

Audit Committee

4 April 2013



Action Plan for Corporate Governance Improvements

Report of Don McLure, Corporate Director Resources

Purpose of the Report

1. The purpose of this report is to update the Audit Committee on progress in implementing the agreed governance action plan, which highlights areas of improvement arising from the annual review of the effectiveness of corporate governance arrangements.

Background

2. The Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework – 'Delivering Good Governance in Local Government'. The Annual Governance Statement (AGS) explains how the Council complies with this code and also meets the requirements of Regulation 4 (3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a Statement on Internal Control.
3. To inform the 2011/12 AGS, the annual review of the effectiveness of corporate governance arrangements was carried out. In support of this review, all Corporate Directors were asked to provide an assurance statement to ensure that there is understanding council wide of the Council's governance arrangements and that they are embedded within each operational area including project and partnership responsibilities.
4. From this review, a number of areas for improving corporate governance have been identified. These were reported in the 2011/12 AGS, and are documented in a governance action plan attached to this report in Appendix 2.

Recommendations and reasons

5. Audit Committee to confirm that this report provides assurance that action is being taken to address areas of improvement in corporate governance arrangements, as set out in the attached action plan in Appendix 2.

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Appendix 1: Implications

Finance - Financial planning and management is a key component of effective corporate governance.

Staffing - Ensuring the adequate capability of staff meets a core principle of the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) guidance.

Risk – Delivery of the corporate governance action plan will strengthen the decision making and strategic and operational management of the Council's business.

Equality and Diversity/ Public Sector Equality Duty - Engaging local communities including hard to reach groups meets a core principle of the CIPFA/ SOLACE guidance.

Accommodation – None directly, although asset management is a key component of effective corporate governance

Crime and Disorder – None.

Human Rights - None.

Consultation - Engaging local communities meets a core principle of the CIPFA/ SOLACE guidance.

Procurement – None.

Disability issues – Ensuring access to services meets a core principle of the CIPFA/ SOLACE guidance.

Legal Implications – Ensuring compliance with relevant laws and regulations, and ensuring that expenditure is lawful, is a key component of effective corporate governance

Appendix 2: Annual Governance Statement – Action Plan

The Lead Officer is the officer who will oversee and monitor the implementation of the action. However, for a number of actions, it is the responsibility of the Services, not the Lead Officer, to implement the actions

| No. | Significant governance issue | Further Action Required | Lead Officer | Target Implementation Date | Status as at December 2012 |
|-----|--|--|--------------|----------------------------|---|
| 1 | Continue the positive direction of travel by implementing the planned control improvements to financial systems. | The actions to address the financial systems weaknesses will be incorporated into the Resources Service Improvement Plan. Progress on these improvement plans will be monitored by CMT throughout the year. | Don McLure | Throughout 2012/ 13 | Positive direction continues. This progress is supported by comments from External Audit as part of the accounts closure process and reported to the Audit Committee. |
| 2 | Pay Harmonisation and Single Status. | Work is underway to fully implement the project, and resolve outstanding pay harmonisation and single status issues, with planned implementation from October 2012 subject to the outcome of trade union employee ballots. | Kim Jobson | December 2012 | <p>Complete</p> <p>The three recognised Trade Unions (GMB, Unison and Unite) and the Council have now all signed the Local Collective Agreement which details the revised pay and conditions package for the National Joint Council (Green Book) employees up to and including spinal column point 49 (£41,616).</p> <p>The agreement's effective date is 1 October 2012</p> <p>Where employees have a reduction in basic pay as a result of this agreement, they will receive protection of basic contractual pay up to 30 September 2014.</p> |
| 3 | Implement revised Financial Management Standards | The revised Financial Management Standards should be finalised and implemented as soon as possible on the basis that the original implementation date has been missed. | Jeff Garfoot | December 2012 | The FMS have now been approved and signed-off, and the process of rolling out these standards will be complete by the end of March 2013. |

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|-----|--|--|--------------------|----------------------------|--|
| 4 | Business Continuity. | Develop a robust ICT architecture with as few potential single points of failure as possible and replication of key systems | Phil Jackman | March 2013 | Significant amount of work undertaken to develop ICT architecture with minimal potential single points of failure. Member Officer Working Group has approved the capital for a backup site, which will be in partnership with Sunderland City Council. Work has commenced, and should be live by September 2013. |
| 5 | Changing Government Policy on the Ethical Framework. | Now that the Localism Bill has been enacted, we will review the ethical framework and implement a new compliant, fit for purpose and workable ethical structure for the Council, and provide advice and guidance to Members, Officers and other key stakeholders on the new ethical structure. | Colette Longbottom | October 2012 | Complete. The council adopted a new code of conduct, delegations and assessment framework in summer and training was presented to members and to parish councils in Autumn. |