

REPORT FOR DECISION

MEETING: **AUDIT COMMITTEE**

DATE: **19 NOVEMBER, 2019**

SUBJECT: **QUARTERLY GOVERNANCE STATEMENT - APRIL to
SEPTEMBER 2019**

REPORT FROM: **HEAD OF FINANCIAL MANAGEMENT**

CONTACT OFFICER: **ANDREW BALDWIN**

TYPE OF DECISION: **NON-KEY DECISION**

**FREEDOM OF
INFORMATION/STATUS:** This paper is within the public domain.

SUMMARY: This report presents Members with a quarterly update on the Annual Governance Statement. The 2019/20 Annual Governance Statement was approved by Audit Committee on 30 July 2019.

**OPTIONS &
RECOMMENDED OPTION** The Committee is asked to note the contents of the report.

Members are requested to note that the updated corporate risks register will follow.

IMPLICATIONS:

**Corporate Aims/Policy
Framework:** Do the proposals accord with Policy Framework? Yes.

**Financial Implications and Risk
Considerations:** The Annual Governance Statement is a fundamental document for recording, monitoring and communicating the effectiveness of the internal control framework within the Council.

**Statement by the Joint Chief
Finance Officer (S151 Officer):** Failure to maintain an internal control and governance framework jeopardises the Council's ability to deliver economy, efficiency and effectiveness in the delivery of its priorities and ambitions.

Equality/Diversity implications: No

Considered by Monitoring Officer: Yes - Through the Governance Panel; the Monitoring Officer has raised no issues that require inclusion in the Quarterly Governance Statement.

Are there any legal implications? No

Staffing/ICT/Property: No

Wards Affected: All

Scrutiny Interest: No

TRACKING/PROCESS

DIRECTOR: MIKE WOODHEAD

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
Scrutiny	Cabinet	Committee	Council
		Audit 19/11/19	

1.0 Purpose of the Annual Governance Statement

1.1 The purpose of the Annual Governance Statement is to provide a continuous review of the effectiveness of an organisation's internal control and risk management system in order to give an assurance as to their effectiveness.

1.2 It is a mandatory requirement to produce a Governance Statement to accompany the Authority's Statement of Accounts – as presented on 17 September 2019.

1.3 It is accepted good practice to continuously review the internal control framework and make interim reports to those charged with governance – the Audit Committee.

1.4 The Council has adopted this practice since 2008 and refers reports to the Audit Committee on a quarterly basis.

2.0 Matters for consideration

2.1 Members are asked to:

- Note the report

3.0 Quarterly Update

3.1 Risk Management

- 3.1.1 Risk Management forms an integral part of strategic planning in Bury Council ensuring early intervention and management of risk in delivering objectives.
- 3.1.2 The Council has recently reviewed and made changes to ensure the management of risk is consistent with that of the CCG's to enable a common approach to be adopted allowing for risk to be assessed using one methodology. This common approach will ensure risk is managed in a consistent, structured and systematic way that identifies, evaluates, prioritises and manages risk at corporate, departmental and operational levels.
- 3.1.3 The Corporate Risk Register will be administered using the CCG's Pentana Risk Management System allowing risks that are common across both organisations to be brought together and maintained as live data and reported against much more effectively.
- 3.1.4 Future plans are for the 5 Departmental Risk Registers to also be administered through Pentana Risk Management System.
- 3.1.5 A copy of the latest risk register will follow.

3.2 Business Continuity

- 3.2.1 A full review of the Council's services, heads of service and services managers has been carried out to ensure all aspects of the Business Planning Database can be utilised effectively and allow for the review of service BC Plans, inter-dependency mapping and a review of critical services across the Council to take place. The Corporate Business Continuity Plan has been updated to take account of the Council Emergency Response Plan for 2019/20 which is available online.

3.3 Budget Monitoring

- 3.3.1 Budget monitoring is undertaken on a monthly basis and quarterly reports are produced for Members.
- 3.3.2 The Month 5 statement (i.e. April to August 2019) provides a summary of spend to date and a forecast outturn for the year. This continues to alert Directors to any pressures which they are required to address.
- 3.3.3 As such, it is critical that forecasts are accurate, evidence based and have been through a rigorous quality assurance process.
- 3.3.4 The Month 5 report went to Cabinet on 13 November, will go to Overview & Scrutiny Committee on 21 November and is reported in summary elsewhere on this agenda.

3.4 Work of Internal Audit

- 3.4.1 The Internal Audit Section operates according to a risk based Audit Plan.

3.4.2 During the period April to September 2019, the section has examined the following fundamental financial systems;

- Main Accounting system;
- Council tax;
- Creditors;
- Business Rates;
- Housing Rents;
- Cash and Banking;
- Debtors;
- Housing Benefit;
- Treasury Management;
- Payroll

3.4.3 The Internal Audit section produces reports which rank recommendations according to urgency / priority. The reports completed during the first half year have produced a total of 125 recommendations. There was one recommendation which was ranked high. This was in report reference 2921.19 Security Service where it was identified that a supplier had been used for 17 years and a recent agreement had been signed tying the Council into the service for at least a further three years. Concerns were expressed regarding the agreement in place.

3.5 Work of Governance Panel

3.5.1 The Governance Panel has now met regularly since its inception in November 2008, and continues to be a valuable arena to exchange information / concerns regarding the Council's governance arrangements.

3.5.2 The Panel comprises:

- Joint Chief Finance Officer (S151 Officer);
- Assistant Director of Legal & Democratic Services (Monitoring Officer);
- Head of Financial Management (Chief Internal Auditor)

3.5.3 The Panel last met on 25th September 2019 and the constitution of the panel is under review. The next meeting is scheduled for 26th November 2019.

3.6 Sickness Update

3.6.1 The Audit Committee has shown considerable interest in sickness absence, requesting absence data and action plan updates from Executive Directors.

3.6.2 The following table contain the sickness absence figures per full time equivalent for the Council.

Department	2016/17 Full Year	2017/18 Full Year	2018/19 Full Year	2019/20 Q1	2019/20 Q2	% change 2019/20 Q1 to Q2
Communities & Wellbeing	12.5	11.2	13.8	14.1	14.1	0
Resources & Regulation	6.8	9.6	6.5	6.3	6.6	+4.5%
Children, Young People & Culture	9.9	9.6	9.0	9.9	10.4	+5.5%
Total FTE days lost	9.9	9.9	9.7	10.3	10.8	+4.8%

Note – the quarterly figures are calculated on a rolling 12 month basis and do not reflect the quarter in isolation. Therefore, the Q2 period for 2019/20 relates to the full year period of 01/10/18 to 30/09/19.

3.6.3 The sickness levels have continued to remain relatively constant per days lost per FTE over the last three years.

3.6.4 Going forward, sickness absence figures will continue to be reported to the Audit Committee in future quarterly updates.

4.0 Conclusion

4.1 This report provides an assurance, and presents evidence, that the Council reviews its internal control / governance mechanisms on a continuous basis.

4.2 There has been one significant internal control issue during the period covered by this report.

4.3 The control environment will continue to be monitored throughout the year, and Audit Committee will continue to receive updates on a quarterly basis.

Andrew Baldwin
Head of Financial Management

Background documents:

Risk Registers

Internal Audit Reports

For further information on the details of this report, please contact:

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