

**The following is a draft section of the Annual Governance Statement, highlighting the significant governance issues identified and draft action plan, to be updated in the final version following comments from the Regulatory and Audit Committee.**

### **Significant governance issues**

- 5.1 It should be noted that governance issues facing the organisation are not necessarily always a result of weaknesses within the internal control framework. The following areas for improvement have been identified:
- 5.2 The 2012/13 annual governance statement identified four key actions to improve the governance framework, the outcome of the action plan is as follows:

#### **Data Protection e-learning**

- All staff to have completed the training by December 2013, with routine reports to the Information Governance Group on performance to ensure levels of compliance including new staff remains high.

The action was implemented; however the governance audits completed by Internal Audit, and the recently completed controls self-assessment by Service Directors has identified that the action taken has not fully embedded, as not all staff have completed the training. This action will be restated in the 2013/14 AGS

#### **Self-Assessment against the Public Sector Internal Audit Standards**

- The Chief Internal Auditor to complete the assessment and to prepare an action plan for addressing any gaps identified. Audit Charter to be updated

The assessment was completed and reported to the Regulatory and Audit Committee. The Annual Report of the Chief Internal Auditor sets out the areas of non-conformance with the standards and the action to be taken. An action has been included in the 13/14 AGS to monitor this.

#### **Local Code of Corporate Governance**

- Local Code to be refreshed and submitted to the Regulatory and Audit Committee for approval. Process to be established for regularly reviewing the code.

This action pre-dated the decision to transform the Council's operating framework under the Future Shape Programme. Under this programme, the Council's Constitution, organisational structure and operating framework are being reviewed including a work stream for governance. The review of the Local Code is now being picked up as part of the Future Shape Programme.

## **Contract Management Framework**

- Contract Management Application to be implemented and embedded across the council; to include all platinum and gold contracts. Routine management reporting established to provide assurance over the performance and effectiveness of contract management for all major contracts.

This action has been progressed; however, not all contracts are recorded on the system, and the routine assurance reporting as a key management control is not complete. This action is restated in the 2013/14 AGS action plan

- 5.3 In 2013/14 Internal Audit issued seven audit reports with a conclusion of 'Limited' assurance over the system of internal control. Management actions have been agreed, and positive assurance received from the Managers that actions are being taken, either through the Audit Action Tracking system, or directly through managers reporting progress to the Regulatory and Audit Committee. Follow up audits will be undertaken in 2014/15 to provide assurance the Committee that the actions are complete and the improved controls are operating effectively.
- 5.4 There have been two reviews undertaken in respect of Transport for Buckinghamshire, both highlighting governance issues within the operation and management of the contract, the reports were produced by the ETL Select Committee and Internal Audit. Actions following these reviews are being taken and will be embedded in 2014/15, but this is included in the AGS action plan for monitoring by the Regulatory and Audit Committee.
- 5.5 The Internal Audit Service monitors the implementation of management actions arising from audit reports through their action tracking system. In March 2014, the application used for the tracking could no longer be utilised, so an interim solution was commissioned. The solution is not yet operational, and as a result the action tracking cannot be monitored or reported on. This is a key assurance mechanism for the Regulatory and Audit Committee; it is therefore included as an action in the AGS.
- 5.6 The annual Certificate of Assurance procedure has overall identified that strong governance is applied across the Services. There are some service specific issues that have been identified for action, but no material weaknesses. The actions to address local issues will be monitored by Internal Audit.
- 5.7 The Council is currently running the Future Shape Programme that will result in fundamental change to the operating framework with the creation of Business Units, and a range of new delivery vehicles for our services. The governance framework under the new operating framework is a key deliverable of the Programme, as this will change, the existing assurance framework will also change. An action in the AGS is to ensure robust governance and assurance framework is designed and approved by the Regulatory and Audit Committee.

## **6 Declaration**

- 6.1 We have been advised on the implications of the result of the review of effectiveness by the Regulatory and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Signed .....  
Chief Executive

Signed .....  
Leader of the Council

## Appendix 1 – AGS ACTION PLAN

<b>Governance Issue</b>	<b>Action to be taken</b>	<b>Responsible Officer</b>	<b>Timescale for completion</b>
Not all staff have completed the mandatory data protection e-learning.	All staff to have completed the training by October 2014. The Regulatory and Audit Committee to receive a quarterly performance report on the level of compliance.	Data Protection Manager	October 2014  First performance report to R&A September 2014
Non-conformance with the Public Sector Internal Audit Standards (PSIAS).	Action plan implemented to address the areas of non-conformance with the PSIAS, reporting progress quarterly to the R&A Committee.	Chief Internal Auditor	December 2014
On-going development of the Contract Management Framework	Contract Management software to be implemented and embedded across the council; to include all platinum and gold contracts. Routine management reporting established to provide assurance over the performance and effectiveness of contract management for all major contracts	Service Director, Finance and Commercial Services	March 2015
Strengthening of the governance arrangements within the Transport for Buckinghamshire contract, including quality assurance and contract monitoring.	New governance arrangements and actions to address control weaknesses to be embedded and monitored to provide assurance they are operating effectively.	Service Director, Place	January 2015 for Assurance report to R&A Committee
Implementation of the Audit Action Tracking System	Implementation of new action tracking system, with all legacy and new actions recorded and updated on a regular basis.	Chief Internal Auditor	Report to R&A Committee September

			2014
Fundamental change to the governance and operating framework for the council under the future shape programme to be operational by April 2015	Design a robust governance and assurance framework to underpin the new operating framework, approved by the Regulatory and Audit Committee	Chief Executive	March 2015