

## Agenda Item: 11

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**Meeting:** Audit Committee

**Date:** 29 June 2009

**Subject:** Annual Governance Statements for the Legacy Authorities

**Report of:** Director of Corporate Resources

**Summary:** The report proposes that the revised 2008/09 Annual Governance Statements are approved for the three legacy authorities.

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Contact Officer: Nick Murley , Assistant Director of Audit and Risk

Public/Exempt: Public

Wards Affected: All

Function of: Audit Committee

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### RECOMMENDATIONS:

1. That the Audit Committee approves the 2008/09 Annual Governance Statements for:

(a) South Bedfordshire District Council (Appendix A)

(b) Mid Bedfordshire District Council (Appendix B)

(c) Bedfordshire County Council (Appendix C)

subject to any further material issues that come to light between the date of this meeting and the date of the approval of the Statement of Accounts.

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### Background

1. At its first meeting on the 6 April 2009, the Audit Committee considered the Annual Governance Statements (AGS) that were prepared by the former South Bedfordshire, Mid Bedfordshire and Bedfordshire County councils.
2. At this meeting it was emphasised that the views set out in the AGS were by the former authorities based on the information available at the time of their production and so before the Central Bedfordshire Audit Committee could approve these, further review should be undertaken to capture any more significant issues that have come to light since the 31 March 2009.

3. This would mean that the AGS for each authority could then be revised, if necessary, and the committee could then approve them, discharging its responsibility, before signing the 2008/09 Statement of Accounts for these councils at its meeting on the 27 July 2009.

### **Review Work Undertaken**

4. Since the 31 March 2009, Internal Audit has been actively finishing off any audit reports that were outstanding in respect of the 2008/09 financial year. Elsewhere on this agenda, a report sets out all of the areas of review that were completed by the three legacy Internal Audit teams, the assurance given against these reviews, as well as setting out the number of recommendations made, either high, medium or low. Where areas of low assurance have been made, these had already been disclosed in the relevant AGS.
5. We have also had informal meetings with the external auditors to discuss any other findings that they have uncovered as part of their pre-audit work. It is pleasing to note that to date they had nothing else to bring to our attention.
6. Discussions have taken place with the finance team who are preparing the year end financial reports to understand why any financial variations have occurred and the implications of these.
7. Finally, the Directors have also raised any additional significant issues that they believe should be disclosed in the AGS that they have inherited from the legacy authorities.

### **Outcomes**

8. As a result of the reviews undertaken, as described above, only the BCC AGS has been amended.
9. The information relating to the Financial Management Standard in Schools (FMSiS) toolkit audit work has been updated to fully reflect the work undertaken by 31 March 2009. The percentage of schools who have passed the standard programmed for assessment has increased from 39% to 42%. Whilst this rate seems very low, of the 63 schools audited, 74% have passed.
10. A major contributing factor to this poor performance against the scheduled assessments is due to the late submission of information from the schools, which has in turn led to a large slippage in the programme of works. We are taking a report to the Schools Forum later today to raise awareness of this issue and will produce a more realistic schedule of the remaining 30 schools that need to produce their information for 2009/10.
9. The other inclusion is in relation to the partnership arrangements that were in place between Bedfordshire County Council, Bedfordshire Primary Care Trust and The Bedfordshire and Luton Partnership Trust.

10. This relates to the transfer of services and funding relating to learning disability service provision, on-going funding of continuing health care as well as the quality of the statutory functions of social care being delivered by these partners on our behalf.
11. It is clear from further investigation since the 1 April 2009 that poor and sometimes inadequate governance arrangements in place for these partnerships has led to a large amount of uncertainty surrounding both the financial and service provision aspects.
12. Much work has and is being undertaken to get to the bottom of this issues and actions plans to resolve these will be produced in the next few months.
13. Whilst the financial impact is now much better understood, we are proposing to disclose this in the AGS of the former County Council because of the failings of the governance arrangements surrounding these partnerships.

### **Conclusion and Next Steps**

14. As mentioned above nothing further has come to light relating to the district councils and so no adjustments have been made to those statements presented to the committee on the 6 April 2009.
15. The issues set out above in respect of the partnership arrangements with the PCT and BLPT will be added to the BCC AGS.
16. Approving the AGS of each of the former authorities is a requirement before the committee can approve the Annual Statement of Accounts of these authorities. The AGS provides that the control environment under which the accounts have been produced is adequate.
17. As mentioned above the Statement of Accounts will be presented for approval to the Audit Committee on the 27 July 2009

### **CORPORATE IMPLICATIONS**

#### **Council Priorities:**

The Annual Governance Statement sets out the internal control and governance framework of how a council operates. It also discloses the significant issues facing an authority. The statement therefore will contribute towards achieving the council's priorities.

#### **Financial:**

None directly arising from this report.

#### **Legal:**

None

#### **Risk Management:**

The AGS is another means where the authority can capture the significant risks facing the organisation. These are detailed in the body of the report.

**Staffing (including Trades Unions):**

None

**Equalities/Human Rights:**

None

**Community Development/Safety:**

None

**Sustainability:**

None

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**Appendices:**

Appendix A – Annual Governance Statement for South Bedfordshire District Council

Appendix B – Annual Governance Statement for Mid Bedfordshire District Council

Appendix C – Revised Annual Governance Statement for Bedfordshire County Council

**Background Papers:**

Audit Committee minutes from the 6 April 2009

Location of papers: Priory House, Chicksands