

Wards Affected:

All Wards

ITEM 10

AUDIT COMMITTEE

24 SEPTEMBER 2013

**MILTON KEYNES COUNCIL ANNUAL GOVERNANCE STATEMENT ACTION PLAN
PROGRESS REPORT– QUARTERS 1 & 2**

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Executive Summary:

*To update the Committee on progress against the 2013/2014 Annual Governance
Statement Action Plan.*

1. Recommendation(s)

- 1.1 That the Committee considers the Milton Keynes Council Annual Governance Statement Action Plan Progress Report at annex A and notes those actions which have been reported as key issues for Quarters 1 & 2.
- 1.2 That the Committee agrees to the closing of actions 1, 5, 8, 9, 19 and 21.
- 1.3 That, in respect of action 4, the time limit be extended to October 2013
- 1.4 That the action 7 outcome be altered to read, "the Audit Committee to receive satisfactory assurance that the action plan has been completed through an internal audit report to the Committee detailing the actions completed" and that the time limit for this action is extended until January 2014 to allow for the completion of the Audit report.
- 1.5 That, in respect of action 15, the time limit be extended to June 2014.
- 1.6 That, in respect of action 26, the time limit be extended until March 2014

2. Issues

- 2.1 Corporate governance comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.
- 2.2 The AGS is the formal statement that recognises, records and publishes an authority's governance arrangements. It is a statement that subsumes and broadens the previously required Statement on Internal Control (SIC), and was required to be published with the Council's financial statements relating to 2007/08 (and onwards) to ensure compliance with the Accounts and Audit Regulations 2011. These Regulations require authorities to "conduct a review at least once in a year of the effectiveness of its system of internal control" and to prepare a statement on internal control in accordance with "proper practice". Proper practice

is currently defined by the 2012 addendum to the 'Delivering Good Governance in Local Government: Framework.'

- 2.3 The Annual Governance Statement Action Plan is a statement of the actions to be taken by Milton Keynes Council in order to remedy any weaknesses or areas for improvement which it has identified in the Council's governance arrangements. Each action has named officer and a time frame by which it should be completed. Quarterly monitoring of the action plan by the Audit Committee will allow Members to understand the progress that has been made against the actions and to ensure that appropriate action is being taken to remedy weaknesses in the Council's governance processes and improve governance for Milton Keynes Council.

3. Options

The key issues for Quarters 1 & 2 (April to September 2013) are:

3.1 Actions recommended for closure

a. Action 1 – That the Council's Financial Regulations and other rules to be updated to reflect the LLPs

Financial Regulations have been updated to reflect the relationship with the LLPs and these have been approved by Council. The outcome requested by the Committee in respect of this action is that the updated Financial Procedure Rules be agreed by Council. As this has now taken place, this action is recommended for closure.

b. Action 5 - Confirm the governance arrangements for MKDP and MKSP in relation to the Council and commence regular reporting, as set out in the members agreements

The outcome of this action would be that the Council has appropriate governance arrangements in place to oversee the LLPs. Financial sub-groups are in place for both LLPs which include both Council and LLP representatives. The format of financial reporting has been agreed and the first financial update is planned, alongside the Council's quarter 2 Budget Monitoring Report. As these measures are now in place this action is recommended for closure.

c. Action 8 - Following the Wolverton Station review, project Health Checks to be considered regarding depth and scope

The outcome requested by the Audit Committee was that a reviewed health check process be submitted to CLT and agreed for use. Amended Health check process has been agreed by CLT and is currently being implemented. Therefore this action is recommended for closure.

d. Action 9 - Risks in the Tariff regularly reviewed and actively managed, with a forecast financial position being incorporated into the Budget Monitoring Report and risks and issues highlighted through this existing reporting framework.

The outcome for this action was that reports to CLT would be made on a quarterly basis. Tariff resource and spend approval processes have been set and formal Cabinet approval is obtained through the Revisions to Capital Programme Reports. Monitoring of schemes and overall management of risks is

taking place and will be incorporated into Budget Monitoring Reports from quarter 2. This action is therefore recommended for closure.

e. Action 19 - The contract procedure rules are to be finalised

The outcome for this action is that the Council agree the Contract Procedure Rules The new CPR's have been agreed at Council on 10 July 2013. This action is recommended for closure.

f. Action 21 - Monitoring Officer role is currently vacant. Although the Deputy Monitoring Officer is currently undertaking duties within the role, the Council is under a legal duty to have a Monitoring Officer in place

Post of Assistant Director Legal & Democratic Services (ADL&DS) covered on an interim basis. Report scheduled to Full Council 11 September 2013 to appoint to the Monitoring Officer role pending a permanent appointment to the post of ADL&DS.

Recommendation agreed and the Monitoring Officer Post appointed to. This action is recommended for closure.

3.2 Key Issues

a. Action 4 - Review LLP services to ensure that the current MKSP structure is the best possible structure going forward.

The outcome of this action was that a full review undertaken and reported to CLT and Cabinet. Cabinet will not receive this report until October 2013 and therefore it is recommended that this action remain open and the Committee extend the time limit on this action until October 2013.

b. Action 7 - The Wolverton Station overspend highlighted a number of weaknesses in procurement/project management processes

The outcome for this action plan to be completed and signed off by the Audit Committee. The Action plan has been agreed taking into account the amendments requested by the Audit Committee. Actions are currently being implemented and progress monitored. An audit follow up will be undertaken later in the year.

It is recommended that the Audit Committee alter the outcome to read that, "the Audit Committee receive satisfactory assurance that the action plan has been completed through an internal audit report to the Committee detailing the actions completed." It is further recommended that the time limit for this action is extended until January 2014 to allow for the completion of the Audit report.

c. Action 14 - Member Personal Development Plans finalised

Member Development Group Champions agreed that no further Personal Development Plans would be scheduled for 2013/14 but that a bigger (enhanced) induction and development programme would be developed for 2014 following the all out elections in May 2014.

It is suggested that the time limit on this matter be extended until June 2014, after the elections have taken place.

d. Action 26 - Taxi Licensing audit has shown weak assurance and has been specifically mentioned in respect of key issues raised by the Head of Internal Audit

The outcome requested by the Audit Committee was that Internal Audit to undertake a follow up resulting in, at least satisfactory assurance. As data cleansing and transfer of data to a new database has been more difficult than anticipated and other agreed actions are reliant on the data. Internal Audit has agreed to undertake the follow-up in January 2014. Therefore the Committee is recommended to extend the time limit for this action to March 2014.

4. Implications

4.1 Policy

Each action will specifically state if there is an impact on Council policy.

4.2 Resources and Risk

Financial implications were dealt with as part of the initial report. No further financial implications have been identified as part of this update.

x	Capital	x	Revenue	x	Accommodation
x	IT	x	Medium Term Plan	x	Asset Management

4.3 Carbon and Energy Management

N/A

4.4 Legal

The Local Authority is under a legal obligation to draft and submit an Annual Governance Statement. Follow up on the Annual Governance Statement is not a statutory requirement however is considered best practice.

4.5 Other Implications

x	Equalities/Diversity	x	Sustainability	x	Human Rights
x	E-Government	x	Stakeholders	x	Crime and Disorder

Background Papers: CIPFA/SOLACE – Delivering Good Governance in Local Government Framework