

CORPORATE AFFAIRS COMMITTEE

A meeting of the Corporate Affairs Committee was held on 2 June 2010.

PRESENT: Councillor Clark (Chair), Councillors Brunton, Cox, Mrs H Pearson, OBE and Junier (as substitute for McPartland).

OFFICERS: B Baldam, C Davies, S Harker and R Long.

**** APOLOGIES FOR ABSENCE** were submitted on behalf of Councillors McPartland and Purvis.

**** DECLARATIONS OF INTEREST**

No declarations of interest were made at this point of the meeting.

****MINUTES**

The Minutes of the meeting held on 11 March 2010 were taken as read and approved as a true record.

ANNUAL GOVERNANCE STATEMENT 2009/2010

As part of the annual accounts process the Council had a statutory duty to review its system of internal controls and publish an Annual Governance Statement. The Council used the 2007 CIPFA publication – a Framework for Delivering Corporate Governance in Local Government – to review its governance arrangements and highlight any gaps. The Framework adapted the six core principles of good governance for the local government sector and recommended that all Councils should comply with them.

The Corporate Governance Team was responsible for managing the process by which the annual review of corporate governance was conducted. The Annual Governance Statement was compiled following a review by the governance team of the effectiveness of the Council's systems of internal control and governance arrangements. All Directors and Heads of Service were required to sign an assurance statement in relation to compliance with internal controls.

As in previous years the Council's partnership arrangements were reviewed using the partnership matrix provided in the Framework guidance to identify which were key to its operation and which were minor.

In 2008-2009 an initial review was undertaken of representation on outside bodies. The responses received were assessed using a similar matrix to the one used to evaluate the partnership arrangements. Officers continued the review during 2009-2010 and recommendations were made whether to continue, withdraw or review representation. The results were reported to Corporate Affairs Committee in February 2010 and a schedule of findings from the finished review was attached at Appendix B to the submitted report.

A number of other developments designed to ensure improvements in risk management, performance, financial management and governance had also been implemented including:

- Continuation of the programme of training for Service staff.
- Monitoring of progress against priorities and inform CAA process.
- Key partners involved in accountability sessions to ensure further accountability to LAA targets.
- Review of the Risk Management Strategy in January 2010.
- Development and review of Business Continuity Plans and Flu Pandemic Plans across the Authority.
- Revision of the Risk Management Toolkit in January 2010.
- Review of effectiveness of the Audit Committee.

Members were informed the new Government had recently announced that Comprehensive Area Assessments would be abolished and the scoring exercise for the Use of Resources would cease with immediate effect, although the External Auditor would still be required to give a Value for Money conclusion. Further guidance was awaited from the Audit Commission but Use of Resources scores would not be published for 2009/2010. However, the Council would still be charged the fee for the work undertaken by the External Auditor.

The Risk Strategy Document had been reviewed and business continuity plans had been tested in several service areas. Both planned and operational tests had taken place. A review of effectiveness of the Audit Committee had also been completed and the recommendations had been implemented.

The Standards Committee continued to contribute to the improvement of the control environment within the Council and had considered the following items:

- Review of the Members' IT Strategy.
- Review of Criminal Records Bureau checks for Members.
- Review of local protocols for sharing Monitoring Officers' and legal advice across the Tees Valley.
- Approved the distribution of "A Brief Guide to the Members' Code of Conduct" leaflet to all Council Members.
- Reviewed the Gifts and Hospitality Policy.
- Monitoring of Corporate Complaints and Ombudsman Complaints.

Members were asked to note the 'Significant Internal Control Issues' raised in the 2008/2009 Statement and the actions taken during 2009/2010 to address them.

A review of all grant funding received by the Council and the risks to the Authority of those grants being withdrawn was underway. The Council currently received funding from 107 different grants and it was anticipated that competition for Government funding would increase. It was therefore vital that bids were realistic, deliverable and in line with Council priorities.

Significant Internal Control Issues identified during 2009/2010 were also highlighted as follows:

- The purchase of swan boats and coin-operated toy tractors. There were significant gaps in the appraisal and approval processes for these items of capital equipment.
- Procurement of building work at selected Middlesbrough Schools – Internal Audit identified significant issues in the process and procedures being followed in a number of schools.
- Management of Tied Accommodation – Internal Audit had identified weaknesses in the management of "Tied" accommodation linked to employment across the Council.

Details of the actions taken and planned for 2010/2011 to address the above issues were detailed at page 16 of the Corporate Governance Statement. Regarding the purchase of swan boats and coin-operated toy tractors, it had been agreed by the Audit and Governance Committee at its meeting on 27 May 2010, that an additional action be added to highlight that the Council's budgetary process must be adhered to.

With regard to the procurement of building work at Middlesbrough schools a potential for fraud had been identified. All schools had been reminded of the correct procedures, the Schools Forum had been notified and a follow-up audit would take place. In addition, there was a process called the National Fraud Initiative whereby data sets with regard to creditors, housing benefit claimants etc were provided by local authorities to the Government. A data match would then ascertain whether someone employed by the local authority had also received a creditor's payment and this would act as a second check to identify any areas where correct procedure had not been followed.

It was noted that the Environment Service maintained a preferred supplier list for minor building works. The Deputy Director of Resources agreed to ascertain whether schools were required to employ contractors from the preferred list only.

A Working Group had been established to undertake a review of all “Tied” accommodation with the aim of ensuring that contracts for all such Council owned accommodation were standardised.

An overall assessment of the six core principles underpinning the governance arrangements of the Council had been carried out and checked independently. The majority of areas were scored as “fit for purpose”, with four out of the six receiving an “excellent” rating.

ORDERED as follows that:

1. the Annual Governance Statement 2009/2010 be approved.
2. the reported internal control issues were noted.