

GOVERNANCE STATEMENT - ACTION UPDATE

Introduction

The Governance Statement in the 2013/14 Annual Report and Accounts identified a number of areas of weakness within PHSO's internal processes. Some of these reflected issues in management continuity and capacity and some required amendments to policies and procedures. The Governance Statement contained an Action Plan setting out how improvements would be developed and implemented on all of these issues. This document provides the Board with assurance that progress has been made as planned and demonstrates a strong executive response to the key governance commitments made. The table that follows sets out the action items and planned timescales exactly as set out in the Governance Statement and then provides an update on the current status of each item.

Key highlights include:

- Stronger leadership for the Finance team
- Better resourced Finance team
- Improved procurement processes
- Clearer procurement guidance
- Clear requirements for demonstrating value for money from investments

Update on Actions outlined in Governance Statement in the Annual Report and Accounts

	Action Item	Timescale	Status
	Management Continuity and Capability		
1.	Executive Directors recruited	December 2013	COMPLETE - subsequent vacancy for an ED Ops is to be progressed
2.	Strengthened Executive Team: appointment of Managing Director	March 2014	COMPLETE
3.	Strengthen Executive Team: creation of Executive Director Finance role	September 2014	COMPLETE
4.	Programme a monthly briefing by the Executive Team for our Management Community (strengthening the existing "Cascade" arrangements), plus quarterly Management Community business plan meetings (all managers)	Complete and ongoing	ACTIONED AND ONGOING
5.	Launch a new interactive intranet to enhance two-way communication with and between staff	July 2014	COMPLETE
6.	Recruit an Employee Engagement and Change Manager	May 2014	COMPLETE
7.	Introduce a 'back to the floor' programme in which directors listen to incoming calls to gain more understanding of front line issues	Ongoing	ACTIONED AND ONGOING (All Directors spend an hour on the phone lines in Customer

			Services once a month)
8.	Reintroduce the Ombudsman's blog	Ongoing	ACTIONED AND ONGOING
9.	Events for all staff to engage them on what a 21st century ombudsman service should be	1 July and 3 July 2014	COMPLETE
10.	Developed a new induction programme in line with staff feedback	Design - complete Implementation - by end November 2014.	ACTIONED AND ONGOING The new approach is based on a three-month programme to allow new employees to learn about the organisation in a more structured way
	FINANCE		
11.	Recruit interim Head of Finance to maintain financial management	March 2014	COMPLETE - the process to recruit a permanent postholder is underway but the contract of the interim postholder has been extended to end of July 2015 to ensure stability for the rest of the financial year and over year-end.
12.	Recruited a new permanent Finance Manager	June 2014	COMPLETE
13.	Recruit a new Executive Director for Finance, who will be a member of the Unitary Board	October 2014	IN PROGRESS - recruitment process underway - interim

			appointment secure to July 2015.
14.	Rebuild management accounting and monthly reporting, enabling clear budgeting accountability and robust performance review	May 2014	Management accounting/monthly reporting processes in place enabling robust performance review/action. The flexibility and functionality of the system is limited - to be addressed by replacement software (see 15 below).
15.	Replace technology used to support our financial management	September 2014	PREFERRED SUPPLIER APPOINTED and implementation underway. The new system will be operational by February 2015.
	PROCUREMENT		
16.	Introduce a Conflict of Interest protocol to make it clear to those involved in procurement what constitutes a potential conflict of interest and whether it needs to be declared.	Completed	IN PLACE (Appendix F of revised Procurement Code)
17.	Comprehensive revision of procurement policies covering business cases, contract management, contract variation and value for money	Completed (first revision) Further revision (to include training arrangements) due December 2014.	Revised April 2014, then further revised summer/autumn 2014 - policies in use to meet business needs. Work ongoing to streamline and make more user-

			friendly.
18.	Policies to be revised in light of feedback from auditors	July 2014	COMPLETE - summer 2014
19.	Introduction of key performance indicators-based contracts with break clauses tailored to services such as management consultancy and human resource services	July 2014	IN PROGRESS the new approach will cover a more systematic approach to checking the delivery of VFM as outlined in Business Cases. Scheduled for December 2014.
20.	Appointment of new Head of Procurement and Estates	July 2014	COMPLETE - Clare Fields in post
	Procurement Governance		
21.	The Board signs off the annual plan containing all key projects and procurements and has a work schedule that reviews progress and benefit delivery	On going	The annual plan for the half-year review for 2014/15 now prepared for issue to the Board.
22.	The content of the internal audit programme is designed to provide review and assurance or corrective action on key investments, work streams and projects	On going	Ongoing as part of audit programme.
23.	All purchases or investment over £100,000 to be approved and reviewed by the Board	July 2014	COMPLETE - Built into procurement guidance and in operation.
24.	Our annual plan workstreams, procurement practice and project initiation processes to be underpinned by a robust document agreed between the responsible officer and sponsor/s. This will make sure benefits,	July 2014	Processes in place: <ul style="list-style-type: none"> • Procurement Policy • Business Case processes • Annual Plan workstreams

	deliverables and success measures are identified, agreed and managed. The central procurement team will oversee all procurements, including the smaller items managed by spending departments (see 28 below).		
25.	Specification of roles and responsibilities for procurement activity. This includes future governance of procurement decision-making based on contract value	July 2014	COMPLETE and in new guidance. Spending limits set: central function for purchases over £3k, central oversight of all other purchases with clear documentation and audit trail.
	VFM		
26.	Value for money review of procurements, in particular a review of benefits from changes to core services	October 2014	<ul style="list-style-type: none"> • The new format for Business Cases requires more explicit detail on benefits (as included in the final version of the new CMS Business Case). • Post-implementation review of investments is now required in the Procurement guidance.
	Compliance and Learning		

27.	Appointment of project manager to ensure delivery of new policy, procedure and responsibilities	June 2014 - appointment August 2014 - revised guidance	COMPLETE - and revised documentation delivered.
28.	Central quality assurance of procurement activity including compliance testing	July 2014	To be covered by the central audit trail function (see 24 above)
29.	Skills audit and impact assessment of devolving procurement to spending departments	September 2014	There will be less devolution of responsibility than originally envisaged (only less than £3k or low risk) but this will be covered by the risk assessments carried out by the central procurement function.
30.	Education and training of all involved in procurement activity	September 2014	Procurements above £20k are all carried out by trained Procurement staff. Smaller procurements will be carried out in the line by staff who have received the appropriate training and guidance and with oversight of the professional procurement staff.
31.	Introduction of post-implementation review, to ensure benefits delivered and value for money achieved.	November 2014	To be covered in the new arrangements being put in place by the Head of Estates and procurement (December 2014). This will cover: a) All new procurements

			<p>(e.g. new website/digital services)</p> <p>b) The major projects carried out in the year to date (e.g new CMS and the Pay project.)</p> <p>c) Longer term benefits of projects or pieces of work to design and deliver five year Strategy to be evaluated to a longer timescale (2016).</p>
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