



Audit & Governance Committee
28 May 2015

2014/15 Annual Governance Statement

SUMMARY AND PURPOSE:

This report presents the Annual Governance Statement, which summarises the council's governance arrangements for the financial year ending 31 March 2015.

The council is required to undertake an annual review of governance and prepare an Annual Governance Statement under the Accounts and Audit Regulations 2011.

RECOMMENDATIONS:

The Committee is asked to:

1. Review the contents of the draft Annual Governance Statement (Annex A) to satisfy themselves that the governance arrangements are represented correctly; and
2. Commend the draft Annual Governance Statement to the Cabinet for publication with the council's Statement of Accounts and the Annual Report.

INTRODUCTION:

- 1 Surrey County Council's 'Code of Corporate Governance' describes the good governance principles adopted by the council and by which the governance arrangements are assessed. It also details the methodology by which the annual review of governance is undertaken.
- 2 The review of governance is overseen by the Governance Panel (Director of Legal and Democratic Services [chair], Director of Finance, senior representatives from HR and Policy & Performance, Chief Internal Auditor and Risk & Governance Manager), which has the responsibility for the development and maintenance of the governance environment and production of the Annual Governance Statement (AGS).
- 3 The 2014/15 annual governance review has provided a satisfactory level of assurance on the council's governance arrangements.

PREVIOUS YEAR'S ANNUAL GOVERNANCE STATEMENT:

- 4 The 2013/14 AGS identified a number of areas that required strengthening in order to enhance the overall governance arrangements. Positive progress has been made in these areas and they are summarised below:

Information Governance

- 5 *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.*
- 6 Positive action has been taken to address the high priority recommendations made in the audit report and information governance now has a medium residual risk rating (previously high) on the Leadership risk register. More information is provided in the Internal Audit annual report that is included within this agenda.

Social Care Debt

- 7 *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.*
- 8 The committee received an update on Social Care Debt at the meeting on 9 April 2015 and progress was noted. More information is provided in the Internal Audit annual report that is included within this agenda.

Children in Care Health and Dental Checks

- 9 *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 of Surrey.*
- 10 Positive action has been taken to address the recommendations made in the audit report and the Management Action Plan progress report presented to the committee in May 2014 reported all progress as green.

DRAFT 2014/15 ANNUAL GOVERNANCE STATEMENT:

- 11 The 2014/15 draft AGS developed by the Governance Panel is attached at Annex A. There are three main sections:

Section	Pages	Detail
The governance environment	3 to 8	Summarises the council's key policies, procedures and arrangements that evidence good governance. Includes the overall opinion of the Chief Internal Auditor on the internal control environment.
Continually strengthening governance	9	Identifies areas for improvement.
Focus for 2015/16	10	Outlines areas that the council will focus on during the year ahead to ensure continued good governance.

- 12 The AGS identifies two specific issues that have arisen during the year (Annex A, page 9), for which management action plans are being implemented by the identified responsible officers and progress will be monitored by Select Committees and the Audit and Governance Committee.

Consultation

- 13 The Statutory Responsibilities Network, Chief Executives Direct Reports, Chief Executive and the Leader of the Council have been consulted and their comments are incorporated.

MONITORING AND REVIEW:

- 14 The Governance Panel will continually review the governance arrangements throughout the year, as well as focusing on the specific areas identified in the AGS. Governance update reports will be presented to the Audit and Governance Committee throughout the year as appropriate.

IMPLICATIONS:

Financial

- 15 There are no direct financial implications arising from this report. Continued improvements in governance will help to deliver value for money for residents.

Equalities

- 16 There are no direct equalities implications of this report.

Risk management

- 17 Strong governance arrangements support the council in the effective delivery of services and achievement of objectives. Positive action to respond to the issues in the AGS will enhance the council's ability to mitigate risk.

WHAT HAPPENS NEXT:

The AGS will be presented to Cabinet for approval on 23 June 2015, signed by the Chief Executive and the Leader of the Council and then incorporated into the council's Statement of Accounts for 2014/15 and the Annual Report.

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Sources/background papers: Governance panel minutes. Annual review of governance working papers. Code of Corporate Governance. CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. 2013/14 AGS. Audit and Governance Committee papers.

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