



AUDIT & GOVERNANCE COMMITTEE
1 December 2014

GOVERNANCE UPDATE REPORT

SUMMARY AND PURPOSE:

The purpose of this report is to provide a half year update on the internal control environment areas within the 2013/14 Annual Governance Statement and the governance arrangements during 2014/15.

RECOMMENDATIONS:

The Committee is asked to:

- a) Confirm whether it is satisfied with the ongoing governance work; and
- b) Agree whether any concerns should be referred to the Cabinet or to the relevant Cabinet Member.

INTERNAL CONTROL ENVIRONMENT:

1. The 2013/14 Annual Governance Statement (AGS) identified a number of areas within the internal control environment that require strengthening in order to enhance the overall governance arrangements. Progress on these areas is monitored by the Governance Panel and is summarised below:

2. Information Governance

The following area of improvement had been identified *'Further work is required to raise awareness of the information governance risks across the organisation. Key to this is not only the need to ensure policies and procedures are clear and up to date and easily accessible to staff but to ensure local controls are in place to ensure compliance with them.'* An update on progress is included within the Internal Audit Half-Year Report, which is included within this agenda.

3. Social Care Debt

The following area was highlighted in the AGS *'Improvements identified through Internal Audit and service led reviews need to be fully embedded. This will ensure that more of the monies due to the council are received in a timely manner and appropriate action taken where credit balances exist.'* An update on progress is included within the Internal Audit Half-Year Report, which is included within this agenda.

4. Children in Care Health and Dental Checks

'There is a need to reduce the current delay between the time Children's Services are notified of a completed health check and the corresponding paperwork being received so that the completion of the health check can be properly validated. Further work is required to clear a backlog of health assessments for children placed outside Surrey.' The Governance Panel has not yet received an update on the progress of this item.

2014/15 GOVERNANCE ARRANGEMENTS:

5. External Audit Value for Money and Resilience

The Value for Money review undertaken by Grant Thornton for 2013/14 produced a favourable outcome with 39 out of 40 areas rated as green for financial resilience. Only one, relating to project management and profiling of capital expenditure, received an amber rating. Grant Thornton were satisfied the council has in place proper arrangements to secure economy, efficiency and effectiveness.

6. Networked Approach

Council officers are working to develop a more integrated approach to responding to future funding and operational challenges. At the "One Team in Action Workshop" on 9 June 2014 senior managers started to develop a networked approach, establishing four networks of officers, these are:

- a) The Continuous Improvement and Productivity Network, jointly facilitated by Trevor Pugh and Yvonne Rees,
- b) The Economy and Prosperous Places Network, facilitated by Trevor Pugh.
- c) New Models of Delivery Network, facilitated by Julie Fisher

A Statutory Responsibilities Network has also been established. This brings together those officers who have particular roles and personal responsibilities set out in legislation.

A report on the progress and terms of reference for the Statutory Responsibilities Network will be presented to the February Audit and Governance Committee.

7. Pension Fund Local Review Board

In June 2014, the Department of Communities and Local Government (DCLG) issued a discussion paper on Local Government Pension Scheme Governance and published draft Regulations on scheme governance for consultation. These draft Regulations set out the requirements to establish a Local Review Board, which would operate separately from the existing Surrey Pension Fund Board. The draft regulations are subject to a consultation with a closing date of 21 November 2014. The new Local Review Board will have responsibility for assisting the scheme manager in relation to the following matters:

- a) securing compliance with the scheme Regulations and other legislation relating to the governance and administration of the scheme;
- b) securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator;

c) such other matters as the scheme Regulations may specify.

The Board will need to be in place by April 2015 and have equal representation between employee and employer representative with a minimum of four members, (e.g two employee and two employer representatives).

IMPLICATIONS:

Financial

15 There are no direct financial implications of this report.

Equalities

16 There are no direct equalities implications of this report.

Risk management

17 Sound governance and internal control leads to improvements in council performance.

WHAT HAPPENS NEXT:

Governance update reports will be provided to future Committee meetings.

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Sources/background papers: 2013/14 Annual Governance Statement, governance review working papers, internal audit working papers, Cabinet reports.

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