Portsmouth
CITY COUNCIL

Title of meeting: Governance, Audit and Standards Committee
Date of meeting: Thursday 14 March 2013
Subject: Annual Governance Progress
Report From: Meg Southcott, Strategy Adviser, Strategy Unit
Wards Affected: None
Key Decision No
(over £250K)

1. Purpose of Report

1.1. The purpose of this report is to:

a) Provide an update on progress being made against the key governance issues, as highlighted in the Annual Governance Statement 2011/12.
b) Provide an update on the development of the Annual Governance Statement for 2012/13
c) Provide an update on the review of the Corporate Governance Framework

2. Recommendations

2.1. It is recommended that the Governance, Audit and Standards Committee:

a) Note the progress being made against the key governance issues for 2011/12
b) Note significant governance issues which have so far been identified for 2012/13
c) Note the outcomes of the Corporate Governance Framework review

3. Progress Made Against 2011/12 Governance Issues and Development of the 2012/13 Annual Governance Statement

3.1. Background

3.1.1. The Authority has a duty to produce and publish an annual governance statement in accordance with the Accounts and Audit (England) Regulations 2011.

3.1.2. 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.

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3.1.3. On 28th June 2012, the Governance and Audit and Standards Committee approved the Council's finalised Annual Governance Statement for 2011/12.

3.1.4. As part of that meeting, the Committee noted the key governance issues that were highlighted as part of the statement, and agreed that progress against those issues would be regularly reported to this committee.

3.2. Significant Governance Issues from 2011/12

3.2.1. Since October 2012, progress has been made in tackling some of the key governance issues. A summary of progress made is attached in **Appendix A**.

3.3. Emerging Significant Governance Issues for 2012/13

3.3.1. The following sources have been reviewed for any significant issues that need to be captured for the 2012/13 Annual Governance Statement:

- Annual Governance Statement 2011/12
- The Annual Audit letter 2011/12

3.3.2. So far, the following issues have emerged:

- Possible weaknesses in people management, including the collection of workforce management information, and an inconsistency in assessing staff performance.
- Non-completion of financial rules training, resulting in non-compliance with Financial Rules.
- Not all CRB checks are being completed or reviewed when they should be.
- The need to strengthen procedures for dealing with failure in service delivery.
- The group accounts and supporting working papers were not properly cross referenced and reviewed by senior officers.

3.3.3. The sources listed below are yet to be reviewed for significant issues:

- Safeguarding Peer Review 2012
- Ofsted Inspection of Safeguarding and Looked After Children, Children's Social Care 2013
- Corporate Peer Challenge 2013
- Internal control questionnaire returns from Heads of Service
- The self-assessment questionnaire of the Governance, Audit and Standards Committee

3.3.4. Internal control questionnaires will be sent to Heads of Service in March 2013. Any issues arising from these will be captured and incorporated into the Annual Governance Statement 2012/13.

3.3.5. A self-assessment of the Governance and Audit Committee will be carried out in April 2013, which will serve to identify any further governance issues.

3.3.6. An early draft of the Annual Governance Statement 2012/13 can be found in **Appendix B**.

4. Review of the Corporate Governance Framework

4.1. Background

4.1.1. Services expressed difficultly in monitoring and evidencing compliance against a large number of governance controls. This prompted a review of the corporate governance framework, which took place from June to September 2012.

4.1.2. The review showed that there were a number of barriers preventing the framework from being effective. Specifically, evidence from the review suggested that services do not have the time or resource to monitor and report on compliance against a large number of governance controls, which significantly heightens the risk of breaches in critical areas.

4.1.3. On the 14 November 2012, the Strategic Directors Board (SDB) agreed to reduce the number of controls that services are expected to comply with through the corporate governance framework. The following nine controls were selected on the basis that they cover all six of our governance principles. They were also deemed most critical to meeting the council's business needs:

1	All services have a business plan that reflects the vision of the authority, is actively managed with at least the relevant SD quarterly, and published annually on 31 March.
2	All individuals (including volunteers/temporary posts) working with children and adults require an enhanced criminal records check prior to appointment in line with PCC's disclosure and barring policy.
3	All staff adhere to clear desk and clear screen practices related to sensitive/personal information.
4	All services understand our legal equalities duties, and embed them as part of service projects and plans.
5	Risk is regularly reviewed and tangible mitigation measures are in place and regularly tested.
6	All services have business continuity plans in place that are regularly tested and reviewed.
7	Complaints are dealt with in a timely manner, responded to effectively, and outcomes recorded.
8	100% staff are given good quality PDRs, and training needs are sent to HR.
9	100% staff complete the annual code of conduct and return to manager. Managers have procedures for dealing with misconduct.

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4.2. Monitoring and Evidencing Compliance Against the Corporate Governance Controls

4.2.1. Each of the nine controls has been assigned a policyholder. The Strategic Directors Board (SDB) agreed that the role of the policyholder is to ensure that the right tools and mechanisms are in place to allow Heads of Service to easily monitor and record compliance. Heads of Service are responsible for reporting on their service's level of compliance and this will be captured through a revised internal control questionnaire, which can be found in Appendix C. SDB will provide assurances to the G, A&S Committee that Heads of Service have complied.

4.2.2. Guidance around the key compliance measures and monitoring arrangements for each control has been drafted and will be circulated to Strategic Directors, Heads of Services and Policyholders along with the Internal Control Questionnaire in March 2013.

4.2.3. It will be up to services to make a judgement on when they seek compliance for controls that fall outside of this list. A list of controls that are not being monitored through the corporate governance framework can be found in **Appendix D.** It is worth noting that in addition to this list, people are governed by other factors such as the constitution and standing orders.

4.2.4. The decision was taken not to monitor these controls through the Corporate Governance Framework as robust monitoring and reporting mechanisms are already in place. For example, Adults and Children's Services have their own safeguarding boards that are used as means of providing assurances against the following control - ' All services take into account safeguarding duties for both adults and children'.

5. Equality Impact Assessment (EIA)

5.1. An equality impact assessment is not required as the recommendations don't have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

6. City Solicitor Comments

6.1. Legal considerations have been taken into account in the preparation of this report and where appropriate embodied within it.

7. Head of Finance Comments

7.1. There are no financial implications arising from the recommendations in this report.

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Signed by: Jon Bell
Head of HR, Legal and Performance

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Appendices:

Appendix A	Progress Against 2011/12 Governance Issues
Appendix B	Draft Annual Governance Statement 2012/13
Appendix C	Revised Internal Control Questionnaire
Appendix D	List of Controls Not Monitored Through the Corporate Governance Framework

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 2011/12	Strategy Unit
Annual Audit Letter 2011/12	Internal Audit

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Appendix A - Progress Against 2011/12 Governance Issues

Period: November 2012 - February 2013				
Governance issue	**Actions to address**	**Measures of success**	**Lead**	**Progress/issues to highlight**
Weaknesses in people management	LaMP programme	By September 2012, 50% (336) managers to have completed training Good levels of engagement as measured through Employee Opinion Survey	Fiona Morrison	Recommendations of the papers taken to Employment Committee in Feb 2013 are: LAMP: ▪ That Members support the continued delivery of the Leadership and Management Programme (LAMP) until the end of its agreed delivery - September 2013 with publicity undertaken in Spring 2013 to encourage those managers who still have an intention to attend whilst the programme is available. ▪ That members support the planned commissioning of new management training that is informed by our learning and responsive to the emerging needs and aspirations of PCC EOS: ▪ That members note the results from the Employee Opinion Survey 2012. That members agree that a follow up report detailing the organisational and service level actions should be submitted to Employment Committee in 6 months discussing how services are using these results to influence the way they work.
	Reviewed PDR process	100% staff completed a PDR by end of financial year (2013) PCC review presented to Employment Committee by Oct-12	Jan Paterson	This review will go to Employment Committee after 31 March. - when all PDRs should be completed. Reminder sent to all Third Tier and above w/c 4/2/13. Planned circulation (in March) of activities for managers to undertake with staff to identify how teams' meet the standards set out in Ways of Working. This will be used as basis for PDR evaluation of Values and Behaviours element of PDR. Part of work led by Lou Wilders.

Period: November 2012 - February 2013				
Governance issue	**Actions to address**	**Measures of success**	**Lead**	**Progress/issues to highlight**
Adhering to equalities duties	Monitoring programme of EIAs that need reviewing; new policies that need EIAs	% compliance EIAs across all services	James Sandy/ Iwona Defer	As per the report that came to GA&S in January 2013, although not all services have completed 100% of their EIAs, the compliance has significantly improved since the previous report of September 2012. This can be attributed to the persistent and effective monitoring as well as advice and support by the Equality & diversity officers to the services. The actions identified under the Single Equality Scheme Plan are monitored by the Equality and Diversity officers on an annual basis as monitoring on a bi-annual basis has proved unfeasible.

The equalities team liaises with heads of service and Members on wider equality actions. The team also produces reports alerting SDB and the GA&S to new equalities legislation and its possible implications for the council. The Equalities Team is working with Members to identify equality leads amongst councillors who would champion equalities at the strategic level, but Fairness & Equality Group members will also be called to meet to discuss any corporate equality issues as they arise. Outside of FEG meetings, Equality and diversity officers liaise regularly with FEG members to address issues relevant to particular services. |
	Equalities strategy in place and monitoring through the Single Equality Scheme	Completion of actions to timescales in Equalities Strategy and regular monitoring of performance against the Single Equality Scheme		
Not all CRB checks are reviewed when they should be and some temporary staff working with vulnerable groups without CRB checks	HR to reemphasise message with managers	All staff have up-to-date CRBs All managers use the proper process of recruitment, including the use of the relevant temporary agency	Jacqueline Coonie	CRB changes of 1st September have been communicated to Strategic Directors but revised guidelines for Managers have not been issued to all services at a corporate level outlining the changes because further information is awaited from the DBS, however work is taking place with those individual services who are most affected. Recruitment is ensuring the relevant checks are undertaken for casual employees, and the recruitment manager is aware of the outcomes of CRB checks. No further updates in relation to the other actions.
	Provide a list on which jobs should have CRB checks done			
	Assess how old CRB checks are and whether there are risks associated with that.			

Period: November 2012 - February 2013				
Governance issue	**Actions to address**	**Measures of success**	**Lead**	**Progress/issues to highlight**
Weaknesses in business continuity (BC) planning	BC plan template Corporate BC Strategy Corporate BC working group	100% services have adequate business continuity plans in place that are reviewed on a regular basis.	Kate Scott	With regards to the services which had outstanding BC Plans as of the November 2012 update: • Finance - plan is complete and awaiting sign off from Head of Service • Housing Management - compete but additional input on Disaster Recovery access at Paulsgrove Housing Office required. • Network Management - incomplete, change in manager, to revisit shortly. • Democratic Services - complete • Community Housing and Regeneration (now Corporate Assets, Business and Standards) complete, asset management currently staying as a separate BC Plan. • Children's Social Care and Safeguarding - complete and awaiting sign off from management team. Debrief held following the Network outage on October 2012. Actions relating to Corporate Business Continuity identified and actively being worked on.
Results of OFSTED inspection in safeguarding and Looked After Children highlight areas for immediate improvement	Action plan in place	All immediate actions completed	Stephen Kitchman	A peer review of safeguarding took place w/c 15 October 2012 and the peer review action plan has superseded the OFSTED action plan. A report on the outcomes of the review was presented to informal Cabinet on 5 November 2012. Meetings have been held with key officers and recommendations have been aligned into existing Action

Period: November 2012 - February 2013				
Governance issue	**Actions to address**	**Measures of success**	**Lead**	**Progress/issues to highlight**
Non-completion of financial rules training, resulting in non-compliance with Financial Rules	PDR prompts completion/refresh of financial rules training Revising Financial Rules	100% staff have completed financial rules training	Chris Ward, Lyn Graham	Approximately 2,700 members of staff have completed the financial rules training in the last 3 years (out of approximately 3,500 staff employed by the council excluding schools), although there is currently no easy way of finding out who has not undertaken financial rules training. The Financial Rules are still being revised and it is expected that the revised rules will be in place by April 2013. The revised training will be agreed with Chris Ward once the Financial Rules are completed .The report of who has completed training is available through MLE.
Lack of Financial Services resource with regard to the closedown programme	Weekly monitoring by project team chaired by s151 officer Increased resources for quality assuring the Financial Statements	The closedown programme is completed adequately. No additional issues highlighted in the Audit Commission Plan.	Chris Ward	The closedown process for 2011/12 has now been completed, and was completed on time. The Financial Statements have been audited and the Audit Commission have issued an unqualified audit opinion. As reported in the Annual Governance Report from the Audit Commission to the G&A&S Committee on 27th September 2012, "Overall the quality of the accounts and supporting working papers was much improved with the notable exception of the group accounts." The Group Accounts show the combined financial position of the Portsmouth City Council Group which principally consists of Portsmouth City Council, and its subsidiary, MMD (Shipping Services) Ltd. The Group also includes a share in Porchester Crematorium and in Portsmouth Harbour Renaissance Limited. As such they largely mirror the single entity accounts of the City Council. During the audit, the auditors found a significant number of errors in the Group Balance Sheet and Group Movement in Reserves Statement. The underlying cause of the problem was a performance issue that has been addressed.

Period: November 2012 - February 2013				
Governance issue	**Actions to address**	**Measures of success**	**Lead**	**Progress/issues to highlight**
Not all services undertaking comprehensive succession planning	Currently no action in place to address	All services have processes in place for identifying officers with specialist skills, and transferring those skills to other officers	Jan Paterson	There are currently 40 people with 20 aspiring managers on ILM3and 20 (existing staff) doing advanced management apprenticeship which includes ILM3 amongst others.

It is however unclear how the council identifies key members of staff who hold a very specific set of skills, and ensures those skills are transferred to other members of the team, should that key member of staff leave. The workforce strategy will be reviewed over the coming 12 months to address this issue and ensure succession planning is more robust |
| | | Key skills are not lost when key members of staff leave | | |

Appendix B
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Annual Governance Statement 2012-2013

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Annual Governance Statement 2012/13

Scope of responsibility

Portsmouth City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Portsmouth City Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Portsmouth City Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government".

This Statement explains how Portsmouth City Council has complied with the Local Code and sets out how the authority meets the requirements of Regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an annual governance statement.

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values used by the Council to direct and control its activities, enabling it to engage, lead and be accountable to the community. It allows 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.

A significant part of the framework is the Council's system of internal control, which is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure in achieving policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Portsmouth City Council's policies, aims and objectives; to evaluate the likelihood of those risks and the impact they could have should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Portsmouth City Council for the year ended 31st March 2013 and up to the date of approval of the annual report.

The governance framework

In 2009, Portsmouth City Council adopted a Local Code of Governance, which holds the organisation to six core principles, and these are:

1. We focus on the purpose of the authority and on outcomes for the community
2. Members and officers work together to achieve a common purpose with clearly defined functions and roles
3. Values for the authority on good governance are promoted and upheld through high standards of conduct and behaviour
4. We take informed and transparent decisions, which are subject to effective scrutiny and managing risk
5. We develop the capability and capacity of members to be effective
6. We engage with local people and other stakeholders to ensure robust accountability

The following sections look at how we are held to account for these six principles.

We focus on the purpose of the authority and on outcomes for the community

The overall vision for the city was agreed in 2008, following a range of consultative exercises with residents, council officers and other partners. The Vision for Portsmouth is a ten year vision from 2008-2018, with a vision for Portsmouth to be "the premier waterfront city with an unrivalled maritime heritage – a great place to live, work and visit".

Portsmouth City Council has taken this vision for the city, to create a single collective organisational goal, which tells employees what we are here to achieve - "Working together to shape the great waterfront city".

Underneath this overall goal, we are working on a programme of transformation, which will help us to work in the right ways to achieve our goal. Our guiding principles, as set out below, support this:

put customers first

provide value for money

be ambitious

use evidence to shape services

simplify, strengthen and share processes

get it right first time

support councillors as strategic leaders

value and support staff

listen and learn

All services are required to complete business plans that fit within what we are trying to achieve as an organisation. In 2011, Strategic Directors agreed that business plans should be the foundation of corporate planning and the bedrock on which performance management arrangements for the organisation are built. Guidance has been issued to services with regards to content.

Specifically, services are asked to outline the way in which the service will contribute to shaping the great waterfront city; the 5 critical things the service will achieve in the coming year; the desired levels of achievement; and the key measures of success. The plans are designed to be medium term documents which are updated on an annual basis. All business plans must be formally agreed by the relevant portfolio holders.

Portsmouth City Council uses a variety of mechanisms within its overall approach to performance management and service improvement to measure quality of the services provided. Services are asked to regularly review the relationship between service expenditure and performance and participate in benchmarking exercises to understand the value for money provided. It has been necessary to change our performance management arrangements in order to keep pace with national developments, but also to reflect our own changed ways of working and organisational objectives. We are now working to arrangements with a stronger focus on accountability at Head of Service level for service performance, and concentration on cross-cutting issues at the level of corporate management, with quarterly reporting to relevant member bodies.

Members and officers work together to achieve a common purpose with clearly defined functions and roles

The roles and responsibilities of the Executive, non-Executive, Scrutiny and officer functions are defined and documented in the City Constitution[1], with clear delegations and protocols for effective communication. Although this is no longer a statutory requirement, Portsmouth City Council has taken to decision to continue with this arrangement internally. Portsmouth City Council has Codes of Conduct for members and officers, and officers are required to declare any interests, gifts and hospitality on a public register. Members are required to declare any interests at the start of every meeting that they attend in accordance with our Standing Orders. The recording of interests is kept under review and there are no current issues with the declaration or recording of such interests.

Now and in the future, it will be important that members and officers work with other organisations locally and sub-nationally to achieve a common purpose of improved efficiency and effectiveness. As the council transforms the way it works and prioritises its use of limited resources, it will remain vital that the council's priorities and budgetary decisions are appropriately linked with the governance frameworks agreed with partners.

Values for the authority on good governance are promoted and upheld through high standards of conduct and behaviour

The council has agreed "our ways of working" which tell staff what the council expects from their everyday behaviour to represent the organisation's values. Our ways of working are:

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[1] More information available at: http://www.portsmouth.gov.uk/yourcouncil/8955.html

Employees will be monitored on their standards of conduct and behaviour through annual Personal Development Reviews.

The council's Governance and Audit Committee undertakes the core functions of an audit committee as identified in CIPFA's "Audit Committees - Practical Guidance for Local Authorities". The group has an agreed set of terms of reference[2], which sets out their role and responsibilities.

The Monitoring Officer (MO) ensures that the Council has in place appropriate arrangements via his deputy MO, to ensure that every report to the Committee is compliant with laws and regulations, as well as internal policies and procedures. The s151 Officer together with finance staff ensure that new policies or service proposals are accompanied by a full financial appraisal which is properly costed, fully financed and identifies the key assumptions and financial risks that face the Council.

The Council has a Whistleblowing policy,[3] and procedures are in place for receiving and investigating internal complaints, as well as investigating complaints from the public. This policy is kept under review by the Monitoring Officer, and performance reports (which include concerns raised and their outcomes) are submitted to the Governance, Audit and Standards Committee.

The authority's financial management arrangements conform to the legislative and professional requirements of the CIPFA Statement on "The role of the chief financial officer in local government" (2010). The Chief Finance Officer is a key member of the Strategic Director's Board, helping to develop and implement strategy and resource and deliver the authority's strategic objectives sustainably and in the public interest. The Chief Finance Officer is actively involved in ensuring all immediate and longer term risks and opportunities are considered to ensure that the strategic objectives of the authority are aligned to the longer-term financial strategy. The Chief Finance Officer is actively involved in all major decisions, and advises on financial matters to both the Cabinet and full Council. He is responsible for leading the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. A protocol[4] for the Chief Financial Officer at Portsmouth was approved in November 2011.

We develop the capability and capacity of members to be effective

The development needs of members and senior officers in relation to their strategic roles are identified by democratic services and learning and development, and supported by appropriate training. Training is member led and a specific programme for development is organised and facilitated by the council's learning and development team. The programme aims to help elected members effectively carry out their roles and responsibilities to a high standard by building on existing skills, competencies and knowledge.

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[2] The Governance, Audit and Standards Committee Terms of Reference can be found at: http://www.portsmouth.gov.uk/media/SC20120716r5app4.pdf
[3] The Whistleblowing Policy can found at: http://www.portsmouth.gov.uk/yourcouncil/11296.html
[4] The Protocol for the Chief Financial Officer can be found here: http://www.portsmouth.gov.uk/media/Stan20111031r7appA.pdf

All new members receive an induction (complete with a detailed pack) which includes information on: roles and responsibilities; political management and decision-making (including the constitution); financial management and our processes; health and safety; information governance, and safeguarding.

Additionally, compulsory training is provided for those members who sit on the following committees: planning; licensing; employment committee, and governance, audit and standards committee. Informal training on scrutiny is provided by members of the Democratic Services team.

Management training is also provided on request through the Local Government Leadership academy course. Officer support is available to members, and the council's learning and development team can advise members on any specific personal training needs.

We take informed and transparent decisions, which are subject to effective scrutiny and managing risk

Following a formal process, the City Constitution including Standing Orders, Contract Procurement and Financial Rules have been revised and it is an accepted principle of PCC that they are constantly under review to meet the requirements of the organisation. Financial Rules are currently being reviewed in their entirety and are to be rolled out together with staff training in 2013. These Rules clearly define how decisions are taken, as well as the processes and controls required to manage risks. Training on Financial Rules is embedded as part of the induction process, and all staff are expected to undertake Financial Rules training. To this end a reporting mechanism has been developed as part of the review to enable managers to determine the level of training.

We engage with local people and other stakeholders to ensure robust accountability

Clear channels of communication have been established with most sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. There are improvements that could be made to ensure those channels of communication are used to full advantage.

There are a range of publications delivered free to different parts of our community and all residents receive our Flagship magazine which has been widely applauded in recent MORI panels for keeping our customers well informed. These are further supported by our website, which provides information, advice and opportunities to 'have your say'. In addition to this, there are a wide range of access channels and opportunities for all parts of our community and other key stakeholders to engage in dialogue and consultation. This ranges from tenant and youth participation groups and neighbourhood forums, to consultation events and surveys, web forums and social media, and a wide range of resident and partner panels.

The governance arrangements in respect of partnerships and other groups working as identified by the Audit Commission's report "Governing Partnerships: Bridging the Accountability Gap" (2005), are defined in our financial rules. The council has agreed appropriate partnership agreements and terms of reference with significant partnerships, where they contribute to the council's objectives.

Review of Effectiveness

Portsmouth City Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of:

- The Corporate Governance Group, made up of the Chief Executive, s151 and Monitoring Officers, the Chief Internal Auditor and the Head of HR, Legal and Performance with input from others as relevant. This group meets regularly to discuss governance arrangements and issues, and to reflect on recurring themes and spheres of activity relating to council improvement.
- The Strategic Directors and Heads of Services within the Authority who have responsibility for the development and maintenance of the governance environment.
- The Chief Internal Auditor's annual report.
- Any comments made by the external auditors and other review agencies and inspectorates.

To support the governance framework, there is an agreed formal process to review the effectiveness of internal control:

- Services that are required to complete a self-assessment control questionnaire on internal controls are sample tested by Internal Audit. Any breaches to rules and procedures are also reported, with remedying actions identified.
- The annual self-assessment review of the Governance, Audit and Standards Committee.
- The annual effectiveness review of the system of internal audit, including a peer review of internal audit itself.
- Business risks as part of the business planning process.

The Governance, Audit and Standards Committee review any complaints regarding Members. These can be reported by Members themselves or any member of the public. These are reviewed by the Governance, Audit and Standards Committee on a regular basis along with any recommendations made to the Council on any learning points arising and any recommendations to improve compliance with the Code.

The role of the Chief Financial Officer is performed by the Head of Finance at Portsmouth City Council, who is also our Section 151 Officer. He is a key member of the Strategic Director's Board and is responsible for ensuring the proper management of all Portsmouth's financial affairs.

Internal and External Audit report to the Governance, Audit and Standards Committee who review their effectiveness and are empowered to escalate any matters to the full Council. The Committee also receives the external auditor's annual letter, relevant reports, and the reports to those charged with governance.

The Governance, Audit and Standards Committee have given advice on the results of the governance framework effectiveness review, and a plan to address weakness and ensure continuous improvement of the system has been put in place.

Key governance issues for 2012/13

The following table summarises the key governance issues for 2012/13, the source of information whereby they have been identified and the actions to address them, which will reported and monitored through the council's Governance, Audit and Standards Committee:

Governance Issue	Source	Actions	Lead	Timescale
Possible weaknesses in people management, including the collection of workforce management information, and an inconsistency in assessing staff performance	Governance issues from 2011/12	Continued delivery of the Leadership & Management Programme for all managers that is informed by our learning and responsive to the emerging needs and aspirations of PCC.	Fiona Morrison	Up until Sept 2013
		Commission a new management training programme.	Fiona Morrison	From Oct 2013
		Following analysis of the employee opinion survey results, a report detailing the organisational and service level actions needs to be progressed to Employment Committee.	Jan Paterson	Aug 2013
		HR to circulate activities for managers to undertake with staff to identify how teams' meet the standards set out in Ways of Working. This will be used as basis for PDR evaluation of Values and Behaviours element of PDR.	Jan Paterson	March 2013
Non-completion of financial rules training, resulting in non-compliance with Financial Rules	Governance issues from 2011/12	A new programme – Policyhub – will ensure all staff read and agree to policies when they should.	Lyn Graham, Chris Ward	Ongoing
		A review of the Financial Rules	Lyn Graham	Apr 2013
Not all CRB checks are being completed or reviewed when they should be	Governance issues from 2011/12	In light of the review of the vetting and barring system, new guidelines need to be issued to managers and updated information made available on intralink.	Jacqueline Coonie	2013
		Work to continue to take place with those services most affected by the changes.	Jacqueline Coonie	Ongoing

Governance Issue	Source	Actions	Lead	Timescale
The need to strengthen procedures for dealing with failure in service delivery	Governance issues from 2011/12	All services to have robust business continuity plans in place.	Kate Scott	asap
		All services to participate in a table-top exercise within a year of producing the service business continuity plan	Kate Scott	Within a year
The group accounts and supporting working papers were not properly cross reference and reviewed by senior officers	The Annual Audit letter 2011/12	The Council should review its arrangements for the preparation of the group accounts and supporting working papers before 2012/13 closedown. In particular working papers need to be properly cross referenced and reviewed by senior officers.	Chris Ward	tbc

Other sources yet to be reviewed:

- Safeguarding Peer Review 2012
- Ofsted Inspection of Safeguarding and Looked After Children, Children's Social Care 2013
- Corporate Peer Challenge 2013
- Internal control questionnaire returns from Heads of Service
- The self-assessment questionnaire of the Governance, Audit and Standards Committee

Effectiveness of the system of Internal Audit

As part of the Council's Internal Audit Protocol, the Head of Service responsible for Internal Audit must continually review the service's effectiveness. This is done using CIPFA's "Characteristics of Effectiveness", which cover aspects of the service such as, whether Internal Audit:

- understands its position in respect of other sources of assurance
- understands the needs and objectives of the organisation and adds value in helping achieve them
- is a catalyst for change, and is involved in improvements and projects as they develop
- is forward looking and proactive
- is innovative and challenging
- has the right resources and skills
- The Head of HR, Legal and Performance has confirmed that he is satisfied that the Internal Audit service does currently fulfil the "Characteristics of Effectiveness".

Internal Audit opinion and issues

Due to the number of critical and high risk exceptions the Audit opinion for 2011/12 is that only limited assurance on the effectiveness of the control framework can be given with the areas of most concern.

We propose over the coming years to take steps to address the above matters to further enhance our governance arrangements. Where appropriate, these issues will be addressed via the themes in the improvement plan, or otherwise through individual services business and operational plans. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness, and will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Portsmouth City Council

…………………………….......................................   ……………………

David Williams, Chief Executive   Date

……………………………..   …………...........
Cllr Gerald Vernon Jackson, Leader of the Council   Date

Appendix C - Revised Internal Control Questionnaire

Name of person completing questionnaire	
Title of person completing questionnaire	
Service	
Date Completed	

Control 1: All services have a business plan that reflects the vision of the authority, is actively managed with at least the relevant SD quarterly, and published annually on 31 March.	
Questions	**Head of Service Response**
Has your service produced a "plan on a page"	
How regularly do you discuss performance management of the business plan with your Strategic Director and Departmental Management Team?	
How regularly do you discuss performance management of the business plan with your Senior Management Team?	
When was the performance of your business plan last discussed at SDB?	
Has your portfolio holder approved the most recent iteration of your business plan?	
Does your business plan make reference to the governance priorities?	

Control 2: All individuals (including volunteers/temporary posts) working with children and adults require an enhanced criminal records check prior to appointment in line with PCC's disclosure and barring policy	
Questions	**Head of Service Response**
Have you discussed compliance against this control with the policyholders within the last year?	
Do you feel that there are sufficient tools/mechanisms in place for you to monitor compliance against this control? Do you have any suggestions for additional tools?	
Do all employees (including volunteers/temporary posts) working with children and adults hold a criminal records disclosure?	

Control 3: All staff adhere to clear desk and clear screen practices related to sensitive/personal information	
Questions	**Head of Service Response**
Have you enforced a clear desk policy within your service? How was this communicated?	
It is recommended that you have a designated Information Security Champion within your service. Please can you confirm their name/s.	
It is recommended that spot checks are carried out every 6 months by the Information Security Champion. When was the last spot check carried out?	
Were there any issues in the last spot check and how did you address them?	
How is electronic sensitive information stored?	
How is paper sensitive information stored?	
Have all staff been provided with an encrypted memory stick?	

Control 4: All services understand our legal equalities duties, and embed as part of service projects and plans.	
Questions	**Head of Service Response**
Have all staff completed the equalities healthcheck within the last 3 years?	
Do you know when an Equality Impact Assessment (EIA) needs to be completed and who you need to contact to arrange for one to be completed?	
How many EIA's do you have outstanding?	
Are you aware of the new consultation process introduced in February 2013 and have you reinforced this process to staff?	

Control 5: Risk is regularly reviewed and tangible mitigation measures are in place and regularly tested.	
Questions	**Head of Service Response**
Are you aware of any strategic or operational risks that have not been logged?	
Are known risks regularly communicated up and down the tiers?	
Have you scored identified risks in terms of their potential impact? Does your service use a consistent scoring process to assess impact?	
Do you have mitigation measures in place against all identified risks? What are the outstanding areas?	
How often do you review/test risks within your service and are they reviewed as part of service planning?	
Do you have any members of staff who would benefit from some risk management and awareness training?	
Who is the service representative for the operational risk group?	

Control 6: All services have business continuity plans in place that are regularly tested and reviewed.	
Questions	Head of Service Response
When did you last update your business continuity plan?	
Has the business continuity plan been approved by your management team?	
Have you identified your essential services including essential phone services?	
It is recommended that you have a designated Business Continuity Representative within your service. Please can you confirm their name/s.	
Are all staff aware of your Business Continuity Plan and how to obtain a copy?	
Have you undertaken a tabletop business continuity exercise?	
Are the key areas of risk identified as part of your service risk register?	

Control 7: 100% staff are given good quality PDRs, and training needs are sent to HR.	
Mechanisms:	
Questions	Head of Service Response
Have all of your staff completed a PDR within the last year? Do you have a system in place to monitor when they are due?	
Have all completed PDR's been returned to the HR People Centre?	
Are all Managers using the new PDR template?	
Have all staff completed the mandatory corporate training? Do you have a system in place to address identified training needs?	

Control 8: 100% staff complete the annual code of conduct and return to manager. Managers have procedures for dealing with misconduct	
Questions	Head of Service Response
Have all new members of staff completed and returns an employee code of conduct?	
Are your Managers aware that the annual code of conduct needs to be discussed during the PDR process?	
What procedures are in place to deal with misconduct?	

Control 9: Complaints are dealt with in a timely manner, responded to effectively, and outcomes recorded.	
Questions	Head of Service Response
Are complaints discussed as part of your services performance monitoring?	
Are there systems in place to ensure that all complaints are logged and responded to within designated timescales?	
Do you have any members of staff who would benefit from some complaint management training?	

General Feedback	
Questions	**Head of Service Response**
Would you like a follow-up meeting with any of the policyholders (each control has a policyholder)	
Do you feel that there are sufficient tools/mechanisms in place for you to monitor compliance against the controls? Do you have any suggestions for additional tools?	
Do you have any concerns over the decision not to monitor some controls through the Corporate Governance Framework?	
Do you have any additional comments?	

Appendix D - List of Controls Not Monitored Through the Corporate Governance Framework

Control	Policyholder	Compliance Monitoring
All services take into account safeguarding duties for both adults and children.	Hayden Ginns	Adult's Safeguarding Children Board and the Children's Local Safeguarding Children Board and Compact Audit
Services with buildings are reducing their carbon emissions in line with corporate target.	Jasmine Fletcher Jo Cole	Carbon Management Board
All services provide value for money.	Kelly Nash	Strategic Directors Board
All services have discussions with their category manager before making decisions on new contracts.	Greg Povey Jon Bell	Governance, Audit and Standards Committee Category Business Partners
Contract outcomes should be monitored to ensure they are delivering what they should be.	Greg Povey Jon Bell	Governance, Audit and Standards Committee
100% completion of info governance/anti-fraud/bribery/financial rules training by all officers.	Peter Harding Lyn Graham	Corporate Information Governance Panel
Services must have a community engagement plan	James Sandy	No compliance is sought at present
FoI requests must be dealt with within legal timescales	Peter Harding	Corporate Information Governance Panel
Information published on website should be in line with the Scheme of Publication and kept up to date	Peter Harding	It is up to individual services to provide updates to communications.
Services should have systems in place for recording and monitoring health and safety issues. All staff must complete the health and safety training.	Frank Regan	Managers