

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 6</b>
<b>6 FEBRUARY 2012</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder	
Committee Member(s) responsible:	Councillor Lamb, Chair of Audit Committee	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	☎ 384 557

## **ANNUAL GOVERNANCE STATEMENT - UPDATE**

<b>RECOMMENDATIONS</b>	
<b>FROM : John Harrison, Executive Director: Strategic Resources</b>	<b>Deadline date : N/A</b>
1. The Committee is asked to: 2. <ol style="list-style-type: none"> <li>a) Note the progress on the significant governance issues reported in the Annual Governance Statement 2010 / 2011;</li> <li>b) Note emerging issues to be reflected in the next Annual Governance Statement; and</li> <li>c) Consider whether additional areas of assurance are required.</li> </ol>	

### **1. ORIGIN OF REPORT**

This report is submitted to the Audit Committee in line with its agreed Work Programme for 2011 / 2012.

### **2. PURPOSE AND REASON FOR REPORT**

- 2.1 The Annual Governance Statement (AGS) explains how the Council delivers good governance and reviews the effectiveness of these arrangements. It is a requirement for a local authority to include this as part of the annual Statement of Accounts, as well as to comply with the requirements of the Accounts & Audit Regulations 2011.

This report is for Committee to consider under its Terms of Reference:

- 2.2.16 *To oversee the production of the authority's Statement of Internal Control and to recommend its adoption; and*
- 2.2.17 *To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.*

### **3. TIMESCALE**

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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### **4. CURRENT POSITION**

- 4.1 The AGS included within the Statement of Accounts for 2010 / 2011 was first brought before Audit Committee in June 2011. Following its approval this was subject to audit and verification by PricewaterhouseCoopers. They endorsed the AGS within their report to Committee on 26 September 2011 (Report 5: Pages 43–180).

4.2 Since the original statement, a number of governance changes have occurred, or are in the process of changing across the council which will need to be reflected in the next Statement. In addition, progress has also been made on the key governance issues identified at the time.

4.3 Progress on Governance Issues Identified In Annual Governance Statement

<b>Area For Improvement</b>	<b>Progress To Date</b>
<p><u>Use of Consultants</u></p> <p>Following an independent review of the use of consultants, various actions were identified to put in place improved governance arrangements.</p> <p>Lead Officer: Director of Strategic Resources</p>	<p>Ongoing monitoring arrangements have been implemented. Separate reports have been produced and submitted to Council for scrutiny.</p>
<p><u>Development of Neighbourhood Committees</u></p> <p>Following a corporate review of the operations of Neighbourhood Councils, a number of changes were agreed at Cabinet / Full Council in March / April 2011. Appropriate governance needs to be in place to ensure effective decision making and resource devolvement.</p> <p>Lead Officer: Head of Neighbourhood Services</p>	<p>The seven committees are split between three distinct areas of the city. All community areas / activities are covered. Minutes are maintained for all meetings. Community funds are allocated for each to spend following agreement within each meeting.</p>
<p><u>Delivery of Medium Term Financial Strategy</u></p> <p>Ongoing savings underpin the delivery of the MTFs. Regular monitoring needs to be in place to ensure successful delivery.</p> <p>Lead Officer: Head of Corporate Services</p>	<p>Regular reports are produced for Cabinet and Scrutiny and has been updated throughout to reflect changes in circumstances and new proposals.</p>

4.4 Emerging Issues during 2011 / 2012

<b>Issue</b>	<b>Background</b>
Bribery Act (from July 2011)	The Act created offences of offering or receiving bribes, bribery of foreign public officials and of failure to prevent a bribe being paid on an organisations behalf. It is designed to be applied proportionately based on risk and business conduct.
Localism Act (from November 2011)	The Act has devolved greater powers to councils and neighbourhoods and given local communities more control over housing and planning decisions.
Welfare Reform Bill	Various changes are proposed which will impact on how the Council pays and delivers its services.
Adult Social Care	Reintegration of Adult Social Care Services within the local authority environment from 2012.
Safeguarding	Process and delivery improvements are required following poor service inspections within Childrens Services.
School Governance	During 2011/ 2012 the governance arrangements for a few schools was the subject of concern. Audits and investigations have been carried out at these schools specifically focused on the areas of concerns identified.

#### 4.5 Ensuring Compliance with Best Practice

Since 2003 / 2004, responsibility for preparing the Annual Governance Statement has been with the Chief Internal Auditor and this has been performed in line with the Chartered Institute of Public Finance Accountancy (CIPFA) guidance. In December 2010, CIPFA issued a statement on "*The Role of the Head of Internal Audit in Local Government*", which stated that the Head of Internal Audit should "*set out the framework of assurance that supports the Annual Governance Statement and identify Internal Audit's role within it, but should not be responsible for preparing the report.*" This will be reviewed prior to its submission with the Draft Accounts in June 2012.

#### 5. **CONSULTATION**

The update has been discussed with the Head of Corporate Services.

#### 6. **ANTICIPATED OUTCOMES**

Inform Audit Committee of the processes in place to mitigate risks for the delivery of the council's objectives.

#### 7. **REASONS FOR RECOMMENDATIONS**

In accordance with best practice, Audit Committee is expected to be informed in the preparation of, and monitoring against the Annual Governance Statement.

#### 8. **ALTERNATIVE OPTIONS CONSIDERED**

None

#### 9. **IMPLICATIONS**

None

#### **BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- Accounts and Audit Regulations 2011
- Statement of Accounts: Annual Governance Statement 2010 / 2011
- The Role of the Head of Internal Audit in Local Government, CIPFA

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