

Agenda item:

Decision maker: Governance and Audit Committee – 9th March 2012

Subject: Annual Governance Statement 2011/12 development update

Report by: Head of Audit and Performance Improvement

Wards affected: N/A

Key decision (over £250k): No

1. Purpose of report

1.1 This report updates the Governance and Audit Committee on the development of the Annual Governance Statement for 2011/12.

2. Recommendations

2.1 It is recommended that the Governance and Audit Committee:

- 2.1.1 Endorse the suggested approach to embedding the processes for improving last year's significant governance issues into the council's performance management programme (paragraph 5.3).
- 2.1.2 Note the significant governance issues which have so far been identified for 2012 (section 6).
- 2.1.3 Note the outstanding areas for completion of this year's Annual Governance Statement (section 7).

3. Background

- 3.1. On 30th June 2011, the Governance and Audit Committee approved the Council's finalised Annual Governance Statement for 2010/11.
- 3.2. As part of that meeting, the Committee noted the significant governance issues highlighted in the statement, and agreed that progress on these would be monitored through mechanisms including the Corporate Improvement Plan.

4. Reasons for recommendations

- 4.1 The Annual Governance Statement is required to demonstrate that systems and processes are in place to ensure that PCC business is conducted lawfully and in accordance with proper standards. It also demonstrates that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

5. Significant governance issues from 2010/11

- 5.1 A full report on progress against the actions identified in the 2010/11 Statement was presented to Governance and Audit Committee at the meeting on 27th January 2012. It was highlighted at that meeting that a number of the significant governance issues are being tackled through changed processes.

- 5.2 It is therefore important that the tangible outcomes arising from these new processes are monitored throughout 2012 to ensure they bring about the desired effects, and it was agreed that these processes would be monitored through the corporate performance cycle.
- 5.3 It is therefore proposed that quarterly thematic reports on “governance” will be reported to SDB, and any outstanding issues reported back to the Governance and Audit Committee through the quarterly performance report.

6. Emerging significant governance issues for 2011/12

- 6.1 The following sources have been reviewed for any significant issues that need to be captured:
- The Annual Audit letter
 - Annual children’s services assessment (Ofsted)
 - Inspection of safeguarding and looked after children services (Ofsted and CQC)
- 6.2 Internal control questionnaires have been sent to Heads of Service, and any issues arising from these will also be captured. A self-assessment of the Governance and Audit Committee has also been carried out.
- 6.3 Emerging issues so far include:
- Non-compliance with Financial Rules
 - Not all CRB checks are being completed or reviewed when they should be
 - Not all immediate actions related to the OFSTED inspection of safeguarding and looked after children services have been fully completed (although robust action plans are in place). Particular areas include statutory requirements related to safeguarding; robustness of social care electronic systems; auditing of all referrals for 16-17 year olds on edge of care. It will be important that progress against the action plan is monitored
 - There is a potential risk that due to resourcing issues, the Finance service may have insufficient capacity to properly manage and deliver key projects, including the closedown of accounts.
- 6.4 It will also be important that any possible governance issues arising from the transition of the PCT into the Civic Offices are picked up and monitored.
- 6.5 As part of this process, it will also be important to keep abreast of any issues related to the Council’s duty on equalities. A report that is going to Governance and Audit in March updates that most services have been compliant. There are however a number of services who have undergone major restructure and we will need to ensure that EIAs are completed for all new and changed services and policies.

7. Outstanding areas for completion

- 7.1 Analysing returns from the internal control questionnaires sent out to Heads of Service for any areas of concern. These will then be added to the list of significant governance issues for 2011/12.
- 7.2 Internal audit opinion and issues – raising any outstanding critical exceptions and giving a level of assuredness over the framework of internal control.
- 7.3 All outstanding areas for completion, along with the above completed areas, will be included as part of the Annual Governance Statement 2011/12 that will be presented to the G&A Committee for approval at its meeting in June 2012.

8. Equality impact assessment (EIA)

- 8.1 This report does not require an Equalities Impact Assessment, as there are no proposed changes to PCC’s services, policies, or procedures included within the recommendations.

9. Head of legal services’ comments

- 9.1 The Authority has a duty to produce and publish an annual governance statement in accordance with the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006.

10. Head of finance’s comments

- 10.1 There are no immediate financial implications arising from the recommendations in the report. The risks associated with key projects such as the Closing of Accounts are monitored regularly and any mitigating actions taken as necessary.

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Signed by: Jon Bell, Head of Audit and Performance Improvement

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Annual Governance Statement 2010/11	Strategy Unit
Annual Audit and Inspection Letter 2010/11	Strategy Unit
Quarterly Performance Reports	Strategy Unit
Self-assessment checklist 2011/12	Strategy Unit

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: