



**Joint Report of the Assistant Chief Executive Legal &
Governance and Assistant Chief Executive Finance,
Property & IT Services**

AUDIT COMMITTEE – 20th SEPTEMBER 2013

ANNUAL GOVERNANCE STATEMENT 2012 / 2013

1. Purpose of the Report

1.1 To consider the final Annual Governance Statement (AGS) for 2012/2013.

2. Recommendations

2.1 **The Committee is asked to consider the final Annual Governance Statement for 2012/2013 and refer it to full Council for consideration and adoption.**

3. Background

3.1 The proposed process and guidance on developing the Annual Governance Review (AGR) for 2012/2013 was considered by the Committee on 27th March 2013 and members of the Committee were given the opportunity to comment prior to the guidance being circulated to officers.

3.2 The Audit Committee considered the draft AGS at its meeting on 24th July 2013 and agreed that no further amendments were required.

4. The Final Annual Governance Statement

4.1 A final AGS is attached to this report for the consideration of the Committee. The Statement outlines the following:

- i. The purpose of the governance framework
- ii. The Governance and Internal Control framework
- iii. The process of annually reviewing the effectiveness of the Governance and Internal Control framework
- iv. Identifying development and improvement issues, arising from the annual evaluation, to be addressed during 2013-14.

4.2 All the control issues raised will be monitored as part of the overall action plan process.

5. Review Process

5.1 The AGS is an important document as it is one form of providing assurance to residents and other stakeholders, including the Council's partners, that its decision making procedures have integrity.

5.2 An action plan has been prepared to capture the issues raised through the review process. This document will form the basis for Audit Committee monitoring during the year. The action plan is provided to the Audit Committee under a separate brief report.

6. Financial Implications

6.1 There are no financial implications arising through preparation and publication of the Annual Governance Statement.

6.2 However, the AGS includes an assessment of the extent to which the Authority's financial and other internal control related procedures are being complied with.

7. Risk Management Considerations

7.1 The Authority's Risk Management Strategy forms one of the key elements of the Internal Control Framework.

8. Consultations

8.1 The draft and final AGS was developed through a comprehensive evaluation process which has included formal input from the Authority's Senior Management Team; Assistant Chief Executives and Assistant Directors, across the Authority.

9. Appendix

Appendix 1 - Final Annual Governance Statement 2012/2013

10. Background Papers

10.1 The draft AGS, the AGR framework and guidance documents previously considered by the Audit Committee at its meetings on 27th March and 24th July 2013.

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Date : 11th September 2013

BARNSELEY METROPOLITAN BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2012 / 2013

1. Scope of Responsibility

- 1.1 Barnsley Metropolitan Borough Council is responsible for ensuring that its business is conducted in accordance with the law and all relevant standards, that public money is safeguarded and properly accounted for and used.
- 1.2 The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, effectiveness and efficiency.
- 1.3 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.4 The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government being that:

The Council will:

- Focus on the purpose of the Authority and on outcomes for the community and create and implement a vision for the local area
- Ensure elected members and officers work together to achieve a common purpose with clearly defined functions and roles
- Promote values for the Authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour
- Take informed and transparent decisions which are subject to effective scrutiny and consideration of risk
- Develop the capacity and capability of elected members and officers to be effective
- Engage with local people and other stakeholders to ensure robust public accountability

- 1.5 A copy of the authority's Code is on the website.

2. Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes, culture and values, by which the Authority is directed and controlled. It also includes the activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of governance and 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. The system of governance and internal control is based on an ongoing process of risk review designed to :-
- identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, evaluate the likelihood and potential impact of those risks being realised, and to
 - manage them efficiently, effectively and economically.
- 2.3 The governance and internal control framework has been in place within the Authority for the year ended 31 March 2013 and up to the date of approval of the statement of accounts.

3. **The Governance Framework**

3.1 The scope of the governance and internal control framework spans the whole range of the Authority's activities. The following sections consider the various main components of the Council's governance framework and the activities within each of them.

3.2 **Arrangements for identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users**

The Council's Vision

Enabling the improved wellbeing of individuals, families,
communities and businesses in a healthy, safe and more
prosperous borough

The Council's Vision and priorities are contained within the Council's Corporate Plan 2012-15, which was approved in September 2012. This includes 3 priorities, 19 outcomes, alongside 4 areas for the organisation to improve and change.

To deliver improved quality of life and services that meet local needs, the Council works with a range of partners within the Local Strategic Partnership (LSP) members including local businesses, South Yorkshire Police, Voluntary & Community Sectors and the National Health Service.

Following a thorough review of ways of working and governance, the LSP and its partners have agreed to discontinue the previous Community Strategy and focus on delivering improved outcomes for the Borough via two key strategies - namely the Economic Strategy and the Health and Wellbeing Strategy. An increasing emphasis will be placed on delivering improved outcomes with a 'task and finish emphasis' in terms of governance.

3.3 **Arrangements for reviewing the Council's vision and its implications for the Council's governance arrangements and translating the vision into objectives for the Council and its partnerships.**

The Council's vision is set out in the Corporate Plan, which was approved in September 2012. This underpins its priorities, areas for change and improvement, and key objectives and targets. The vision will be the subject of specific focus as part of the Employee Talkabout sessions planned for June / July 2013.

3.4 **Arrangements for measuring the quality of services for users, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources and value for money.**

The Council's Corporate Plan and Performance Management Framework includes an emphasis on the corporate health elements of the organisation - headed up as 'Sustainable Future Council' - and includes resources, people and customers. The latter area places a strong focus on the importance of customers and includes a number of performance measures to track progress. In particular, SMT have recently agreed for a Residents Perception Survey to be undertaken to identify the views of residents across the Borough on a number of key issues.

In addition, the Council's revised approach to Scrutiny and the quarterly budget monitoring report will provide opportunities for the Council to ensure that the views of customers and value for money are central considerations.

3.5 Arrangements for defining and documenting the roles and responsibilities of the executive, non executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the Council and partnership arrangements.

The Council's Constitution sets out how the Council operates regarding how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution sets out rules governing the manner in which the Council conducts its business.

The Constitution includes the Scheme of Delegation whereby functions and decision making responsibilities are allocated between the full Council, the Cabinet, individual Cabinet Members, regulatory boards, committees and officers.

The Council has a Members/officer protocol which has been provided to all Members of the Council and forms an appendix to the Officer Code of Conduct. The protocol encourages the effective transaction of business by setting out the respective roles of Members and officers and guidelines for good working relationships between them.

A Constitution Review Group is in place to monitor and agree changes to the Constitution, making recommendations to Council.

The Borough Council consists of 63 councillors, with the Labour Group having overall control. The Councillors meet as a full Council around six times during the course of the Municipal year. A limited number of items of business, such as approving the level of Council Tax, must be considered by Council. For other decisions, the Leader and Cabinet Members hold decision-making powers through the Cabinet, each member of the Cabinet holds a portfolio which supports the priorities of the Council.

The role of each Portfolio Holder is defined in terms of both general and specific responsibilities. Councillors who are not members of the Cabinet are appointed as members of regulatory committees or undertake scrutiny activities. Detailed terms of reference are in place.

There is a clear distinction between Executive and non Executive functions within the Council and clearly defined roles for these functions which are understood by both bodies. The Monitoring Officer is responsible to determine any issues of uncertainty as to whether a function is of an Executive or non Executive nature.

Revised Governance Arrangements and a review of Scrutiny arrangements have taken place with an emphasis on responding to the Localism agenda resulting in Area Councils being established with the formal status of Committees of the Executive with delegated authority to incur expenditure within an allocated budget. These are complemented by Ward Alliances with a focus on direct community engagement and revised Scrutiny arrangements with a revised emphasis on performance management and the review of the delivery of outcomes. In addition, in line with the requirement of the Health and Social Care Act 2012, a Health & Wellbeing Board has been established.

3.6 Arrangements for developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.

The Localism Act abolished the requirement for councils to have a statutory Standards Committee, although it is still a statutory requirement to have a Code of Conduct for councillors, the only stipulations being that the Code must comply with the seven principles of public life (the Nolan Committee principles) and contain appropriate provisions in relation to pecuniary and non-pecuniary interests.

The Council has resolved to establish and appoint a Member Panel to determine any allegations of misconduct that the Monitoring Officer determines require formal investigation.

The Monitoring Officer exercises that judgment in consultation with one of the three designated Independent Persons who have been appointed as required by the Localism Act. These arrangements replace the statutory Standards Committee. This Panel comprises three elected members chosen from those members comprising the Appeals Awards and Standards Panel by the Monitoring Officer in consultation with the Chair of the Panel. A majority of the members shall be selected from members of the Political Group other than the member who is the subject of the complaint

The Council has developed and adopted formal Codes of conduct defining standards of personal behaviour for both Members and officers. Training is given during induction. Both officers and Members are required to register relevant interests as required by law and by the relevant Codes of Conduct. The Council maintains a Register of Councillors' Interests as Councillors are obliged, by law, to keep their registration up to date and to inform the Monitoring Officer of any changes within 28 days of the relevant event. The need for disclosure of conflict of interest is a standard agenda item at all meetings. Standing Orders have been amended to require a member to withdraw where they have a Disclosable Pecuniary interest as defined by law.

3.7 Arrangements for the review of the effectiveness of the Council's decision making framework, including delegation arrangements, decision making in partnerships and robustness of data quality.

The Council's Constitution is regularly reviewed as part of the annual governance review process. This process ensures that Cabinet report writing guidance is up to date and reflective of legislation and best practice. Within the Constitution review process delegations to members and officers are considered and refreshed as appropriate.

Cabinet decisions, including decisions relating to partnership activities are subject to oversight by the Overview and Scrutiny Committee which itself has recently been fundamentally reviewed. The robustness of data quality is challenged through the annual governance review process and is subject to periodic audit and review.

3.8 Arrangements for the review of the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability.

The Council has in place a comprehensive Risk Management Framework which is reviewed annually as part of the Annual Governance Review process. Compliance with this Framework is also annually audited.

The Council's Audit Committee takes the lead in overseeing the Council's risk management arrangements and receives regular reports regarding compliance with the framework across the Authority's services. The Committee also receives reports regarding the Strategic Risk Register.

The Council's decision making process requires the identification of risks and how they are being managed as a standard element of all Cabinet reports. The adequacy of these risk considerations is also reviewed during the year.

Each Directorate has a risk champion at a more operational level who acts as a conduit between the Corporate Risk Management Section and management across the Authority. This network of officers ensures that good practice is cascaded and new and emerging risks to service delivery are identified and considered and reflected in risk registers. Periodic 'challenge' exercises are undertaken in services to help embed good risk management practice deep within all levels of the service.

Training and awareness sessions are provided regularly for senior management. An on-line training module has also been implemented for all employees to access.

3.9 **Arrangements to ensure that effective counter fraud and anti-corruption arrangements are developed and maintained.**

The Council has in place a Corporate Anti-Fraud, Corruption and Bribery Policy and a suite of supporting policies and guidance. These are reviewed annually as part of the annual governance review process.

Training and awareness continues to be provided both specifically to groups of staff but also through bulletins available to all employees and the Internal Audit intranet site. An on-line training module has also been developed for all employees to access.

The Council has a Whistleblowing Policy in place supported through 2 senior managers as the designated contact officers. The Audit Committee oversees the effectiveness of the Whistleblowing arrangements on an annual basis.

Internal Audit, as well as having a role in investigating matters brought to its attention, also takes the lead in promoting preventative measures. This is inherent in all audit work but also through specific fraud detection work to identify areas where fraud prevention controls can be improved. The Internal Audit function also co-ordinates the annual fraud risk self assessment that all Assistant Directors undertake.

3.10 **Arrangements to ensure the effective management of change and transformation.**

A robust approach is taken in the management of change. A project management system is utilised for all projects and for each Key Line of Enquiry (KLOE) relating to budget reductions and general service delivery changes. This process coupled with a Programme Office approach has ensured the successful delivery of projects, programmes and KLOE savings.

This approach will be further refined and developed to support a more coherent approach to programme and project management in the future.

3.11 **Arrangements to ensure that the Council's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government***

The Chief Financial Officer is a key member of the Leadership team, helping it to develop and implement strategy and resource to deliver the Council's strategic objectives sustainably and in the public interest. She is actively involved in and able to bring influence to bear on all material business decisions, to ensure immediate and longer term implications, opportunities and risk are fully considered, and alignment with the Council's financial strategy. She leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer Leads and directs the finance function that is resourced to be fit for purpose and she is professionally qualified and suitably experienced.

An assessment is undertaken annually as part of the AGS process against the new CIPFA Statement on the role of the Chief Financial Officer in Local Government. This assessment has confirmed that in all respects our arrangements comply with each of the 5 principles set out in the framework. This assessment is reported specifically to the Audit Committee.

3.12 **Arrangements to ensure that the Council's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of Head of Internal Audit*.**

The Head of Internal Audit in a local authority plays a critical role in delivering the authority's strategic objectives by championing best practice in governance, objectively assessing the

adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments and giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

To perform this role the Head of Internal Audit is a senior member with regular and open engagement across the authority, particularly with the Leadership Team and with the Audit Committee. He leads and directs an internal audit service that is resourced to be fit for purpose and is professionally qualified and suitably experienced.

An assessment has been undertaken as part of the AGS process against the new CIPFA Statement on the role of the HIA in Local Government. This assessment has confirmed that in all respects our arrangements comply with each of the 5 principles set out in the framework. This assessment has been reported specifically to the Audit Committee.

3.13 Arrangements to ensure that effective arrangements are in place for the discharge of the Monitoring Officer function and the Head of Paid Services function.

The broad context for the Council's governance and internal control environment is provided by its Constitution which gives comprehensive information on how the Council is organised, its decision making process and how probity and due process are promoted. This includes the work of the statutory officers, namely the Head of Paid Service (Chief Executive), the Monitoring Officer (Assistant Chief Executive Legal & Governance) and the Section 151 Officer (Assistant Chief Executive, Finance, Property and Information Services).

All three of the Statutory Officers are members of the Leadership Team. Statutory Officer meetings are held periodically to focus on the specific statutory nature of their roles. The Monitoring Officer and the Section 151 officer have direct access to the Head of Paid Service as required in with reference to their core statutory and professional roles.

3.14 Arrangements to undertake the core functions of an audit committee, as defined in CIPFA's Audit Committee Practical Guidance for Local Authorities.

The Council's Audit Committee, comprising four Councillors and five co-opted members, is responsible for providing independent assurance to the Council on the adequacy and effectiveness of the governance and internal control framework, incorporating the arrangements for financial, risk and performance management.

The Committee has received regular reports relating to its remit, covering issues arising from the work of Internal Audit, updates on the risk management process, anti-fraud and corruption work, financial management reports and performance management, plus reports from the External Auditor including updates on the progress in implementing recommendations made. The Committee itself has produced an annual report highlighting the areas of activity during the year.

As part of its governance remit, the Audit Committee will consider this Statement and as necessary provide comments to full Council. In addition, the Committee will monitor the implementation of any emerging developments or improvements, recommended through the review process.

3.15 Arrangements to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

The Council has designated the Assistant Chief Executive Legal & Governance as Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations and to oversee its arrangements in relation to ethical standards complaints.

The Assistant Chief Executive Legal & Governance attends or is represented by a senior lawyer at all meetings of the Cabinet and the Council. A senior lawyer is always in

attendance at meetings of the Planning Regulatory Board and the Licensing Regulatory Board and as clerk to any Appeals Panel.

All reports to Cabinet requiring decisions take account of a range of control factors including risks, legal and financial implications and policy and performance implications. The Leadership Team reviews all significant reports prior to them being included on the Cabinet agenda and discusses forthcoming Cabinet agenda the week prior to the meeting to addresses any particular issues arising or outstanding in respect of report on the agenda. Any decisions taken by Cabinet members under their delegated powers are subject to prior scrutiny by the Leadership Team.

Cabinet decisions are subject to oversight by the Overview and Scrutiny Committee.

All documents requiring execution by the Assistant Chief Executive Legal and Governance require evidence of member or delegated officer approval prior to being executed.

Legal implications in particular with regard to consultation and statutory equality obligations are addressed specifically as part of the Council's budget setting process. The Monitoring Officer and Section 151 Officer are aware of their statutory obligation to report in respect of concerns of unauthorised activity or expenditure and consult each other periodically in relation to their ongoing and complementary statutory roles.

There is periodic review of decision making and authority to act through the role of Internal Audit and where appropriate by external regulators such as the Information Commissioner, the Surveillance Commissioner and the Local Government Ombudsman.

3.16 Arrangements for identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Training needs are identified through the Performance and Development Review process in which individuals' targets are derived from Service Delivery Plans.

Induction courses are available for new Members and officers. A comprehensive programme of development activities and training are specifically designed to improve the knowledge, skills and abilities of elected members in their individual or collective roles in meeting the Council's corporate objectives. The programme is also designed to ensure that all Members are fully supported to carry out their increasingly complex roles. Members' individual development needs are identified in Personal Development Plans.

3.17 Arrangements to establish clear channels of communication with all sectors of the community and other stakeholders, ensuring accountability and encouraging open consultation.

All councillors must account to their communities for the decisions they have taken and the rationale behind them. Barnsley Council is subject to external review through external auditors of their financial statements and national standards and targets.

Councillor and officers are both subject to codes of conduct. Additionally, where maladministration may have occurred, an aggrieved person may appeal either through their local councillor or directly to the Ombudsman.

The Council has numerous arrangements in place to communicate with its customers and wider stakeholders. This includes Open Door, distributed to all households, and revised arrangements for community involvement with the Council via the Area Councils and Ward Alliances.

3.18 Arrangements to enhance the accountability of service delivery and the effectiveness of other public service providers.

The Council has various arrangements in place to ensure it is accountable for its service delivery and performance. This includes a quarterly performance report against its Corporate Plan priorities, an annual Local Account to explain how we are performing in relation to adult social care and the annual Council Tax leaflet published on the website gives an insight into how resources are being used.

3.19 Arrangements to incorporate good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the authority's overall governance arrangements.

When working in group or partnership arrangements the existence of sound governance helps ensure that shared goals are achieved and resources controlled and used effectively.

There has been a recent review of the Governance arrangements for the Local Strategic Partnership which has achieved greater clarity by reducing the complexity arising from an excessive number of partnership related bodies. There is now clear focus on the key role of the Health and Well Being Board and the Economic Partnership in relation to progressing the Health and Well Being and Economic Strategies with the One Barnsley Board exercising strategic oversight. There is a shift of emphasis with the approach being on the responsibility of each partner agency to contribute to securing the delivery of shared outcomes for Barnsley rather than the servicing and attendance of partnership meetings.

Council officers and councillors are nominated as Council representatives within or when dealing with significant partner organisations. Partners are required where appropriate to align their objectives with the Council's policies and deliver high quality, efficient and effective services which are in accordance with their agreements with the Council. Key examples are:

- Public Health and CCG
- Community Safety and SY Police
- Skills Agenda and College

The Council's Partnership Governance Framework sets out the approach to managing work with significant partnerships and provides the mechanism for significant partnerships to ensure that the Council and Partner are clear about their roles and responsibilities within the partnership. The Framework includes an annual self assessment review of the governance arrangements of all partnerships deemed significant in terms of whether there is any strategic, reputational or financial risk to the Council through membership of the partnership. Further work is required to develop and embed this approach.

4. Review of Effectiveness

Barnsley Metropolitan Borough Council has responsibility for conducting at least annually, a review of the effectiveness of its governance framework including systems of internal control. The review of effectiveness is informed by the work of the executive managers within the council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and also by comments made by the external auditors and other inspectorates.

4.1 Senior Management Team

4.1.1 Annual Assurance Statements

The Council's Senior Management Team (SMT) is responsible for ensuring compliance with, as well as improvement against, the governance and internal control framework. As part of this function, each member of the SMT, together with the 3 Assistant Chief Executives,

prepares an Annual Assurance Statement which sets out the extent of compliance with governance and internal control requirements across their Department, Directorate or Division. These Assurance Statements draw on input received from all the Council's Assistant Directors and senior managers, responsible for the operational management of services.

As with the previous year, a rigorous evaluation has been undertaken of the extent of compliance with the governance and internal control framework across all services and departments. This input is, principally, via a self-assessment which are subject to independent review by the Internal Audit Division

4.1.2 Annual Review Statements

The Council has adopted a comprehensive set of internal policies and procedures governing key aspects of its operation as part of developing high quality local public services. Collectively these are referred to as the internal control framework and comprise :

- Council Standing Orders
- Scheme of Delegations
- Executive & Overview & Scrutiny Arrangements
- Elected Members Code of Conduct
- Partnership Governance Framework,
- Corporate Complaints Procedure, together with other service specific complaints procedures, required through legislation
- Contract Standing Orders
- Terms of Reference of the Audit Committee
- Local Code of Corporate Governance
- Corporate 'Whistle blowing' Policy
- Prosecutions Policy
- Financial Regulations
- Budget Monitoring and Reporting Procedures
- SAP/EBP/Financial Systems Procedures Treasury
- Management Policy
- Corporate Debt Policy
- Corporate Purchasing Policy
- Internal Audit Policies and Procedures
- Anti Fraud and Corruption Policy
- Risk Management Policy
- Service and Financial Planning Procedure(s)
- Scheme(s) For Equality and Diversity
- Data Quality Policy
- Performance Management Framework
- Cabinet Report Writing Procedure
- Human Resources Policies and Procedures
- Health, Safety and Resilience Policies and Plans
- Business Continuity Plans
- Project Management Standards

Each of these key policies, plans and procedures has a designated senior officer with overall responsibility for their maintenance and review. These designated officers prepare annual review statements on their respective areas of responsibility. Such policies and procedures are also subject to cyclical, risk based review by the Council's Internal Audit Division (see paragraph 4.2 below)

4.2 Internal Audit

4.2.1 The Assistant Executive Director of Finance (Audit and Risk Management) is responsible for providing assurances on the robustness of internal control arrangements to the Council's Audit Committee. An annual report on audit activity and the performance of the Internal Audit

Division is also presented to the Audit Committee. In terms of the 2012/13 report, which the Committee considered at its meeting on 12th June 2013, the Assistant Executive Director of Finance (Audit and Risk Management) gave a controls assurance opinion which reflected that systems concerning internal control were adequate and that no fundamental breakdown of any such systems had occurred.

4.2.2 The results of Internal Audit's work has highlighted that a relatively higher number of audit report recommendations have not been implemented by the agreed target implementation date. A number of audit reports highlighted areas for improvement in the compliance with contract standing orders and the procedures for procurement generally. It is acknowledged however that a review of Contract Standing Orders has been on-going throughout the year. In addition, there remains scope to further improve the application of internal control in some areas.

4.2.3 The role of Internal Audit, within the governance and internal control framework, is to operate both independently and objectively in reviewing and reporting on the effectiveness of the Annual Governance Review process and the corporate risk management framework. This work has been undertaken by a Principal Auditor reporting directly to the Assistant Chief Executive, Finance, Property and Information Services to preserve that independence.

4.3 Performance Review Panel

The Council has had a well established Performance Review Panel (PRP), chaired by the Leader, to review and challenge how the Council is performing across a number of key areas and priorities. As part of the governance review, and the revised approach to performance management, the role of PRP will now be more explicitly considered as part of the role of Cabinet to ensure collective ownership and review.

4.4 Strategic Risk Management

Work undertaken during the year by the Risk Management Section has included support and challenge in the management and development of the Authority's strategic risk register and contributing to the preparation of reports to the SMT, Cabinet and Audit Committee. Work has also continued to include promoting and helping embed good practice in services as well as preparing both annual and periodic general progress reports to the Audit Committee.

4.5 External Audit, Assessment and Inspection

Barnsley MBC is subject to external assessment and regulation by auditors and service inspectorates, in particular OFSTED. The Corporate Assurance Group (see paragraph 4.7 below) is responsible for ensuring that the relevant findings from external audit or assessment activity informs the annual evaluation process which underpins the production of the Annual Governance Statement.

4.6 In summary, the following principal sources of evidence were considered in carrying out this evaluation:

- Annual Assurance Statements Review
- Annual Assurance Statements
- Internal Audit Annual Report
- Risk Management Annual Report
- Analysis of the Annual Audit Letter.
- Key issues from the Annual Corporate Health and Safety Report.
- The Local Government Ombudsman's Annual Monitoring Report on BMBC's complaints.
- The independent Internal Audit Review of the Annual Governance Statement process and Corporate Risk Management
- A review of action taken and progress made in relation to the issues raised in the 2011/12 Annual Governance Statement.

4.7 Corporate Assurance Group (CAG)

This group of senior officers advises on the continuous development and improvement of the Authority's governance, risk and internal control arrangements; conducted an annual evaluation leading to the production of this Annual Governance Statement and ensured that additional challenge and rigour are applied as part of continually improving the annual process.

5. Significant Governance Issues

- 5.1 The Annual Governance Review process for 2012/13 has not identified any new specific issues to include within the Statement and accordingly the general level of compliance with the Council's governance and internal control framework remained good. However the senior manager self assessment part of the annual review process did identify a slight reduction in the overall level of compliance with certain elements of the governance framework, e.g. business continuity planning, health and safety and financial management arrangements (see Section 5.6 below).
- 5.2 The review process takes into account the action taken against the control issues raised in the 2011/12 Annual Governance Statement. The Audit Committee has monitored these matters during the year and it is pleasing to note that in a number of areas sufficient progress has been made to adequately address the issue in question.
- 5.3 In a few areas however the nature of the issue is such that work is of a longer-term nature and consequently the original issue remains in progress. These issues have therefore been carried forward into the 2012/13 list of issues to highlight the importance of ensuring they are fully resolved. These issues are:
- To undertake a fundamental review of the Information Governance framework and strategy, and supporting policies and guidance;
 - To review the Authority's Contract Standing Orders and Procurement arrangements to ensure on-going compliance with European directives;
 - To review the Authority's project management arrangements to ensure they support the work on the Future Council;
 - To continue to improve the proportion of actions resulting from Internal Audit reports that are implemented as per the agreed timescales to a more acceptable level.
- 5.4 Although the review of the Authority's governance, risk and control arrangements in 2012/13 has not identified any fundamental issues, the process has raised awareness of a number of emerging and current issues that are worthy of comment for the 2013/14 financial year and beyond.
- 5.5 Underpinning these specific emerging issues is the general context of the financial and operational environment the Authority faces during 2013/14 and beyond. The Authority continues to face a significant challenge in re-aligning its available resources to the demands from the public and other stakeholders. It is acknowledged that without careful management, the inevitable reductions in staff and the reduced capacity to manage through a change process could have significant implications on the ability to maintain high levels of compliance across the various aspects of the governance, risk and control framework. Given this context senior management have recognised the need to highlight a number of areas where attention is needed to ensure the framework of governance, risk and control is maintained and developed.
- 5.6 The specific emerging issues that have been identified are:
- The need to ensure the Authority has in place the necessary procedures to comply with the requirements of the new Disclosure and Barring Service (DBS)

- To develop a Clinical Governance Policy / Framework following the transfer of the Public Health function to the Council from April 2013
- To support senior management and all employees through the current and forthcoming years to maintain acceptable standards of compliance with the Council's governance, risk and control framework.
- Developing the appropriate governance, risk and control framework to support the full implementation of the Area Councils
- Ensure that senior managers and budget holders improve their financial management competencies including exercising increasing commercial awareness.
- Further implement and embed the revised corporate and service performance management arrangements across the Authority.
- To further develop and embed a practical framework to assist in the effective governance and control of the Council's partnerships, contracts and general relationships with external organisations

5.7 The action plan to be monitored during 2013/14 comprises the emerging issues identified in the 2012/13 evaluation (para.5.6) and the longer-term issues that arose from the 2011/12 AGR process.

6. Statement by the Leader of the Council and Chief Executive

6.1 We are satisfied that the comprehensive review process undertaken has identified the relevant areas for attention over the forthcoming year. The action plan put in place, which will be monitored by the Council's Audit Committee, will when implemented further enhance the Authority's governance, risk and internal control framework.

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Councillor Sir Stephen Houghton
Leader of Barnsley MBC

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Diana Terris
Chief Executive

Date:

Date: