

Open Report on behalf of David O'Connor, Executive Director Performance and Governance

Report to:	Audit Committee
Date:	09 July 2012
Subject:	Annual Governance Statement 2012

Summary:

As the Committee charged with Governance we seek approval of Council's Annual Governance Statement 2012 and that it accurately reflects the Council's governance and assurance arrangements.

Recommendation(s):

That the Committee:

1. Approve the Annual Governance Statement 2012.
2. The statement is recommended for signature by the Leader of the Council, Chief Executive and the Executive Director - Resources and Community Safety.
3. Review the governance framework of the Council once new guidance has been issued.

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 areas we believe should be included for 2012, namely:-
 - Adult Social Care
 - Health and Well Being

- Commissioning Organisation
 - Working with our Communities
 - Reviewing our governance and assurance arrangements
 - Maintaining Financial Resilience
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 deliver our Business Plan.
 5. The full draft of the statement can be found in Appendix A.
 6. The statement has been developed by the officer Governance Group and in consultation with Executive Directors.
 7. The initial results of the Council's combined assurance model, which is a record of assurances against our critical activities and risks has also informed the content of the Annual Governance Statement. More detailed results of this work will be reported to the Management Board in July / August and the Committee in September. It will give an overview of assurance across the Council making it possible to identify where assurances are present, their source, and where there are potential assurance 'unknowns or gaps'.
 8. Good governance is included on the Council's Strategic Risk Register. It recognises that our governance framework and assurance arrangements may need to adapt and respond to the major changes it faces and different ways of working - less prescriptive in style, with balancing of risk & accountability. It is a medium risk for the Council with substantial assurance being provided by management on the control on actions being taken. The key actions relate to localism and how we work effectively together with partner / other organisations.
 9. The Good Governance good practice guidance is due to be revised by CIPFA / SOLACE in the Autumn - it is suggested the Audit Committee seek an update from the Executive Director – Performance & Governance on any potential changes / impact on the Council's Governance Framework.
 10. Grant Thornton undertook a survey of Local Government governance arrangements. The survey recognises that how local government operates will change and how good governance arrangements are vital if Councils' are to meet the challenges ahead in this 'high pressure environment'. The survey aims to sound warning alarms where they believe governance arrangements are failing to cope, to suggest areas in need of improvement and provide realistic and practical guidance where local council arrangements can be made stronger and more effective. The report on the

survey has been received by the Council and we will update the Committee on the key messages – we suggest that this coincides with the update on the CIPFA/SOLACE update on good governance.

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’.

Good governance guidance is currently being updated which may impact on the Councils governance framework.

Consultation

a) Policy Proofing Actions Required

Not applicable

Appendices

These are listed below and attached at the back of the report	
Appendix A	Annual Governance Statement 2012

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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