

Report of	Meeting	Date
Assistant Chief Executive (Business Transformation)	Audit Committee	17/01/08

ANNUAL GOVERNANCE STATEMENT - UPDATE

PURPOSE OF REPORT

- 1 To provide the Audit Committee with assurance that the necessary action is being taken to address the "significant governance issues" published in the Annual Governance Statement (AGS), which were identified in the most recent self-assessment of the Council's corporate governance arrangements.

RECOMMENDATIONS

- 2 That the contents of the attached appendix / table be noted.

EXECUTIVE SUMMARY OF REPORT

- 3 The report explains the requirement upon the Council to conduct a review of its system of governance and to publish an AGS within the annual financial statements. More specifically, the report establishes the action already taken and in progress to address the governance issues identified in the AGS.

CORPORATE PRIORITIES

- 4 This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the central Lancashire sub region		Develop local solutions to climate change	
Improving equality of opportunity and life chance		Develop the character and feel of Chorley as a good place to live	
Involving People in their Communities		Ensure Chorley is a performing Organisation	✓

BACKGROUND

- 5 Since 2003 the Council has had to carry out an annual self-assessment of its system of internal control and publish a Statement on Internal Control (SIC) with the annual accounts.
- 6 CIPFA and SOLACE have recently published guidelines requiring Councils to publish a wider Governance Statement from 2008.

- 7 However the CIPFA SOLACE guidelines were issued in draft in June 2006 and we agreed with the Audit Commission that we would work with the draft guidelines to publish an AGS this year rather than a SIC.

STEPS TAKEN TO COMPILE THE ANNUAL GOVERNANCE STATEMENT

- 8 We formed an officer group consisting of:

- Director of CD&LS (Monitoring Officer)
- Director of Finance (S151 Officer)
- Director of Policy & Performance
- Audit & Risk Manager

in order to carry out a self-assessment of the Council's system of governance, following CIPFA SOLACE guidance.

- 9 Section 5 of the AGS is the key section as this discloses what the officer group consider to be "significant governance issues".

DIRECTORATE ASSURANCE STATEMENTS

- 10 As well as the corporate level assessment we have also carried out self-assessments of directorate level compliance with important corporate systems and procedures and produced Directorate Assurance Statements. Any significant non-compliance issues emerging from them have also been disclosed in Section 5 of the AGS.

REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

- 11 We have also included any significant issues arising from the annual review of the System of Internal Audit in Section 5 of the AGS.

UPDATE ON ACTION TAKEN

- 12 The attached table lists all the actions that were required to address the significant governance & control issues that were identified. These have been fed into the Business Improvement Plans of the Directorates concerned.
- 13 The table illustrates the actions that have been taken thus far to address the significant issues identified in the AGS.

IMPLICATIONS OF REPORT

- 14 The matters raised in the report are cross cutting and impact upon the authority as a whole, rather than specific directorates.

GARY HALL
ASSISTANT CHIEF EXECUTIVE
BUSINESS TRANSFORMATION

Background Papers			
Document	Date	File	Place of Inspection
Annual Governance Statement	2007	FINANCE DIRECTORATE	UNION ST OFFICES

Report Author	Ext	Date	Doc ID
Garry Barclay	5468	02/01/08	AGS UPDATE

APPENDIX

ANNUAL GOVERNANCE STATEMENT - SECTION 5 - SIGNIFICANT GOVERNANCE ISSUES

	Control Areas	Planned Improvements	Actions Taken As At December 2007	Further Actions Required
	Ethical Governance			
1	Articulating the Council's shared values regarding personal conduct and behaviour	Capture the Council's values in the Constitution and the Human Resources / Customer Care Strategies	Strategy Group considered a paper at the beginning of December 2007 to decide on the possible methods for developing core values.	The values will be developed early in 2008.
	Decision Making			
2	Making professional legal advice available well in advance of decision making	Incorporate the comments of the Director of Customer, Democratic & Legal Services in committee reports	Now included in the revised Audit Committee report.	None.
	Capacity / Capability of Members & Officers			
3	Ensuring that the statutory officers have the resources and support necessary to perform effectively in their roles	Address capacity issues in Finance, Legal and Policy Services	The shared services project with South Ribble BC regarding Finance is now gathering pace and restructuring has taken place within Legal and Policy services.	The Finance shared services project will be implemented more fully during 2008.
	Engaging with Local People & Stakeholders			
4	Establishing a clear policy on the types of issues the Council will meaningfully consult with stakeholders	Roll out the improved consultation strategy and review the operation of the Citizens' Panel	The Citizens' Panel is currently being recruited by NWA, consultants selected to recruit and manage the panel on the Council's behalf.	The panel will be fully recruited by January 2008.

5	Developing and disseminating the Council's vision, strategic plans, priorities and targets	Roll out the improved communications strategy	The Council has a number of internal communications channels in place which are well received and in line with best practice. The Council received two awards for internal communications work in 2007.	None.
	Directorate Compliance			
6	Managing partnering arrangements in accordance with the Council's Framework for Partnership Working	Embed the new Framework for Partnership Working including the compilation of joint risk registers for key partnerships	All the requirements of the new Framework are now in place with the exception of some joint risk registers.	Joint risk registers will be compiled for the key partnerships where they are still outstanding.
7	Applying the risk management procedure in the corporate project management toolkit	Roll out the risk management procedure in the corporate project management toolkit consistently across all key business projects	All project documents including risk registers are checked centrally by performance advisors before being submitted to the relevant project board. The project board holds overall responsibility for the projects and the risk management of them. Risks are monitored continuously throughout the life of the project.	Quarterly checks will be made by performance advisors in line with the performance reporting timetable to ensure that the project toolkit, including the risk management procedure is being correctly applied.
8	Ensuring that Directorate Business Continuity Plans are in place	Bring Directorate Business Continuity Plans up to date following organisational restructuring	Updating of plans to reflect the latest organisational changes is currently in process.	Once drafts are available meetings will be arranged with all directorates to finalise and publish.
9	Complying with corporate Health & safety policies and procedures	Bring health & safety risk assessments up to date and increase staff awareness of the health & safety incident reporting system	Staff have been advised of these issues via team brief and the intranet. Actual compliance is being monitored through audit & inspection.	None.

10	Achieving value for money in the use of resources	Embed the new Corporate Value for Money Framework including the application of benchmarking strategies by all directorates	<p>A 3 year VFM review programme has been produced and is now under way starting in the Neighbourhoods Directorate. This will ensure that the Corporate VFM Framework is consistently & rigorously applied.</p> <p>In parallel to this, a dedicated staff resource is now in place to develop benchmarking appropriately in directorates. Nearest neighbours have already been contacted with a view to establishing arrangements where they are currently weak.</p> <p>We are also working very closely with APSE from both a data exchange and consultancy support perspective.</p>	None.
11	Maintaining asset registers / inventories in accordance with corporate procedures	Bring Directorate inventories up to date following corporate restructuring	None.	To be undertaken as a priority in 2008.
Internal Audit				
12	Producing an up to date Internal Audit Strategy for delivering the service to meet the Council's needs and priorities	Produce a formal strategy for the Internal Audit service for Audit Committee approval	Now approved by the Audit Committee.	None.