

AUDIT COMMITTEE

2 December 2014

Subject Heading:

Corporate Governance Update

Report Author and contact details:

Vanessa Bateman, Internal Audit &
Corporate Risk Manager ext 3733

Policy context:

To inform the Committee on Corporate
Governance work in 2014/15 and
progress towards production of the Annual
Governance Statement

Financial summary:

N/a

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	X
Excellence in education and learning	X
Opportunities for all through economic, social and cultural activity	X
Value and enhance the life of every individual	X
High customer satisfaction and a stable council tax	X

SUMMARY

This report provides the Audit Committee with an update regarding work to strengthen the Council's Governance Arrangements, the actions taken so far in monitoring the issues noted on the 13/14 Annual Governance Statement and the plan for the rest of the year.

RECOMMENDATIONS

1. To note the contents of the report and proposed timetable
2. To raise any issues of concern and ask specific questions of officers where required.

REPORT DETAIL

1. Introduction

- 1.1 Governance is about how councils ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which councils are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.¹
- 1.2 Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables the Council to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.
- 1.3 High standards of conduct and leadership are at the heart of good governance, placing responsibility on members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct, and so set the tone for the rest of the organisation.
- 1.4 Regulation 4(3) of the Accounts and Audit (England) Regulations 2011 requires all relevant bodies to prepare an Annual Governance Statement (AGS) which must accompany the Annual Statement of Accounts. The purpose of the AGS is to communicate to stakeholders the standards of Corporate Governance the organisation demonstrates and identify any significant issues that have arisen in year, and what is planned with regards addressing these issues.
- 1.5 The Council has an officer Governance Group which is chaired by the Group Director Communities and Resources, who reports to Corporate Management Team with regards outcomes. This group oversees the process to produce the AGS annually and monitors the action plan.

¹ Quote from CIPFA/SOLACE 'Delivering good governance in Local Government Framework'

2. Developments in 2014/15

- 2.1 The approach taken in this area has been reviewed to ensure that it is fit for purpose given the challenges the organisation faces. There is a need for activities to become more outcome focused and ensure that they are efficient in terms of resource utilization. As a result of the review a new group has been created to develop the work of the Officer Governance Group and to form a network of Governance Champions.
- 2.2 Two meetings were held, in September and November 2014, to develop the new group. The group seeks to bring key representatives from across the organisation together, on a quarterly basis, to:
- Identify, discuss and prioritise governance issues;
 - take action to resolve issues or propose resolution for relevant approval and implementation;
 - challenge system and process (old and new);
 - review assurances around compliance;
 - communicate key messages out across organisation;
 - streamline reporting/escalation of issues and ensure duplication of effort is identified and removed.
- 2.3 The group will maintain a robust record of issues raised and a detailed action plan to capture outcomes and achievements. Actions will be nominated to responsible officers for progression in between meetings and the network of other officer groups such as Health and Safety will be used ensure that actions and communications are being taken forward via the most efficient and effective method.
- 2.4 The group will report issues into Corporate Management Team by exception and the actions planned and taken by the group will be made available for information after each meeting.

3. Production of the 2014/15 AGS

- 3.1 The significant issues raised in the 2013/14 Annual Governance Statement are contained for information in Appendix A.
- 3.2 The process to develop the AGS is well established and has been running successfully for a number of years. The above review of arrangements also considered this process and two conclusions were reached:
- 1) The issues on the AGS, over time, have become very high level and ultimately difficult to remove.
 - 2) The paper based approach to obtaining assurances from Senior Management needs to be reviewed.

- 3.3 The new Group seeks to address both these issues. It is hoped that through: active participation of representatives throughout the year; seeking input from Senior Management on the resolution of live governance issues and the group reviewing key assurances around compliance with the Governance Framework the AGS can become a live document that is developed in year as part of business as usual without the need for an additional process to be completed.
- 3.4 The next meeting of the Governance Group is planned for February 2015 and work to develop the action plan and communicate out responsibilities to the group is planned for November so it is expected that significant progress will have been made and recorded by the February meeting. An update report including progress with regard the 13/14 significant issues will be presented to the Audit Committee in March 2015.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are none arising directly from this report which is for noting and/or providing an opportunity for questions to be raised. The risks of our arrangements not complying with best practice may lead to the Council not being viewed as open and transparent by stakeholders. Failure to produce a robust AGS could result in the Council's Accounts being qualified.

Legal implications and risks:

The Council is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk. (Regulation 4(1) Accounts and Audit (England) Regulations 2011/817.)

The Council must carry out an annual review of the effectiveness of its system of internal control which must be considered by the relevant committee and in the light of that review produce an annual governance statement prepared in accordance with proper practices in relation to internal control (Regulations 4 (2) and (3) Accounts and Audit (England) Regulations.

There are no apparent risks in noting the content of this Report.

Human Resources implications and risks:

None arising directly from this report.

Equalities implications and risks:

None arising directly from this report. Equality and social inclusion are key factors to consider in the Council's Governance arrangements and any changes to the Code of Governance or other related policies and procedures are assessed in order to ensure the impact is appropriately identified. The Governance Group is attended by someone with Equalities expertise.

BACKGROUND PAPERS

Annual Governance Statement 2013/14.

CIPFA/Solace – current 'Delivering Good Governance in Local Government' framework.