

Delivering the Annual Governance Statement (AGS) 2009-10

Contact Officer: Rob Mackenzie-Wilson
Telephone: 01895 277830

SUMMARY

1. The London Borough of Hillingdon is required to prepare an Annual Governance Statement (AGS) to meet its responsibilities for safeguarding public money and managing business functions in accordance with the Accounts and Audit Regulations 2003. The Council also has a duty under the Local Government Act 1999 to conduct a continuous assessment and improvement of business functions and demonstrate Economy Efficiency and Effectiveness.
2. The council is utilising the existing framework developed over the past two years to evaluate the management of internal controls, risk and control assurances across all services. This will conclude with a formal statement outlining overall performance and measures needed to address identified weaknesses as part of the Statement of Accounts. The Corporate Governance Working Group (CGWG) will provide leadership and support to compile the AGS 2010-11.

REASON FOR REPORT

3. This report sets out the Council's progress for producing the Annual Governance Statement for 2009-10, and presents an action plan for delivery (annex A).

RECOMMENDATION

4. Members are invited to note the AGS 2009-10 Action Plan.

BACKGROUND INFORMATION

AGS Requirements

5. Under regulation 4(2) of the Accounts and Audit Regulations 2003 (amended 2006) the London Borough of Hillingdon is required to review and report annually on the effectiveness of its governance framework and systems of internal control. The purpose is to ensure that the Council can demonstrate appropriate processes and procedures to manage its business activities and show that risk management controls and systems operate effectively.
6. The overall the AGS is the process for self-assessing the council's management of internal controls systems across all services, with the publication a formal statement outlining overall performance and measures

needed to address any identified risks. This framework combines assessment of governance arrangements and risk controls, making it a more holistic approach towards conducting an annual internal review that relates to the organisation as a whole.

Progress on the AGS 2009-10

7. The AGS will combine a broad range of management information and assurances from across the council and external sources. The council is making substantial progress on a number of individual parts that, when brought together, will form the basis for drafting a complete and accurate AGS. The key sources contributing to the AGS include:
 - Performance management & data quality information
 - Risk Management processes
 - Legal and regulatory assurance
 - Financial control assurances
 - Service delivery assurances from directors and Heads of service
 - Council Member assurances
 - Annual Internal Audit report and assurance
 - External inspection reports and assurances
8. The Council has convened meetings of the Corporate Governance Working Group to guide and prepare delivery of the AGS. The group will ensure that key changes to governance arrangements and control systems are reported, review actions against control weaknesses identified in the AGS 2008-09 and highlight cross-council assurance sources.
9. Cross-council assurance statements are a central component of the AGS. In discharging this accountability senior officers are responsible for putting in place proper risk management processes and internal controls to ensure proper stewardship of resources and conduct. Group Directors and Heads of Service are required to submit assurance statements by 1st April 2010.
10. A detailed action plan for preparing and delivering the AGS 2009-10 is attached under annex A.



London Borough of Hillingdon

2009-10 Annual Governance Statement – Action Plan

Objective/Task	Interpretation / Rationale	Required Action & Evidence	Responsible Officer/Group	Deadline
1. Review the council's processes, procedures and internal controls against the AGS requirements	The AGS introduced new requirements to assessment the governance arrangements of local authorities. Production of a evidence map will enable the Corporate Governance Working Group (CGWG) and supporting officers to identify weak evidence and governance arrangements	1. Review key policies and procedures i.e. <ul style="list-style-type: none"> • Risk management • Performance • Partnerships • Finance • Use of Resources 	CGWG	Feb - Mar 2010
		2. Link to Use of Resources evidence	RMW / VH	Feb - Mar 2010
2. Review of actions arising from internal control issues identified in the 2008-09 AGS. Ensure that improvement action is aligned with AGS delivery objectives and targets	A thorough review and analysis of the internal control issues/weaknesses from AGS 2008-09 will drive internal assessment of the effectiveness of governance arrangements and controls. This will strengthen LBH final annual governance statement.	1. Go through each of the actions aimed at improving internal control issues and determine current status	CGWG	8 Mar 2010
		2. Gather progress update on internal control issues reported in AGS 2009-10 from Heads of Service as part of Assurance Statements	CGWG	8 Mar 2010

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3. Provide AGS briefing and drafts to CEO & CMT	The AGS is a key corporate document that should be understood and reviewed by all senior officers and members. A formal paper is a valuable tool to communicate with senior officers, members and stakeholders to introduce AGS and provide updates.	<ol style="list-style-type: none"> 1. Present AGS progress update to CMT 2. Present progress update and AGS first draft to CMT 	<p>KB/RMW</p> <p>KB/RMW</p>	<p>21 Apr 2010</p> <p>19 May 2010</p>
4. Provide AGS briefing updates on behalf of CE, DCE and CMT to Leader of the council and cabinet members	The AGS is a key corporate document that should be owned by all senior officers and members. Is essential that senior officers, the Council leader and members are kept informed about AGS delivery to ensure top-level support	1. Inform Leader and members about the requirements for reporting on governance arrangements and progress towards AGS delivery	KB/MB/RMW	Feb - Jun 2010 (Throughout)
5. deliver presentations to Senior Officers, members and wider stakeholders i.e. Audit Committee	The AGS is a key corporate document that should be understood and reviewed by all senior officers and members. A formal paper is a valuable tool to communicate with senior officers, members and stakeholders to introduce AGS and provide updates.	<ol style="list-style-type: none"> 1. Update Operational Managers Group (OMG) on requirements for completing AGS and assurance statements 2. Present AGS progress update to Audit Committee 	<p>RMW / KB</p> <p>KB/HT/RMW</p>	<p>22 Feb 2010</p> <p>11 Mar 2010</p>

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6. Distribute, collect and review directorate / service Assurance Statements.	The AGS is a key corporate document that sets out the effectiveness of governance arrangements. Statements are required to document governance frameworks and controls across all services. This will include assurance from legal & regulatory, financial controls members, risk management and performance & data quality	<ol style="list-style-type: none"> 1. Commission assurance statements from all Directors and Heads of Service 2. Provide support and advice to service areas, ensuring statements are delivered to deadline and guidance 3. Collect all assurance statements from service areas 	<p>LW / BSU</p> <p>RMW / CGWG</p> <p>LW /BSU</p>	<p>1 Mar 2010</p> <p>Mar 2010</p> <p>1 April 2010</p>
7. Collect and review additional sources of assurance	The AGS requires assurances from third parties for example from external inspections.	1. Internal Audit and CGWG to report on the service operations and any signification control weaknesses	HT / CGWG	Mar - Apr 2010
8. Internal Audit to conduct independent review of all assurance statements contributing to the AGS	Assurance statements need to be reviewed to identify and report any significant governance issues and document how the controls framework is operating	<ol style="list-style-type: none"> 1. IA Conduct a review of all assurance statements forming the AGS and identify control issues required for reporting. Findings of review highlighting key corporate weaknesses or risks to be provided to DCEO Policy Team 2. Confirmation that assurance statements are accurate and reliable 	<p>Internal Audit /HT</p> <p>Internal Audit /HT</p>	<p>6 Apr - 23 Apr 2010 (provisional)</p> <p>23 Apr 2010</p>
9. Annual Internal Audit report	An overall opinion is provided by internal audit on the systems and controls operating throughout the council as overall assurance	1. Internal audit report produced from all audit conclusions in 2009-10	HT	April - May 2010

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10. First Draft of Annual Governance statement	AGS needs to be presented as a narrative statement, including: <ul style="list-style-type: none"> • Laws & regulations complied with; • High-quality services delivered effectively; • Processes are adhered to; • Financial & performance information • Efficient and effective use of resources • Identified control risks/ weaknesses and proposed remedial actions Use internal working groups and Senior Officers to review content and make amendments.	1. Use the CIPFA /SOLACE AGS framework ('Delivering Good Governance in Local Government') to draft narrative governance statement. Utilise the AGS evidence map, assurance statements and Code of Corporate Governance	RMW /KB	7 May 2010
		2. Present AGS draft to the Corporate Governance Working Group	RMW /KB	14 May 2010
		3. Present AGS first draft to CMT	RMW /KB	W/B 17 May 2010
11. Second draft of Annual Governance Statement	(As above point 10)	1. Integrate comments and amendments from Internal Audit and CGWG and review draft	CGWG	28 May 2010
		2. Present AGS second draft to CMT	RMW /KB	2 Jun 2010
12. Finalise AGS and present to CEO and Leader for approval and sign-off	Following approval from CMT recommendations are made to CEO and Leader to sign AGS	1. Prepare AGS for approval and sign-off	RMW /KB	7 - 18 June 2010

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13. Present AGS to the Audit Committee for review, comments and approval	Final stage of delivering the Annual Governance Statement	1. Provide AGS paper	RMW	21 June 2010
		2. AGS Presented to Audit Committee along side financial statement of accounts	RMW	28 June 2010
14. External audit of AGS and Annual Statement of Financial Accounts			Audit Commission	July - Sep 2010