

Audit & Governance Committee

13 May 2008

Report of the Assistant Director (Audit & Risk Management)

Officer Governance Group 2007/08 work programme outturn

Summary

- 1 The purpose of this report is to advise Members of the progress made during 2007/08 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 2007/08 and arrangements for the on-going management of the group during 2008/09 following the imminent departure of the current Director of Resources and Assistant Director of Resources (ARM).

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: the S151 Officer, the Monitoring Officer and the Chief Internal Auditor. These officers are supported by a number of named associate members who are involved in specific development work as and when needed to minimise additional meetings burdens on key staff.

Progress to date

- 8 The Group's work programme for 2007/08 is attached as Annex 1 to this report. It sets out the work scheduled for completion in year, lead officer responsibilities for each main area of development, time-tabling commitments, reporting requirements and progress to date.
- 9 As Annex 1 shows a great deal of the work programme has already been achieved and/or is currently in hand. 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 2007/08 due to resourcing constraints. Further work in this area will therefore need to be scheduled in 2008/09;
 - **Sub-section 4b – Financial health** – this work has been outstanding for a very long time and failures to tackle this previously did adversely impact on the 2007 CPA UOR score as reported to CMT in February 2008. These matters need to be progressed by the new Head of Finance in 2008/09;
 - **Sub-section 7 – Money Laundering** – this work needs to be progressed by the new Monitoring Officer during 2008/09 and reported to Audit & Governance Committee;
 - **Sub-section 11 – A&G training & awareness** – the new Assistant Director (ARM) will need to complete the work needed to prepare a new training programme for A&G members, all other members (following AGM) and undertake a stakeholder surveying exercise during 2008/09.

- **Sub-section 14e – Review of Scrutiny** – the new Monitoring Officer has indicated recently that he will progress this work further to his responsibilities to regularly review and maintain the Council's Constitution.
- 10 Members attention is also drawn to the fact that the planned roll-out of the Council's MAGIQUE risk management system had to be pended during 2008/09 after the IT Development Board rejected the funding bid put forward to cover the costs of the additional licenses needed to roll the system out to all relevant staff across all Directorates. This has made embedding the Council's approach to risk management during 2007/08 far harder and it is likely that the Council will be criticised again by the District Auditor for this failure in the 2008 UOR CPA assessment. A bid will be made to seek this funding from contingency in 2008/09 but that will be subject to the approval of the Executive in June when it considers a list of similar unfunded service requirements.
- 11 Arrangements have been made to hand over interim responsibility for the on-going management of OGG to the Acting Head of Finance with effect from 14 May 2008, in light of the imminent departure of the current Director of Resources (S151 Officer) and the Assistant Director of Resources (Chief Internal Auditor) and the likelihood that one or both of these posts will not be recruited to before the departure of the current post-holders. The new S151 Officer will become the new Chair of OGG once they take up post.

Options

- 12 Not relevant for the purpose of the report.

Analysis

- 13 Not relevant for the purpose of the report.

Corporate Priorities

- 14 Not relevant for the purpose of the report.

Implications

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

Risk Management Assessment

- 16 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 2008 and may be reported by the District Auditor in future annual audit letters.

Conclusions

- 17 A great deal of good and relatively speedy progress has continued to be made in respect of the OGG work programme. However, some key areas of work are outstanding from 2007/08 to complete. These along with a number of new requirements will mean that OGG's work in 2008/09 will remain challenging. It is suggested therefore that a mid-term monitoring report is brought to A&G Committee in September 2008 to report the new work programme for 08/09 and advise Members of the progress of the Group and key developments following the departure of the in June 2008.

Recommendations

- 18 It is recommended that Members:
- a) note the progress made in respect of the Group's work programme in 2007/08 as set out in Annex 1;
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) note the management arrangements for the Group in light of the imminent departure of the current Director of Resources and Assistant Director (ARM);
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 2008/09
 - d) endorse the need for the Group to provide a mid-term monitoring report on progress in September 2008;

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 1 May 2008

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

Annexes

Annex 1 2007/08 Work Programme