical reserves. This means that the S151 Officer concluded that reserves are no longer adequate and has recommended that these reserves be rebuilt over the medium term to a more sustainable level. The Budget Report identifies there is a residual gap in the baseline budget in 2018/19 and 2019/20 currently estimated as £18.7m, which needs to be closed through the development of budget proposals by quarter 2 of 2017. £13.7m of this gap is in 2018/19.
- 5.9 Savings proposals for 2017/18 in particular have been through a process to ensure directors, CMT and lead members can be assured of their deliverability. However, the level of detail of savings plans does vary, as does the use of profiling for budgets. Regarding one off solutions, it is agreed that these should be avoided wherever possible. Agreed savings are supported by a delivery plan, and until the saving is delivered, responsible officers are required to report monthly on the delivery plan on a RAG basis. A revised and strengthened monitoring process was put in place from 1<sup>st</sup> April 2017, which will ensure that budget monitoring and RAG savings reviews are consistently reporting the same information.
- 5.10 Delivery of a robust Medium Term Financial Strategy for the period 2017/18 to 2019/20 requires a number of success factors:
- i) Thorough review of underpinning assumptions to ensure that they are prudent;
  - ii) Identification of new proposals for delivering savings, income or efficiencies;
  - iii) Commitment from councillors and officers to accept and deliver robust proposals;
  - iv) A culture of sound financial management that recognises that each £ of expenditure must deliver full value and that every £ of income must be collected.

### Internal Controls

5.11 During 2016/17 Internal Audit expressed limited assurance over particular and individual systems of internal controls which resulted in a number of systems improvements to further strengthen financial and operational controls:

- *General Ledger* - There is a lack of clear documented business processes and identification of responsibilities that identify and describe the operation of some of the feeder systems and the requirements for data input on a manual or spreadsheet basis. The input of unstructured or poor quality data from feeder systems (particularly the linked AP system) increases the need for remedial action in the General Ledger in the form of journal activity. The creation and approval of journals is a single person process and there are poor audit trails to support some transactions.
- *Accounts Payable* - The Council is not actively managing its procurement of goods and services through the Accounts Payable system. In part this creates an unnecessary level of administrative delay by not effectively managing its supplier database. There is no formal accreditation process for the majority of suppliers who are chosen by the manager making the order. The data on the system is mainly unstandardized and of a poor quality and obstructs timely analysis of procurement options and management reporting on and analysis of procurement activity. Resources are unnecessarily utilised to support a system that incorporates a large amount of "one off" purchasing activity in terms of purchase orders and suppliers, which in turn generates an unnecessarily high volume of low value transactions that puts time pressures on paying suppliers. The Council is considering how to effectively streamline these processes and make them more robust.
- *Bank & Cash Reconciliations* - The regular completion of reconciliations was not timely in 2016/2017, there is no centrally held list of the control account reconciliations and no process in place to ensure these are completed in a timely way. The bank account reconciliation had not been kept up to date and unreconciled items need to be cleared. The Interim Director of Finance has confirmed that the Finance Service is committed to bringing the bank account reconciliation up-to-date and for it to be completed on a monthly basis going forward. Lessons are being drawn out to ensure that the reconciliations for 2017/18 can progress in a timely manner.
- *Accounts Receivable* - Services are not (always) raising invoices promptly or providing sufficient detail on invoices, which in turn affects effective collection performance, as Income & Recovery staff also have to act as intermediaries when accounts are queried by customers. There are different procedures in place for the monitoring and chasing of unpaid invoices with no apparent consistency, priority or direction as to the work of Income & Recovery staff and in particular the order that accounts are worked on.
- *Nursing & Residential Care Packages* - There needs to be an improvement in audit trails to better evidence placement decisions made by the Adult Funding Panel and to improve procedures to ensure care packages are reviewed annually to comply with statutory review processes. The Adult Social Care Transformation Team has been working to improve the function of the Adult Funding Panel process.

- *Information Governance & Data Protection* - The audit highlighted a need to improve governance structures to evidence the effective management of information governance and data protection to meet evidence based accreditation programmes like PCIDSS<sup>3</sup> for credit card use and N3<sup>4</sup> for Health Service connectivity. The Head of Customer Services has confirmed that action is being taken to improve governance in this area including revised policies and procedures, enforced document marking, identification of Information Asset Owners and staff training.
- *Subject Access Requests* - Under the Data Protection Act 1998, individuals have a right to access information held about them by any organisation that processes personal data. There was a lack of a consistent policy and procedure which could be applied to subject access requests. The Council's Employment and Information Solicitor has confirmed that different routes of access have been merged into a single route, which will be co-ordinated and monitored via Legal Services. A new policy and procedure has been implemented and key officers are being trained by Legal Services.
- *Electronic Document & Records Management* - The Council uses an Electronic Document Records Management system which offers considerable savings in paper handling and associated processes. Current internal processes to collect and manage the transportation of paper documents for scanning do not provide sufficient guarantees that documents will be safely accounted for and are in need of strengthening to protect the Council from the risk of data loss. The Business Systems Support Team is progressing with the work to redesign the overall service provision including the arrangements for the secure transfer of hard copy documents.
- *Corporate Governance* - a review was conducted of the Council's governance arrangements, including consideration of the ownership, completeness and currency of documentation that the Council is required to hold, publicise and periodically review in relation to its governance arrangements. A number of corporate governance processes were found to be in need of improvement, with a number of key documents out of date and not communicated to staff on commencing employment with the Council or on a regular basis during their employment.
- *Risk Management* - While risk management techniques are deployed, they have been less than robust at the strategic level throughout 2016/17, and need to be improved going forward. Risks have always been managed, but risk registers need to be updated more frequently at directorate and Corporate Management Team level.

## Compliance

- 5.12 A theme through a number of the significant governance issues is a lack of compliance. That is, the Council has in place, in most areas, an appropriate set of governance arrangements yet these are not followed leading to weaknesses in internal controls. This produces a heightened risk of fraud, corruption &/or poor value for money with the consequent negative reputational impact. During 2017/18 in addition to improving systems and processes themselves, attention will be paid to professional practice and compliance to drive up standards.

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<sup>3</sup>PCI DSS is the Payment Card Industry Data Security Standard, that was set up to help businesses process card payments securely and reduce card fraud.

<sup>4</sup>N3 is the National Network for the NHS. Public health intelligence teams based in local authorities need to be connected to N3 in order to fulfil their function.

6 CONCLUSION AND PRIORITIES FOR IMPROVEMENT

- 6.1 The annual review of governance provides evidence of how effective our governance framework is and as a result, we have put in place an implementation plan shown in appendix A. Over the next year we will be taking steps to continue to improve what we do, especially focussed on the significant governance issues.
- 6.2 We are satisfied that these steps will bring about the improvements that we identified in our review of effectiveness, and we will monitor these improvements as part of our next annual review.

Signed:.....  
Peter Sloman, Chief Executive

Signed:.....  
Councillor Jo Lovelock, Leader of Council

On behalf of the members and officers of Reading Borough Council



Annual Governance Statement 2016/17 Implementation Plan						
No.	Management Action	How implemented	Progress	Due date	Status	Responsible Officer
1.	Prepare and agree a robust and deliverable Medium Term Financial Strategy for the period 2017/18 to 2019/20.	Development of a robust MTFS for 2017/18 to 2019/20	Revised MTFS being presented to Policy Committee on 17 July 2017, with further work on robustness and delivery planned.	July 2017	Reports prepared for Committee showing balanced positions for 2017/18 and 2018/19. More work required to balance 2019/20	Director of Finance
2.	Prepare and deliver a robust savings monitoring programme to ensure that savings are delivered and/or adjusted according to a strong governance process.	Implementation of a more robust budget and savings monitoring regime overseen by the Corporate Programme Delivery Group	Corporate Programme Delivery Group now oversees robust savings monitoring regime. Changes to the proposals are monitored and controlled.	May 2017	Implemented and now embedding	Head of Customer Services
3.	Put in place a robust regime for the reconciliation of control accounts on an ongoing basis.	EY recommended that a centrally held list of reconciliations should be kept, so this should be implemented by creating (and keeping up to date) such a list	Most reconciliations have been done to 31 March 2017, but the list has not yet been established	List in place and status recorded of all reconciliations by 31 Aug 2017	In progress - list being started	Head of Finance (with Chief Technical Accountant)



Annual Governance Statement 2016/17 Implementation Plan						
No.	Management Action	How implemented	Progress	Due date	Status	Responsible Officer
4.	Ensure that Children's Services has an appropriate level of resources and that there are processes in place to monitor the resource allocated to the service and the achievement of service improvements required.	<p>Additional resources have been added to the Finance Team supporting Children's Services this includes the appointment of the Interim Directorate Accountant from the end of November 2016, secondment of the Senior Analyst to the Team from March 2017, and now access to an Interim Senior Analyst. This was to enable improved monitoring of the Children's Services budgets. As well as overall improvements to monitor budgets and improving the relationship between Children's Services and Finance.</p> <p>Key monitoring piece of work is LAC Modelling and the development of the MOSAIC system.</p>	<p>DCEEH DMT have a clearer understanding of the Children's Services budgets and the implementation of the MTFS for Children's Services was completed with the full involvement of DMT.</p> <p>The accounts closure process has impacted the process of the introduction of further improvements. Now closure has been completed the improvements can gather pace again.</p>	<p>June</p> <p>September 2017</p>	<p>Partly achieved, further improvements depend upon Team resourcing</p> <p>Not yet started</p>	Director of Finance

Annual Governance Statement 2016/17 Implementation Plan						
No.	Management Action	How implemented	Progress	Due date	Status	Responsible Officer
5.	Further develop the financial culture of the Council.	<p>A revised budget management handbook will be made available and it is planned to have some training sessions to launch and embed it.</p> <p>CMT will further scrutinise financial information and seek to lead by example in terms of the culture.</p>	<p>Revised handbook was published in April 2017.</p> <p>Training sessions are being planned for September 2017.</p> <p>CMT already scrutinises finance and performance information, but will undertake more intense investigation to ensure that expenditure is delivered in line with the budget.</p>	<p>April 2017</p> <p>September 2017</p> <p>June 2017 (first monitoring for 2017/18)</p>	<p>Complete</p> <p>In planning</p> <p>Commenced</p>	Director of Finance
6.	Children's Services: Meet the objectives within the Learning and Improvement plan for Children's Services following the Ofsted Inspection in June 2016.	A detailed action plan has been prepared, that is monitored by ACE Committee	Actions are in various states of progress - see most recent report to ACE	Various to 31/3/18 and beyond	In progress	Director of Children's, Education & Early Help services
7.	Replacement of agency and interim staff with permanently employed staff.	Staff in post on permanent appointments wherever possible	Recruitment Drive underway in Children's Services to attract and retain SW and management staff. In other areas, initial scoping work has been done and there would be little in the way of realisable savings.	30 September 2017	In progress	Head of Legal and Democratic Services

Annual Governance Statement 2016/17 Implementation Plan						
No.	Management Action	How implemented	Progress	Due date	Status	Responsible Officer
8a.	Internal Controls: <i>General Ledger</i> – detailed action plan in response to Internal Audit findings to be completed and delivered.	Action Plan has been drafted for review setting out in detail how each recommendation will be addressed in the short and medium term	Actions contained within the action are being progressed; the highest priority recommendations are being addressed in the shortest timescale	August 2017 for high priority  October 2017 for medium and low priority	Actions underway; none yet complete	Financial Systems Manager
8b.	Internal Controls: <i>Accounts Payable</i> – detailed action plan in response to Internal Audit findings to be completed and delivered.	<ol style="list-style-type: none"> <li>1. Specialist Payments Team Change Manager to be appointed.</li> <li>2. Change Manager to review AP Audit Management Action Plan and complete Management Response, Response Person and Target Date plus create detailed supporting implementation plan that addresses all points raised and integrates solutions with introduction of upcoming supplier portal</li> </ol>	<p>Interim Accounts Payable Change Manager Appointed</p> <p>Documents reviewed by Change Manager and commented</p> <p>Summary top level run through completed with Accounts Payable team</p> <p>Balance of actions o/s</p>	       5 June 2017  8 June 2017  9 June 2017	       Actions commenced, but further actions to be completed within four months	       Accounts Payable Change Manager

Annual Governance Statement 2016/17 Implementation Plan						
No.	Management Action	How implemented	Progress	Due date	Status	Responsible Officer
8c.	Internal Controls: <i>Bank Reconciliation</i> - regular completion of timely reconciliations throughout the year	<p>A revised properly structured procedure will be put in place to complete the bank reconciliation, with proper "walk through" possible</p> <p>Bank account reconciliation completed in timely way and reviewed by a senior officer on a monthly basis, within the month</p>	<p>Considerable work has been done to identify the weaknesses of the existing process (substantially by the Treasury &amp; VAT officer, under the guidance of the Interim Chief Accountant</p> <p>This has identified the need to change some of the processes, and a revised process will now be put in place</p>	Process in place from July with suitable "back entries" for months up to July 2017	Work commenced and in Progress	Head of Finance
8d.	Internal Controls: <i>Information Governance &amp; data protection</i> Improve governance structures to mitigate risk of breach of data protection legislation	Revised procedures, improved training and awareness	Ongoing training to staff, and improved breach reporting procedures has meant that more mitigation is in place. Work is underway to ensure that the Council is compliant with the new General Data Protection Regulation (GDPR) when it comes into force in May 2018	Dec 17	In progress	Head of Legal & Democratic Services

Annual Governance Statement 2016/17 Implementation Plan						
No.	Management Action	How implemented	Progress	Due date	Status	Responsible Officer
8e.	Internal Controls: <i>Subject Access Requests</i> Under the Data Protection Act 1998, individuals have a right to access information held about them. A consistent policy and procedure should be applied to subject access requests.	Different routes of access have been merged into a single route, which will be co-ordinated and monitored via Legal Service  A new policy and procedure has been implemented and key officers are being trained by Legal Services	Training has been delivered to key service areas and teams who are likely to come in contact with SARs.	31 March 17	Complete	Head of Legal & Democratic Services
8f.	Internal Controls: <i>Electronic Document &amp; Records Management</i> - Internal processes to collect and manage the transportation of paper documents for scanning must provide sufficient guarantees that documents will be safely accounted for and protect the Council from the risk of data loss.	The Business Systems Support Team is progressing with the work to redesign the overall service provision including the arrangements for the secure transfer of hard copy documents	A range of process and procedure improvements have been implemented to increase in internal controls and safeguards.  Choice of courier used is to be reviewed.  Individual information Asset Owners will need to periodically assure themselves that arrangements for transfer of documents are appropriate for the nature of the data they include.	31 Dec 2017	In Progress	Head of Customer Services -

Annual Governance Statement 2016/17 Implementation Plan						
No.	Management Action	How implemented	Progress	Due date	Status	Responsible Officer
8g.	Internal Controls: <i>Accounts receivable</i> All services raise invoices promptly and provide sufficient details on invoices to improve collection performance	<p>Refreshed procedures are being written up to accurately reflect the procedures we have in place for raising, monitoring and chasing of unpaid invoices.</p> <p>These procedures will be re-launched and shared with other service areas, to ensure the quality of information provided on invoices is improved.</p>	<p>We are currently working on a proposal to recommend with the validation from internal audit, a significant change to the way invoices are being raised currently. Whereby directorates/services would forward details of potential invoices to Income &amp; Recovery for the team to then raise centrally.</p> <p>This could have several potential advantages for the Council and could improve the efficiency and effectiveness of income collection and recovery. This proposal is to be further investigated and presented to CMT for discussion in the near future.</p>	31 August 2017	In progress	Head of Customer Services/Head of Finance

Annual Governance Statement 2016/17 Implementation Plan						
No.	Management Action	How implemented	Progress	Due date	Status	Responsible Officer
8h.	<p>Internal Controls: <i>Nursing &amp; residential care packages</i> &gt; Improve audit trails to provide better evidence of placement decisions made by the Adult Funding Panel.</p>	<p>Alternative support options are consider and tried in some cases before requests for long term placements are made, an example being the rehab beds at the Willows. There is a clear audit trail for those individuals presented at panel, out of panel decisions also have an audit trial - these decisions relate mainly to hospital discharges. Evidence for placement and justification for decision is clearly recorded. The panel has representation from commissioning who contribute to the decision making process.</p>	<p>These are clearly recorded; an audit of the panel proformas and decision log will be completed to ensure compliance with the process annually.</p>	Ongoing	Green	Director of Adult Services
	<p>Improve procedures to ensure care packages are reviewed annually to comply with statutory review process</p>	<p>Reviews are recorded in mosaic, this generates a review date. Managers run reports from Mosaic to monitor performance and compliance.</p>	<p>Review project in place to support compliance with reviews. Reports run for managers to review evidence of performance.</p>	Ongoing	Amber	

Annual Governance Statement 2016/17 Implementation Plan						
No.	Management Action	How implemented	Progress	Due date	Status	Responsible Officer
8i.	Internal Controls: <i>Corporate Governance</i> Improve a number of corporate governance processes, update key documents and communicate to staff on starting employment with the Council or on a regular basis during their employment.	The officers code of conduct will be reviewed and updated to ensure it reflects current practice and requirements Review Code of Corporate Governance  Use of NetConsent to roll out key policies and procedures	Code of Conduct currently being updated (June 2017). It will be considered at CMT before going on to LJF and Personnel Committee for formal approval.	30 September 2017	On going	Head of Legal and Democratic Services
8j.	Internal Controls: <i>Strengthen and embed the processes for the management of risk.</i> Current deployment is not robust enough for risk management to be a key influence in decision making	Develop the current directorate risk registers specifying the owner of each action	Risk action plan updated for 2017/18. Directorate risk registers programmed in for quarterly discussion at DMTs. Strategic risk register programmed in for quarterly review at CMT.  Level 4 Risk Management training, supplied by Council's insurers being scheduled for senior officers.	1 <sup>st</sup> April 2017  31 Dec 2017	Complete  Ongoing	Director of Finance



Annual Governance Statement 2016/17 Implementation Plan						
No.	Management Action	How implemented	Progress	Due date	Status	Responsible Officer
8k.	Internal Controls: <i>Compliance</i> An appropriate set of governance arrangements exist yet these are not followed rigorously which then allows weaknesses in internal controls.	Attention will be paid to professional practice and compliance to drive up standards, as well as cultural change efforts in terms of the operation of the council.	Through the development of the AGS and actions plans such as this one, plus an appropriate focus on discipline and good governance then improvements will be made.  More formal interventions in terms of organisational development will be required in due course.	May 2017  September 2017	Developing and ongoing  Requires planning	Director of Finance
9.	Develop a clear & consistent strategy or procedure for advising new and existing staff of their responsibility to declare interests and register gifts of hospitality.	Designation of officers in each Directorate to hold registers. Recommunication of expectations on staff.	Each Director will be asked to nominate an individual in their area to hold the register. There will be communication and NetConsent approval to remind all staff of what to declare, why and to whom.	31 October 2017	ongoing	Head of Legal, HR & Democratic services
10.	Align performance reporting processes to ensure CMT is fully sighted on organisational health and performance.	New framework in place and embedded with regular review meetings scheduled for 2017/18	Regular meetings are in place for reporting and performance however, it is proposed to review and refresh framework during 17/18	End July 2017	ongoing	Head of Customer Services