

# Report to Audit Committee

Agenda  
Item:

**A.6**

Meeting Date: 24 January 2014  
 Portfolio: Finance, Governance and Resources  
 Key Decision: Not Applicable:  
 Within Policy and Budget Framework YES  
 Public / Private Public

Title: CODE OF CORPORATE GOVERNANCE – ACTION PLAN  
 Report of: Director of Resources  
 Report Number: RD74/13

**Purpose / Summary:**

This report updates Members on the Council’s governance arrangements and its systems of internal control in line with CIPFA’s Good Governance Framework.

It includes a progress report on areas of weakness identified during the preparation of the 2012/13 Annual Governance Statement for Members consideration.

**Recommendations:**

Members are requested to note the attached action plan and the current position relating to the issue which has been identified.

**Tracking**

Audit Committee:	<b>24 January 2014</b>
Overview and Scrutiny:	<b>Not applicable</b>
Council:	<b>Not applicable</b>

## 1. BACKGROUND

- 1.1 The Council's Code of Corporate Governance was approved by Council in 2008 in line with the CIPFA/SOLACE Framework document 'Delivering Good Governance in Local Government'.
- 1.2 In line with the framework the Audit Committee have previously considered any areas of significant weakness in the Council's governance arrangements by reviewing at each meeting of the committee the action plans put in place to ensure that continuous improvement in the system of internal control is addressed.
- 1.3 Furthermore an Annual Governance Statement, signed by the S151 Officer, Leader and Chief Executive, is prepared which summarises the Council's governance arrangements and which sets out any areas of significant weakness. This is formally approved as part of the audit of the Statement of Accounts process.
- 1.4 Since the original framework was prepared, CIPFA has issued guidance statements on 'The Role of the Chief Financial Officer in Local Government' and 'The Role of the Head of Internal Audit' both of which the Council must consider when preparing its Annual Governance Statement. An updated guidance note has also been issued (December 2012) which provides a revised framework for corporate governance incorporating these two CIPFA Statements. This revised framework was adhered to in preparing the 2012/13 Annual Governance Statement.

## 2. ANNUAL GOVERNANCE STATEMENT & ACTION PLAN

- 2.1 The Annual Governance Statement for 2012/13 highlighted one area of weakness (related to contract monitoring) in the Council's governance arrangements, and progress made against this area is contained within **Appendix A**. There are no new significant issues which need to be brought to Members' attention, nor are there any new areas of risk arising from the Audit reviews or from the Risk Registers that need to be drawn to Members' attention. Notwithstanding this, any areas of significant weakness identified in Internal Audit Reviews considered elsewhere on the agenda, will form part of the next action plan.

## 3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 3.1 Members are requested to note the attached action plan and the current position relating to the issue which has been identified.

#### **4. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

4.1 To ensure that the Council has sound systems of internal control and that the governance arrangements in place comply with statutory requirements.

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**Appendices attached to report:** Appendix A – Code of Corporate Governance – Action Plan

**Note:** in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

#### **CORPORATE IMPLICATIONS/RISKS:**

**Chief Executive's – not applicable**

**Community Engagement – not applicable**

**Economic Development – not applicable**

**Governance** – *Delivering Good Governance in Local Government: Framework* has been given 'proper practices' status by the Department for Communities and Local Government through non-statutory guidance in respect of the requirement for local authorities to prepare an annual governance statement which must accompany the statement of accounts.

**Local Environment – not applicable**

**Resources** – included in the main body of the report

**ACTION PLAN – UPDATE JANUARY 2014**

	<b><u>WEAKNESS IDENTIFIED</u></b>	<b><u>RESPONSIBILITY</u></b>	<b><u>TARGET DATE</u></b>	<b><u>CURRENT STATUS AND ACTION REQUIRED</u></b>
1.	<p>Contract Monitoring Procedures:</p> <p>During 2012/13 and as part of the delivery of the annual audit plan, internal reviews identified a significant weakness with regard to the internal monitoring of Council key contracts with recommendations being made to improve internal procedures and processes. Action plans to address these weaknesses have been developed and further consideration of the issues have been debated by the Council's Corporate Risk Management Group. Relevant Directors will have regard to the issues raised when implementing any revised staffing structures. Completion of the</p>	<p>Deputy Chief Executive &amp; Director of Local Environment</p>	<p>January 2014 (original deadline for consideration of formal 'follow up' review from Audit Services)</p>	<p>Revised staffing structures will facilitate this improvement with responsibilities for the monitoring of outsourced contracts being identified within job descriptions.</p> <p>A specific post within the Deputy Chief Executive's Team has been created, Contracts and Community Services Manager, whose responsibilities include managing the business relationship with the two significant contracts i.e. Tullie House and Carlisle Leisure Ltd within the Deputy Chief Executive's Team, and to monitor and evaluate performance against the contract.</p> <p>The Director has ensured that responsibilities for contract monitoring and performance monitoring of the in house services are embedded within roles and responsibilities in the new Technical Team. This is necessary</p>

	<p>action plans will be subject to a formal audit follow up during 2013/14 and be reported to and closely monitored by the Audit Committee.</p>			<p>as the service is reactive to daily customer demands and requires planned performance monitoring across both contracted out and in house services.</p> <p>The new technical team was implemented in December 2013 and vacant posts are being filled internally wherever possible. The existing staff were transferred into the new team and are bedding into their new roles. This has strengthened contract monitoring arrangements and will enable the project work on the major “rethinking waste” to be undertaken. Work continues on developing back office systems to support monitoring and supervision of the contracts and in house services</p>
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