



## Regulatory and Other Committee

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

Report to:	<b>Audit Committee</b>
Date:	<b>22 July 2013</b>
Subject:	<b>Review of Governance Framework &amp; Development of Annual Governance Statement 2013</b>

#### Summary:

A 'good' governance statement is an open and honest self-assessment of the organisation's performance across all of its activities, with a clear statement of the actions being taken or required to address any areas of concern.

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. Undertaking this review helps us test and gain confidence that our 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'

As the Committee charged with governance the Audit Committee plays a key role in the development and approval of the Council's Annual Governance Statement. This report seeks the views of the Committee and whether the areas of concern identified adequately reflect the Council's governance and assurance framework for 2013.

#### Recommendation(s):

That the Committee agree the governance issues to be included in the Annual Governance Statement 2013 - subject to any changes if they may wish to make.

#### Background

##### What do we mean by Governance?

1 Governance is about how local authorities ensure that they are:

*'doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner'*

- 2 It is comprises of systems, processes and culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

### **What is the Governance Framework?**

- 3 Each local authority operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. It ensures that the Councils business is conducted in a legal and proper way – ensuring that public money is properly used economically, efficiently and effectively.

- 4 In December 2012, CIPFA<sup>1</sup> issued a revised ‘Delivering Good Governance in a Local Government Framework’ with associated guidance. These set out best practice to be followed for developing and maintaining a local code of governance – including the publication of an annual governance statement.

- 5 It defines six core principals by which Council’s can test out their governance arrangements – these are:

- Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust accountability

- 6.1 CIPFA has not changed the Framework from the original 2006 publication - however the guidance has been updated to reflect:

- Changes to structures resulting from the way local government operates and undertake service provision – partnerships, collaboration, commissioning, shared services including shared management teams and chief executives
- New roles and greater flexibility through the Localism Act and other legalisation
- Increasing transparency of data
- Responsibilities for public health
- Governance requirements to support the role of the Chief Financial Officer and Head of Internal Audit

---

<sup>1</sup> The Chartered Institute of Public Finance and Accountancy

- 6.2 It gives greater flexibility in demonstrating compliance but gives greater emphasis on:
- Scrutiny
  - Fraud
  - Maintaining standards
  - Governance of risk

### **Annual Review of our Governance Framework**

- 7 The annual review and development of the Annual Governance Statement is undertaken by the Governance Group in consultation with the Executive Directors. The Council's Governance Group comprising of:
- Chairman and Vice Chairman of the Audit Committee
  - Executive Director – Performance and Governance (Monitoring Officer)
  - Assistant Director – Finance & Property (Section 151 Officer )
  - Head of Internal Audit and Risk Management
- 8 The sources of information used to develop the Governance Statement include:
- The assurance arrangements of the Council, particularly each Directors Combined Assurance Status reports.
  - Head of Internal Audit annual audit opinion (Annual Report 2013)
  - Council's Strategic Risk Register and risk management arrangements
  - External Audit Annual Audit Letter
  - Ombudsman investigations
  - Complaints and lessons learnt
- 9 The Council has well established governance arrangements in place that work effectively. We are currently benchmarking these to the revised CIPFA best practice Framework and will report the outcome of this work to the September committee.
- 10 The benchmarking review will:
- The extent we comply with principles and the requirements of good governance set out in the Framework
  - Identify systems, processes and documentation that provide evidence of compliance
  - Identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified

This will inform the update of our local code of governance.

### *Governance Issues*

- 11 As a result of our annual review we have identified the following areas where further work is required to improve systems or monitor how the key risks facing the Council are being managed. These are:
- Maintaining Good Governance

- Workforce and Management Capacity
  - Public Health
  - Adult Care – change of pace and scale
  - Adult Care – safeguarding vulnerable adults
  - Safeguarding Children
  - Education and Skills
  - Maintaining Financial Resilience
  - Procurement and Contract Management
  - Becoming a Commissioning Organisation
  - Maintaining ICT Resilience
- 12 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.  
Appendix 1 provides more information and planned actions on the above areas.
- 13 Our governance framework and annual review covers all activities of the Council including Fire and Rescue and Pensions.

## **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 these for 'realism'.

Further work is in progress to benchmark the Council's governance arrangements against best practice – this may lead to some changes to our local code of governance. Our local code of governance and the final Annual Governance Statement will be presented to the Committee in September for approval.

## **Consultation**

### **a) Policy Proofing Actions Required**

n/a

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire County Council - Annual Governance Statement 31 March 2013 (to follow)

## 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](mailto:lucy.pledge@lincolnshire.gov.uk).

This page is intentionally left blank