



GA.09 12/13
Governance and Audit Committee
7 <sup>th</sup> June 2012

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**Subject: Annual Governance Statement and Review of Corporate Governance Framework**

Report by:	Assistant Chief Executive
Contact Officer:	<u>Carol deHaney</u> Corporate Development Officer <u>01427 676578</u>
Purpose / Summary:	To present to members the draft Annual Governance Statement for 2011/12 and the Review of the Corporate Governance Framework

<b>RECOMMENDATION(S):</b>	<b>1) That Members consider the governance issues for the Annual Governance Statement and the Corporate Governance Framework and agree these for inclusion in the statement for approval with an action plan in September.</b>
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## **IMPLICATIONS**

### **Legal:**

The Annual Governance Statement must comply with the Accounts and Audit (England) Regulations 2011

### **Financial:**

**None**

### **Staffing:**

**None**

### **Equality and Diversity including Human Rights:**

**None**

### **Risk Assessment:**

Risk management arrangements are part of corporate governance and issues raised under these arrangements have been included in the Annual Governance Statement

**Climate Related Risks and Opportunities:**

None

**Background Papers:**

The following background papers were used in the preparation of this report. If none were used then please state.

<b>Title:</b>	<b>Location of Background Papers:</b>
Internal Audit Annul Report	T:\AuditReports\Internal\Annual Reports
Accounts and Audit (England) Regulations	<a href="http://www.legislation.gov.uk/uksi/2011/817/made">www.legislation.gov.uk/uksi/2011/817/made</a>
Audit Commission – Governance and Audit Committee update	T:\AuditReports\Internal\Annual Reports

**Call in and Urgency:**

**Is the decision one to which Rule 14 of the Scrutiny Procedure Rules apply?**

Yes

No

**Key Decision:**

Yes

No

## **1. Introduction**

- 1.1 The Annual Governance Statement is a formal statement, under the Accounts and Audit (England) Regulations 2011 that records and publishes the Council's Governance arrangements and issues for the previous year, an annual report of governance.
- 1.2 The system of Corporate Governance is the way in which we direct and control our services and functions to ensure that we make the best use of all of our resources, including members.
- 1.3 Assurance of those governance arrangements involves a process to test the framework and to gain confidence that it is operating as intended and that we are "doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner.
- 1.4 Every Council is required to produce an Annual Governance Statement which has to be approved by 30<sup>th</sup> September and included in the Council's statement of accounts.
- 1.5 The Annual Governance statement includes a summary of the governance framework and identifies those areas where further action is needed to achieve full assurance.

## **2. Developing the Annual Governance Statement**

- 2.1 Sources of information to develop the Statement have been :
  - The development of the framework itself
  - Internal Audit Annual report
  - Internal Audit limited assurance reports
  - Risk management– risk appetite training and new strategy to be developed.
  - Audit Commission Annual Audit Letter
  - Ombudsman investigations
  - Complaints and lessons learnt
  - Consultation results
  - Corporate functions assurance statements – legal, Health and Safety, ICT, procurement.
  - Service Heads – any service or performance issues.
  - The position with actions from the 2010/11 Annual Governance Statement Action plan

## **3. The Framework**

- 3.1 The Governance Framework is set by the systems and processes, culture and values by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads the community.

- 3.2 The key elements of the systems and processes of the authority's governance arrangements include arrangements for:
- reviewing the vision and its implications for the authority's governance arrangements – including the transformation process
  - communicating the authority's vision of its purpose and intended outcomes to local people, partners and stakeholders
  - ensuring that policies contribute towards the vision and are adhered to
  - measuring the quality of services for users, ensuring the best use of resources
  - defining and documenting the roles and responsibilities of members and officers with clear delegation arrangements and protocols for effective communication
  - developing, communicating and embedding codes of conduct, and standards of behaviour for members and staff
- 3.3 The current position of the development of the framework and the accompanying action plan, as reported to the Governance and Audit Committee in December (Appendix 1) will be continue to be reviewed and form part of the Statement.

#### **4. Review of Effectiveness**

- 4.1 We have a responsibility to carry out a review of the effectiveness of our governance framework including the system of internal control.
- 4.2 The review has been informed by the work of the Finance Officer and includes the Head of Internal Audit's annual report as well as comments made by the external auditors.
- 4.3 With the aim at dovetailing the Annual Governance Statement process into other planning processes, any issues that are included in the action plan will be incorporated into the revised corporate plan, service planning and consequently appraisal and review processes.

#### **5. Issues**

- 5.1 Appendix 2 shows the issues that we will concentrate on to further develop aspects that have an effect on the Corporate Governance of the Authority and will be developed to deliver full assurance to the Governance and Audit Committee.

#### **7. Next Steps**

- 7.1 An action plan will be developed for approval by members at the September meeting, with quarterly reports of progress to address the issues.

## Appendix 1

### Review of the Governance Framework

The Governance and Audit Committee reviewed the Corporate Governance Framework in December following the CIPFA principles.

The framework has an accompanying action plan – below, that will continue to be developed, along with the Annual Governance Statement action plan to make sure that any issues are addressed.

Area	2010-11 Developments	Next Steps	Timescales
<b>1. Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</b>			
1.1 Corporate Plan	Developed and approved (September 2011) Annual Refresh due through Council 3/9/2012	Embed objectives into individual Officer appraisals for ownership and delivery.	31/08/2012
1.2 Key Strategies	Assigned sponsors for development. Commercial Strategy, Budget Strategy and Members training plan approved.	Develop remaining strategies	
1.3 Medium Term Financial Plan	Approved (March 2012) Budget Strategy under development for 2013		
<b>2. Members and officers working together to achieve a common purpose with clearly defined functions and roles</b>			
2.1 Constitution	Review complete	None	
2.2 Organising for delivery	Programme delivered to recruitment stage for original cohort	Stage 4 - Appraisals and training plans for all staff to	31/08/2012

Area	2010-11 Developments	Next Steps	Timescales
		support new roles.	
2.3 Committees	Reviewed and amended with constitutional review.		
2.4 Task and Finish Groups	Established for key policy areas with clear terms of reference where appropriate	Review effectiveness of groups.	
2.5 Policy Development Briefings	Introduced as part of new ways of working.	Review effectiveness of briefings.	
2.6 Core Management Team		Terms of reference for the meeting.	
2.6a Corporate Strategy and Governance Board	Established with clear terms of reference.	Review effectiveness. Also in scope for governance audits planned.	
2.7 Wider Management Team		Terms of Reference to be drafted and agreed	
2.8 Leaders Panel		Terms of Reference to be drafted and agreed	
2.9 Member Champions	Development in key areas.	Develop in further areas as appropriate.	
2.10 MDR's	Currently suspended.		
<b>3. Developing the capacity and capability of members and officers to be effective</b>			
3.1 Organisational Development Plan	Drafted and approved.	To be updated after the Organising for Delivery Programme	
3.2 Communications Plan	Developed and approved.		

<b>Area</b>	<b>2010-11 Developments</b>	<b>Next Steps</b>	<b>Timescales</b>
<b>3.3</b> Specific Training	Leadership development training commenced with Bassetlaw. Project/Programme Management training commenced. Second cohort underway	Review effectiveness and learning outcomes. Further specific training to be agreed.	
<b>3.4</b> New Ways of working	Introduced.		
<b>4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</b>			
<b>4.1</b> SharePoint Programme Office	Created and implemented.	To be formalised, finalised and training delivered.	
<b>4.2</b> Project Management Framework	Training undertaken, cohort for rebuild established, end to end process tested and approved.	To be developed	
<b>4.3</b> Linked Central Risk Register	Introduced single register for service, project, partnership and corporate risks.	Finalise methodology and provide further training.	
<b>4.4</b> Corporate Strategy and Governance Board	Established with clear terms of reference.	Review effectiveness. Also in scope for governance audits planned.	
<b>4.6</b> Challenge and Improvement Committee	Annual report on 2011/12 produced and approved.	Work Plan for 2012/13 to be agreed.	
<b>4.7</b> Call in Process	Aim to reduce the need though pre scrutiny and member involvement.		
<b>4.8</b> Governance and Audit Committee	Established as part of the constitutional review.	Approve Annual Governance Statement and Action Plan.	
<b>5. Engaging with local people and other stakeholders to ensure robust public accountability</b>			
<b>5.1</b> Performance Management Framework (How should we perform vs. how are we performing)	Corporate Plan progress and delivery reporting established and currently on the second round of	Measures to be finalised and approved by Policy and Resources Committee.	



Area	2010-11 Developments	Next Steps	Timescales
	reports.		
5.2 Community and Stakeholder Engagement events	Undertaken for 2011/12.	Plan for 2012/13 budget cycle.	
5.3 Consultation	Responsible role identified under Organising for delivery.	Code of Practice on consultation and engagement to be prepared and approved.	
5.4 Area focus and accountability	Localism Team created under Organising for Delivery.	Define the roles of area managers and the Localism team	
5.5 Complaints Procedure	Review of complaints undertaken.	Code of Practice to be produced and approved by Wider Management Team and adopted into Management Standards.	
<b>6. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.</b>			
6.1 Values and Behaviours	The Council has adopted the 5 a day values and behaviours for officers.	To ensure that the values are embedded	
6.2 Codes of Conduct	See below		
6.3 Principles of Public life	Our new code of conduct is due to be adopted focussed on the Nolan Principles of public life and based on the template developed by the Local Government Association.		1 <sup>st</sup> July 201`2
6.4 Standards Committee	The Standards Committee is	The new code and	

Area	2010-11 Developments	Next Steps	Timescales
	currently responsible for promoting and maintaining high standards of conduct by members and advising on adherence to the Members' Code of Conduct;	arrangements will be adopted by Council in July 2012	
6.5 Internal Control	The Annual Governance Statement reviews the system of internal control to make sure that any issues that are identified are taken forward for improvement. The system includes financial systems and processes, codes of conduct and effective policies and procedures.	Manage and develop the action plan.	
6.6 Whistle Blowing Policy	We have an adopted Whistle Blowing policy and there is an annual report to the Governance and Audit Committee to look at any issues that are raised as part of that policy.	None	

## Appendix 2

### Annual Governance Statement 2011/12 Issues

1. **Member training and development** – Members of the Governance and Audit Committee have expressed a particular interest in ensuring that members are adequately trained to be able to meet current needs.

An issue in previous Governance Statement action plans; a member development plan has been developed through the member forum and individual plans will be established to meet members' specific needs.

This is a continuing concern, to make sure that members are equipped to be able to achieve their representative and community leadership roles.

2. **Scrutiny** – the aim of scrutiny is to hold decision makers to account and to help develop and review key policies. This is a difficult role when operating in a committee system, but important to add value to the Council's decisions and drive improvement.

Scrutiny was included in previous action plans and the Challenge and Improvement Committee has been developing this role. A work plan needs to be established so that the role can be fully developed.

3. **Outcomes performance management** –the new Corporate Plan focuses on the outcomes of our policies and actions and members should be assured that performance management is delivering up to date and relevant information that is informing members and managers.

This still needs to be developed to ensure that performance information is informing decision making.

4. **Partnerships** – there will be more partnership working as we look to different solutions to issues across the District and we must be assured of their governance arrangements.

The Localism Programme includes project actions for partnerships, with work ongoing to understand our existing partnership relationships and effectiveness.

5. **Risk Management** – A recent Internal Audit report has given us limited assurance for risk management, as this needs to be reflected in the transformation agenda. Further development is needed to embed risk management within the organisation and to use our risk appetite to improve performance and decision making.

6. **Value for Money** – ensuring that we deliver efficient and effective services that meet the needs of our communities.

7. **Transformation** –major organisational change must conform to the governance framework. It is important that our transformation agenda takes account of the governance principles and that we have the capacity to deliver.

8. **Project management** – the transformation agenda is a large programme involving many projects to deliver the outcomes of the corporate plan. Success will depend on the management of these projects and robust governance and budget management practices.

Internal Audit has raised issues in connection with our project management arrangements and we are working through an action plan to make sure that our new arrangements realise the benefits of good project management across the organisation.

9. **Treasury Management** – raised by Internal Audit, to be assured that investment decisions are taken in accordance with agreed policy.
10. **Use of consultants and ICT access for starters and leavers** – raised by Internal Audit following lack of adherence to policies, to be assured that policies and processes are being followed .