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<b>REPORT TO:</b>	<b>OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>26 JANUARY 2017</b>
<b>REPORT OF THE:</b>	<b>RESOURCES &amp; ENABLING SERVICES LEAD (s151) PETER JOHNSON</b>
<b>TITLE OF REPORT:</b>	<b>ANNUAL GOVERNANCE STATEMENT ACTION PLAN</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The report informs Members of the progress made to address the actions identified in the 2015-16 Annual Governance Statement (AGS) action plan.

### **2.0 RECOMMENDATION**

- 2.1 It is recommended that Members note the progress made to address identified actions in the 2015-16 AGS action plan.

### **3.0 REASON FOR RECOMMENDATION**

- 3.1 Monitoring progress with identified actions in the AGS is good practice and it helps to demonstrate to the external auditors that the audit committee is properly exercising its role.

### **4.0 SIGNIFICANT RISKS**

- 4.1 There are no significant risks.

### **5.0 POLICY CONTEXT AND CONSULTATION**

- 5.1 There is no impact upon specific policies, although the AGS is an important corporate document demonstrating the Council's commitment to an open and transparent philosophy in all its activities.

### **6.0 REPORT DETAILS**

- 6.1 Good governance is important to all involved in local government; however, it is a key responsibility of the Leader of the Council and of the Chief Executive.

- 6.2 The preparation and publication of an Annual Governance Statement in accordance with the Cipfa/SOLACE Framework is necessary to meet the statutory requirements set out in Regulation 6 of the Accounts and Audit Regulations 2015.
- 6.3 To meet the requirement to review the AGS an Action Plan has been agreed and is subject to review by the Council's Audit Committee.
- 6.4 This report presents a review of the implementation of actions proposed in the Action Plan associated with the 2015-16 AGS.
- 6.5 The Action Plan detailed in Appendix A, sets out the current position with comments on the actions proposed in the plan.
- 6.6 The AGS Action Plan is a document that should be reviewed periodically during the year. A final review will be completed when the AGS for 2016-17 is being drafted and any current items which remain outstanding will then be brought forward into the new AGS.

## **7.0 IMPLICATIONS**

- 7.1 The following implications have been identified:
- a) Financial  
None
  - b) Legal  
None
  - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)  
None

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**Background Papers:**  
None

**APPENDIX A****ANNUAL GOVERNANCE STATEMENT 2015/16****Action Plan for Implementation in 2016/17**

<b>STATUS</b>	<b>CONTROL ISSUE</b>	<b>ACTION PROPOSED</b>	<b>RESPONSIBILITY</b>	<b>TARGET DATE</b>	<b>CURRENT POSITION &amp; COMMENTS</b>
Brought Forward	Risk of compromise and weaknesses in operational systems as a consequence of continuing reductions in staffing as Government funding cuts made.	Where changes in staffing occur, that changes in operating arrangements are reviewed prior to reducing the controls.  Internal audit will be included in working groups reviewing operating systems and arrangements, including commissioning, partnership arrangements etc.	Finance Manager (s151 Officer).	Ongoing	The T2020 transition process to the new operating model will include an assessment of whether controls within operational systems are working adequately.  Internal Audit have been and will continue to be involved in the T2020 process.
2015/16	The audit opinion of the control environment for the management of risk is weak.	That the Corporate approach to risk is applied consistently across the council for management of corporate, service, project and partnership risk.	Head of Corporate Services	October 2016	Good progress made following the implementation of the browser version of Covalent. Training undertaken for all managers.  11th November  Reviewed the corporate risk register.  Risks have been scored and mitigating actions added.  Management to review the corporate risk reporting and review risks on a monthly basis  Service risk registers will be developed as part of the transition to the new operating model

	<p>The audit opinion of the Internal control environment for the Payroll process remains weak. In the financial year 2015-16 there has been effort made to improve the control environment and whilst progress has been made it is not enough to improve the overall opinion.</p>	<p>In addition to the agreed audit actions, improved joint working is planned between staff involved in Payroll and Finance to improve a number of procedures for the payroll process. This will include regular meetings of key staff responsible for the implementation of recommendations with the s151 Officer to ensure progress made continues in the new financial year.</p>	<p>Finance Manager and HR Manager.</p>	<p>October 2016</p>	<p>Reconciliation processes have been improved and are carried out on a regular basis.</p> <p>It is envisaged that employee self service will roll out across the authority from April 2016 and discussions have commenced with CYC around finalising a service level agreement.</p> <p>Payroll and Finance functions will be integrated into one section under the new operating model from April.</p>
<p>2015/16</p>	<p>On-going and future changes to the Council's financial framework including several changes to national and local funding regimes will increase the financial pressure on the Council and risk profile. These changes arise from on-going changes to benefit administration and continued downward pressure on government funding of Councils as confirmed in the indicative long term financial settlement</p>	<p>The agreed Medium Term Financial Strategy of the Council reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. This informs the budget process for 2017/18 and future years.</p> <p>The Finance Manager considers the risk as part of the closure of accounts including the need to make appropriate provisions and reserves at the year-end.</p>	<p>Finance Manager</p>	<p>Ongoing</p>	<p>The Medium Term Financial Strategy is in the process of being updated to reflect the provisional Local Government finance settlement and emerging local budget issues, the strategy will be discussed with members prior to seeking approval in February 2017.</p> <p>The 2015/16 Statement of Accounts, including a statement on the adequacy of reserves made by the s151 officer, were approved by the P&amp;R Committee in September 2016</p>
<p>2015/16</p>	<p>The Council has identified the publication of data to meet the requirements of the Transparency Code for Local government, as placing the council at risk of a future fraud as information included in the public domain could be used by determined third parties to exploit the Council.</p>	<p>That the Council meet its statutory requirements to publish open data by releasing the minimum level of detail required.</p> <p>That Internal Controls are kept under review and key staff are kept updated on latest techniques used by fraudsters.</p>	<p>Finance Manager (s151)</p>	<p>Ongoing</p>	<p>The minimum level of transparency data is being published.</p> <p>Key staff are updated on the latest fraud techniques as and when.</p>

