

AUDIT COMMITTEE
28 02 2018

Subject Heading:	Governance Update
SLT Lead:	Jane West Managing Director oneSource
Report Author and contact details:	Jeremy Welburn Head of Assurance. Tel: 01708 432610 / 07976539248 E-mail: jeremy.welburn@onesource.co.uk
Policy context:	To inform the Committee of progress against significant governance issues as reported in the 2016/17 Annual Governance Statement
Financial summary:	N/A

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

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

SUMMARY

This report advises the Committee on the progress against significant governance issues as reported in the 2016/17 Annual Governance Statement (AGS).

RECOMMENDATIONS

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

REPORT DETAIL

1. Introduction

- 1.1 Regulation 6(1b) of the Accounts and Audit Regulations 2015 requires all relevant bodies to prepare an Annual Governance Statement (AGS). 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 to address these issues.
- 1.2 The Council has an officer Governance and Assurance Board which meets at least quarterly and is made up of the following standing members:
- S151 Officer (Chair)
 - Director of Finance
 - Director of Human Resources and Organisational Development
 - Director of ICT
 - Deputy Director Legal and Governance
 - Head of Assurance
- 1.3 This group oversees the process to produce the AGS annually and as a standing meeting item monitors and updates the action plan to address significant governance issues raised. The group maintains a record of new issues raised during the year and a detailed action plan to capture outcomes and achievements. Actions are allocated to responsible officers for progression between meetings.
- 1.4 The Governance Group is non-decision making and escalates issues to Senior Leadership Team. The output informs the Annual Governance Statement, Corporate Risk Register and other policies and procedures etc. as appropriate.

2 2016/17 AGS – action taken in relation to significant governance issues

- 2.1.1 The 2016/17 AGS was reported to the June 2017 Audit Committee and accompanied the Annual Statement of Accounts presented for sign-off at the September 2017 meeting.
- 2.2 The significant issues raised in the 2016/17 Annual Governance Statement are set out in detail in Appendix A and progress against each of these is reported there. For members' ease of reference the five areas identified are:
- **Scheme of Delegation** - A review (Issues with) of the Scheme of Delegation was identified following the amendments to include oneSource;
 - **Commissioning and Contracts (including compliance with procurement rules)**: There have been instances identified of failings by officers to comply with the Procurement rules;
 - **Mercury Land Holdings (MLH)**: It has been identified that a review of the governance arrangements in relation to MLH is required as the business moves forward. Mercury Land Holdings is a newly established company and as that company develops it is advisable to review and update the governance arrangements to ensure they are efficient and robust;

- **Projects and Programme Management:** The Council has a significant number of large scale and complex projects and programmes to deliver over the medium term and needs to ensure it can deliver these with appropriate governance arrangements. It is important that the Council reviews its arrangements and capacity to manage the high number of projects and programmes to meet the agreed and desired outcomes; and
- **Information Technology & Information Governance:** The Council replaced a large element of its core information and technology infrastructure in 2016 and therefore an underlying review of the infrastructure needs to take place. There are also increased risks generally in both public and private sector around cyber security. In addition the new GDPR changes will come into effect in May 2018 and the organisation will need to respond, requiring a detailed focus on the information security.

Appendices: Provide supporting detail for Members' information

Appendix A: Governance and Assurance Board AGS 2016/17 Significant Issues Action Plan updated February 2018.

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.

Legal implications and risks:

The Council is responsible for ensuring that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk (Regulation 3 of the Accounts and Audit Regulations 2015).

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. In the light of that review, the Council must produce an annual governance statement which must be approved by the relevant committee in advance of the Authority approving the statement of accounts (Regulations 6 (1), (2) and (4) of the Accounts and Audit Regulations 2015).

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 2016/17

CIPFA/Solace –'Delivering Good Governance in Local Government' framework 2016.