



AUDIT COMMITTEE 22nd July 2015

DRAFT ANNUAL GOVERNANCE STATEMENT 2014/15

1. Purpose of the Report

- 1.1 To consider the draft Annual Governance Statement for 2014/15 attached as Appendix One to this report.

2. Recommendations

- 2.1 The Committee is asked to consider the draft Annual Governance Statement for 2014/15.**

3. Background

- 3.1 Local Authorities are required by Regulation 6 of the Accounts and Audit Regulations (2015) to prepare and publish an Annual Governance Statement (AGS). The proposed process on developing the Annual Governance Review and Statement for 2014/15 was considered by the Audit Committee on 25th March 2015 and members of the Committee were given the opportunity to comment prior to the process commencing in June 2015.

4. The Draft Annual Governance Statement 2014/15

- 4.1 A draft AGS is attached at Appendix One 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; and,
 - iv. Identifying development and improvement opportunities arising from the annual governance review, to be addressed in 2015/16.

5. Summary of Development and Improvement Opportunities

- 5.1 The annual review of the Council's governance, risk and control arrangements in 2014/15 has not identified any fundamental issues and has confirmed that the general level of compliance with the Council's governance and internal control framework remains good.
- 5.2 The review process takes into account the actions taken against the control issues raised in the 2013/14 Annual Governance Statement. The Audit Committee has monitored these matters during the year.
- 5.3 The nature of some issues is such that the work is of a longer term nature and consequently the original issue may remain in progress. These issues have therefore been carried forward to the 2014/15 list of issues, to highlight the importance of ensuring they are fully resolved. These issues include:

- 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. This remains significant in light of the Future Council transition; and,
- To continue to develop a corporate Information Governance Strategy and associated policies / procedures and guidance for implementation across the Council.

5.4 Underpinning these specific issues is the general context of the financial and operational environment the Council faces during 2015/16 and beyond. The Council moved to its new 'Future Council' operating model in April 2015, which has significantly affected the way services are provided, and how the Council does business in the future. It is acknowledged that that without careful management, the inevitable reductions in staff, and the reduced capacity to deliver outcomes to the general public, there could be significant implications on the ability of the Council to maintain high levels of compliance across the various aspects of the governance, risk and control framework.

6. Review Process

- 6.1 The AGS is an important document as it provides assurances to stakeholders (including the Council's partners), that its decision making processes have integrity. The Audit Committee will wish to give the draft AGS careful consideration before it is finalised and submitted to the full Council.
- 6.2 The AGR process was supported by the provision of assurance information to all Service Directors which contained:
- Details of all 'significant' and 'fundamental' outstanding internal audit recommendations that have been made to each Business Unit, along with any updates provided to internal audit;
 - Details of all 'significant' and 'fundamental' outstanding themed internal audit recommendations; and,
 - Other areas of assurance information that have been identified in liaison with the Internal Control and Governance lead officers, that will be specific for each Business Unit.
- 6.3 Each Service Director was then asked to confirm receipt of this information, confirming the assurance information, and agreeing to implement the identified recommendations within the published timescales. An action plan has then been developed which captures the issues raised throughout the review process, and forms the basis for Audit Committee monitoring throughout 2015/16.
- 6.4 A final Statement will then be prepared and will be considered by Audit Committee and full Council in September 2015. The AGS is expected to reflect the position in the Council at the time it is approved and so the Audit Committee will receive an updated AGS should any new or revised material issues arise between now and September.

7. Financial Implications

- 7.1 There are no direct financial implications arising through the preparation and publication of the Annual Governance Statement.
- 7.2 However, the draft statement includes an assessment as to the extent to which the Council's financial and other internal control related procedures are being complied with.

8. Risk Management Considerations

8.1 The Council's Risk Management Strategy forms one of the key elements of the internal control framework.

9. Consultations

9.1 The draft statement was developed through a comprehensive evaluation process which has included formal input from Internal Control and Governance lead officers and the Council's Senior Management Team.

10. List of Appendices

10.1 Appendix One: Draft Annual Governance Statement 2014/15
Appendix Two: Draft Annual Governance Action Plan 2015/16

11. Background Papers

11.1 Previous Audit Committee reports covering the monitoring of the 2013/14 action plan and consideration of the new Annual Governance Review process for 2014/15.

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BARNSELY METROPOLITAN BOROUGH COUNCIL

DRAFT ANNUAL GOVERNANCE STATEMENT 2014 / 2015

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, and that public money is safeguarded and properly accounted for.
- 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, which includes arrangements for the management of risk.
- 1.4 The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE framework detailed in their report 'Delivering Good Governance in Local Government', in so far as the Council will:
- Focus on the purpose of the Council 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 Council 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; and,
 - Engage with local people and other stakeholders to ensure robust public accountability.
- 1.5 A copy of the Council's recently revised Local Code of Corporate Governance can be found on the Council's Risk Management intranet site. This document was considered, and approved by the Council's Audit Committee on 25th March 2015.

2. Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled. It also includes the activities through which it accounts to, engages with and leads the community. It enables the Council 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

assurances regarding overall effectiveness. The system of governance and internal control is based on an ongoing process of risk review, designed to identify and prioritise risks to the achievement of the Council's policies, aims and objectives and to evaluate the likelihood and potential impact of those risks being realised. It is then a case of managing and mitigating them to reasonable levels in an efficient, effective and economic manner.

3. The Governance Framework

3.1 The scope of the governance and internal control framework spans the whole range of the Council'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 is contained within the Future Council Change Programme which was approved by Cabinet in June 2014. This also includes the Council's three corporate Priorities, four Values, and a number of Future Council characteristics. The Council's Corporate Plan 2015 – 18 sets out these priorities, values and characteristics, which was approved by Cabinet in June 2015.

To deliver improved outcomes in terms of the overall quality of life and services that meet local needs, the Council works with a range of partners both within the Local Strategic Partnership (LSP) 'One Barnsley' as well as other organisations, including local businesses, South Yorkshire Police, voluntary and community groups and the National Health Service.

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 partners.

The Council's Corporate Plan underpins the priorities and outcomes for 2015 to 2018, and makes clear links between the published outcomes and the Councils' own performance management arrangements.

3.4 Arrangements for measuring the quality of services for service 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.

Key metrics, included in the One Council element of the Corporate Plan will tell us about our 'organisational health' covering both our financial resources and our workforce, our social responsibility such as local spend, volunteering and apprenticeships and our ongoing progress against the ten Future Council characteristics. The supporting performance management framework, included as part of the new Corporate Plan has been designed to ensure the effective management of these characteristics.

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 rules 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's Officer Code of Conduct and Member Code of Conduct encourages the effective transaction of business by setting out the respective roles of Members and officers and provides guidelines for good working relationships between them.

In response to the Casey report into corporate governance at Rotherham, the Council's Senior Management Team are putting in place a programme of activity aimed at assuring all Council services, with a stake in protecting children from harm and exploitation, are compliant with this responsibility along with all statutory regulations and best practice. In addition, the Authority has combined the Director roles for Children and Adults Services into a single Executive Director for People from 2015/16 and a level of assurance will be sought, via a review, to ensure that the merged roles are meeting all statutory requirements and best practice.

A limited number of items of business, such as approving the level of Council Tax must be considered by the full 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 and structures of the Future 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 for regulatory boards such as the Council's Audit Committee, as well as the Overview and Scrutiny Committee and Safeguarding Scrutiny Committee.

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

Specific governance arrangements regarding the establishment and management of Area Councils (which have a formal status as Committees of the Executive, with delegated authority to incur expenditure within an allocated budget) have now have been in place for a number of years. These are also complemented by Ward Alliances which focus on direct community engagement.

Similarly, revised arrangements regarding the structure of the Council's Scrutiny function provide an emphasis on performance management and the delivery of outcomes. The rationalisation of Scrutiny Committees has resulted in the development of an overarching Overview and Scrutiny Committee, with three 'task and finish' groups designed to undertake deep-dives of specific Scrutiny areas.

Furthermore, the Council's LSP Board consists of senior partner representatives and agrees the overall strategic direction for the partnership. It considers performance against the Council's Jobs and Business Plan 2014-17 and Health and Wellbeing Strategy 2014-19. However, the primary responsibility for overseeing the delivery of these strategies rests with the Barnsley Economic Partnership and the Health and Wellbeing Board respectively. The LSP Board provides overall

coherence and coordination across principal partnership arrangements to ensure that delivery is effective. The Board has three specific sub-groups each with a key focus including Communications, European Funding and Shared Assets.

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

The Council has established a Member Panel to consider any allegations of misconduct, where the Monitoring Officer (MO) determines the need to undertake formal investigation. The MO exercises their judgement in consultation with three designated Independent Persons who have been appointed as a requirement of the Localism Act. 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 Chairperson of the Panel. A majority of the members are selected from members of a political group different to that of the member who is the subject of the complaint.

The Council has developed and adopted formal Codes of Conduct which define standards for both personal and professional behaviour for Elected Members and officers. Formal induction training packages have been developed for Members and officers that include mandatory training regarding information governance, financial and procurement responsibilities and anti-fraud and corruption arrangements. Both Elected Members and officers are required to register relevant interests as required by law, and by the relevant Code of Conduct. The Council maintains a register of Councillors Interests, as Councillors are obliged by law to keep their registration up to date and inform the MO of any changes within 28 days of the relevant event. The need for disclosure of any conflicts of interest is a standard agenda item at all Council 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 has in place a Constitution which is reviewed on a regular basis by the Constitution Review Group. This also ensures that the Cabinet Report Writing Guidelines are up to date and reflect current legislation and best practice. Within the Constitution review process delegations to members and officers are considered and refreshed as appropriate.

Cabinet decisions, including those relating to partnership activities are subject to oversight by the Overview and Scrutiny Committee. The robustness of data quality is challenged through the annual governance review process, and is also 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 on an annual basis. Compliance with this framework is monitored, and specifically audited on an annual basis. The Risk Management framework is also benchmarked against other local authorities through the Association of Local Authority Risk Managers (ALARM) and Chartered Institute of Public Finance and Accountancy (CIPFA) Local Authority Benchmarking Club, and improvement actions identified by this process are included in subsequent Risk Management Section workplans.

The Council's Audit Committee takes the lead in overseeing the Council's Risk Management framework arrangements and receives regular reports regarding compliance with the framework, across all Council services and functions. The Committee also receives reports regarding the Council's Strategic Risk Register (SRR), which is reviewed on a bi-annual basis.

The Council's decision making processes require the identification of risks and how they are being managed as a standard element of all decision making reports.

Training and awareness sessions are provided on a regular basis for Elected Members and officers. This is complemented by on-line training modules for Elected Members and officers.

3.9 Arrangements to ensure that effective counter-fraud, anti-corruption and whistleblowing controls and processes for receiving and investigating complaints from the public 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, which are reviewed on an annual basis.

Training and awareness continues to be provided both specifically to groups of employees but also via on-line training modules for employees.

The Council has in place a Whistleblowing Policy, supported by two senior managers as 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, but it 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.

As part of the Future Council arrangements, the Corporate Anti-Fraud Team (CAFT) has been formed within Internal Audit, and became fully effective from 1st April 2015.

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

A robust approach has been taken regarding the management of change, with the project management computer system P2.net utilised to assist in the tracking and delivery of budget saving proposals. This process is complemented by the Programme Office approach detailed in the Council's Future Council Strategy 2014 – 2017.

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 Council's Chief Financial Officer (CFO) is a key member of the Senior Management Team (SMT) for the Council, helping it to develop and implement strategy and resources to help deliver the Council's strategic objectives in a way that is sustainable and in the public interest. They are also actively involved in, and able to bring influence to bear on all material business decisions, to ensure immediate and longer term implications, opportunities and risks are fully considered, and where appropriate, aligned to the Council's overall financial strategy (the Medium Term Financial Strategy (MTFS)). The CFO leads on the promotion and delivery by the entire Council on good financial management, which aims to ensure that public money is safeguarded at all times, and used in an appropriate, economic efficient and effective manner.

To deliver these responsibilities, the CFO leads and directs the Finance function within the Council to ensure it is resourced in such a way as to be fit for purpose, and they are also professionally qualified and suitably experienced.

An assessment has been undertaken as part of the Annual Governance Review process against the CIPFA Statement on the role of the Chief Financial Officer in Local Government. This assessment has confirmed that in all respects the Council's arrangements comply with the five principles set out in the framework.

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

The Head of Internal Audit (HoIA) in a local authority plays a critical role in delivering the Council'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 HoIA is a senior officer with regular and open engagement across the Council, particularly with Executive Directors and Service Directors and the Audit Committee. They lead and direct an internal audit services that is resourced to be fit for purpose and is professionally qualified and suitably experienced.

An assessment has been undertaken as part of the Annual Governance Review process against the CIPFA Statement of the Role of the HoIA in Local Government. This assessment has confirmed that in all respects, the Council's arrangements comply with the five principles set out in the framework.

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

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

All three of the statutory officers are members of the Council's SMT. Statutory officer meetings are held periodically to focus on the specific statutory nature of their roles. The MO and the Section 151 Officer have direct access to the Chief Executive with reference to their core statutory and professional roles.

3.14 Arrangements to undertake the core functions of the Audit Committee, as defined by CIPFA's *Audit Committee Practical Guidance for Local Authorities*.

The Council's Audit Committee comprises of four senior Elected Members, 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, which incorporates the arrangements relating to financial, risk and performance management. The Committee undertakes

an annual review to ensure it remains compliant with the CIPFA 'Audit Committee Practical Guidance for Local Authorities' document.

The Committee receives 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 and financial management reports, plus reports from the Council's external auditors which includes updates on the progress of implementing recommendations that have been made. The Committee itself produces an annual report highlighting their key 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 Annual Governance 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 Executive Director, Legal and Governance as MO. 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 Executive Director, Legal and Governance attends, or is represented by a senior lawyer at all meetings of the Cabinet and 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 panels.

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

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

All documents that require execution by the Executive Director, 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 quality obligations are addressed specifically as part of the Council's budget setting process. The MO and Section 151 Officer are aware of their statutory duties to report in respect of concerns of unauthorised activity or expenditure and consult with each other periodically in relation to their ongoing and complementary statutory roles.

There is a 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 employees. All posts have a detailed job description and person specification. As part of the move towards the 'Future Council' a large proportion of jobs now benefit from a Job Profile, which includes elements of the job description and employee specification. Training needs are identified through the Performance and Development Review (PDR) process in which individuals' targets are derived from Service Delivery Plans or Business Unit Plans.

Induction courses are available for new Elected Members and officers. A comprehensive programme of development activities and training has been 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 consultation.

All Councillors must account to their communities for the decisions that they have taken and the rationale behind them. Barnsley Council is subject to external review through external auditing of financial statements and performance managing outcomes against national standards and targets.

Councillors and officers are both subject to code of conduct. Additionally, where maladministration may have occurred, the aggrieved person may wish to appeal either through their local Councillor or directly to the Local Government Ombudsman.

The Council has numerous arrangements in place to communicate with its customers and wider stakeholders, including the use of social media such as 'Facebook' and 'Twitter'. The Area Council and Ward Alliance arrangements also encourage community involvement, engagement and participation.

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 the provision of quarterly performance reports that detail the Council's performance against specific Corporate Plan priorities and an annual Council Tax leaflet that is published on the Council's website which provides an insight into how resources are being used.

3.19 Arrangements to incorporate good governance 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 Council's governance arrangements.

When working in partnership with others, the existence of sound governance arrangements helps to ensure that shared goals are achieved and resources are controlled in an effective manner.

The LSP is in place to ensure that a framework exists for the sound governance of its key partners including an overall One Barnsley Board that oversees the Health and Wellbeing Board (focusing on delivering health and wellbeing strategies) and the Barnsley Economic Partnership (which focuses on the delivery of economic strategies). The governance arrangements will be subject to review over the coming year to ensure that they are both robust and effective.

Council officers and Councillors are nominated as Council representatives within or when dealing with significant partnering 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.

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 and risk management arrangements. The review of effectiveness is informed by the work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the HoIA's annual report and also by comments made by external auditors and other regulators or inspectorates.

4.1 Senior Management Team (SMT)

4.1.1 Annual Assurance Statements

The Council's SMT is responsible for ensuring compliance with, as well as improvement against the governance, risk and internal control framework. As part of this function, each member of SMT is provided with details of their services assurance information for the year. This assurance information contains:

- Significant and Fundamental Internal Audit recommendations that have been made to individual business units;
- Significant and Fundamental themed Internal Audit recommendations that are relevant to specific business units; and,
- Other Sources of Assurance information sourced from Internal Control and Governance lead officers.

Following receipt of the above information by each individual Service Director, each SMT member is then asked to provide assurances regarding the overall governance arrangements for their Directorate.

This information has then been evaluated, and where appropriate, included in the Annual Governance Statement Action Plan.

4.1.2 Annual Review Statements and the developing Corporate Assurance Framework

The Council has adopted a comprehensive set of internal policies and procedures that govern key aspects of its operations as part of the drive to develop high quality local public services. Collectively, these are referred to as the Internal Control Framework.

Each of these key policies, plans and procedures has a senior lead officer with overall responsibility for their maintenance and review. The previous Annual Governance Review process provided an opportunity for each designated lead officer to prepare an annual review statement on their respective areas of responsibility.

The developing Corporate Assurance Framework (CAF) aims to collate these discrete elements of the Council's Internal Control Framework into an overarching assurance document, which will allow

for the mapping of risks, systems, processes and assurances against the controls in place. This will also include an evaluation of the adequacy, in terms of the breadth and depth of assurance coverage provided to ensure there is sufficient evidence available to ascertain whether the controls are effective, efficient and comprehensive. This is combined with an assessment of current assurances on the effectiveness of current controls in the mitigation of risk to ensure they are also adequate, efficient and comprehensive.

Policies included within the Council's Internal Control Framework are also subject to cyclical, risk based review by the Council's Internal Audit division.

4.2 Internal Audit

- 4.2.1 The HoIA is responsible for providing assurances on the robustness of the Council's internal control arrangements to the 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 2014/15 report, which the Committee considered at its meeting on 10th June 2015, the HoIA gave a controls assurance opinion which reflected that systems concerning internal controls were adequate and that no fundamental breakdown of any such systems had occurred.
- 4.2.2 The results of Internal Audit's work during 2014/15 had identified in general a good level of effective controls being in place. However, there has been a deterioration in the number of recommendations implemented by the due date during 2014/15. The Audit Committee has expressed concern regarding this matter. Senior Management have been reminded of their responsibilities to implement agreed recommendations to ensure any control, risk or governance weaknesses identified through internal audit work are corrected.
- 4.2.3 Internal Audit have found that in many cases the delay in implementing recommendations has been a direct consequence of the significant demands placed on senior management over the last 12 months in implementing the Future Council, which included a fundamental review of all services. It is hoped that in 2015/16, following the delivery of the Future Council, senior management will once again be able to meet their timescales for implementing recommendations.
- 4.2.4 The role of Internal Audit within the governance, risk 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 Executive Director, Finance, Assets and Information Services in order to preserve that independence.

4.3 Strategic Risk Management

Work undertaken by the Risk Management Section during 2014/15 included support and challenge in the management and development of the Council's SRR and the preparation of reports to SMT, Cabinet and the Audit Committee. Work has also included promoting and embedding good risk management practices throughout the Council, and its partners, as well as preparing both annual and periodic update reports to the Audit Committee.

4.4 External Audit, Assessment and Inspection

Barnsley Metropolitan Borough Council is subject to external assessment and regulation by auditors and service inspectorates such as OFSTED and the Care Quality Commission (CQC). Services, in conjunction with the Corporate Assurance Group are responsible for ensuring that the relevant

findings from external audit or other assessment activity informs the annual evaluation process, which underpins the production of the Annual Governance Statement.

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

- Assurances provided by Service Directors and Executive Directors regarding the overall governance arrangements for Business Units, and Directorates;
- Internal Audit Annual Report;
- Risk Management Annual Report;
- The Annual Audit letter;
- Key issues arising from the Annual Corporate Health and Safety Annual Report;
- The Local Government Ombudsman's Annual Monitoring Report on BMBC's complaints;
- The independent Internal Audit Annual Review of the Annual Governance Review and Statement process and Corporate Risk Management arrangements; and,
- A review of the action taken and progress made in relation to the issues raised in the 2013/14 Annual Governance Statement and associated Action Plan;

4.6 Corporate Assurance Group (CAG)

It is envisaged that following the transition to the Future Council, the Corporate Assurance Group membership and terms of reference will be reviewed to reflect the new structural and functional arrangements.

4.7 The development of the revised Annual Governance Review process was however presented to the Barnsley Leadership Team (BLT) and the SMT in February 2015, and was developed in conjunction with the internal control and governance lead officers. Furthermore, the Audit Committee were updated regarding the revised Annual Governance Review process at their meeting on 25th March 2015.

5. Significant Governance Issues

5.1 The annual review of the Council's governance, risk and internal control arrangements in 2014/15 has not identified any fundamental issues and has confirmed that the general level of compliance with the Council's governance and internal control framework remains good.

5.2 The review process has taken into account the action taken against the control issues raised on previous Annual Governance Statements.

5.3 The Action Plan to be monitored during 2015/16 comprises the issues that have been carried forward from previous years, along with issues that arose from the 2014/15 review.

6. Statement by the Leader of the Council and the 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 will be monitored by the Council's Audit Committee will (when implemented) further enhance the Council's governance, risk and internal control framework.

.....
Councillor Sir Stephen Houghton MBE
Leader of Barnsley MBC

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Diana Terris
Chief Executive of Barnsley MBC

Date:

Date:

BARNSELY METROPOLITAN BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2015/16

Ref	Annual Governance Statement Action	Responsible Director	Timescales	Current Position – Action Taken / Planned
1	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. This has increased significance in the context of the Future Council programme.	Executive Director, Legal and Governance	31 st December 2015	<u>June 2015</u> A Working Group has been convened and is due to meet in August 2015, with representatives from all Directorates who will identify a suitable organisational approach. The nature and scope of the Partnership Governance Framework has been significantly influenced by the transition towards the Future Council, and this has also had a bearing on overall timescales and progress. Now individual Business Unit characteristics are clearer, the identification of their significant partnerships and relationships will also be clearer. A single framework approach will be in place by December 15.
2	To continue to develop a corporate Information Governance framework and associated policies / procedures and guidance for implementation across the Council.	Executive Director, Finance, Assets and Information Services	31 st December 2015	<u>June 2015</u> SD (Information Services) has developed the IT Framework. This includes Information Governance elements particularly around information security although a fully dated policy on systems access is still outstanding. The policy will require alignment against relevant Customer Services policies.
3	Improving Performance and Development Review (P&DR) compliance across the Council in 2015/16.	Executive Director, Human Resources, Performance and Communications	31 st December 2015	<u>June 2015</u> The compliance with the P&DR process for 2015/16 will be monitored on a monthly basis by SMT. A target of 85% compliance across the Council has been agreed.
4	Improving the use of financial management and monitoring application in 2015/16.	Executive Director, Finance, Assets and Information Services	31 st December 2015	<u>June 2015</u> New system went live April 2015. Initial training with all Service Managers completed April 2015. Follow up training on forecasting and reporting functionality commenced July 2015. Usage tracked through standard budgetary procedures.
5	Improve the Council's Business Continuity Planning arrangements in accordance with the 2014/15 Themed Internal Audit findings.	Executive Director, Human Resources, Performance and Communications	31 st December 2015	<u>June 2015</u> Internal Audit report issued 17/06/2015. Agreed management actions being implemented.
6	Review the recording of officer delegated decisions to ensure this in line with legislation.	Executive Director, Legal and Governance	31 st December 2015	<u>June 2015</u> Review the process for recording officer delegated decisions to ensure it is appropriate and robust.

