



TO: Audit Committee

FROM: Head of Audit, Assurance & Procurement

DATE: 13 January 2015

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT: Annual Governance Statement (AGS) – 2013/14 Actions and 2014/15 Approach/Timetable

1. PURPOSE

To inform Members of the actions taken to address the significant governance issues identified in the 2013/14 AGS and the approach/timetable for producing the 2014/15 AGS.

2. RECOMMENDATIONS

The Committee is asked to:

- review progress made on implementing the agreed AGS actions for 2013/14
- note the approach/timetable for producing the AGS for 2014/15.

3. BACKGROUND

The Accounts & Audit Regulations require that the Council must publish an AGS on an annual basis in accordance with proper practice. The Audit Committee is also required to review and provide independent assurance on the Council's governance framework.

4. RATIONALE

The AGS is a product of the Council's own review of its framework of governance. The governance framework comprises the systems and processes, the culture and values, by which the organisation is directed and controlled, and its activities through which it accounts to, engages with and leads the community. The framework itself is based on guidance issued by CIPFA/SOLACE. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

5. KEY ISSUES

The AGS is a statutory document, which is published each year to accompany the Council's Statement of Accounts. It outlines the arrangements that are in place to direct and control the Council's activities (the governance framework). It also includes an annual assessment of the effectiveness of the governance framework. Any significant governance issues must be reported.

Actions from 2013/14

In 2013/14 three significant issues were reported:

- Procurement (brought forward from 2012/13);
- Audit Committee Annual Review; and
- Payroll.

Details of progress are shown in Appendix 1. There are still actions to be undertaken but all are in progress and they are largely in accordance with the targets set in the published AGS.

The implementation of the new HR & Payroll system should address many of the concerns raised in the 2013/14 AGS. It represents a considerable change project to the Council, which itself carries a number of risks. The half year update (provided by the Director of HR & Legal) demonstrates that these risks are being considered by invoking a revised Project Plan and Timetable. Audit & Assurance and Finance staff are working with HR & Legal colleagues on the implementation of the new system.

A project governance group has been established involving senior managers from HR, IT, Finance & Audit with a collaborative approach to ensuring that all activity that the project team has undertaken to implement the new HR & Payroll system is robust and has been quality assured. Audit & Assurance will only be able to provide a final assurance opinion on the adequacy and compliance with controls when the new system is fully in operation and we are able to carry out testing of the live data within it.

The approach to 100% validation of all employees through parallel run activity, and a process where different employees are inputting into the 2 different systems, should guarantee that a full validation exercise has taken place. Further troubleshooting and quality assurance will take place between January 2015 and the end of April 2015.

Approach for 2014/15

The Management Accountabilities Framework (MAF) provides ongoing assurance on the effectiveness of the Council's governance framework. Through their completion of the quarterly MAF returns Heads of Service provide updates with regard to their operational plan priorities, general management, business continuity/emergency planning, health safety & wellbeing and audit/inspection reports. The Director exception reports, combined with the Executive Director's Programme Area Meetings (PAM) provide appropriate challenge to the process with significant "red" issues being reported to the Management Board and Audit Committee.

There is a year-end process (currently led by Audit & Assurance), which provides further assurance on the Council's governance framework. This includes the receipt of signed statements of assurance from each director, executive director and the chief executive. This statement requires that they each provide an assessment of their governance arrangements and systems of internal control with an action plan for any identified areas of weakness. The year-end process also involves the collection and assessment of evidence to assess the Council compliance with the

core principles of good governance. The evidence is that recommended in the CIPFA/SOLACE publication “Delivering Good Governance in Local Government: Guidance Note for English Authorities 2012 edition”.

Timetable for 2014/15

Deadline	Action
15/3/15	Circulation of director statement of assurance templates
31/3/15	Completion of Q4 MAF Returns and Directors exception reports
15/4/15	Q4 MAF PAM challenges
30/4/15	Q4 MAF significant “red” issues reported to Management Board
30/4/15	Receipt of signed director statements of assurance Receipt and collation of annual governance core principle evidence
15/5/15	AGS evidence and statements considered by Primary Assurance Group (PAG)
31/5/15	Production of draft AGS by PAG for consideration by Executive Team
15/6/15	Q4 MAF significant “red” issues reported to Audit Committee Approval of AGS by Audit Committee
30/6/15	AGS signed by Chief Executive and Leader of the Council
30/9/15	AGS published

6. POLICY IMPLICATIONS

The Code of Corporate Governance sets out the core principles for good governance. These guide the Council’s policy making.

7. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the AGS process.

8. LEGAL IMPLICATIONS

The Council’s preparation and publication of an annual AGS, that accords with the CIPFA/SOLACE Framework, is necessary to meet the statutory responsibility (set out in Regulation 4(3) of the Accounts & Audit Regulations 2011) This responsibility requires that an AGS prepared in accordance with proper practices in relation to internal control accompanies the statement of accounts.

9. RESOURCE IMPLICATIONS

There are no direct resource implications arising from this AGS process.

10. EQUALITY AND HEALTH IMPLICATION

There are no equality or health implications arising from this AGS process.

11. CONSULTATIONS

Executive Director Resources & Transformation (as Chair of the Primary Assurance Group); Director of Finance & IT and Director of HR, Legal & Corporate Services.

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Date: 31 December 2014
Background Papers: AGS for 2013/14

