

# AUDIT COMMITTEE

## Agenda Item 51

Brighton & Hove City Council

<b>Subject:</b>	<b>Annual Governance Statement 2008/09 - Action Plan Progress Update</b>		
<b>Date of Meeting:</b>	<b>15<sup>th</sup> December 2009</b>		
<b>Report of:</b>	<b>Director of Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name: Ian Withers</b>	<b>Tel: 29-1323</b>	
	<b>E-mail: <a href="mailto:ian.withers@brighton-hove.gov.uk">ian.withers@brighton-hove.gov.uk</a></b>		
<b>Wards Affected:</b>	<b>All</b>		

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 The Audit Committee has a responsibility for reviewing the council's corporate governance arrangements, including internal control and formally approving the Annual Governance Statement. The Annual Governance Statement includes an action plan for improvements to the council's governance framework and the Audit Committee should seek assurance over the effective implementation.
- 1.2 This report provides the Audit Committee with an update on the council's progress in implementing action agreed in the Annual Governance Statement for 2008/09.

#### 2. RECOMMENDATIONS

- 2.1 That the Audit Committee notes the progress on the actions agreed in the Annual Governance Statement for 2008/09.

#### 3. BACKGROUND INFORMATION:

- 3.1 The Annual Governance Statement for 2008/09 was approved by the Audit Committee in June 2009. The Annual Governance Statement included a number of "governance issues" and actions required.
- 3.2 The Accounts and Audit Regulations 2003 (amended in 2006) requires the council to undertake a review at least annually of the effectiveness of its governance arrangements and to publish the results in an Annual Governance Statement with the financial statements required by the Regulations.

- 3.3 The council has an effective process for preparing the Annual Governance Statement and this was recognised in the recent Comprehensive Area Assessment, Use of Resources Assessment by the Audit Commission.
- 3.4 The Officers Governance Board is responsible for the review and ongoing monitoring of implementation of actions. The Annual Governance Statement Action Plan is a standing agenda item.

#### **4. ANNUAL GOVERNANCE ACTION PLAN**

- 4.1 The Annual Governance Statement Action Plan is attached at Appendix 1 and shows the progress to date in implementing the agreed actions.
- 4.2 The Annual Governance Statement Action Plan includes estimated completion (%) and dates, where these are available.

#### **6. CONSULTATION**

- 6.1 Internal consultation has been carried out with Lead Officers identified in the Action Plan and the Officer's Governance Board.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### **5.1 Financial**

Sound corporate governance and proper systems of internal control are essential to the financial health and reputation of the council. The actions outlined to strengthen the governance arrangements, can be delivered within existing financial resources.

Patrick Rice  
Head of Financial Services - Corporate & Environment

2<sup>nd</sup> December 2009

##### **5.2 Legal Implications:**

The Audit Committee has a duty to approve the Annual Governance Statement, following due consideration, (as provided for by regulation 4 of the Accounts and Audit Regulations 2003). The Committee thus has a legitimate interest in the actions underway to improve the council's governance framework. .

Oliver Dixon  
Lawyer

4<sup>th</sup> December 2009

- 5.3 Equalities Implications:  
There are no direct equalities implications arising directly from this report
- 5.4 Sustainability Implications:  
There are no direct sustainability implications arising from this report.
- 5.5 Crime & Disorder Implications:  
There no direct implications for the prevention of crime and disorder arising from this report.
- 5.6 Risk and Opportunity Management Implications:  
The preparation of the Annual Governance Statement has been explicitly linked to the risk management framework of the City Council. One of three principles of good governance is “taking informed, transparent decisions and managing risk”.
- 5.7 Corporate / Citywide Implications:  
Robust corporate governance arrangements are essential to the sound management of the City Council and the achievement of its objectives as set out in the Corporate Plan.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Annual Governance Statement 2008/09 Action Plan

### **Background Documents**

1. Annual Governance Statement 2008/09
2. Brighton & Hove City Council’s Code of Corporate Governance
3. CIPFA/SOLACE Delivering Good Governance in Local Government – (Framework 2007)
4. Delivering Good Governance in Local Government – Guidance notes for English Authorities (CIPFA/SOLACE 2007)
5. Accounts & Audit Regulations 2003 (Amended 2006)
6. The Annual Governance Statement (CIPFA Finance Advisory Network)

**Annual Governance Statement 2008-09**

**Action Plan for Improvements to the City Council’s Governance Framework**

No	Area	Action Item	% Complete	By When/Progress	Lead Officer
1.	Financial Management – Improved access to tools and training.	Financial skills training to improve service support delivery through the council's Intranet and further development of Financial Information System training.	85%	Two levels of course have been designed and delivered for Budget Managers with each being delivered four times per year. The courses form part of the Corporate Learning & Development Programme for Managers. New Business Intelligence training for Finance Staff has also been delivered to enable improved reporting and analysis use the Business Objects software application to interrogate financial systems and data. The design of new courses for advanced training in the use of the corporate financial information systems (Authority Financials/Authority Purchasing) is nearing completion and these will be provided as both e-Learning packages and classroom training. The Finance Intranet content is up and running and is fully integrated with the New Wave. The content is being	Assistant Director, Financial Services

No	Area	Action Item	% Complete	By When/Progress	Lead Officer
				reviewed as part of the value for money review of the Finance Function to identify further improvements.	
2.	Human Resources System – Improved management information for workforce management.	Implementation of new system and improvements to processes and control for the effective management of the council's workforce.	30%	April 2010. Phase 1 for Core HR, Absence Management and Payroll Functionality.  December 2010. Phase 2 for Learning and Development, Health and Safety functionality and online access to employees and managers.	Assistant Director, Human Resources
3.	Value for Money	The ongoing transformation of the council through the Value for Money Programme Phase 2, not just to reduce costs but where appropriate the redesign of services for improved delivery and meeting customer's expectations.	-	A high level business case for identifying and apportioning savings has been carried out and was presented to TMT in November 2009. This will be developed into action plans for key service areas (Adults, Children,s, ICT, Accommodation and Workstyles) to meet savings targets over the next three years.	Director of Finance & Resources

No	Area	Action Item	% Complete	By When/Progress	Lead Officer
4.	Medium Term Financial Strategy (MTFS)	Review and update of strategy to respond to the financial pressures on the council.	75%	February 2010. MTFS due to be part of the 2010/11 Budget Report.	Head of Strategic Finance and Procurement
5.	Partnership Risk	Review of risks in relation to the Local Area Agreement in particular achievement of targets.	0%	March 2010. Arranging workshop with LSP.	Risk and Opportunity Manager
6.	Partnership Agreements	A revised Section 75 agreement with the Sussex Partnership Trust.	-	End of June 2010. A number of issues regarding arrangements currently being resolved in particular relating to pooled budgets.	Head of Law
7.	International Financial Reporting Standards (IFRS)	A programme is in place to ensure the council meets the deadlines for producing accounts that are compliant with the IFRS.	15%	Due to be implemented for the 2010/11 Statement of Accounts. However the 2009/10 Statement of Accounts must be restated on an IFRS basis.  Project Board now set-up to oversee the implementation. Various sub groups set-up to assess the impact of the various aspects of IFRS implementation including	Assistant Director, Financial Services

No	Area	Action Item	% Complete	By When/Progress	Lead Officer
				PFI arrangements, Leases, Fixed Assets, Valuations etc, to develop project plans and identify resource requirements to support implementation.	
8.	Whistleblowing Policy and Process	Updating to enhance the effectiveness of the policy, in particular awareness and confidential reporting arrangements.	5%	End of March 2010. Review commenced on the effectiveness of the whole whistleblowing process including the policy. Comparison to be made with other local authorities.	Head of Audit & Business Risk
9.	Audit Committee – Accountability and Performance	To make an annual report to full council to provide independent assurance on the adequacy of the council's governance arrangements, including the risk management framework and the associated control environment.	0%	End of March 2010. Head of Audit & Business Risk currently researching best practice of other local authorities.	Audit Committee Chair

No	Area	Action Item	% Complete	By When/Progress	Lead Officer
10.	Audit Committee – Effectiveness	To undertake a self assessment review of its role and effectiveness in meeting standards expected.	0%	End of March 2010. This will use the CIPFA Toolkit and make comparison with best practice of other public sector organisations.	Head of Audit & Business Risk
11.	Overview and Scrutiny	Continuing to build the role of the Overview and Scrutiny Commission and Scrutiny Committees	-	<p>Scrutiny function continues to be developed with an increased understanding of its role across the City Council and partner organisation.</p> <p>Co-ordination between the executive and scrutiny considered to be improving with the introduction of 'three-cornered' meetings between scrutiny chairs, cabinet members and directors. More work planned to ensure scrutiny gets a good mix of pre-decision, policy development and critical friend items.</p>	Head of Overview & Scrutiny