

Open Report on behalf of Pete Moore, Executive Director of Resources and Community Safety

Report to:	Audit Committee
Date:	11 July 2011
Subject:	Draft Annual Governance Statement 2011

Summary:

This report sets out the main principles and activities of our annual review of the Council's governance framework, which helps us produce our annual governance statement.

This Committee is required to scrutinise the statement to ensure that it provides an accurate reflection of our governance and assurance arrangements.

Recommendation(s):

Consider the draft Annual Governance Statement at Appendix A and whether it accurately reflects the Council's governance framework and that the governance issues in Appendix B are reasonable and appropriate.

Based on the outcome of these considerations, and any changes identified in the statement it is recommended for signature by the Leader of the Council, Chief Executive and the Executive Director - Resources and Community Safety.

Background

1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.
2. Undertaking this review helps us test and gain confidence that the governance framework is operating as intended and that we are:
'doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner'
3. A key part of the statement is section 6 - *Governance Issues* (what's important to how we operate). We have set out in appendix B areas we believe should be included for 2011, namely:-

- Good arrangements in place for delivering Value for Money for Adult Social Care Contracts
 - Adult Social Care personalisation agenda (putting people first)
 - Transition and delivery of our 'core offer' of service delivery for the people of Lincolnshire
 - Working with our Communities
 - Reviewing our governance and assurance arrangements
4. These areas are highlighted because of the need for the Council to be realistic and open about those functions and activities which require, or are likely to require, support (including but not limited to financial support) over the next year in order to ensure that they are working effectively and efficiently. This in turn should ensure that any future problems in those areas are averted or at the very least minimised. They also represent some of the key areas that will help us – perform better, spend less and be more agile as set out in our 'Operational Strategy 2010-2013.'
5. During the year the Audit Committee looked into the following areas to establish the level of risk exposure in more detail and management actions being taken:-
- IT Disaster Recovery
 - Business Continuity
 - Adult Social Care
 - Historic Lincoln Programme
 - Schools Control Environment
 - Programme Centre
 - Council Complaints process
 - Process to ensure compliance with the Councils contract procedure rules
 - Process to ensure compliance with the Councils policy on the acceptance and refusal of officer gifts and hospitality
 - The Councils response to the Economic Downturn and the Comprehensive Spending Review
 - Introduction of the International Financial Reporting Standards
6. The annual reports on Internal Audit, Risk Management and Counter Fraud also provide information which the Committee should take into account when assessing the content of the Annual Governance Statement, particularly section 6 of the Statement. The Internal Audit Annual report is being presented to this meeting. The Risk and Counter Fraud annual reports were considered at the last Audit Committee – 13 June 2011.
7. The Council has assessed its system of internal audit as being *effective*. This forms one of our key assurance mechanisms.

8. The full statement can be found in Appendices A and B. Appendix A shows our governance framework and how we can rely upon it. Appendix B sets out the proposed governance issues.
9. The statement has been developed by the officer Governance Group and consultation with Executive Directors.

Conclusion

The Council has a strong control environment which is demonstrated by the realistic and open assessment of its functions and activities.

Officers have identified a number of governance issues to be included in the Annual Governance Statement. The Audit Committee is asked to independently review and approve the statement for 'realism'.

Consultation

a) Policy Proofing Actions Required

Not applicable

Appendices

These are listed below and attached at the back of the report	
Appendix A	Draft Annual Governance Statement 2011
Appendix B	Potential Governance Issues for inclusion in the Statement 2011

Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Head of Internal Audit Annual Report	Audit Committee 11 July 2011
Risk Management Annual Report	Audit Committee 13 June 2011 paper 9
Annual Report on the outcome of Counter Fraud Work	Audit Committee 13 June 2011 paper 10

This report was written by Lucy Pledge, who can be contacted on 01522 553692 or lucy.pledge@lincolnshire.gov.uk.