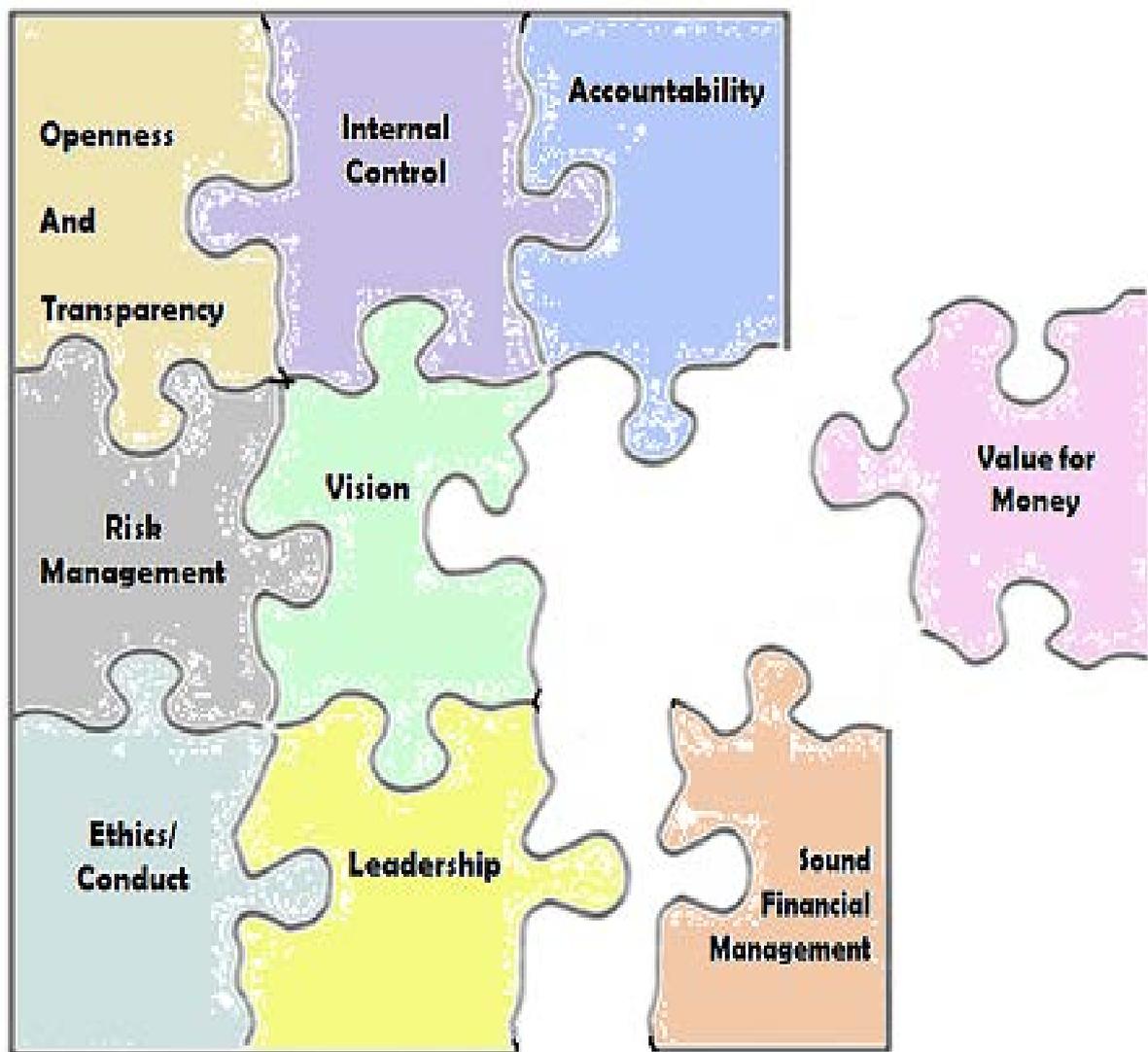# ANNUAL GOVERNANCE STATEMENT

2014-15

FORWARD:

Head of Paid Service:

Another year has passed with many exciting and innovative activities progressing within the Council. Our move to a more agile and effective working environment is progressing well and already demonstrating a positive impact in the way we provided our services to the citizens of Bristol. The control environment while potentially impacted by the change in the way we work has in fact continued to improve with a further number of historical governance issues now resolved, namely:

- Capital Projects
- Performance Management & Reporting
- Consultants/Interims
- Policies and Procedures
- Scrutiny Function

The remaining matters arising from 2014/15 are all demonstrating satisfactory progress with many moving towards full resolution in the near future. For those areas where the direction of travel has stayed the same, work continues but the complexity of the issue means it may take a little more time to reach full resolution.

You will note from the Statement that two new items have been identified, namely:

- Traded Companies
- Organisational Capacity/Knowledge

Work in these areas is progressing at a pace toward a swift and effective resolution.

The Current year 2015/16 promises to be another exciting and challenging year for the Council, but everyone at the Council, Members and Officers, will meet it full on and deal effectively with each challenge as it arises.

Section 151 Officer:

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The arrangements for internal audit are as set out in this Governance Statement and I am satisfied that the service operates to a defined standard. A review of the effectiveness of internal audit has been undertaken and reported to the Audit Committee. The Head of Internal Audit has also provided an independent opinion in their annual report confirming that the council has an adequate control environment, also making recommendations for improvement.

Significant improvements have already been implemented as part of the financial services improvement plan process. The Council has completed its financial statements for the last

two consecutive financial years earlier than ever before in the life of the council. The challenge is now to make these changes sustainable and to deliver a professional accounting service on an ongoing basis and ensure long term service resilience.

The work of Internal Audit has further confirmed my view, that following the introduction and implementation of the Financial Services Improvement Plan, it remains essential that that further ownership and accountability for financial management is fully embedded across the Council.

1   Scope of Responsibility

1.1   Bristol City Council has a duty under the Local Government Act 2000 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Additionally, the Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively.

1.2   In discharging these overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for risk management and internal control systems.

1.3   This statement explains how the Council endeavours to deliver good governance and reviews the effectiveness of these arrangements. It also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015, which require the Council to publish an Annual Governance Statement (AGS) in accordance with proper practice in relation to internal control.

1.4   This Statement should be read in conjunction with the Council's Code of Corporate Governance ([the Code](#)), which was approved and adopted by the Council in January 2009 and is revised and approved annually by the Audit Committee.

1.5   The Code provides in depth details of the framework the Council has in place to meet the six core principles of effective governance, as prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society Of Local Authority Chief Executives (SOLACE) guidance 'Delivering Good Governance in Local Government'. A copy of the Code is available via the above link or on the Council's website.

2   The Council's Governance Framework

2.1   The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled, and by which it accounts to, engages with and leads the community. It includes arrangements to monitor the achievement of the Council's strategic objectives/ Mayor's Priorities and to consider whether this has led to the delivery of appropriate, cost-effective services.

2.2   The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

2.3   The system of internal control encompasses the policies, processes, tasks, behaviours and other aspects of the authority that, taken together facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the Council's aims and objectives.

3 The Constitution

3.1 The Council has a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable. Some of these processes are required by law, while others have been decided by the Council. The Constitution is available to the public on the Council's website.

3.2 The Constitution is amended annually to address anomalies in legislation since the last review and to clarify the roles and responsibilities of the Full Council, the elected Mayor and his chosen Cabinet. Further amendments to the Constitution were recommended in the recent review of the Council's Scrutiny function by the Centre for Public Scrutiny and these have been implemented accordingly. *(Please see item 4 in Appendix A)*

4 Strategic and Decision Making Governance

The following details, the strategic and decision making governance arrangements in place within the Council, many of which are specifically required by the Constitution:

4.1 The Council approved the 2014/15 Budget and the 2014/15 to 2016/17 Medium Term Financial Strategy in February 2014 as the three year financial framework which was set around the achievement of the Mayor's vision for the City of Bristol whilst at the same time ensuring the Council's resilience from the impact of the required spending cuts.

A further Budget consultation took place in February of 2015 to consider any changes to the 2015/16 proposed budget, the second year of the three year budget framework. The Medium Term Financial Strategy was also rolled forward for a further year taking it to 2017/18.

In 2014/15 the Mayor's Vision/aims for the City of Bristol were finalised as follows:

- Healthy and Caring Bristol
- Keeping Bristol Working & Learning
- Keeping Bristol Moving
- Empowered City

- Building Successful Places
- Global Green Capital

- Vibrant Bristol
- Active Citizens

4.2 Achievement of the Mayors vision is monitored through a series of performance indicators which have been mapped to each of the 8 themes and are reported quarterly to senior management and periodically to members through the Scrutiny committees.

4.3 The Cabinet (or Executive) is made up of the Mayor and Executive Members, known as Assistant Mayors. The makeup of the Cabinet is decided by the Mayor. The current Mayor's policy has been to invite councillors from all parties who are represented on the council into his Cabinet. The current Cabinet has four Assistant Mayors, a Deputy Mayor and the Mayor.

4.4 The current Mayor takes all key decisions in consultation with Cabinet on the basis of reports from officers and/or where appropriate in consultation with one of the Council's strategic Boards namely the Bristol Property Board, the Health & Wellbeing Board or Learning City Partnership. The Mayor's Forward Plan of key decisions to be taken over the next four months is published on the Council's website.

4.5 Cabinet meetings where key decisions are made by the Mayor are open to the public and available via web cast through the Council's website. All reports are considered for legal and financial issues before submission to Members.

4.6 The Council appoints a number of committees to discharge the Council's regulatory and scrutiny responsibilities. All committees have clear terms of reference and work programmes which set out their roles and responsibilities. These include:

- Overview and Scrutiny Management Board, together with four Scrutiny Commissions each of which oversee the four directorates within the Council.
- Regularity Committees such as:
  - Planning
  - Public Safety & Protection
  - Public Rights of Way and Greens
- Statutory Committees – Licensing
- Other Committees such as:
  - Human Resources
  - Audit Committee
  - Police & Crime Panel
  - Selection Committee
  - Appeals Committee

4.7 During the year the Council sought a further review by the Centre for Public Scrutiny, who previously conducted a review of the Council's Scrutiny Commissions to enhance the effective challenge of policy development and Mayoral decisions in 2013/14. The recent review made further recommendations for improvements the majority of which have now been implemented, resulting in an effective Scrutiny function. *(Please see item 4 in Appendix A)*

4.8 There is a Strategic Leadership Team (SLT) made up of the City Director and Strategic Directors that meets each week to discuss matters which are of strategic and operational importance to the Council.

4.9 An Executive Board consisting of SLT, the Mayor and Cabinet Members meets regularly to discuss strategic issues, performance reports and matters arising, thereby ensuring good communication and cohesive vision.

4.10 A comprehensive decision pathway is in place within the Council in order to enhance transparent and efficient decision making throughout the Council's operations.

4.11 The Council have recently taken the decision to diversify into wholly owned trading companies in a number of areas such as, Energy and Waste. The aim of these companies is to provide cost effective and efficient services to the citizens of Bristol, whilst at the same time making good use of the opportunities available to enterprises

of this kind to further benefit the city of Bristol and it inhabitants. The governance arrangements both within these companies and with regard to their relationship to the Council has formed a considerable part of the preparation process for the launch of each enterprise, much work has already taken place to ensure a strong governance framework within all of the companies the Council becomes involved in and will continue as the companies develop. *(Please see item 10 in Appendix A)*

5   Operational Governance

The following details the operational governance arrangements in place within the Council, some of which are specifically required by the Constitution:

5.1   The Council has a Mayor's scheme of delegation in place within the Constitution which is available on the Council's web site.

5.2   To support the achievement of the Mayor's vision and aims for Bristol, the Council engages with the local community through 14 neighbourhood partnerships which provide an opportunity for local communities to have a greater say in the way services and local issues are managed by the Council and its partner agencies.

5.3   The Council is also involved in a number of other partnerships many of which are strategic partnerships which are governed by its Constitution, however for partnerships which are not strategic there remains a need for governance and control in order to ensure the Council is achieving synergy between its partners in fulfilling the Mayor's vision for Bristol. Work commenced in this area in 2014/15 and will continue in 2015/16. *(Please see item 5 in Appendix A)*

5.4   The Council's Change Programme, which was instigated to ensure the resilience of Council services whilst absorbing the impact of the imposed austerity measures, has continued throughout the year. An Audit review of the programme found the governance and control framework to be good, with a strong decision making process in place. *(Please see item 2 in Appendix A)*

5.5   The Council utilises, manages and stores large amounts of data on various different databases and servers. The Council is heavily dependent on managing and maintaining the control environment within its computerised systems, especially with the aim of delivering many of our services digitally. The implementation of a new Finance system has had a positive impact on the resolution of many of the issues which were identified previously with regard to financial governance and control, however there is still more that can be done to improve the control environment further, particularly with the introduction of a Human Resources/Payroll module to the system. *(Please see item 3 in Appendix A)*

5.6   Policies and procedures are in place to ensure that expenditure is incurred lawfully and that best value is obtained. A full review of the adequacy and appropriateness of all strategies, policies and procedures has been completed during the year. All documents have been pulled together into one place which is accessible by all staff. Policies, strategies and procedures have been aligned to the Corporate Plan, and where appropriate to specific directorates where they have responsibility for those documents. However, Financial Regulations for both the Council and the Council's maintained schools remains in progress, although a final document is expected imminently. *(Please see items 3 & 8 in Appendix A)*

5.7 The Council has processes and policies in place to ensure that all information collected, processed and used by the Council is held safely and securely. Breaches in information security are monitored by the dedicated Senior Information Risk Owner.

5.8 Members' and Officers' behaviour is governed by Codes of Conduct which include the requirement for a Declaration of Interest to be completed by all Members annually, by all new staff, and biennially by staff working in sensitive areas or paid above a certain grade.

5.9 The Council aspires to a free and open culture and is committed to high standards of honesty. The Council will not tolerate any form of malpractice and recognises that employees have an important part to play in reporting any concerns. The Council has a Whistleblowing Policy which encourages and enables employees to raise concerns internally within the Council, rather than overlooking the problem or raising the concern outside.

5.10 The Council adopts a zero tolerance approach to fraud and corruption within its services. The following policies and procedures are in place to ensure all appropriate measures are taken to prevent, detect and investigate suspected fraud/irregularities.

- Anti-Fraud, Corruption and Bribery Strategy/Policy
- Whistle Blowing policy
- Anti-Money Laundering policy
- Gifts and Hospitality policy and register
- Pecuniary Interest policy and register
- Code of Conduct for Members and Employees including ethical behaviour
- Information Security policy

Additionally, the Council has a dedicated Corporate Investigations Team within its internal audit function.

Having implemented all of the above the Council is satisfied that it has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

5.11 The Council has a Performance Management and Development Scheme which manages performance and development needs for each member of staff. The existing process is currently being phased out with a redesigned online process being rolled out over the coming months. The new process will ensure that individual performance measures and targets are more clearly aligned to roles and the Council's priorities. (*Please see item 9 in Appendix A*)

5.12 The Council recognises the value of well trained and competent people in effective service delivery, and as such aims to ensure that Members and Managers within the Council have the skills, knowledge and capacity they need to discharge their responsibilities.

5.13 The Monitoring Officer has responsibility for maintaining the Constitution, ensuring lawfulness and fairness of decision making, providing legal advice and conducting investigations. The Monitoring Officer leads the legal department who ensure legal compliance by the Council in its activities; any concerns are raised with senior management for resolution.

5.14 In compliance with the 'Delivering Good Governance in Local Government: Framework', the Council's financial management arrangements generally conform with the requirements of the CIPFA Statement of the role of the Chief Financial Officer and Head of Internal Audit in Local Government (2010). More detailed compliance information is provided below:

- The Service Director: Finance and the Head of Legal Services although not members of SLT have an open invitation to attend when necessary and receive all papers. Both have a direct reporting line to the City Director in relation to governance issues. Both also attend Cabinet and Cabinet briefings.

- The Council's six statutory officers meet regularly to discuss matters arising that are relevant to their statutory role. Meeting attendees are:

  - Head of Paid Service
  - S151 Officer
  - Monitoring Officer
  - Director of Public Health
  - Director of Children's and Adult Services
  - The Senior Information Risk Owner (SIRO)

- The Service Director: Finance is the Council's Chief Financial Officer and is a professionally qualified accountant. He is the Council's lead officer for the Audit Committee and attends all meetings as well as reporting regularly to the appropriate Scrutiny Committee. Although he is not a Strategic Director he is the Council's Financial lead and as such is fully involved in all material business decisions and planning processes, and contributes to all key decision reports to SLT and Cabinet.

- The Chief Internal Auditors (job share) are senior managers within the Council with regular engagement with the Audit Committee. They have an operational reporting line to the Service Director: Finance and a functional reporting line to the Audit Committee. They are also able to report to SLT, the City Director, the elected Mayor and to other Directors as required.

- The Chief Internal Auditors are both qualified accountants with many years of Local Authority Internal Audit experience and they provide an Internal Audit Service which is professional, proficient and adequately resourced (as concluded by the Audit Committee in their Annual Report). The service capacity and resources are continually under review to ensure that they are fit for purpose.

6   Assurance Mechanisms

The following assurance mechanisms are built into the governance framework to ensure that the framework is operating as required:

6.1   The decision-making process is scrutinised by a scrutiny function which holds the Mayor to account and undertakes some pre-decision and policy development work. The Business Change Scrutiny Committee is responsible for maintaining an overview of service and financial performance, efficiency and effectiveness.

6.2   The Council has an audit committee comprising elected and Independent Members that reports directly to full council in line with best practice. The Audit Committee meet throughout the year to provide independent assurance to the Council in relation to the effectiveness of the risk management framework, the internal control environment, and any issues relating to the conduct of Members. The Committee met seven times during the year, receiving regular reports on risk management, treasury management, internal control and governance matters.

6.3   The Council has a complaints procedure and where appropriate obtains feedback from service users to ensure an acceptable quality of service is provided. A new customer relation system has recently been launched which will deal with Statutory and non-Statutory complaints and Freedom of Information (FOI) requests all in one place. The FOI requests and non-statutory complaints modules have been launched and are accessible through the Council's website, with the statutory complaints module due to be launched in the autumn. *(Please see item 7 in Appendix A).*

6.4   SLT is responsible for considering overall financial and performance management and receives comprehensive reports on a quarterly basis. They are also responsible for initiating corrective action in relation to risk and internal control issues.

6.5   The Corporate Risk Register (CRR) has been extensively reviewed over the past year by the Extended Leadership Team in order to ensure it is focussed on the highest risks to the Council upon which it can have a positive impact. Additionally, a watching brief is maintained on other high risks areas which cannot be fully mitigated by the Council alone. Directorate risk registers have also been reviewed utilising the same approach and taking into account the new structure within the Council. The Corporate Risk Register will continue to be reviewed by the Audit Committee on a six monthly basis, with the directorate risk registers to be considered/challenged quarterly by the appropriate Scrutiny Committee and annually by the Audit Committee.

6.6   An Internal Audit Service is in place which provides an independent and objective assurance service to senior management, the Council as a whole and specifically the Audit Committee. They complete a programme of reviews throughout the year to provide an opinion on the internal control, risk management and governance arrangements. In addition, the Service undertakes fraud/irregularity investigation and proactive fraud detection work which includes reviewing the control environment in areas where fraud or irregularity has occurred. Significant weaknesses in the control environment identified by Internal Audit are reported to senior management, the appropriate Cabinet Member and the Audit Committee.

6.7 An External Audit function is in place which reports to senior management and the Audit Committee regarding Value for Money, governance issues and the final accounts including the Annual Audit Letter.

7 Review of Effectiveness

7.1 Bristol City Council annually reviews the effectiveness of its governance framework, as detailed in the Bristol Code of Corporate Governance, including the system of internal control. The review of effectiveness is informed by managers within the Council, who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and by comments made by the external auditors and other inspection agencies.

7.2 In addition to the in-year assurance mechanisms detailed above the following year-end reviews of the governance arrangements and the control environment were undertaken:

- Assurance was obtained from discussion with senior officers who had responsibility for the control framework in place during the year, and any areas where control weaknesses had resulted in significant issues arising for the Directorate are reflected in this Statement and Appendix A together with their comments. The final Statement itself was considered by SLT on 8th September 2015 and the Audit Committee on 25th September 2015 and is supported by them as an accurate reflection of the governance arrangements in place for the year.

- obtaining assurances from senior management, including the s151 Officer and the Monitoring Officer that internal control and corporate governance arrangements in key areas were in place throughout the year.

- reviewing external inspection reports received by the Council during the year, the opinion of the Chief Internal Auditor in their annual report to management and an evaluation of management information in key areas to identify any indications that the control environment may not be sound.

- consulting the Audit Committee regarding any potential issues they felt could indicate a problem with the control environment as a result of their work during the year.

8   Significant Governance Issues

8.1   The review process has highlighted a number of significant issues from 2013/14 which have now been resolved, together with a number of issues which whilst good progress has been made further work is required to achieve full resolution. Additionally a small number of in-year issues have been identified, but similarly action has been taken during the year and whilst full resolution has not yet been achieved the direction of travel is positive.

8.2   The Action Plan at Appendix A to this statement provides details of each issue and the actions, proposed, in progress and/or concluded at the time of writing this statement.

9   Certification

9.1   To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year with the exception of those areas identified in Appendix A. We propose over the coming year to take steps to address the matters arising to further enhance our governance arrangement. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness, and will monitor their implementation and operation as part of our next annual review.

Mayor: George Ferguson   Date: 16 September 2015

City Director: Nicola Yates   Date: 25 September 2015

s151 Officer :   Peter Gillet   Date: 25 September 2015

Item No	Matters Arising In 2012/13	Inherited Risk	Current Risk	Action taken in 2014/15 .	Action update May 2015/16	Further Action to be taken 15/16	Action update August 2015/16	Target Dates	Responsible Officer
1	**MetroBus (BRT) project-**								
(CRR4)	Significant issues identified in project including: Funding gap Governance arrangements Damage to Council reputation		⟺	Planning permission for all routes was approved by the Development Committees in August 2014.As this is an ongoing major programme, monitoring will continue going forward. Legal agreements with partner authorities are in place for the MetroBus programme. The Sept 2011 Cabinet report identified funding for the MetroBus. This was from Bristol Futures and from Local Transport Plan and Community Infrastructure Levy, in addition to the 2014/15 Mayor's budget the remaining funds were identified from prudential borrowing. This then met the total funding requirement for this project. Initial work on the refresh of the Joint Local Transport Plan has commenced. **RO= Strategic Director, Place**	Although all finance and legal agreements are in place for the metro bus there is an issue regarding transparency around the decision making process. An initial refresh was done two years ago. A West of England Joint Spatial Plan and the Joint Transport Strategy has now started which is running in parallel with an update of the four core strategies. The aim is for an updated transport strategy and core strategy.	A review of the transparency of decision making is planned by Internal Audit for 2015/16. A briefing on the funding situation and governance arrangements to come to Audit Committee Aug/Sep for discussion at September meeting if appropriate.	A review of strategic governance commissioned by the West of England Board is sheduled to commence imminently, as such Internal Audit will await the outcomes from that review before determining whether a subsequent review by them is required. however, a transparency of decision making review will still take place but this will be a more general review. **Completed**	**31st March 2016**	**Chief Internal Auditor** **Service Director Finance**
2	**The Change Programme**								
(CRR2)	(CP) is a consolidation of a number of projects. Managed as a series of separate largely directorate led programmes. CP is expected to deliver more than half of the required budget savings; therefore, failure to deliver projected benefits could have severe impact on the Council's ability in achievement of long term corporate objectives. The impact of having so many change project streams in progress at the same time could have a significant impact on the overall control environment, if the environment is not preserved appropriately.		⬇	The formal business case for the Change Programme was presented to the Cabinet in July 2014. Good progress – Project phase 1 moves (out of City Hall and into Temple/Park view etc.) are now complete. Phase two moves are being planned and will need continued leadership by Strategic Directors to focus on the necessary business change. Delivery is still in early stages, but key restructure activity is on track to deliver majority of the net target savings for 2014/15 albeit future year targets increase. Lessons learned are being applied to the next element of the project. Progress - Infrastructure is in place for delivery of digital services – demo'd by development of residents parking permit digital delivery. ABW has been enhanced to provide sufficient information for Management to monitor and forecast their budgets. Change programme projects all have a member of Architecture and Design Team on them to ensure standards are applied and fit within the wider strategic picture. The programme will be subject to 6 monthly performance and financial reporting to both SLT and Cabinet, with more frequent reporting to the Assistant Mayor for Business Change. The Applied Service Redesign Programme for Service Improvement aims to ensure that service redesign is led by Service Managers and incorporates use of technology and digital delivery. The programme will ensure Service Managers have the necessary skills to drive continuous improvement of skills. The programme is currently being rolled out with the first cohort commencing 27th January 2015.	An audit was completed of the change Programme and it was found that a good system of Governance and Internal control was in place. The Audit review did not include the financial benefits realisation. This area was covered as part of the Change Programme review and where required an Architect was in place. Regular meetings are held with Service managers to ensure that the projects are running smoothly, supporting a no surprises principal.	A financial realisation and benefit review to be carried out by Internal Audit. Full roll-out of Applied Programme for Service Improvement to all service managers to ensure services better manage demand and maximise use of joint working in service delivery. Cohort 1 has completed the initial discovery phase and cohort 2 are currently underway. Cohort 3 are scheduled to commence in 2nd week June.	A review is in progress. Applied Programme continuing with Cohort 4 scheduled to commence at the end of August. Further Cohorts are being defined and will be confirmed by Change Board in September.	30th November 2015 31st March 2016	Chief Internal Auditor **Service Director HR & Service Director Business Change**

Item No	Matters Arising	Inherited Risk	Current Risk	Action taken in 2014/15 .	Action update May 2015/16	Further Action to be taken 15/16	Action update August 2015/16	Target Dates	Responsible Officer
	In particular the loss of experience and organisational knowledge, as a result of the current corporate restructure, could in the short term impact on the control foundation within the Council.			The Change Board, chaired by the Strategic Director for Business Change meets weekly to address risks and issues. There is strong corporate focus on delivering the savings in the financial plan by both SLT and the Change Programme. The Change Programme has already delivered £22m (full year effect) savings for 2014/15 demonstrating the commitment to the project and the delivery and realisation of savings and service improvements. Restructure was formally closed in October 2014 and performance indicators show a low impact on service delivery. The restructure process has created a defined corporate structure which, alongside an enhanced reporting structure, has more clearly defined roles and responsibilities in the senior management team. Plans are also in place for a further £12m of savings, primarily through the Category Management work stream. The Corporate restructure completed by **31st October 2014**. Financial implications (savings and costs) of the Change Programme are monitored and reported to the Change Board monthly and will in future be reported to Cabinet 6 monthly **RO = Strategic Director – Business Change & Service Director – Finance.** An Internal Audit review of the Governance arrangements within the Change Programme is currently in progress. Findings and conclusions to be reported in **April 2015**. **RO – Chief Internal Auditor**	To be determined in a Finance realisation review. **Complete**				

Item No	Matters Arising	Inherited Risk	Current Risk	Action taken in 2014/15 .	Action update May 2015/16	Further Action to be taken 15/16	Action update August 2015/16	Target Dates	Responsible Officer
3	**Financial Governance**								
(CRR6)	While good progress towards improvement in internal control of financial systems has been achieved, the new financial system is still not fully operating to the required level in order to fully achieve expected benefits and controls.		⟷	Focus on key controls and appropriate reconciliations will be more structured and monitored to enhance control of debt, cash and access. Strengthen Financial governance: Further refinement of budget holders and cost centres has continued with the aim of having the full structure complete by year end. **(April 2015)** Extensive budget management training has been made available to all budget holders. Financial Regulations and Scheme of Delegations being revised to reflect the new directorate management structure. **Target Date: System fully functional by 2014/15 year end.** Review of financial regulations and schemes of delegation currently remains outstanding**. (April 2015)** Implement upgrade of main financial system to incorporate HR and Payroll functions. **(December 2015)** In year changes to the budget or financial plan are centrally controlled and subject to Finance Director Approval. **(Ongoing)** **Service Director: Finance**	**Complete** **Complete** **Complete** **Outstanding** The HR and Payroll project is on target for a November 2015 implementation following the 2 parallel runs. However, no contingencies on timeframes have been agreed meaning that issues may not be identified or addressed prior to "go live" due to time pressures. The project is currently in the data migration phase with a review date of the transformed data of 25ᵗʰ June. The upgrade of the financial system is on schedule, however it is dependent on timely completion of finance testing, and the capability to get the ContROCC interface tested and into Live within the agreed window of opportunity in July 2015. A number of Financial Audit reviews are currently pending conclusion having been issued as interim due to the remedial action required to bring the area up to standard.	Work on the Financial Regulations is progressing with a cosmetic review underway. Implementation is ongoing. Ongoing Financial Service Improvement Plan has been put in place, to tackle operational matters including the implementation of Internal Audit recommendations. The progress of the plan will be monitored by both the Service Director: Finance and Internal Audit.	TBC The finance upgrade of Agresso to 5.7.1.5 and the ContROCC interface were both implemented to live within the agreed window of opportunity. Following a joint Agilisys and BCC impact assessment and plan review, the HR/Payroll project steering group have agreed to change the Go Live date to the proposed date of 5th January 16. The Financial Services Improvement Plan demonstrates a comprehensive process for the achievement of improvement. The effects of the Plan are already beginning to show improvements from the bottom up with a positive direction of travel towards a streamlined and efficient financial service. However, there is recognition that there is still some way to go, but that the process is moving in the right direction.	**31st August 2015** **5th January 2016** **Update 30th December 2015**	**Chief Internal Auditor** **Service Directors Finance & HR** **Service Director Finance**

Item No	Matters Arising	Inherited Risk	Current Risk	Action taken in 2014/15 .	Action update May 2015/16	Further Action to be taken 15/16	Action update August 2015/16	Target Dates	Responsible Officer
4	**Scrutiny Function**								
	The Scrutiny arrangements need improvement to ensure robust challenge of executive decisions by Members.			As with the Constitution, revised arrangements to clarify and enhance the role of scrutiny commissions were agreed by Council at its AGM in June 14. **Complete** These included:	A further Scrutiny review was carried out by the CfPS, who made a total of 10 new recommendations, which included changes to the Constitution; adopting additional best practice Scrutiny approaches; and staff/Member training. Details of this can be found in the April OSMB meeting minutes on BCC Website.	The Constitution to be revised to include the two changes raised in the CfPS report. Action Plan to be drawn up to ensure recommendations identified by Centre for Public Scrutiny CfPS) are addressed.	**Completed**, revised in May 2015. The majority of recommendations have now been addressed.	**NFA**	**Monitoring Officer & Service Director Policy, Strategy and Communications & Senior Executive Assistant**
				The roll of the Overview and Scrutiny Management Board (OSMB) to be strengthened so that it takes ownership of the Scrutiny Work Programme. Due to the infrequency of the OSMB meetings (Once a quarter) this has not been fully achieved. All Work Programme amendments are currently proposed by Scrutiny Chairs, who are themselves Members of OSMB, with the OSMB Chair informally approving them. Consideration is being given to how the situation could be improved for 15/16. Corporate visions/objectives as detailed in Corporate Plan to inform the Scrutiny work programme. **Complete** Corporate Plan considered and signed-off by OSMB and Full Council in July 2014. **Complete** A detailed review of the Council's policies and strategies is currently underway to identify relevant policies and procedures and to ensure they effectively align with the Mayor's priorities as set out in the Corporate Plan. Positive steps have been taken, but further work will be undertaken to better inform the Scrutiny priorities in 15/16. Target date April 2015 – Policy review	A Decision Pathway is now in place the aim of which is to enhance transparency and promote efficiency in the decision making process. https://www.bristol.gov.uk/committee/2015/sc/sc041/0422_8.pdf https://www.bristol.gov.uk/committee/2015/sc/sc041/0422_9.pdf **Complete.** The WP for 15/16 is closely aligned with the Corporate priorities.	Further develop annual scrutiny work plans into a 3 year rolling plan for policy development and review by Scrutiny.	3 year rolling plan to be developed after the all out elections in May 2016.	**August 2016**	**Service Director Policy, Strategy and Communications & Senior Executive Assistant**
				Proposals to reduce the number of Commissions and meetings during the municipal year have been agreed by Full Council. This will see 4 Scrutiny commissions, one for each directorate, each of which will meet 10 times per year. Plus the OSMB meeting four times a year. **Complete** Proposals were agreed that will separate out the Mayoral Question Time questions from Members and those of the public which will be dealt with in separate meetings. **Complete** **Target date: OSMB to review scrutiny arrangements in January 2015.** **Monitoring Officer & Members and Service Manager- Policy & Research**	A lots of positive work has been undertaken within the Scrutiny function including new processes which it is reported have improved the Scrutiny function.		A scrutiny resolution tracker has been developed to record outcomes and monitor progress.	**Completed**	**Service Director Policy, Strategy and Communications & Senior Executive Assistant**

Item No	Matters Arising	Inherited Risk	Current Risk	Action taken in 2014/15 .	Action update May 2015/16	Further Action to be taken 15/16	Action update August 2015/16	Target Dates	Responsible Officer
5	**Partnership Governance**								
CRR 9	Partnership governance outside of strategic partnerships may not be robust which may result in the Council not achieving maximum benefits through partnership working.		⟷	Further develop an effective accountability framework for wider partnership working to ensure it is clear what each partner is expected to contribute. Area under review. Update to be provided closer to target date which has not yet been reached.	Mapping of all of the local partnerships and partnership boards which the Council is a member of is underway including those which are statutory, non-statutory and distinguishing between those which are aiming for 'system change' to ensure that there is complete visibility on the partnerships that the Council has entered into and the commitments or decision making route for each. This will also provide the opportunity for the Council to review its membership of partnerships to ensure that resources are focused effectively. This work is clarifying the resources required to run partnerships and the decision making route into the 'top tier' of partnerships which are aiming for system change.	Agreeing a shared suite of measurements with partners that capture both financial value and social value.		**31st March 2016**	**Service Director Policy, Strategy and Communications**
				Target Date: 31/3/15 Identify strategic and other partners and implement an accountability framework. Gain an understanding of differing priorities of each partner.	Blank Risk Register for Partnership risk V1 KR.docx A process for staff to follow before the Council can be committed to a new partnership is being drawn up.	Establishing a written agreement with local health partners on actions that will be taken if evaluation of joint projects shows a need for a shift in funding across the health and social care 'system		**31st March 2016**	**Strategic Director People (for Better Care Bristol)**
				Target Date: 31/3/15 Develop a stronger evidence base which demonstrates the benefits of partnership working.	All ongoing partnerships will in future be required to develop an annual strategic action plan that demonstrates the links with the Council's Corporate Plan and show achievement against the priorities in the same.	Developing a Partnership Toolkit to be used in conjunction with a policy on Social Value."		**31st March 2016**	**Service Director Policy, Strategy and Communications**
				Target Date: 31/3/15 Members and senior management to meet in informal settings to debate opportunities for partnership working and provide leadership which promotes a culture change towards delivering services jointly wherever possible and appropriate. **Target Date: Ongoing** The Strategic Leaders Board met for the first time in **July 2014.** **City Director, Service Director – Policy, Strategy and Communication.**					
6	**Commercial Contract Management.**								
	Poor contract management and monitoring.		⬇	Overall review of Commercial Contract Management to be undertaken in order to strengthen control issues. **Target date: January 2015 Strategic Leadership Team (SLT)** Work is in progress by Strategic Commissioning & Procurement Services (SC&PS) to develop a model for strategic relationship management which will draw upon the performance data/reports generated by the operational contract management teams to identify best practice, lessons learned and key risks. This data will be used to develop strategic supplier relationship with BCC key/high risk suppliers. **RO = Interim Head of Procurement** A review by Internal Audit of the level and effectiveness of contract monitoring is currently in progress and will be reported on in due course. Outcomes from the review will be shared with the SC&PS. **RO= Chief Internal Auditor.**	A key component of the user requirements for the new e-tendering system for the Council will be the inclusion of a contract management module which will allow • The Capture of Key Performance Indicators for Suppliers • Configurable auto alerts for key event dates and reminders • Savings and rebate visibility • Production of reports • Sharing of information on suppliers performance across the Council It is intended that the new system will be in operation by the end of 2015 Review completed by Internal Audit found that Contract Monitoring was satisfactory for the sample that was examined.	Implementation of new e-tendering system. And evidence that active monitoring utilising the system is taking place. **Complete**	The new e -tendering system is currently out to tender with the intention to award in October with a completion of implementation in late December.	**31st December 2015**	**Interim Head of Procurement**

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7	**Quality of Service /Complaints system**								
	Inefficient Complaints system: - Lack of reliable, readily available information of complaints/ compliments received. Failure to learn from mistakes/good practice. Lost opportunity for improvement . Missed opportunity for greater transparency		↓	As part of the change programme a project has been taking place to review and redesign the corporate non statutory complaints process. The programme includes: - Authorisation for a new process which will see the current 3 stage process change to a 2 stage process to streamline and simplify the process for citizens. This is based on best practice and the national standard - New improved on line experience with better information and a new on line form - Replacement of the current IT system with the new Salesforce Customer Relationship system. This will significantly automate and improve reporting. Initial design and capacity issues delayed the implementation of the new Freedom of Information (FOI) and Complaints system; however implementation is now progressing well.					
				Replacement of the current IT system with the new Salesforce Customer Relationship system. This will support a much more robust and informed approach to identify themes and learning to drive improvement and service redesign. - Update to management team planned for June 2014 - Roll out is planned from Aug – October 2014. **Target date: October 2014 RO = Service Manager – Customer Services.** The new system will go live in 3 phases as follows: 1. FOI module will be live for public use from Early March 2. Non-statutory Complaints module is currently being testing, but will be live by end of May 2015 at the latest. 3. Statutory Complaints module is scheduled for testing shortly and providing no issues are identified will also be live by end of May 2015	FOI system has been launched across Bristol City Council. The current status of the 3 phases is as follows:- 1. The FOI module went live in April 2015. 2. The non-statutory complaints module went live in May 2015. 3. The statutory complaints module will go live this Autumn.	Watching Brief to ensure statutory complaints module is implemented within timescale.	Testing is now expected to take place in September and the module to go live in October.	**31st December 2015**	**Chief Internal Auditor/Customer Services Manager**
				The new system will improve accuracy of data and provide for more effective reporting, allowing for trend analysis and hot spot identification. This in turn will provide greater opportunity for Customer Relations to work with service providers to identify improvements and action improvements to service provision. The more streamlined non-statutory complaints process will free up resource for increased service focus support, thereby improving the customer experience and ultimately the Council's service offer.	It is too to early to say for complaints, although improvements to FOI performance has been reported. *(not tested by IA as yet)*	Report to Audit Committee on new system capability and performance.		27th November 2015	Service Manager - Customer Services
				Long term proposal is to publish FOI and Complaints data in order to aid transparency and potentially reduce the number of FOI requests and duplicate Complaints. The new system when fully live will : · Identify good practice · Identify opportunities for improvement · Provide greater transparency. **RO= Service Manager – Customer Relations Target date: 31ˢᵗ May 2015**	Under the old system and process only 48% of FOI's were regularly dealt with in the 20 working day timescale. On the new system, this has improved to 79%.		Review of FOI requests process to be completed by Internal Audit.	31st March 2016	Chief Internal Auditor

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8	**Schools Corporate Governance**								
	A number of issues have arisen with regard to financial governance within schools, these include: • Failure to maintain an up-to-date Financial Regulations for Schools • Lack of clarity with regard to the roles and responsibilities of the Trading with Schools function. • Issues identified by Internal Audit with regard to governance, both finance and operational, within schools.		⟷	Appointment of a permanent Trading With Schools Service Manager **- Complete** Roles and Responsibilities to be refreshed and rolled out. **Target Date: End of October 2014** TWS to provide greater support to Schools who are experiencing difficulties. **Target Date: Ongoing** **Service Director for Education** **Service Director: Finance**					
				A review of the Financial Regulations for locally managed schools is currently underway. The first draft having been reviewed by Internal Audit and whilst progress has been made, there remain a number of areas which still require amendment. A body of work has been completed on the Schools Scheme of Delegations; however this will not be effective until the Financial Regulation update has been completed. Target Date: 31 March 2015 **RO = Service Director - Finance** Work has been completed in these areas, but it has yet to be evidenced to Internal Audit. **RO= Service Director- Education** Internal Audit is currently reviewing the TWS arrangements, the findings of which will be reported on by 31st March 2015. **RO = Chief Internal Auditor** Appointment of a permanent Trading With Schools Service Manager **- Complete** Guidance for Schools who may be in financial difficulty to be rolled out. Work has been completed in these areas, but it has yet to be evidenced to Internal Audit.	Financial Regulation remains under review and as such is yet to be issued to Schools.	Financial Regulations review to be completed as a matter of urgency and rolled out to Locally Managed Schools. Training to be provided where appropriate.	There is one outstanding item on the draft revised Financial Regulations waiting to be resolved then they will be issued to schools.	30th September 2015	**Service Directors Finance & Education**
				Target Date: End of October 2014 Roles and Responsibilities to be refreshed and rolled out. RO= Service Director- Education **Target Date: End of October 2014** TWS to provide greater support to Schools who are experiencing difficulties. Internal Audit is currently reviewing the TWS arrangements, the findings of which will be reported **Target Date: Ongoing** **Service Director for Education** **Service Director: Finance**	This is part of the Scheme for Financing Schools that has just recently been presented to Schools Forum. Scheme available on the Source. IA review has concluded a 'satisfactory' level of assurance for the TWS function itself, however the lack of clarity between the role of TWS and other functions remains. The number of Schools reviewed by IA which have failed to demonstrate a satisfactory level of financial governance remains of concern. **RO: - Service Director: Education**	**Complete** A SLA between Finance and TwS has now been signed by the Service Director: Finance - however it is yet to be signed by the Service Director: Education and the Service Manager TwS.		TBC	**Service Director Education and Service Manager TwS**
9	**Organisational Knowledge/capacity**								
CRR	Loss of experience skills and resource leading to significant impact on governance framework.		⟷	N/A - New matter arising for 2014/15	Work is ongoing across BCC to address the impact of restructuring and ensure that our workforce has the right skills for the future. HR is engaged in workforce planning and development activity across each Directorate and looking at recruitment and retention, talent management, CPD issues, etc. There are also a number of corporate programmes including the Applied Service Redesign Programme and functional skills that address skills issues across BCC. A commissioned management development offer has been arranged aimed at new managers along with a interim leadership development offer.	Applied Programme - Full implementation	Applied Programme continuing with Cohort 4 scheduled to commence at the end of August. Further Cohorts are being defined and will be confirmed by Change Board in September.	31st March 2016	**Service Director HR**
						Roll out and full utilisation of redesigned individual performance management framework.	Performance Management Framework currently being rolled out and utilised. New system to be used for all individual performance monitoring going forward.	31st March 2016	**Service Director HR**

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10	**Traded Companies**								
	Conflict of interest and impact on existing governance framework due to Council involvement in wholly owned Limited Companies.		⟷	N/A - New matter arising for 2014/15	Advisory Reports provided to Senior Management on: Dealing with conflicts of Interest and on Financial Implications and Risks.	A detailed draft governance framework for the Energy Company has been considered by the Overview and Scrutiny Board on 26th June - once approved the framework will need to be embedded into the organisation.	Framework Approved.		
						A similar framework needs to be set up for the Waste Company		**31st October 2015**	**Strategic Director Neighbourhoods**
						Governance review/workshop led by Legal Services to take place in July to explore the governance framework for Traded Companies and ensure it is robust.	TBC	**31st July 2015**	**Monitoring Officer**