
Report to Resource and Audit Committee

Date of Meeting: 2 May 2013

**Subject: Governance Improvement Plan 2011/12
Finance & Corporate Services**

**Report by: Julie Burnett, Senior Support Services Manager
Stuart Crickmar, Head of Strategy & Customer Services**

1.0 Purpose

- 1.1. In October 2012, members of the Resource and Audit Committee requested that all services present their Governance Improvement Plan to the relevant service committee to provide assurance of actions agreed and to enable members to make the clear link to the service's business planning process.
- 1.2. This paper therefore provides the Committee with an update on progress with Finance and Corporate Services Annual Governance Statement process for 2011/12 following the Annual Governance Panel challenge which took place in May 2012.
- 1.3. Key issues identified as a result of this process are identified and an update on progress is provided within the resulting Governance Improvement Plan 2012/13;.

2.0 Recommendations

- 2.1. It is recommend that Resource and Audit Committee:
 - 2.1.1. note the outcome of the Finance and Corporate Services Annual Governance Panel 2011/12;
 - 2.1.2. note progress with the Governance Improvement Plan 2012/13 and provide comment and challenge as appropriate;
 - 2.1.3. note the intention to explicitly link Governance Improvement Plans to service and team objectives within service business plan for 2013/14.

3.0 Introduction and background

- 3.1. In April 2011, the Scrutiny Committee agreed the process the Council would take to move from the Statement of Internal Control for 2011 towards the issuing of a formal Governance Statement in March 2012.
- 3.2. The Local Code of Governance and the Governance Strategy were approved by the Council in March 2012 and set out the vision, principles, objectives, actions and values which the Council will adhere to in order to ensure that there is a robust and effective governance framework in place and that the fundamental principles of good governance are embedded across the organisation at every level.
- 3.3. The Council authorised the Governance Manager to establish the Governance Panel as a pre-requisite of the introduction of the Annual Governance Statement (AGS). The Governance Panels were established and operated for the first time early in the 2012/13 financial year.
- 3.4. The Council was able to issue an Annual Governance Statement as part of the 2011/12 annual accounts.
- 3.5. As this was the first time this activity had been carried out for all services, the process will continue to be refined for 2012/13 and in future years.
- 3.6. This report is the first Governance Improvement Plan to be presented under the new Committee structure. Future reports will be made on a quarterly basis.

4.0 Considerations

- 4.1. This report confirms the results of the first Annual Governance challenge for Finance and Corporate Services and provides details of the agreed actions resulting from the initial Governance Challenge session which took place in May 2012. The action plan is provided for information only and as confirmation of the outcomes of the first Governance challenge process.
- 4.2. A number of thematic questions were asked of each service with responses presented to a Governance Panel in May 2013.

The eight themes reported against are:

- Leadership
- Relationships
- Risk
- Internal Compliance
- Business Planning
- External Compliance
- Information to support decision-making

- Evaluation & Review
- 4.3. The Governance Panel comprised managers from other services and, in the case of Finance & Corporate Services, external (Fife Council) audit support. The role of the panel was to challenge any response where evidence was not apparent or had not been clearly articulated. In addition, a number of identified service-led actions were challenged to provide further clarification.
- 4.4. The Finance & Corporate Service's Certificate of Assurance identified four key areas of risk. These were:
- Procurement
 - Information Management
 - Risk Management
 - Community & Stakeholder engagement

A copy of the Certificate of Assurance is attached at **Appendix A**

Information relating to actions taken to instigate improvements in each of these areas is attached at **Appendix B**. The Improvement Action Plan at **Appendix B** also provides information concerning service-specific actions.

- 4.5. Due to the nature of services provided by the Finance & Corporate Services teams, some of the key issues and outcomes identified through the Governance challenge process are cross cutting corporate matters. Where this is the case, the service may take the lead in actions to improve performance but will do so in partnership with other services. Improvement will depend on all services improving performance in these areas.
- 4.6. Where the identified improvements are the sole responsibility of either Support Services or Strategy & Customer Services, then the required improvements will be allocated to a lead manager; progress reviewed and the improvement action included in service operational plans. The Service's Business Plan will take into account the areas where improvement is required and identify these as a risk if warranted or as part of the service improvement objectives for the period covered by the business plan.
- 4.7. It is proposed to move the timing of the Governance Panels to earlier in the year, ideally to January / February so that the improvement actions can be incorporated earlier into the service business planning process for the following 12 month period.

5.0 Sustainability Implications

- 5.1. There are no sustainability implications associated with this report

6.0 Resource Implications

6.1. Financial Details

6.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. N/A in this instance Yes

6.3. Finance have been consulted and have agreed the financial implications as set out in the report. N/A in this instance Yes

6.4. Staffing

6.5. There are no staffing implications associated with this report

7.0 Exempt Reports

7.1. Is this report exempt? Yes No

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) Our Priorities

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) Council Policies

Governance Strategy

9.0 Equalities Impact

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

N/A on this occasion Yes No

10.0 Legality

- 10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

11.0 Appendices

- 11.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A - Certificate of Assurance, 2012

Appendix B - Governance Improvement Action Plan; Finance & Corporate Services.

12.0 Background Papers

- 12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Julie Burnett	Senior Support Services Manager	2022
Stuart Crickmar	Head of Strategy & Customer Services	2127

Approved by

NAME	DESIGNATION	SIGNATURE
Julie Burnett Stuart Crickmar	Finance & Corporate Services	Signed : J Burnett Signed : S Crickmar
Nikki Bridle	Director of Finance & Corporate Services	Signed : N Bridle



CERTIFICATE OF ASSURANCE

FOR THE ANNUAL GOVERNANCE STATEMENT FOR YEAR ENDING 31 MARCH 2012

To: Director of Finance & Corporate Services

From: Head of Strategy & Customer Services
Senior Support Services Manager

I am aware that you, as the Proper Officer in terms of section 95 of the Local Government (S) Act 1973 are responsible for ensuring that the financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council functions and which includes arrangements for the management of risk. Clackmannanshire Council's system of internal control is reviewed at least once in a year.

To assist you in that process, I confirm that I have considered the standard of internal controls in my area of responsibility. I can confirm that I have undertaken a review of the internal control arrangements in my area of responsibility.

As part of that review process I have completed an Assurance Questionnaire which evidences the controls and systems in place in relation to the following areas :

- Financial Management
- Major Investment
- Risk Management
- Business Planning
- Project Management
- Procurement
- Human resources
- Equality & diversity
- Health & Safety
- Fraud & Corruption
- Information Management
- Voluntary Organisations & Sponsored Bodies
- External Compliance
- Law & Regulation

The Assurance Questionnaire also evidences the systems, processes, culture and values in place to support the following :

- Effective leadership
- effective community engagement
- good stakeholder relationships

- clarity of roles, responsibilities and accountabilities

Having done that I can confirm that the following areas have been highlighted for improvement and you and the Chief Executive may wish to consider this when preparing the Governance Statement

- Procurement - requirement to further embed corporate procurement strategy and support services to align their processes to improving the Council's Procurement Capability Score
- Information Management - corporate strategy required and clarity as to roles and responsibilities.
- Risk Management - corporate strategy required. Control and management of risk to be embedded across service at all levels
- Community & Stakeholder engagement

Apart from the above, I can confirm that controls in my area have been, and are, working well. There are, in my opinion, no other significant matters arising which would require to be raised specifically in the assurance you are required to give the Chief Executive

Certified by _____
Stuart Crickmar
Head of Service

Date 28 June 2012

Certified by _____
Julie Burnett
Senior Support Services Manager

Date 28 June 2012

ANNUAL GOVERNANCE IMPROVEMENT PLAN
Finance & Corporate Services
April 2013

Corporate Issues (from Annual Governance Statement)

Issue	Action Required	Progress as at April 2013
<p>Procurement</p>	<p>Further embed corporate procurement strategy and support services to align their processes to improve the Council's Procurement Capability Score.</p>	<p>1: Approval of revised Contract Standing Orders and adoption of the Procurement Journey in December 2012. Both of these actions will significantly improve all elements of the procurement process across the organisation.</p> <p>2: The approval of a business case for a different approach to procurement where individuals in all services with responsibility for procurement are "matrix-managed" through the Procurement Manager and receive specific training in the corporate approach to procurement. This change will achieve savings as well as improve compliance.</p> <p>3: The introduction and central ownership of a revised Contracts Register that will log all contracts, partnership agreements and SLAs and flag key dates for review or re-tender.</p>
<p>Information Management</p>	<p>Corporate strategy to be developed providing clarity as to roles and responsibilities.</p>	<p>1: Approval of the Information Management Strategy at Council in October 2012. The strategy sets out what the Council wishes to achieve through sound information management. An implementation plan was included and this will be rolled out during 2013/14.</p>

Issue	Action Required	Progress as at April 2013
Information Management (continued)	Corporate strategy to be developed providing clarity as to roles and responsibilities	<p>2: Training for key members of staff who are asked to manage information on behalf of the Council. On-line training modules introduced for all employees who deal with data in the course of their job.</p> <p>3: Identification of all policy documents that relate to the management of information and how it is used. Some information the Council holds is used to respond to Freedom of Information requests, consideration is being given to how we could provide access to this via the Council's website or other forums.</p> <p>4: The introduction of a new and integrated HR and Payroll system will improve the availability and accuracy of management information related to the Council's Human Resources. The new system goes live on 1 April 2013 with the first reports from the new system due at the end of the first quarter of 2013/14.</p>
Risk Management	Further embed corporate approaches to risk and support services to align their processes with good practice	<ol style="list-style-type: none"> 1. A review of the Corporate Risk Register by the Corporate Management Team, reported to the Resources & Audit Committee in Dec 2012. 2. Linkage between risk, Annual Governance Statement and business continuity arrangements have been strengthened. 3. Changes to the frequency and process for reviewing and reporting risk logs, agreed by CMT and the Resources & Audit Committee in Dec 2012.

Issue	Action Required	Progress as at April 2013
<p>Community & Stakeholder engagement</p>	<p>Effective systems are in place for community engagement</p>	<ol style="list-style-type: none"> 4. Risk briefings provided in Jan & Feb 2013 - 40% of managers have now received the briefing, further sessions will be arranged. 5. Risk reporting has now been added to quarterly performance report to service committees. 6. An internal audit of the Risk Management Framework, has been conducted, the findings and improvement actions from which are currently being finalised. <ol style="list-style-type: none"> 1. Opportunities have been created to work with communities to explore different models of community engagement, e.g. Tullibody, Cambus & Gleochil Community Action Plan, Asset Based Approach in Hawkhill 2. The View regularly contains public performance reporting information and a service annual review document is being introduced in 2013 3. A new consultation and community events portal being introduced in May 2013: CitizenSpace 4. Community Councils and Tenants & Residents Federation are represented on the Alliance, and the Business Improvement pilot will enable testing of approaches that have communities involved in service design

Issue	Action Required	Progress as at April 2013
		<ol style="list-style-type: none"> 5. Increased numbers of consultation and community engagements 6. Upskilling training in community engagement provided to staff and community groups 7. A draft community engagement framework has been developed in conjunction with community groups 8. More than 50% of Council services are now accredited with the Customer Service Excellence quality standard 9. Community engagement has been placed at the heart of the corporate plan and the draft SOA 10. The Business Improvement Framework, "Making Clackmannanshire Better" places effective community engagement at the core of the approach.

Leadership: Ethics and a Culture Committed to Good Public Sector Governance

Principle	Checklist	Action Required	Progress as at April 2013
<p>Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.</p> <p>CIPFA Core Principle 1</p>	<p>Are your staff aware of the vision and purpose of the organisation?</p>	<p>More work has to be done to communicate a consistent message regarding vision and direction to all staff across the organisation.</p>	<p>Employees at all levels of the organisation encouraged to take part in business planning process where links to corporate objectives are set out and explained.</p> <p>Regular team meetings ensure cascade of decisions and future strategies.</p>
<p>Ensuring that organisational values are put into practice and are effective.</p> <p>CIPFA Supporting Principle - Core 3</p>	<p>Are the values of the organisation recognisable and shared by members and staff?</p>	<p>Improved communication of values and adherence by all employees and elected members - need to emphasis in team meetings - leading by example</p> <p>Need to improve communication of values, promotion through team meetings</p>	<p>Some service teams (eg HR) have signed up to their own charter which details expected behaviours within the tea and to customers.</p> <p>Team meetings take place regularly. Trying to introduce culture of constructive challenge & acceptance of challenge by peers.</p>

Relationships with Internal and external Stakeholders

Principle	Checklist	Action Required	Progress as at April 2013
<p>Engaging with local people and other stakeholders to ensure robust public accountability.</p> <p>CIPFA Core Principle 6</p>	<p>Do you have mechanisms in place for reporting performance and feeding back to the wider community and stakeholders?</p>	<p>Plan to deploy annual review which will deal with this</p>	<p>The View regularly contains public performance reporting information and a service annual review document is being introduced in 2013</p> <p>Committee and Alliance reports available on Clackweb.</p>

	Does the organisation report on the effectiveness of the scrutiny function?	Consider how this might be done effectively under the new arrangements	There are perception measures in place, however further work is required in this area.
Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning. CIPFA Supporting Principle - Core 6	Are there clear and effective channels of communication between the Council, community and other stakeholders?	Need more information and to raise awareness - Deploy CLD strategy Deploy CLD strategy	All community councils through the Joint Community Council Forum have been offered support to develop community actions plans enabling a fresh approach to engagement - progress has been made, with early results promising. The interim CLD strategy needs to be reviewed to bringing it more closely in line with Alliance & SOA developments.
	Are there effective mechanisms in place for consultation and feedback both internal and external?	Deploy CLD strategy	There are mechanisms, however, perception data indicates these are not always successful, hence experimentation with different approaches as outlined above. See also comments about need to revise CLD strategy in line with SOA.
	Are there clear and effective communication mechanisms in place between the organisation and staff?	Look at actions from feedback on staff survey - action plan needed. Corporate communication Strategy to ensure consistent approach to communication across organisation Continue to deploy resulting action plan.	There are mechanisms in place, however staff perception data indicates some are more effective than others. This is being addressed through the revised People and Communications strategy due to come to Council in May 2013.
Ensuring relationships between the authority, the partners and the public are	Are partnership arrangements formally regulated?	Actions arising for Internal Audit on ALEOS and Voluntary organisations	Solid and established governance arrangements exists within Alliance, which is a key partnership

<p>clear so that each knows what to expect of the other. CIPFA Supporting Principle - Core 2</p>			<p>organisation. There are formal arrangements in place for community councils and TRF.</p> <p>Arrangements governing funding agreements with voluntary orgs have been strengthened and are actively being implemented.</p>
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Risk management

Principle	Checklist	Action Required	Progress as at April 2013
<p>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk. CIPFA Core Principle 4</p>	<p>Is there sufficient information available to make informed decision regarding the control and management of risk?</p>	<p>May need to improve training for staff in risk management. Risk should always be considered whenever change is underway</p>	<p>Approaches have been in place for some years - these have been reviewed in 2012. The implementation of the Covalent system means these are now held in one database for the first time. Risk assessment has been strengthened within the option appraisal and business case template approach.</p>
<p>Ensuring that an effective risk management system is in place. CIPFA Supporting Principle -</p>	<p>Is there an effective risk management strategy in place?</p>	<p>At organisational level we need to ensure a consistent and comprehensive approach to risk management and control. Risk Strategy requires to be reviewed and undated.</p>	<p>The approach to risk has been reviewed and agreed. This needs to be better defined and encapsulated within a revised risk strategy document.</p>
	<p>Do you have processes in place that enable you and your service to identify and record key business risks (linked</p>	<p>As above Embed in service management teams agendas.</p>	<p>Risk management is an inherent element of the business planning approach. The introduction of the Covalent system provides a vehicle for all risk to be recorded and managed. It is a requirement that risk</p>

	to business objectives & targets) on an ongoing basis?		is a standard agenda item service management meetings. Service Risk registers will be reviewed formally on a quarterly basis by both CMT and service committee..
	Do you have a robust business continuity and disaster recovery plan in place?	Improve awareness of business continuity and disaster recovery throughout all levels of service	Revised during 2012/13. All services have plans and support for business continuity. Links between risk and business continuity have been strengthened.
	Are staff within your service aware of their responsibilities as set out in the Scottish Government Fraud Policy Statement?	Raise awareness at all levels of services	Internal Audit & Fraud team taking a lead on this corporately.

Internal Compliance and Accountability

Principle	Checklist	Action Required	Progress as at April 2013
Ensuring that the authority makes best use of resources - and that tax payers and service users receive excellent value for money. CIPFA Supporting Principle - Core 1	Do we measure value for money? How?	Consider at six month review of business plan.	Training being sourced for relevant staff in achieving Value for Money as part of CPD.
Ensuring that the Council has appropriate measures in place to demonstrate effective internal control.	Are new or radically changed work programmes referred to Finance or Internal Audit for advice?	At a corporate level - raise awareness of governance arrangements and implications of non compliance (All services)	Finance and legal services to confirm that they have had view of all strategy documents and papers to Council or Committees.

<ul style="list-style-type: none"> financial controls 	Is there an adequate separation of duties where required (e.g. authorising and processing payments/awarding grants etc.)?	Audit to be carried out within services to determine level of compliance	To be considered as part of the 2013/14 internal audit plan.
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Planning & Performance monitoring

Principle	Checklist	Action Required	Progress as at April 2013
<p>Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.</p> <p>CIPFA Supporting Principle - Core 1</p>	Is improving the Council's Procurement Capability Score reflected in your business planning?	Increase awareness of corporate procurement policies to ensure compliance	Actions being taken as part of the budget challenge and the adoption of the revised Contract Stranding Orders and Procurement Journey.
<p>Making sure that Members and Officers have the skills, knowledge, experience and resources the need to perform well in their roles.</p> <p>CIPFA Supporting Principle - Core 6</p>	Is the management of information throughout its lifecycle addressed adequately in your service/team/individual plans?	Information management is a risk across the organisation. Information Strategy to be developed & implemented	Information Management Strategy approved in October 2012. Implementation plan to be rolled out in services and corporately.
<p>Making best use of Human Resources by taking an active and planned approach to meet responsibility to staff.</p> <p>CIPFA Supporting Principle - Core 6</p>	Do your staff (and any provider of our-sourced services) have the knowledge, skills and tools to support the achievement of services/team/individual objectives?	Corporate approach to learning and development is in its first year and has yet to be assessed as regards effectiveness	Joint approach (HR and L&D) to ensure that Human Resources are supported in relevant development activities.

External Compliance & Accountability

Principle	Checklist	Action Required	Progress as at April 2013
Ensuring performance and compliance with all relevant legislation and regulations.	Do you have adequate and appropriate internal systems and processes in place to ensure compliance with applicable policies, procedures, law and regulations?	review policies on a scheduled basis	Individuals are now allocated review of legislative changes as part of their job role.
	Are key policies in your area assessed for their impact on equality as required by legislation?	Need to consider how this could be improved	New Equalities Impact Assessment process being developed.
Ensure external compliance and accountability	Has your area delivered its outcomes as per the Internal Audit Plan?	Internal Audit plan being developed through use of external resource	Annual internal audit plan being developed following the appointment of new Team Leader.

Information Management to Support Informed Decision Making

Principle	Checklist	Action Required	Progress as at April 2013
Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs. CIPFA Supporting Principle - Core 4	Are the processes for handling personal data compliant with the requirements of the Data Protection legislation?	At corporate level there is no clear accountability for information management. Services are inconsistent in approach - needs to be addressed as part of corporate information strategy	Information Management Strategy approved in October 2012.
	Do you have effective systems in place to respond to requests	New HR and Payroll system will improve quality of management information available	New Hr and Payroll system will "Go Live" on 1.4.13.

	for information under the Freedom of Information (S) Act 2002?		
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Review & Evaluation of Governance Arrangements

Principle	Checklist	Action Required	Progress as at April 2013
Governance structures and processes should be reviewed, evaluated and developed as part of an ongoing process of continuous improvement. Governance Strategy	Is the activity of the scrutiny function adequately reported?	process requires to be reviewed at a corporate level in light of changes to the committee structure introduced by new administration	

