



AUDIT COMMITTEE

30 January 2019

Subject Heading:

Governance Update

SLT Lead:

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Policy context:

To inform the Committee of progress against significant governance issues as reported in the 2017/18 Annual Governance Statement

Financial summary:

There are none arising directly from this report which is for noting and/or providing an opportunity for questions to be raised.

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 2017/18 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:
 - Chief Operating Officer (S151 and Chair)
 - Head of Assurance, oneSource
 - Monitoring Officer (Deputy Director of Legal & Governance oneSource)
 - Director of Finance (oneSource)
 - Head of Finance (Strategic)
 - Head of Procurement (oneSource)
 - Head of the Programme Office
 - Assistant Director Transformation
 - Technical Services Director
 - Head of the Joint Commissioning Unit
 - Director of Human Resources / Organisational Development (oneSource)
- 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 2017/18 AGS – action taken in relation to significant governance issues

- 2.1 The 2017/18 AGS was reported to the July 2018 Audit Committee, accompanying the Annual Statement of Accounts signed off on 31st July 2018.

2.2 The significant issues raised in the 2017/18 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 four areas identified are:

- **Corporate Project Management Office (PMO) and Economic Development Programme** – A 'one Council' approach is not yet in place and the governance framework around the Corporate PMO has been identified as needing strengthening;
- **Financial Regulations:** During the course of the year, inconsistencies between the financial regulations, scheme of delegation and wider constitution were identified. This particularly related to the write off of bad debts and who had approval to authorise these;
- **Delivery of a balanced budget:** The Council was able to set a balanced budget for the 2018/19 financial year. As set out in the report to Council there continues to be continued pressures over the medium term to the Council due to increased service demand and pressures while available resources are reducing. The report specifically highlights pressures for both Children Services and Homelessness services, which amount to £3.304m. The continued financial landscape for the Council isn't set to change over the medium term and will continue to present challenges to the Council in setting balanced budgets for 2019/20 and beyond; and
- **Information Governance:** GDPR.

2.3 An action plan and progress towards each of the four 2017/18 significant issues has been updated at each Governance and Assurance Board meeting during 2018/19 (see Appendix A). As at the last meeting in November 2018 all four actions were considered to be on target for completion by the deadlines.

Appendices: Provide supporting detail for Members' information

Appendix A: Governance and Assurance Board AGS 2017/18 Significant Issues Action Plan updated November 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.

However, it should be noted that failure to appropriately manage the areas identified in 2.2 could result in significant financial loss for the Council. As such setting and regular review and monitoring of the significant issues action plan will help to mitigate these risks. 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.