

Audit & Governance Committee

3 April 2007

Report of the Assistant Director (Audit & Risk Management)

Officer Governance Group 2006/07 outturn & 2007/08 work programme

Summary

- 1 The purpose of this report is to advise Members of the progress made during 2006/07 in respect of the Officer Governance Group work programme. This report sets out;
 - the background to the Governance Group being established and the purpose of the Group further to the overall governance agenda at the Council;
 - progress against the plan and the key issues being addressed by the Governance Group on behalf of the organisation during 2006/07;
 - the Group's proposed work programme for 2007/08.

Background

- 2 The Officer Governance Group was established as a sub-committee of Corporate Management Team in 2005 in response to:
 - the growing prominence of the national policy agenda in respect of governance matters generally in recent years as reflected in revised CPA criteria published in both 2005 and again in 2006 as part of the 'harder test' for the Use of Resources assessment;
 - long standing concerns on the part of the District Auditor and the weaknesses reported in the Annual Audit Letters over the last few years in respect of the Council's governance arrangements (which have ranged from relatively minor points of procedure to major issues of principle, such as the need to establish a proper Member reporting arrangements for audit & governance issues).
- 3 Many of the weaknesses identified by the District Auditor had remained unresolved for many years and risked seriously compromising the Council's future CPA score unless satisfactorily resolved.

- 4 Following a meeting of the District Auditor with the Chief Executive and the Director of Resources in early 2005 it was agreed that an officer group should be established to deal with corporate governance issues and provide a vehicle for exercising the on-going stewardship responsibilities of the S151 Officer and Monitoring Officer.

Role & function

- 5 The primary roles and function of the Group is to ensure that satisfactory arrangements are in place that facilitate:
- **The proper operation of an effective internal control environment**

The control environment is the sum of its overall management arrangements and the systems, processes, procedures and controls the organisation relies on to ensure the probity, legality and VFM of its services as well as sound and consistent management practice needed to support this in practice.
 - **Transparent & accountable management practice and decision making**

There should be clarity and consistency in the way matters are reported and decisions made across the organisation that is consistent with all statutory and non-statutory codified requirements, the Council's Constitution and attendant regulations and best practice.
 - **Ethical working practices and standards**

This extends to the kind of core value sets expected covering Members and Officer behaviours, relationships with each other and third parties, the accepted ways in which business will be conducted and the principles and ethical considerations that will be observed in doing so.
 - **Compliance with all relevant legislation and regulatory frameworks**

The Council must ensure that it acts within the law and that all relevant legislation, codified practice, local regulation etc is observed and complied with by Members and Officers. Non-compliance must be dealt with and reported by the S151 Officer and/or the Monitoring Officer further to the stewardship responsibilities placed upon them variously by extant statute.
- 6 The Group's remit is to deliver a corporate governance development agenda on behalf of the Council, to keep implementation under on-going review and to report progress on a regular basis to both Corporate Management Team (CMT) and those Members charged with governance at the Council (A&G Committee). The Group is not be responsible for day to day operational matters or deployment, nor may it form part of any control system in its own right.

Working arrangements

- 7 Given the nature of the work involved and the commitment required to the governance agenda by all Directors, it was important for the Group to be constituted as a sub-group of CMT and report progress to CMT and A&G Members on a regular basis. The Group's membership comprises only a few core members supported by a number of associate members who are involved in specific development work as and when needed to minimise additional meetings burdens on key staff. Membership details are given in Annex 1 to this report.

Progress to date

- 8 The Group's original work programme is attached as Annex 2 to this report. It sets out the work scheduled for completion since September 2005 to date, lead officer responsibilities for each main area of development, time-tabling commitments and reporting requirements and progress to date.
- 9 As Annex 2 shows a great deal of the work programme has already been achieved (shaded in grey) and/or is currently in hand, specifically the majority the tasks relating to sub-sections 1, 3, 4, 5, 6, 7, 9, 11, 13, 14 and 15. Key work currently outstanding or still to complete includes:
 - **Sub-section 2 - Stakeholder awareness and information work** – more communications work is required generally and specifically in respect of briefing key Members and CLG. This area of work was de-prioritised by the Group in 2006/07 due to resourcing constraints. Key actions included in the work programme for 2007/08 therefore include building in Member briefings to the post-election Member induction programme to be run by the Monitoring Officer, developing an Intranet site, running News & Jobs articles and presenting to a CLG workshop scheduled for September 2007;
 - **Sub-section 3 task a4 – Registers of staff interests** – this work has been outstanding for a very long time and failures to tackle this previously did adversely impact on the 2006 CPA UOR score as reported to CMT in February 2007. Since then a great deal of work has been done to improve and standardised Council arrangements. A separate paper has been tabled at CMT on 21 March 2007 setting out the new requirements and implementation proposals;
 - **Sub-section 4 task b1ix – Officers Code of Conduct** – this work was pended during 2006/07 awaiting the publication of a national standard by central government. This is now expected to follow after the White Paper legislation;

- **Sub-section 8 task a – Data Protection & FOI** – OGG decided to defer this review work until 2007/08 as the existing DP and FOI policy framework is essentially sound and it was realised that the review needed to be taken wider in order to pull together a coherent Information Governance Strategy which incorporates a considered approach to effective records management arrangements in advance of the move to Hungate. Work on this is now on-going and has been incorporated into OGG's work programme for 2007/08;
- **Sub-section 10 – HR rules of procedure & scheme of delegation** – whilst new HR rules of procedure were produced by the former Head of HR for incorporation into the new Constitution last year, it is apparent that these now need to be revisited to ensure they are sufficiently comprehensive, complete and consistent with provisions set out elsewhere in the Constitution. In addition some key policy review work remains outstanding including the need to ensure disciplinary procedures are properly integrated (ie linkages between investigation outcomes/police referrals etc and staff disciplinary procedures need to be clearly set out and agreed);
- **Sub-section 12 – Strategic decision making & reporting** work is on-going to develop a competition policy, competition handbook, practitioner guidance manual and corporate procurement strategy. Work in 2006/07 was delayed due to the long-term sickness absence of the former Corporate Procurement Manager. The Corporate Procurement Team has now been re-structured and is working quickly to recover lost time in order to have these ready to report to the Executive in June 2007. The Strategic Procurement Programme has been drafted and was reported to CMT before Christmas; roll-out and monitoring of the Plan by the CPT will begin from 1 April 2007. In addition, work is on-going to devise arrangements for the Head of Finance to regularly report on the performance of fundamental systems to the S151 Officer and Members. A final paper setting out what these arrangements will be along with the first quarter's data set will be brought to OGG in July 2007;
- **Sub-section 13 tasks c2 & c3** – capital & asset management – work is now on-going but was delayed in these areas in 2006/07 due to the prolonged sickness absence of the Corporate Landlord earlier this year;
- **Sub-section 13 task e** – Service & performance reporting – this work remains outstanding to be done and has been incorporated into the 2007/08 work programme;
- **Sub-section 13 task h5** – this work was delayed in 2006/07 due to the need for the Risk & Insurances Manager to provide managerial support to the CPT in the absence of the Corporate Procurement Manager. It has been re-scheduled for 2007/08.

- 10 OGG considered work plan proposals for 2007/08 at its last meeting on the 12 March 2007. The draft work programme is attached here as Annex 3. It represents a body of work to be done covering:
- outstanding matters from 2006/07 still to be done;
 - work now in progress that will not conclude before the end of the current financial year;
 - further known issues arising from the 2006 CPA UOR;
 - the results of internal & external audit work in 2006/07 and the Annual Audit Letter 2005/06 (to be reported in March 2007);
 - issues arising from the annual report on Breaches & Waivers of financial regulations;
 - relevant developments in the national policy arena.

Options

- 11 Not relevant for the purpose of the report.

Analysis

- 12 Not relevant for the purpose of the report.

Corporate Priorities

- 13 Not relevant for the purpose of the report.

Implications

- 12 There are no financial, HR, equalities, legal, crime and disorder or IT&T implications arising from this report.

Risk Management Assessment

- 13 Inadequate governance arrangements are generally regarded as being prejudicial to the good management and efficiency of an organisation. Failure to take the necessary action to develop and improve the governance and assurance arrangements at the Council will adversely impact on the Council's CPA scores for 2007 & 2008 and may be reported by the District Auditor in future annual audit letters.

Conclusions

- 14 A great deal of good and relatively speedy progress has been made in respect of the original work programme. However, some key areas of work are outstanding from 2006/07 to complete. These along with a number of new requirements mean that OGG's work programme in 2007/08 remains challenging. It is suggested therefore that, as in 2006/07, a mid-term monitoring report is brought to A&G Committee in September 2007 to advise Members of the progress of the Group and key developments.

Recommendations

- 15 It is recommended that Members:

- a) note the progress made in respect of the Group's work programme since September 2005 as set out in Annex 2;

Reason

In fulfilment of the delegated responsibilities of the Committee as set out in Article 13 of the Council's Constitution

- b) note the outstanding matters detailed at paragraph 9;

Reason

To ensure the effective management and follow-up of key action to be taken to support on-going development and improvement work at the Council

- c) comment on the proposed work programme for the Group for 2007/08 attached as Annex 3;

Reason

To ensure the effective management of the key action to be taken to support on-going development and improvement work at the Council in 2007/08

- d) endorse the need for the Group to provide a mid-term monitoring report on progress in September 2007;

Reason

To ensure the effective management and follow-up of key action to be taken to support on-going development and improvement work at the Council

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Report Approved

Yes

Date 20 March 2007

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

Annexes

- Annex 1 Group membership details
- Annex 2 Original work programme (Sept 2005 – March 2007)
- Annex 3 Proposed work programme 2007/08