

AUDIT COMMITTEE – 22 MARCH 2013

ANNUAL GOVERNANCE STATEMENT 2011/12 AND GOVERNANCE REPORT 2011/12 – ACTION PLAN PROGRESS

1. PURPOSE

- 1.1 The purpose of this report is to provide Audit Committee with an update on progress made against the recommendations made in the internal Annual Governance review 2011/12 and by the external Auditor in their Governance Report 2011/12.

2. BACKGROUND

- 2.1 The Council is required to demonstrate that its business is conducted in accordance with the law and proper standards, and that money is safeguarded and properly accounted for by issuing an Annual Governance Statement to be incorporated into the final accounts.
- 2.2 In compiling the Statement, the Council has regard to its Internal Control arrangements including Internal Audit and Risk Management, the outcomes of the annual Corporate Good Governance Review, any findings of the external auditor and other management arrangements. It further considers the processes applied in maintaining and reviewing the governance framework including those of the authority, the executive, audit and scrutiny committees, internal audit and other assurance mechanisms.
- 2.3 The statement for 2011/12, was reviewed by Audit Committee on 6th July 2012. Progress made against the recommendations was last reported to Audit Committee in September 2012.
- 2.4 The External Auditor presented their Governance report to Audit Committee in September 2012. The report contained recommendations and Audit Committee requested that progress made against these recommendations and the recommendations made from the internal review were reported back to the March 2013 meeting for review.

3. ACTION PLAN PROGRESS

- 3.1 Details of the issue arising from the Annual Governance Statement and the Good Governance Review, including the responsible officer and progress to date are recorded in Table 1, Appendix 1.
- 3.2 Recommendations made by the External Auditor are recorded in Table 2, Appendix 1. The table records progress made.

4. FINANCIAL, EQUALITY AND DIVERSITY, ENVIRONMENTAL & CRIME AND DISORDER IMPLICATIONS

- 4.1 There are none arising directly from this report.

5. RECOMMENDATIONS

- 5.1 It is recommended that Audit Committee note the progress to be made as detailed in Appendix 1.

For further information

Background Papers from Audit Committee 6 July 2012

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Annual Governance Statement 2011/12 (Report F) &

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Review of Compliance with Local Code of Good
Governance 2011/12 (Report D)

Audit Commission Governance Report – September
2012

Governance Action Plans 2011/12

The Council's Executive Management Team has responsibility for monitoring outcomes from the annual governance review. The 2011/12 governance review Action Plan was considered at their meeting of 11th September 2012 and 12th March 2013. This document reports on progress in achieving required actions/outcomes. The action plan is also monitored by the Audit Committee.

The Action Plan incorporates required actions from the Annual Governance Statement (AGS), the annual Review of Compliance with the Local Code of Governance.

Table 1

Topic	Action	Responsible Officer	Deadline	Updated Progress as at 12.3.13
Partnerships	To update the partnership register following the changes made during the year and ensure risks are evaluated and managed accordingly.	Executive Director (S151)	31 st March 2013	A Partnership group was formed. The group has reviewed and updated the partnership activity with significant external partnership being mapped. These maps will inform further consideration of partnership arrangements, risks and resource requirements.
Risk Management	To update the Corporate Risk Register and present to the Audit Committee for consideration on a regular basis. Consider opportunities to further embed risk management across the Council.	Performance Improvement Manager	31 st March 2013	NFDC has worked with Zurich to commission a Risk Management Audit. This Insurance Audit of Liabilities report will be presented to Audit Committee in March 2013. Further work is in progress to review the Council's Risk Management Strategy and risk registers. Final details will be reported to Audit Committee in June 2013.
Financial Regulations	To review and update Financial Regulations.	Executive Director (S151) in consultation with the Head of Legal and Democratic Services	31 st March 2013	Financial Regulations will be aligned to the new Procurement policies and guidance, which are currently being finalised. A team has been formed to start the policy review.

Business Continuity	To test the Business Continuity Plan	Performance Improvement Manager	31 st March 2013	A desk top scenario 'test' has been undertaken during March 2013. Lessons learnt are being reviewed to enable, policies and procedures to be updated.
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Table 2 - Recommendations made by the External Auditor within their annual Governance report.

Recommendation	Responsibility for Action	Priority	Date for Completion	Management Comment	Progress as at 12.3.13
Formally value investment properties annually.	Head of Property Services & Accountancy Manager	Medium	January 2013	This issue will be included in the list of requirements for 2012/13.	This issue is now included in the annual requirements
Sign and date all recommendations to confirm their review	Accountancy Manager	Medium	Ongoing	Agreed	This is now routinely undertaken.
Establish why the aged debt analysis does not agree to the ledger, and correct this going forward	Accountancy Manager	Medium	October 2012	This issue is currently being worked on with ICT and the Sundry Debtor team	This issue has been investigated further and is being worked on by ICT.
Formally review Property, Plant and Equipment assets to confirm whether any significant components should be depreciated.	Head of Property Services & Accountancy Manager	Medium	December 2012	The Council is reviewing its accounting treatment of expenditure on PPE and will include componentisation issues within that review	The Council will continue to undertake this review.
Maintain the asset register and reduce the reliance on supporting spreadsheets to produce capital accounting entries.	Accountancy Manager	Medium	December 2012	Use of the system will be reviewed with Property Services and CIPFA.	Spreadsheets are still being used as this provides a good basis for reconciliation of the system and also allows for some reporting formats not available in the system. The system is currently under review by Property Services.

Appendix 1

Review the financial statements and consider removing disclosure notes that are not required by the Code.	Accountancy Manager	Low	Ongoing	This will be continually reviewed but we are currently satisfied with our current level of presentation	This will be reviewed again during the closedown process.
Improve the clarity of the specific working papers discussed with the Accountancy Manager	Accountancy Manager	Medium	October 2012	The Accountancy Manager will discuss requirements with the audit team and implement any agreed items for 2012/13.	Work is currently on-going on this.