

Report of	Meeting	Date
Head of Shared Assurance Services	Audit Committee	19 January 2012

## ANNUAL GOVERNANCE STATEMENT 2011 – PROGRESS REPORT

### PURPOSE OF REPORT

- 1 To provide members of the Audit Committee with an update on the progress made to implement several enhancements to the Council's system of governance as identified in the 2011 Annual Governance Statement (AGS).

### RECOMMENDATION

- 2 That members note the report.

### EXECUTIVE SUMMARY OF REPORT

- 3 The Council is required to conduct an annual review of the effectiveness of its system of governance and publish an AGS each year alongside its financial statements.
- 4 The AGS for 2011 was approved by the Audit Committee at the June 2011 meeting and incorporated a number of proposed enhancements to the Council's system of governance. This report provides members with an update on the progress made to implement those proposed enhancements.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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### CORPORATE PRIORITIES

- 5 The report relates to the following Strategic Objectives:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	
Safe Respectful Communities		Quality Community Services and Spaces	
Vibrant Local Economy		Thriving Town Centre, Local Attractions and Villages	
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			

### BACKGROUND

- 6 Under the Accounts and Audit (Amendment) Regulations 2011 every Council is required to conduct an annual review of the effectiveness of its system of governance and publish an AGS each year alongside its financial statements.
- 7 The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have issued a Framework and supporting guidance entitled "Delivering Good Governance in Local Government" under which councils need to prepare their AGS. The key element of this is a corporate self assessment of the council's governance arrangements.
- 8 The Framework requires the most senior officer (chief executive or equivalent) and the most senior member (leader or equivalent) to sign the AGS. They must be satisfied that the document is supported by reliable evidence and accurately reflects the Council's system of governance.
- 9 The guidance also states the need for an independent review body in the process such as the Audit Committee or Scrutiny role, which should be charged with critically reviewing the AGS and its supporting documentation.
- 10 At the June meeting of the Audit Committee, members were asked to review the draft AGS for 2011 which had been produced in accordance with CIPFA / SOLACE guidelines. The AGS was subsequently signed by the Leader and Chief Executive before being submitted for external audit alongside the 2010/11 financial statements. The Audit Commission have since issued an unqualified opinion on those statements.
- 11 The corporate self assessment identified several opportunities to enhance the Council's governance arrangements and these were reported in Section 5 of the AGS. They have since been incorporated into a detailed Action Plan, the progress against which is shown at the Appendix to this report.
- 12 The final out-turn position on the attached Action Plan will be incorporated in the 2012 AGS report which will be presented to the Audit Committee in June 2012.

## IMPLICATIONS OF REPORT

- 13 This report has no implications for specific Services. The matters raised in the report are cross cutting and impact upon the authority as a whole

GARRY BARCLAY  
HEAD OF SHARED ASSURANCE SERVICES

Background Papers			
Document	Date	File	Place of Inspection
Accounts & Audit Regulations	2011	Shared Assurance Services	Civic Centre Leyland
Delivering Good Governance in Local Government (CIPFA / SOLACE)	2007		
Report Author	Ext	Date	Doc ID
Garry Barclay	(01772) 625272		2011 AGS Progress.doc

## APPENDIX – 2011 AGS ACTION PLAN PROGRESS UPDATE

Agreed Improvement	Lead Officer	Start Date	Finish Date	SMART Actions & Milestones	Status (RAG)	Comments
<b>Establish clear terms of reference and feedback mechanisms for members working on outside bodies</b>	Chris Moister	Sept 2011	Oct 2011		<b>RED</b>	More complicated than initially envisaged as different external bodies have different constitutional documents meaning a single clear reference for all members is not appropriate. Will require additional time propose to consider January 2012 - March 2012.
<b>Undertake an up to date review of compliance with CIPFA Standards on Audit Committees, including member development</b>	Garry Barclay & Chris Moister	June 2011	March 2012	Implement results of the DCLG consultation on the "Future of Local Public Audit" on the role of Audit Committees.  Amend AC terms of reference to incorporate draft DCLG proposals for 2012/13 if definitive guidance is still outstanding	<b>GREEN</b>	Definitive proposals from the DCLG still awaited
<b>Review all the key governance policies and provide awareness training for members and officers</b>	Garry Barclay & Chris Moister	June 2011  Aug 2011	Nov 2011  March 2012	Update Anti-Fraud & Corruption Strategy & arrange Meritec fraud awareness package on the Loop  Arrange update of policies & raise awareness as appropriate via Member Learning Hour & "Need to Know" on the Loop	<b>RED</b>  <b>GREEN</b>	Strategy updated but slight slippage on awareness roll-out  On course
<b>Undertake further training to up-skill members and officers on financial matters, including treasury management</b>	Susan Guinness	April 2011	Sept 2011	Construct and deliver financial training packages for Members and Budget Holders to include use of systems, process improvement and financial management techniques.	<b>AMBER</b>	Member training for Treasury Management and also Statement of Accounts has been completed. Additional training has also been delivered on a one to one basis to officers with regard to financial systems

Agreed Improvement	Lead Officer	Start Date	Finish Date	SMART Actions & Milestones	Status (RAG)	Comments
						issues. The deadline of Sept 2011 has not been followed as training as been delivered at the most relevant period in the financial year to make the training topical and timely.
<b>Update the Scheme of Delegation to take account of the appointment of the new Chief Executive and review of the Planning Service</b>	Chris Moister	Aug 2011 ASAP	Sept 2011 ASAP	(Chief Executive appointment) (on completion of Planning review)	<b>GREEN</b>	Scheme of Delegation now up to date and new constitution adopted.  Planning review ongoing.
<b>Update emergency plans and update/test business continuity plans to take account of recent &amp; forthcoming organisational changes</b>	Garry Barclay	June 2011	Dec 2011	EP Update – October 2011 BCP Update – September 2011 BCP Testing – December 2011	<b>RED</b> <b>GREEN</b> <b>GREEN</b>	Currently being finalised
<b>For all higher value contracts over £75k, establish a requirement in Standing Orders for contractors to have a Whistle Blowing Policy in place or to follow that of the Council</b>	Chris Moister & Chris Sinnott	July 2011  2012/13	Aug 2011  2012/13	Now contained in the Council's standard contract conditions rather than as an amendment to Standing Orders.  Include within the next revision of the Framework for Partnership Working	<b>GREEN</b>  <b>GREEN</b>	Work now completed and incorporated in Standard terms and Conditions.  A full review of the Framework is in the 2012/13 Service Plan.
<b>Conduct service area self-assessments of compliance with the Council's information management policies, including data protection, freedom of information and document retention and arrange officer training on the same</b>	Internal Audit	TBA	March 2012	Information Champions have been nominated and trained for each service. They oversee compliance with information management policies and have a specific remit to co-ordinate information requests. Awareness to be raised via "Need to Know" on the Loop	<b>GREEN</b>	On course

Agreed Improvement	Lead Officer	Start Date	Finish Date	SMART Actions & Milestones	Status (RAG)	Comments
Undertake an assessment of the impact on the Council of the Bribery Act 2010	Chris Moister	July 2011	Sept 2011	A short report to go to September Audit Committee	GREEN	Complete, report taken to Audit Committee in September.