

AUDIT COMMITTEE	AGENDA ITEM No. 8
2 NOVEMBER 2009	PUBLIC REPORT

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

ASSURANCE FRAMEWORK / ANNUAL GOVERNANCE STATEMENT - SIX MONTH REFRESH

RECOMMENDATIONS	
FROM : John Harrison, Executive Director: Strategic Resources	Deadline date : N/A
<p>1. The Committee is asked to:</p> <ul style="list-style-type: none"> a) Receive, scrutinise and approve the revised Assurance Framework; b) Note the progress on the significant governance issues reported in the Annual Governance Statement 2008 / 2009; and c) Consider whether additional areas of assurance are required. 	

1. ORIGIN OF REPORT

This report is submitted to the Audit Committee in line with its agreed Work Programme for 2009 / 2010.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The report is to inform members of the Assurance Framework (AF) which is an initiative designed to further consolidate the Council's Risk Management framework. The AF is laid out in sections according to the objectives / priorities specified in the Sustainable Community Strategy. It is also intrinsically linked with the Annual Governance Statement (AGS), which this report also seeks to update members on the progress being made by officers in addressing those governance issues reported in the Council's AGS in June 2009.
- 2.2 The Annual Governance Statement (AGS) explains how the Council delivers good governance and reviews the effectiveness of these arrangements. It also meets the requirements of regulation 4(2) of the Accounts & Audit Regulations 2003, as amended by the Accounts & Audit (Amendment) Regulations 2006, which require the Council to publish an AGS.

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. BACKGROUND

- 4.1 The Council's AF provides a simple but comprehensive method to implement effective and focused management on obtaining assurance relating to the achievement of key council priorities, its Partners, and Stakeholders, and the inherent risks to achieving this.
- 4.2 The Framework provides a structure and reporting process which will assist the Audit Committee carry out its duties of:
- a) Considering the effectiveness of the Council risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements;
 - b) Seeking assurances that action is being taken on risk related issues identified by Auditors and Inspectors;
 - c) Seeking assurance that action has been taken to implement the recommendations arising from the findings of significant audit work; and
 - d) Ensuring that the Council's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it. This helps facilitate effective performance management by simplified reporting and enables prioritisation of actions to maximise opportunities and ensure effective management of risks.
- 4.3 The Framework was submitted and approved at Audit Committee on 30 March 2009 and contributed to the AGS which was included in the Statement of Accounts.

5. CURRENT POSITION

- 5.1 The key priorities and key risks where assurance is required has been identified from the Strategic Risk Register (last update January / February 2009), the Annual Governance Statement (June 2009) together with the Assurance Framework. The sources of assurance have been obtained from internal and external sources. Internal sources included Directors and Heads of Service self assessments, committee and scrutiny panel reports together with Internal Audit work. External sources of assurance have been obtained from External Audit activity and Inspection reports.
- 5.2 The Framework references the documented evidence that identifies the key risks areas, the current position of these and the actions being implemented, and the mechanisms for reporting on progress. 62 areas of assurance have been sought from across the Council, which covers all service areas and activities. Subject to the availability of information, an assessment has been made against these activity areas, these being **FULL** Assurance, **MODERATE** Assurance or **MORE WORK REQUIRED**. Current levels show that of the 62 areas, the profile is:

Assurance Level	March 2009	October 2009
Full	15	12
Moderate	39	48
Further Work Required	8	2
	62	62

- 5.3 Summary information on each activity is recorded on **Appendix A**, with more detailed explanations behind each area of assurance in **Appendix B**. There have been a number of changes / improvements to the control / assurance environment, particularly around staffing issues and the protection of data.
- 5.4 The Framework is not a static document, and will be updated throughout the year as the needs and assurances across Peterborough change. A further update will be submitted to Audit Committee in March 2010, in accordance with the Work Programme.
- 5.5 **Appendix C** provides a progress report on the governance issues raised in the AGS 2009. By its very nature, much of the work will need to continue to ensure the successful delivery

of key projects. However, these projects are benefiting from enhanced programme management processes, regular testing and discipline providing a firm foundation for successful delivery. Certain key areas have seen significant improvement but remain a priority, for example the impact of the recession on income and service demand.

6. CONSULTATION

The Framework has been compiled after discussions with Risk Management, together with analysis of committee reports, internal and external audit reviews and other council publications. It has been circulated to senior management for comment and observation.

7. ANTICIPATED OUTCOMES

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

8. 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.

9. ALTERNATIVE OPTIONS CONSIDERED

None

10. IMPLICATIONS

None

BACKGROUND DOCUMENTS

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

Accounts and Audit Regulations
Comprehensive Area Assessment
Statement of Accounts: Annual Governance Statement 2008 / 2009

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