

AUDIT COMMITTEE 17th January 2018

ANNUAL GOVERNANCE STATEMENT ACTION PLAN 17/18

ACTION PLAN UPDATE ARISING FROM 2016/17 Annual Governance Review

1. Purpose of the Report

- 1.1 This brief report supports the updated action plan relating to the issues identified following the Annual Governance Review (AGR) for 2016/17. The action plan is attached as an Appendix to this report, and was approved (with the Annual Governance Statement (AGS)) by the Audit Committee at their meeting dated 22nd September 2017.

2. Recommendation

- 2.1 **It is recommended that the Audit Committee considers the progress being made against each item listed in the AGS Action Plan, and seeks any explanations regarding any aspects of the progress detailed from the named action owner.**

3. Action Plan Update

- 3.1 An action plan is used to track the progress of the actions necessary to deal with the issues raised through the AGS process. The action plan for 2017/18 was developed in May and June 2017 when the AGS was first drafted. It was subsequently reviewed by the Audit Committee as a draft document in July 2017, and again in September 2017, when the AGS was accepted by the Audit Committee, and subsequently passed to Full Council for approval.
- 3.2 Generally, progress has been positive against all actions identified. This will be further reviewed in May and June 2017 as part of the 2016/17 AGR process.
- 3.3 The Action Plan has now been split into 'open' and 'closed' actions.

4. List of Appendices

- 4.1 Appendix One: AGS Action Plan as at December 2017.

5. Background Papers

- 5.1 Previous Audit Committee reports covering the development of the AGR process for 2016/17 and the approval of the 2016/17 AGS.

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Date: 4th January 2018

OPEN ACTIONS:

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
1	<p>To further develop and embed a practical framework to assist on 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. <i>(Carried forward from 2016 / 17)</i></p>	<p>Executive Director, Core Services</p>	<p>Revised to 31/03/2018</p>	<p><u>July 2016:</u> A presentation to BLT was delivered by the Executive Director of Core Services on 31/05/2016, seeking endorsement of the developing Partnership Governance Framework, which entails:</p> <ul style="list-style-type: none"> ▪ Developing a Register of significant partnerships; ▪ Logging Partnership risks in the appropriate Risk Register; and, ▪ Ensuring suitable assurances (including the consideration of exit strategies) are included when logging Partnership risks in the appropriate Risk Register. <p>The Executive Director of Core Services and the Risk and Governance Manager met in July 2016 to develop arrangements to roll this framework out to all Directorates in 2016 / 17 via the Operational Risk Register review process.</p> <p><u>July 2017:</u> Having allowed Business Units the opportunity to reflect Partnership arrangements in Operational Risk Registers during 2016 and early 2017, an update is to be provided to BLT later in 2017 which will include providing a position statement in terms of the use of the Framework by Directorates and Business Units.</p> <p>Further anecdotal evidence of robust partnership governance activities includes the Council's interface with BBIC, and a recent request for financial support that has driven a strategic review of business accommodation within the Borough and the consideration of potential changes to the Councils relationship with Oakwell Community Assets as part of increased investment and development of Barnsley Football Club.</p> <p>A refresh of the Partnership Governance Framework has been undertaken, and targeted correspondence has been prepared for individual Executive Directors to remind them of their responsibilities in this regard.</p>

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				<p><u>December 2017:</u> Targeted correspondence was sent to relevant Service Directors in October 2017.</p> <p>Subsequently, the Risk and Governance Manager has met with a number of Service Directors and Risk Owners to consider partnership risks. The majority of Business Unit now have risks regarding specific partnership now included within their Operational Risk Registers.</p> <p>Further work during the remainder of the financial year will focus on ensuring the remaining risk registers are updated to reflect Partnership risk.</p>
2	<p>Improving the quality of performance reviews undertaken across the Council in 2016/17.</p> <p>Particular areas of non-compliance or concern will be considered as part of Internal Audit's Themed Assurance Audit on the Performance and Development Framework, the recommendations of which will be used to identify areas of development and support for managers and to inform changes required to the process for the future. <i>(Carried forward from 2016 / 17)</i></p>	Executive Director, Core Services	Revised to 31/03/2018	<p><u>July 2016:</u> Terms of reference for Internal Audit's Themed Assurance Audit on the Performance and Development Framework have now been agreed between the Organisation Development Manager and Internal Audit Manager</p> <p><u>December 2016:</u> The P&DR audit has taken place and Internal Audit will be providing a written report of findings in November 2016.</p> <p><u>July 2017:</u> Through a process of selected interviews, feedback received was analysed and conclusions drawn in respect of the current corporate personal development and review process. The work contributes to assurance in respect of human resource management.</p> <p><u>December 2017:</u> The audit review focussed on the quality of P&DR discussions and provided a helpful insight.</p> <p>This has now been superseded now by work to develop the new P&DR system which should be implemented by 1st</p>

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				<p>April 2018.</p> <p>Numerous workshops have been held with employees, supervisors and managers to try and help shape the process. There will also be a training programme put in place as part of the implementation of this.</p>
6	<p>Internal Audit Annual Report: A corporate issue relating to non-compliance with Contract Procedure Rules and the overall adequacy of Contract Management Arrangements</p>	<p>Executive Director, Core Services</p>	<p>Revised to 31/03/2018</p>	<p><u>July 2016:</u> Identified via Internal Audit's Annual Report – Significant Governance Issues.</p> <p>Agreed by SMT this action is to be included on the 2015/16 AGS Actions Plan.</p> <p>Action agreed by Head of Strategic Procurement.</p> <p><u>July 2017:</u></p> <ul style="list-style-type: none"> • Non Compliance with CPR – the Strategic Procurement Team continue to record and track waivers on an ongoing basis. The 16/17 year-end position was 141 waivers with an annual contract value of £5.4m which equates to £38.5k per waiver. The end Q1 figures for 17/18 are 59 waivers with an annual contract value of £1.8m which equates to £30.5k per waiver. The Strategic Procurement Team continues to challenge any waiver that does not appear to be robust in its rationale. Whilst the longer term plan is to decrease the numbers of waivers via improved strategy and planning it is recognised that in the short term the number of waivers will probably increase as we drive compliance and due process. In addition the 'Document review' is about 90% done and once completed will generate a new set of processes, documents and guidance for people to utilise when procuring at the various levels of expenditure. These documents are available to users now via the Procurement intranet/SharePoint pages. It is also our intention to initiate a review of the current CPR as part of our wider 17/18 annual delivery plan • Contract Management – it is recognised that within

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				<p>BMBC's approach to both contract and supplier management arrangement there is scope for improvement. To tackle this the Strategic Procurement Team are specifically progressing three things as follows:</p> <ul style="list-style-type: none"> ○ Toolkit Review –conducting a review of the systems, processes, data and reporting that we use/need in order to do effective Strategic Procurement (which includes Contract Management), this is ongoing and has already delivered some efficiencies. Going forward this will be linked to a wider review of the Commercial Toolkit which is an action linked to the development of a council wide commercial strategy (see point below). ○ Commercial Strategy – a cross functional group have been working on developing a central commercial strategy for roll out across the council during Q2. In respect of supplier and contract management the main aims within the strategy are as follows: <ul style="list-style-type: none"> ▪ Work more closely with suppliers ▪ Shape future markets and drive innovation ▪ Adopt Category Management and develop an 'intelligent buyer' view of the market ▪ Ensure contracts deliver the expected value and service via regular check and challenge ▪ Develop an approved vendor list and continued support of local businesses ○ Category Strategy Plans – Category Strategy Plans for 17/18 were distributed to most business units in mid-June for review and comment. It is anticipated that these initial plans will be finalised and signed off in July and thereafter will be a live document subject to constant update and review. The document effectively summarises the

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				<p>commercial support each business unit can expect from the Strategic Procurement team during 17/18 working on a collaborative basis.</p> <p><u>December 2017:</u></p> <p>Non-compliance with CPR</p> <ul style="list-style-type: none"> • The Strategic Procurement Team continue to track and challenge waivers on an ongoing basis. The team also provides information on waivers to key stakeholders on a monthly basis. . • The ‘Document Review’ is now complete and a new set of standardised procurement processes, documentation and guidance is available via SharePoint for staff to utilise when procuring at all levels of expenditure. • A review of the Contract Procedure Rules is also underway which is planned for completion by end March 2018. <p>Adequacy of Contract Management Activity</p> <ul style="list-style-type: none"> • A scoping paper to review contract management activity was considered and approved by SMT prior to Christmas. Activity will now be undertaken by the Strategic Procurement Team during Q1 of 2018 to establish the ‘as is’ situation whilst also developing a new ‘to be’ approach with a view to council wide adoption.

CLOSED ACTIONS:

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3	<p>The development of a Commercial Toolkit that covers all aspects of business and financial acumen is currently in the process of being developed and prepared.</p> <p>This Toolkit will be rolled out via a series of modules across the entire organisation and it is envisaged this will assist in fundamentally changing the culture of the Council to a more commercial and business like organisation, with the right commercial and financial capabilities to deliver the Council's 2020 Outcomes</p> <p>The first module is expected to have been prepared by December 2016.</p>	Executive Director, Core Services	CLOSED	<p><u>July 2016:</u> Action agreed by Service Director Finance.</p> <p><u>December 2016:</u> The initial framework for the commercial toolkit has been established and the approach has been agreed with SMT. The toolkit will be developed and implemented across the organisation as a modular approach and will be released on a phased basis as the modules are developed. The first 3 modules will be rolled out in the new year comprising of Commercial Awareness, Charging v Trading and the CIPFA Financial Management model. Associated training will also be developed and rolled out alongside the modules in conjunction with Workforce Development.</p> <p><u>July 2017:</u> Since work begun on the Commercial Toolkit a wider Commercial Strategy has developed and launched in July, an element of which includes developing a toolkit that will provide people with the tools / training to support their commercial responsibilities. Elements of the toolkit have already been rolled out e.g. finance budget training. Further modules of the toolkit will be rolled out over the late summer / autumn on the back of the wider Commercial Strategy launch.</p> <p><u>December 2017:</u> A new Commercial Board has been established with responsibility for delivering the Council's Commercial Strategy with three working sub groups sitting underneath the Board with responsibility for supporting delivery of the three key themes of the strategy: VfM, Procurement and Income Generation. A series of workshops were delivered during Sept / Oct 17 – 'Introduction to Commercial Awareness', initially aimed at budget managers. Some further sessions are to be</p>

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				<p>arranged in the in the new year. The CIPFA FM model is to be rolled out in the new year alongside the Strategic Finance Core Offer and will be utilised to tailor a suit of finance and commercial training.</p> <p>The framework of the toolkit has been revisited giving consideration to the Council’s change in direction in terms of trading commercially through the external trading arm. Work on the toolkit will remain ongoing and further developed as we progress on our commercial journey.</p> <p>A commercial SharePoint page has also been established which will be the ‘go to’ page for all staff in terms of all things commercial; again this will be further developed on an ongoing basis.</p>
4	<p>Improve the implementation by Business Units of the Council’s Business Continuity Planning (BCP) arrangements.</p> <p>There remain gaps in the necessary BCPs in services which now form one of the appendices of Business Unit Business Plans. The Corporate BCP will be revised in 2016 and any outstanding plans highlighted to the relevant Executive Director and Service Director. This remains an implementation issue rather than a lack of suitable and sufficient process. <i>(Carried forward from 2016 / 17)</i></p>	Executive Director, Core Services	CLOSED	<p><u>July 2016:</u> Action agreed by Head of Corporate Health, Safety and Emergency Resilience.</p> <p><u>July 2017:</u> The corporate business continuity priorities were reissued in April 2017. All Business Units submitted returns for inclusion – this represents the first ‘complete picture’ for a number of years.</p> <p>Feedback was provided to Heads of Service as necessary. In the event of an emergency event, the Council is now able to consider all services when considering how to prioritise the recovery of the Council should the need arise.</p> <p>CLOSED.</p>
5	<p>Review the recording of officer delegated decisions to ensure this is in line with legislation. <i>(Carried forward from 2016 / 17)</i></p>	Executive Director, Core Services	CLOSED	<p><u>July 2016:</u> Draft guidance prepared by the Service Director (Council Governance) and passed to the Executive Director of Core Services</p>

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				<p>Following receipt of feedback, it is envisaged this guidance will be considered by SMT, and finally, circulated to BLT in late July 2016.</p> <p><u>December 2016:</u> Updated guidance on recording of officer decisions was finalised in June 2016. A presentation given to BLT on 26th July 2016 on the rationale for the new guidance, with the offer of further sessions to discuss this in detail with DMTs / Service meetings. The guidance has now been published in the Modern.gov document library, accessible via the Intranet Homepage. Microsoft Word versions of the record pro forma will be made available through SharePoint in due course, subject to further developments of that system.</p> <p>CLOSED.</p>