

**To the Chair and Members of the
AUDIT COMMITTEE**

DONCASTER COUNCIL GOVERNANCE PLAN

EXECUTIVE SUMMARY

1. In the interests of good council management a specific Governance Plan has been produced. The Governance Plan combines the various actions and initiatives that are being undertaken to improve the Council and increase its ability to meet the specific and varied challenges.
2. The Governance Plan has been incorporated into the Council's Corporate Plan 'Our Council Plan' in order to improve the efficiency and effectiveness of managing performance and assessing progress. It is reported on a quarterly basis in line with other corporate priorities.
3. There were 73 recommendations in total within the Governance Plan 2012. Of these, 46 have been implemented within the timescale and 16 are in progress and remain on target to be implemented within the agreed timescales. 11 recommendations have missed the original target completion date.

Governance Plan 2013

4. The Governance Plan for 2013 includes:
 - a) 2012 Governance Plan activities, shown at paragraph 15 of the report, that have missed the target completion date;
 - b) 2012 Governance Plan incomplete activities (but within the target completion date) contained within Appendix 1 of the report;
 - c) The three recommendations arising from the Annual Governance Report 2011/12:
 - i. Ensure that Quality Assurance procedures linked to the production of the Financial Statements are sufficiently resourced to enable timely delivery;
 - ii. Ensure that working papers supporting all significant entries in the statements are available for audit within the agreed timescales; and

- iii. Review the Council's exposure to liabilities arising from MMI's financial position to determine the likely extent of the final liability;
 - d) Any external inspection recommendations that need to be monitored corporately; and
 - e) An update on the Governance Strategy Action Plan.
- 5. In accordance with the request from Audit Committee on 28 September 2012, the Governance Group will continue to receive an update on all Governance Plan activities, and the Audit Committee will receive an update on an exception basis of those recommendations not yet completed.
- 6. Paragraph 15 below provides an update on the 11 incomplete activities that have missed the original target completion date. **Appendix 1** includes an update on the 19 Governance Plan activities that are not yet completed but are within their target completion dates. An update on the external recommendations that need to be monitored corporately will be provided separately by Internal Audit.

RECOMMENDATION

- 7. **Members are asked to note and comment on the progress made in relation to the activities contained within the Governance Plan 2012 and progress in taking forward the Governance Plan for 2013.**

BACKGROUND

The Corporate Plan 'Our Council Plan'

- 8. The Corporate Plan combines and co-ordinates all the objectives and outcomes the Council needs to deliver during the year. This includes the activities undertaken by Directorates that contribute to the Borough Strategy, including the Partnership Stock Take outcomes, and deliver The Mayor's priorities; together with actions required to ensure that the Council improves and is governed effectively. 'Our Council Plan' – A Revised Corporate Plan was agreed at Full Council on 21 February 2013.

The Governance Group

- 9. The Governance Group was established by the Director of Corporate Services and Finance to promote and ensure good Governance practices across the Council.

Annual Governance Report

- 10. The Director of Finance and Corporate Services in his role as the Council's responsible financial officer approves the draft Statement of Accounts. The Accounts are presented to the Audit Committee.
- 11. Following approval of the Statement of Accounts an audit commences that includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also

includes and assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed. This has resulted in findings and conclusions contained in the District Auditor's Annual Governance Report.

Value for Money Conclusion

12. In addition to an opinion on the Council's accounts, the District Auditor has to reach a conclusion on the arrangements the Council has put in place to secure economy, efficiency and effectiveness in its use of resources. This is known as the 'value for money conclusion'. The report considers the arrangements that have been put in place to secure economy, efficiency and effectiveness in the way resources are used.
13. The Value for Money Conclusion 2011/12 concluded that the Council had reached the necessary standards for the District Auditor to issue an "unqualified value for money conclusion".
14. The Council's proposed action plan against the recommendations contained within the Audit Commission's Value for Money Conclusion was presented to and noted by the Audit Committee on 4th April 2012.
15. **EXCEPTION REPORT FOR ACTIVITIES THAT HAVE MISSED THE ORIGINAL TARGET COMPLETION DATE**

KEY:

Ref	Strand	Responsible Assistant Director
	Proposed activity to deliver the recommendation	Target Completion Date
	Update on progress to deliver the activity	

R5 Governance Strategy Action Plan		
R5.2	Improving compliance with the governance arrangements and the general standards of behaviour across the Council by:	Governance Group
	R5.231 Decide whether to support the establishment of arrangements for requiring officers to confirm understanding and acceptance of and compliance with Governance Arrangements, in the context of this broader strategy	30 April 2012
	Update March 2013: Agreed by Governance Group. A system procurement process is currently underway.	

R9	Agree improvements in working papers and key financial systems, in particular payroll, bank reconciliation procedures and fixed assets, should be implemented as a priority (R23).	Jill Higgs
R9.1	<p>Payroll – Report to Audit Committee updating on recovery process for payroll overpayments (R23.5).</p> <p>Update March 2013: An update report was presented in June 2012</p> <p>The situation continues to be reviewed. A further report will be presented to Audit Committee in June 2013 to cover the full year's figures 1 April 2012 to 31 March 2013 and reflect on the impact of the merger of the service and systems with Rotherham MBC.</p>	31 December 2012
	<p>UPDATE: JUNE 2013 (As included in R6 and R7 in Appendix 1). A report will be presented to Audit Committee on 18 July 2013 which details the position as at the end of the 2012/13 financial year. The overall balance of overpayments has been reduced by £180,005.64, an overall reduction of 28.23% and a total of £8,011.38 has been written off during 2012/13. Although a further 248 overpayments have occurred during 2012/13 the number of occurrences and monetary values has reduced and should improve further as the new self-service HR/payroll system becomes further embedded</p>	July 2013

R10	The Council should emphasise to all relevant officers that procurement procedures must be followed (R24).	Steve Mawson
R10.2	<p>Implementation of Procurement Transformation Plan to include improving effectiveness and implementing training programmes highlighting consequences of breaching CPR's (R24.3).</p> <p>Update March 2013 P2P is a significant systems and process change which will substantially improve financial control, purchasing performance and introduce electronic requisitioning, electronic budget holder approval, an electronic purchase order, auto matching of invoices, "real time" up to date management information and will affect all staff involved in the request, approval, receipt and payment of goods and services. The implementation of controlled purchase management, cost effective sourcing, greater visibility of spend analysis and budget management will help to support the Council's requirement to deliver savings.</p> <p>In view of the above, training modules will be developed to reinforce CPR's, outline "roles and responsibilities" and will be an on-going process.</p>	30 Sept 2012
	<p>UPDATE: JUNE 2013: As previously reported, as part of the P2P implementation, training modules will be developed to reinforce CPR's, outline "roles and responsibilities" and will be an on-going process. Standard documents are also being reviewed by the CPT (tender/quotes) and work is also underway with the Legal Team to develop and agree standard T&C's for Goods and services, which when finalised will be made available on the intranet and internet. Training for Council wide staff also continues for the YORtender system.</p>	

R10.3	Completion of phase 1 of procurement transformation including targeted training and roll out of Category Management and improved general procurement procedures (R24.4).	30 Sept 2012 Ongoing
	Update March 2013: See R24.3, R25.2 and R25.4 updates	
	UPDATE: JUNE 2013: Please see R10.2	

R11	The Council should complete its review of significant procurement arrangements entered into in previous years, to ensure that value for money has demonstrably been obtained (R25).	Steve Mawson
R11.1	Contract Register updated to ensure scope and accuracy is comprehensive and up to date for major procurements (R25.1)	30 June 2012 30 April 2013
	Update March 2013: Work continues on this activity – please also see update for 25.2.	
	UPDATE: JUNE 2013 Contract Registers continue to be updated for all Directorates and as and from May 2013, the DMBC list of current contracts is available to view on the internet and will be updated on a regular basis. This information has been made available to help organisations know what we buy, how much we spend and who with.	

R11.2	Implementation of Procurement Transformation Plan with review of significant procurement arrangements and detailed actions for improving value for money (R25.2).	30 Sept 2012
	Update March 2013: Work continues on the above. In addition to this, Capita Consulting have been contracted to assist with data/category analysis and the identification of further savings opportunities. This is additional capacity/resources to support the work currently underway by Category Managers within CPT. Capita started on site 21 January and have been reviewing and analysing data, meeting with Category Managers, Heads of Service/Managers and will provide a forward plan of potential opportunities. Capita are initially concentrating on Finance & Corporate Services and Regen & Environ categories, but will also share information from work carried out with other clients to establish if DMBC have fully exploited opportunities. Capita will also provide a perspective/advice on demand management, purchasing policies, “make or buy” decisions etc.	Ongoing
	UPDATE: JUNE 2013 The CPT continue to work with Directorates to review expenditure, identify re tender/savings opportunities and the Procurement Savings Tracker is regularly updated and monitored with a savings “sign off” process in use. In addition to the work carried out by the CPT, Capita are currently finalising a report which has identified additional procurement opportunities. Capita’s initial assessment shows that the main area to address is in the dispersed spend, i.e. tail spend and spend that is undertaken using the “Three Quotes/Tenders”.	

R11.3	Procurement Strategy agreed by Cabinet (R25.3).	July 2012
	Update March 2013: Amendments currently being made to the initial draft with a revised target date of March 2013 for circulation / consultation.	31 March 2013
	UPDATE: JUNE 2013: As previously reported, a joint Commissioning & Procurement Strategy is being finalised and was presented to and received full support from Directors on the 30 th April. Subject to consultation, the document will be presented to the Audit Committee, Executive Board and Cabinet for final approval.	
R11.4	Roll out of category action plans highlighting demonstrable value for money per category reviewed (R25.4).	30 Sept 2012
	Update March 2013: As previously reported substantially improved spend analysis is now available and being shared with Directorate Teams and Services. Forward procurement plans are also being developed by Category Managers for all Directorates utilising information from the Contracts Register, spend data and breaches report. The aim is to challenge and positively question/influence procurement behaviours i.e. "do we need to re procure".	Ongoing
	UPDATE: JUNE 2013: Category update reports are now reported on a monthly basis to the Procurement Transformation Board and shared with Directorates. The reports give details of a selection of key projects undertaken by the Category Management Team in conjunction with Service areas. The report also identified new opportunities not yet started.	

R12	The Council should monitor the level of agency staffing and its progress in reducing that level (R12)	Jill Higgs
R12.1	To develop new procedures, alongside data analysis and effective measures to monitor future use and spend of agency staffing (R26.4).	31 December 2012
	Update March 2013: Hiring and Managing Agency Workers Policy was launched 1.1.13 and communications have taken place to publicise, improve awareness and ensure compliance. Attended all directorate DLT's and continue to meet regularly with ordering managers. Training on the Comensura system has taken place and further dates planned. Rebate strategy agreed for 2013/14. Monthly reporting format agreed and to be issued from end of February to Directors and ADs. Meeting held with Finance to improve flow of information. Quarterly service review meetings set up with Comensura.	31 March 2013
	UPDATE: June 2013 Targets outlined in project plan all completed for quarter 4. Refreshed the plan for April onwards. Continue to engage with managers to challenge agency usage and devise strategies for exit and future agency needs. Attended 3 directorate DLT's (4 th arranged) and monthly reporting system set up for Leadership team. Continue to review operational issues with agency system to improve process and guidance to managers. Carried out re-procurement of	31 March 2013

	<p>agency mark-up rates to realise savings. Carried out robust monitoring of current contract to ensure compliance. Work on-going to draft new contract with Comensura to cover next 3 years. Internal Audit has signed off action plan as complete.</p> <p>Note: work that was planned under this target has been completed to deadline, but work will continue this financial year to reduce agency spend.</p>	
--	--	--

R13	The Council should develop a comprehensive Organisational Development Strategy covering its staff (R27).	Jill Higgs
R13.1	<p>To develop and implement an overall corporate People Strategy to include work plans for Organisational Development, Accredited Learning and Communications plans (R27.1).</p> <p>Update March 2013: A proposed 3 year People Strategy has been developed. Once approved, the Strategy will be used to develop detailed service/work plans for HR and Communications and directorates will be expected to incorporate the relevant elements within their own services plans over the 3 year period covered by the strategy and aligned to the Council's corporate priorities.</p>	<p>300612. <i>Extended to 311212. Extended to 310313.</i></p> <p><i>Target date of 31 March 2013 will be met</i></p>
	<p>UPDATE: June 2013. The 3 year People Strategy was approved by ERC on 11 March 2013, to be implemented from 1 April 2013.</p>	<p>31 March 2013</p>
R13.2	<p>To establish a framework to provide an overarching strategy that will modernise reward and recognition practices and improve the benefits package available to staff across the Council (R27.4).</p>	<p>30 Sept 2012 & review during 2012/13</p> <p>Extended to 31/03/13</p>
	<p>Update March 2013 Target date is to be extended beyond 31 March 2013 due to resources being focused on revised priority to complete all outstanding job evaluation appeals, equal pay claims and back pay claims. A revised target date will be agreed as part of the 2013/14 service planning process.</p>	<p>On-going and revised date to be agreed for 2013/14</p>
	<p>UPDATE: June 2013 Following approval of the Council's People Strategy 2013-16 and the subsequent formulation of the 2013/14 work programme for Human Resources and Communications a Reward and Recognition Strategy, including Employee Benefits Scheme, is scheduled to be considered by the Employee Relations Committee in November 2013. Initial work to determine what should be included has commenced.</p>	<p>November 2013</p>

IMPACT ON THE COUNCIL'S KEY PRIORITIES

- 16.** The delivery of activities contained within the Governance Plan 2013 will help to ensure local people get value for money from council services and contribute to achieving the Council's internal transformation objectives

contained within 'Our Council Plan' priority outcome 6 – 'The Council is operating effectively with change embedded and sustained with robust plans in place to operate within future resource allocations'.

RISKS AND ASSUMPTIONS

17. The most significant risk is that the current improvement is not sustained and the performance of the Council deteriorates as a result, causing further reputation damage. The impact of this is assessed as critical, but at this stage it is unlikely to happen. Nevertheless, the risk must be robustly managed.

LEGAL IMPLICATIONS

18. Any specific implications will be reported separately and in the context of any initiative proposed to be taken.

FINANCIAL IMPLICATIONS

19. There are no specific financial implications arising from this report; however, any costs incurred in the delivery of the Governance Plan must be contained within approved revenue and capital budgets. Where specific initiatives arise in response to the contents of the report, which necessitate the incurring costs, these will be reported separately.

CONSULTATION

20. Consultation has taken place with the Chief Executive, Recovery Board, Overview and Scrutiny Management Committee, The Mayor and Cabinet and Directors and their management teams during the development of the Corporate Plan 2013. The Governance Plan 2013 has been developed in consultation with the Governance Group.

This report has significant implications in terms of the following:

Procurement		Crime & Disorder	
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers		Environment & Sustainability	
ICT		Capital Programme	

BACKGROUND PAPERS

23. Our Council Plan – A Revised Corporate Plan

REPORT AUTHOR & CONTRIBUTORS

Howard Monk Head of Corporate Policy & Performance, Finance & Performance
Telephone: 01302 736911
E-mail: howard.monk@doncaster.gov.uk

Simon Wiles
Director of Finance & Corporate Services