

MEETING
AUDIT COMMITTEE

DATE AND TIME
TUESDAY, 29 SEPTEMBER 2009 AT 7PM

VENUE
THE TOWN HALL, THE BURROUGHS, HENDON, NW4 4BG

TO: MEMBERS OF THE COMMITTEE (Quorum 3)

Chairman: Councillor Jeremy Davies

Vice Chairman: Councillor John Marshall

Councillors:

Danish Chopra

Geof Cooke

Tom Davey

Daniel Webb

Andreas Tambourides

Substitutes:

Councillors

Wayne Casey

Dean Cohen

Monroe Palmer

Hugh Rayner

Alan Schneiderman

Agnes Slocombe

You are requested to attend the above meeting for which an Agenda is attached.

Democratic Services Manager: David Seabrooke

Democratic Services contact: Nazyer Choudhury 020 8359 2031

CORPORATE GOVERNANCE DIRECTORATE

To view agenda papers on the website: <http://committeepapers.barnet.gov.uk/democracy>

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ORDER OF BUSINESS

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10.	Risk Management Framework		To follow
11.	ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT		

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AGENDA ITEM: 7 Page nos. 1 - 3

Meeting	Audit Committee
Date	29 September 2009
Subject	External Auditor's Report under International Standard on Auditing (ISA) 260 for the year 2008/09
Report of	Acting Chief Finance Officer
Summary	To consider the detailed reports from the external auditor on matters arising from the audit of the 2008/09 accounts. This includes the pension fund accounts.

Officer Contributors	Paul Stock, Assistant Director of Strategic Finance Maria G. Christofi, Finance Manager (Closing & Monitoring)
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	ISA260 report – Statement of Accounts 2008/09 (to follow)
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Maria G. Christofi, Finance Manager (020 8359 7122) or Paul Stock, Assistant Director of Strategic Finance (020 8359 7172)

1 RECOMMENDATIONS

- 1.1 That the matters raised by the external auditor relating to detailed aspects of the 2008/09 accounts, including the pension accounts, audit be noted.**
- 1.2 That the officer response to matters raised by the external auditor be noted.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 The Statement of Accounts for 2008/09 were approved, subject to audit, by the Audit Committee on 29 June 2009.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Review of reports made under the International Standard on Auditing (ISA)260 are an integral part of corporate governance.
- 3.2 The Corporate Plan includes an objective for an 'enhancing and further developing corporate governance' within 'More Choice, Better Value.

4 RISK MANAGEMENT ISSUES

- 4.1 A positive external audit opinion on Barnet's Statement of Accounts plays an essential and key role in providing assurance that Barnet's financial risks are managed in an environment of sound stewardship and control.

5 EQUALITIES AND DIVERSITY ISSUES

- 5.1 Accurate financial reporting is important to ensure the management of resources to enable the equitable delivery of services to all members of the community and to reduce the differential impact of the services received by all of Barnet's diverse communities.

6 USE OF RESOURCES IMPLICATIONS (FINANCE, PROCUREMENT, PERFORMANCE & VALUE FOR MONEY, STAFFING, ICT, PROPERTY, SUSTAINABILITY)

- 6.1 External Audit's opinion on the Statement of Accounts, as summarised in the ISA260, is the main factor that determines the Council's score in the Financial Reporting theme of the Use of Resources assessment. As a result, it plays a key role in determining the Council's overall Use of Resources score.

6. LEGAL ISSUES

- 6.1 None other than what may be contained in the body of the report.

7. CONSTITUTIONAL POWERS

- 7.1 Within the Council's Constitution, the functions of the Audit Committee are detailed and include "To consider the external auditor's annual letter, relevant reports and the report to those charged with governance".

8 BACKGROUND INFORMATION

- 8.1 In accordance with International Standard on Auditing (ISA) 260, the External Auditor is required to issue detailed reports on matters arising from the audit of the Council accounts and pension fund accounts.
- 8.2 The ISA 260 report has to be considered by "those charged with governance" before the External Auditor can sign the accounts, which legally has to be done by 30 September 2009. As the ISA 260 shows the outcome of the audit it cannot be circulated with this report as the audit has yet to be finalised. Officers will be meeting with Grant Thornton the week commencing 7th September to agree any account audit issues that need to be reported.
- 8.3 The ISA 260 report contains matters raised by the auditor, his recommendations on the issues, and the management response. Any further update on these items will be given verbally at the meeting. To assist members in reviewing the external auditor's comments the Statement of Accounts 2008/09 are attached for information.

9 LIST OF BACKGROUND PAPERS

- 9.1 None.

Legal: MM
CFO: JW

AGENDA ITEM: 8

Page nos. 4 - 37

Meeting	Audit Committee
Date	29 September 2009
Subject	Internal Audit Annual Report 2008-9 – Update on Selected Follow-ups from Directors
Report of	Acting Head of Internal Audit and Ethical Governance
Summary	The Committee is asked to note the update from respective Directors on the progress made on the implementation of the outstanding agreed management actions on selected follow-up audits previously reported on 29 th June 2009.

Officer Contributors	Hem Savla, Acting Head of Internal Audit and Ethical Governance and Directors.
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A: Customer Billing Follow-up Appendix B: Housing Revenue Account Monitoring Follow-up Appendix C: Central Contract Monitoring Follow-up Appendix D: Capital Expenditure Follow-up
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Hem Savla, Acting Head of Internal Audit and Ethical Governance
020 8359 7154

1 RECOMMENDATIONS

- 1.1 That the Committee note the contents of the report and the actions taken to address previously reported deficiencies.**
- 1.2 That the Committee consider whether there are any areas on which they require additional action.**

2 RELEVANT PREVIOUS DECISIONS

- 2.1 The Audit Committee on 29th June 2009, resolved that ‘the latest information from the respective Directors with regards to audits concerning Central Contract Monitoring, Housing Revenue Accounts Monitoring, Customer Billing and Capital Expenditure be presented at the next meeting and that the respective Directors attend in order to address the Committee’.

3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Our corporate services, including finance, human resources and corporate governance, play a significant part in helping us achieve our vision for:

“We will deliver value for money for our residents.”

- 3.2 We will continue to build on the solid foundations of the last few years, developing the core assets of people, finance, technology and information, to ensure that we are a modern, customer-focused organisation. (Corporate Plan 2009/10)

4 RISK MANAGEMENT ISSUES

- 4.1 Without effective implementation of agreed actions to mitigate reported risks in the respective audit reports, relevant service objectives may not be met efficiently, effectively or economically.
- 4.2 The internal audit work contributes toward increasing awareness and understanding of risks and controls amongst managers and improving management processes for securing effective risk management.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 It is an overriding principle that services provided to the whole community represent value for money in terms of quality, efficiency and effectiveness. This supports the Council’s obligations in meeting its public duties under Equalities legislation.

6 USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 None directly as a result of this report but it is for management to determine whether addressing any of the risks identified by internal audit reports will require additional resources.

7 LEGAL ISSUES

- 7.1 None.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution Part 3 Paragraph 2 details the functions of the Audit Committee including “To consider the Head of Internal Audit’s annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council’s corporate governance arrangements”.

9. BACKGROUND INFORMATION

Introduction

- 9.1 The relevant Directors were requested to provide an update on the progress made to implement agreed actions that were outstanding at the conclusion of the last follow-up work of the respective internal audits. The Directors were asked, in relation to each outstanding action, to provide
- their latest assessment as to whether the reported risk has now been mitigated, or partly mitigated or not mitigated
 - comments as to what action has been undertaken since the last follow-up to support the above assessment
 - detail of action that still needs to be taken and the date when the outstanding action will be implemented.

Customer Billing

- 9.2 Internal Audit provided ‘no’ assurance at the time of the original audit on Customer Billing in 2008/9. At the conclusion of the follow-up audit in 2008/9 we were unable to improve the assurance beyond ‘limited’ as only one (priority 2) of the original 13 risks had been fully mitigated. No progress was made on two risks (one priority 1 and one priority 2) whilst the remaining 8 (four priority 1 and four priority 2) were at various stages of mitigation.

Housing Revenue Account Monitoring

- 9.3 The original audit on Housing Revenue Account in 2008/9 received a ‘limited’ assurance from Internal Audit. At the follow-up audit in 2008/9 the assurance remained unchanged as none of the original five risks had been fully

mitigated. No progress was made on one risks (priority 2) whilst the remaining four (one priority 1 and three priority 2) were at various stages of mitigation.

Central Contract Monitoring

- 9.4 We provided 'limited' assurance at the time of the original audit on Central Contract Monitoring in 2007/8. At the conclusion of the follow-up audit in 2008/9 we were unable to improve the assurance beyond 'limited' as none of the original 7 risks had been fully mitigated. No progress was made on one risk (priority 2) whilst the remaining six (all priority 2) were at various stages of mitigation.

Capital Expenditure

- 9.5 The original audit on Capital Expenditure in 2007/8 received a 'limited' assurance from Internal Audit. At the follow-up audit in 2008/9 the assurance remained unchanged as only one of the original three risks had been fully mitigated. No progress was made on the remaining two risks (one priority 1 and one priority 2).

Executive Summary

- 9.6 The attached Appendices A, B, C and D provide the updated position from the respective Directors on their progress in mitigating the risks outstanding, since the last follow-up audits. The reported position will be validated by Internal Audit when second follow-up audits of these four areas are carried out in due course in 2009/10.
- 9.7 The relevant Directors or their nominated officers will attend the meeting to address any questions.

10. LIST OF BACKGROUND PAPERS

- 10.1 Any person wishing to view any of the background papers should telephone 020 8359 7154.

Legal: JEL/SF
CFO: PS

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
<p>Risk 1 Timely Assessments Priority 1</p> <p>There is a risk that the council may not recover, or timely recover, the full billable income for services delivered where assessments and reviews have not been completed in time.</p>	<p>We will complete all outstanding initial assessments by the end of September 2008 and thereafter process new applications within 4 weeks.</p> <p>Also refer to risk 4.</p>	<p>End of Sept 2008</p>	<p>Assessment Team Manager</p>	<p>Risk Partly Mitigated</p> <p>A weekly report is produced listing all new Homecare clients (new meals clients have been included as from Feb 09) who have been assessed as requiring the service and who have been entered onto SWIFT the previous week.</p> <p>This list is forwarded to the 'Joint visiting team' who visit the clients, complete the assessment and notify the clients of the contributions. Completion of assessments is monitored to ensure they are done within the set timeframe.</p> <p>Meals contributions (flat rate) are entered on SWIFT by Financial Assessment team.</p>	<p>Weekly report from SWIFT identifies new provisions and start dates. New assessments and completion dates are monitored.</p> <p>There are monthly reports on clients with provisions and no contributions. First report was run in July 2009.</p> <p>The Assessment team has PI's which monitors the processing of applications. For example, 83% of all completed applications forms for a homecare financial assessment are processed within 4 weeks (September 2009). Action is being taken to reduce the delay in processing of applications.</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
				<p>However, our testing showed that assessments are still not being done within 4 weeks.</p> <p>There are plans to run quarterly reports to identify all clients with no contributions- this first report is expected to be run in June 09.</p> <p>Further Action: As per agreed action plan</p> <p>Implementation Date: June 2009</p>	
<p>Risk 2 Accurate and Timely Billing Priority 1</p> <p>In the absence of an identified officer to routinely authorise customer billing there is a risk that the council may not</p>	<p>The Assistant Director, Performance & Supply Management has line management for the Service Managers</p>	<p>Immediate</p>	<p>Assistant Director Performance and Supply Management</p>	<p>Risk Partly Mitigated</p> <p>Meals: The process for agreeing the actual volume of meals delivered is not robust and billing is therefore inaccurate and not timely.</p> <p>Homecare:</p>	<p>Accuracy is being addressed with a new "lock down" process effective for meals delivered from 13/07/09 which should ensure that the number of meals we pay Sodexo for, is equivalent to that we also charge out to</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
recover, or timely recover, its income from customers due to lack of an accurate or prompt bill.	who manage each of three interdependent functions that contribute to prompt customer billing. She receives and will continue to receive exception reports from Service Managers when the delays are arising in the processes that contribute to timely customer billing.			<p>Monthly reports are produced and reported to SMT showing status of arrears of providers' invoices. However as at 27th March 2009, approximately £100K worth of Homecare services delivered up until 13th February 2009 (and therefore outstanding for more than 6 weeks) had not been agreed with the providers and therefore had not been invoiced to clients yet.</p> <p>Audit comment: As LBB has the accurate record of the volume of Homecare service provided, it is not clear why provider invoices are being paid prior to billing clients.</p> <p>Further Action: Realign business process to improve customer billing</p>	<p>clients.</p> <p>Timeliness is affected by the current 3-way process between Enfield, Sodexo and Barnet which requires the 3 parties to sign off pre invoice "proformas" before invoices are submitted.</p> <p>We are in discussions with Enfield to streamline this process by 31.10.09 to reduce the sign off time.</p> <p>A small group of staff are currently specifically working with our providers to agree and correct outstanding invoices and reduce the arrears.</p> <p>See also Risk 8 below. The new brokerage procedures are being implemented from the 14.09.09. This will increase the accuracy of the information being entered on SWIFT and will speed invoice reconciliation process.</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
				Implementation Date: December 2009	Provider invoices are agreed prior to billing of clients. This prevents overcharging of clients for those clients who are full cost payers and those whose assessed contribution is more than the actual care provided.
Risk 3 Accurate Data Capture Priority 1 In the absence of an effective process to ensure accurate data input into SWIFT, there is a risk of income and cash flow not being maximised as time is required to rectify errors, thus delaying billing.	We will establish a programme of work to address the problems arising from delayed and inaccurate data capture on the SWIFT system alongside the implementation of regular management review of the levels of data error, especially those contributing to any delays in customer	Sept 2008	Assistant Director Performance and Supply Management	Risk Not Mitigated Data inputters enter clients information onto Swift and although it has been identified that data input is not always accurate, an appropriate control has not been put in place (e.g. authorisation from senior staff who check accuracy and validity of data input) Further Action: Establish appropriate control to ensure data input is accurate to avoid delays in customer billing	<u>Entering Provisions on Swift</u> The implementation of new Brokerage procedures will go live from 14th September. The first stage of implementation is for Older Adults Residential, Nursing, Homecare or Enablement. From this date Brokerage will take full control of sourcing and procurement. They will receive approved care plans, source care, send care plans to Providers and to data input staff who will enter the provision on Swift. First stage to be reviewed 25/9/09 and evaluation to be undertaken by

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
	billing.			Implementation Date: December 2009	<p>28/9/09. Data input of provisions to Swift will become an integral part of the Brokerage team's role, which will improve the accuracy and timeliness of data input to Swift.</p> <p><u>Swift authorisation of Provisions</u> A working group is reviewing Swift authorisation of provisions/care packages. Authorising provisions in Swift should fulfil three purposes:</p> <ul style="list-style-type: none"> • Completing the record in Swift so that it can be progressed. • Allowing teams to check and monitor individual client costs and wider financial commitments. • Provide an audit trail. <p>Work is being undertaken to test automatic Swift authorisation of provisions; to develop a new business process; and reports which will enable budget holders to check that the provision</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
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					entered on Swift is correct.
Risk 4 Performance Management & Reporting Priority 1 In the absence of clearly defined performance standards for invoicing and billing and accurate data, there is a risk that prompt billing may not be achieved effectively.	We will develop and implement new PIs, based on best practice guidelines identified by approved benchmarking bodies, to reflect the new processes being redeveloped within the Income and Assessments Team and will be introduced to staff within the ongoing appraisal process. Previously set performance targets within Supply Management will be reviewed as part of	Nov 08 Nov 08 Immediate	Assessment Team Leader Head of Supply Management As above	Risk Partly Mitigated There are no PIs to assess the performance of the Meals or Homecare Service. <u>Supply Management team:</u> There are no performance targets for the Supply Management team with regards to Homecare or Meals invoice processing. <u>Financial Assessment:</u> Further PIs will be developed once the CIPFA benchmarking club has provided further guidance although monitoring is already taking place to ensure clients are	LB Enfield collects PIs and a revised draft of the SLA has been drawn up and contains reporting requirements for PIs including time scales for agreeing invoices. Performance targets are being monitored regularly. <u>Finance Assessment:</u> Performance on customer billing is reported to SMT every month. CIPFA benchmarking club have just provided guidance (August 2009) and this will be used to develop a range of new

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
	<p>the ongoing appraisal process.</p> <p>We will ensure that performance is monitored against targets. Data reported within the monitoring reports will be quality assured before circulation to all stakeholders involved in the process.</p>			<p>assessed within the required timeframe (4 weeks)</p> <p>Further Action: Establish clear and realistic performance targets and monitor these regularly</p> <p>Implementation Date: December 2009</p>	performance indicators.
<p>Risk 5 Formal Contract Priority 2</p> <p>Without a formal agreement there is a risk that the contractor may not deliver the services required by the council leading to disputes and losses to the council.</p>	<p>The London Borough of Enfield has been working to the spirit of the unsigned SLA. The SLA will be updated and signed by both Councils</p>	<p>End of September 2008</p>	<p>Head of Supply Management</p>	<p>Risk Partly Mitigated</p> <p>The SLA has not been signed.</p> <p>Audit comment: SLA has been found to be incomplete as there is a lack of KPIs and reporting requirements that LBE are expected to comply with.</p> <p>Further Action:</p>	<p>Barnet and Enfield have now reached an agreement and the new SLA is due to be signed by 31.10.09</p> <p>The revised version of the SLA contains reporting requirements for PIs including time scales for agreeing invoices.</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
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				As per agreed action plan Implementation Date: December 2009	
Risk 6 Access Priority 2 In the absence of effective data security arrangements such as routine review of access rights, and exception reporting, there is a risk of errors or unauthorised amendments.	To mitigate the risk of unauthorised access, a monitoring report will be developed to identify Home Care changes made on SWIFT.	December 08	Head of Supply Management through Business Systems Team Manager	Risk Mitigated A monthly report is run listing amendments, if any, made to Home care provisions of clients also receiving meals by LB Enfield staff. No issues have been noted by the officer reviewing the reports.	N/A
Risk 7 Effective Contract Monitoring Priority 2 In the absence of clearly defined performance standards expected from providers and	We will ensure that the SLA with LB Enfield is updated to include agreed performance standards.	End of September 2008	Head of Supply Management	Risk Partly Mitigated <u>Meals:</u> The contract with the meal provider defines the invoicing timeframes however these have not been adhered to. The SLA is not being monitored effectively as the issue of	The contract with the meals provider is as follows. Following 4 weeks of provision, 2 weeks is allowed for agreement between Enfield and Sodexo, followed by 4 weeks for processing by Barnet.

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
effective monitoring of the delivery of those standards, there is a risk that the council may not achieve best value for money in its purchases.	Performance standards will also be implemented for all external providers. Achievement of the standards will be monitored routinely.			<p>inaccurate and untimely invoices from the meals provider has not been identified or remedied.</p> <p><u>Homecare:</u> Contracts with Homecare providers set out invoicing timeframes (including financial penalties for late submission of invoices) however these contract conditions have been superseded by a 'CM2000 Call Confirm Homecare Monitoring' policy which is still in draft form.</p> <p>Further Action: As per agreed action plan</p> <p>Implementation Date: December 2009</p>	<p>We are in discussions with Enfield to streamline this process by 31.10.09 to reduce the sign-off time.</p> <p>The Supply Management team is reviewing CM2000 management. We are mapping processes around CM2000 invoicing management and aim to complete this by 30.11.09. Then CM2000 procedures and programme will be incorporated into the new homecare contract with clear timescales and penalties for non-compliance. The new homecare contract will be issued following the homecare re-tender due to be completed in August 2010.</p>
Risk 8 Timely Processing of Supplier Invoices Priority 1	(a) Following a risk	Immediate	Head of	Risk Partly Mitigated Providers who have not been paid are contacted to seek agreement to the	<u>Finance Assessment</u> We cannot directly bill customers from CM2000 data

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
<p>Without ensuring that invoices are cleared and paid promptly there is a risk that customers may not be billed timely for services provided.</p>	<p>assessment, we will implement a revised process for CM2000 invoices where invoices for 80% of service users are on a fast track process.</p> <p>We will establish routine monitoring of non-aura logged visits to ensure invoices are monitored effectively.</p> <p>(b) We will institute a new process for Housing 21 invoices to ensure that invoices are processed more speedily.</p>	<p>Nov 08</p> <p>Immediate</p>	<p>Supply Management through Category Manager Community Services</p>	<p>invoices. Our testing of 2 provider invoices showed that the invoices had been outstanding for more than 3 weeks although remedial actions were being taken by management at the time of audit.</p> <p><u>Audit comment:</u> Management could not provide reasonable explanation why clients are not billed based on CM2000 data. Provider invoices can then be cleared separately.</p> <p>Further Action: Revise business process</p> <p>Implementation Date: December 09</p>	<p>without a reconciliation process with the provider. Where provider invoices are disputed then clients cannot be billed until this is reconciled, in order to prevent client overpaying, particularly full cost payers and where the assessed contribution is more than actual care provided. There is a fast track procedure for 80% of client invoices.</p> <p>A small group of staff are currently specifically working with our providers to agree and correct outstanding invoices.</p> <p>New procedures are now being implemented, and from 14.09.09 the brokerage team will be responsible for sourcing and procurement of care. The data in-putting process will become an integral role of the brokerage team who will be responsible for updating SWIFT on changes to any care package (increase,</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
					reduction or cessation etc.). This will increase the accuracy of the information being entered on SWIFT and will speed up the invoice reconciliation process.
<p>Risk 9 Prioritising outstanding Supplier Invoices Priority 2</p> <p>Without effective processes for prioritisation of unpaid invoices, and formal analysis of the reason for delays, there is a risk that arrears in customer billing may build up to an unsustainable level.</p>	<p>Refer to risk 8 above.</p> <p>We will institute processes for prioritisation of unpaid invoices, and delay analysis to ensure that processing/payment of outstanding invoices is completed.</p>	Immediate	Head of Supply Management through Category Manager Community Services	<p>Risk Partly Mitigated</p> <p>Weekly meetings are held to agree remedial actions as to how to chase up providers for their agreement. However these meetings are not minuted. See risk 8 for issue re waiting for provider invoices to bill clients.</p> <p>Further Action: See Risk 8</p> <p>Implementation Date: December 09</p>	<p>The meetings are now minuted and actions recorded.</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
<p>Risk 10 Separation of Duties Priority 2</p> <p>Without robust arrangements for vetting of amendments to client records there is risk there may be errors or unauthorised amendments.</p>	<p>We will investigate and propose an effective process to ensure separation of duties for correction of SWIFT errors and processing of data for payment of invoices. We will seek HIA&EG approval of the proposal before implementation.</p>	<p>September 2008</p>	<p>Head of Supply Management</p>	<p>Risk Not Mitigated</p> <p>A current exercise is being undertaken to review access rights.</p> <p>Further Action: As per agreed action plan</p> <p>Implementation Date: December 09</p>	<p><u>Entering Provisions on Swift</u> See also Risk 8 above. The implementation of new Brokerage procedures will go live from 14th September.</p> <p><u>Swift authorisation of Provisions</u> A working group is reviewing Swift authorisation of provisions/care packages.</p> <p>Authorising provisions in Swift should fulfil three purposes:</p> <ul style="list-style-type: none"> • Completing the record in Swift so that it can be progressed. • Allowing teams to check and monitor individual client costs and wider financial commitments. • Provide an audit trail. <p>Work is being undertaken to test on-line Swift authorisation of provisions; to develop a new business process; and reports</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
					which will enable budget holders to check that the provision entered on Swift is correct.
Risk 11 Documented Procedures Priority 2 <p>In the absence of formal procedure notes staff may be unaware of the tasks they have to undertake and may not carry out their tasks consistently and correctly within the new structure.</p>	<p>We will develop and implement new procedures and ensure these reflect the developing systems as new processes are engineered and embedded.</p> <p>We will review and update the current procedures for the restructured Supply Management Team.</p>	<p>Nov 08</p> <p>Nov 08</p>	<p>Assessment Team Leader</p> <p>Head of Supply Management</p>	Risk Partly Mitigated <u>Supply Management team:</u> 1 Procedure note is in place however this is out of date and will be superseded by process maps which are currently being produced.	<p>We have completed a process map of the brokerage procedures. The new brokerage procedures will be implemented on the 14.09.09.</p> <p>Process mapping of invoice and SWIFT authorisation of care packages has started and is due to be completed by the end of October 2009. Completion of this process mapping will help ensure timely and accurate invoice reconciliation.</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Adult Social Services
				<u>Financial Assessment:</u> Procedure notes have been written. Further Action: As per agreed action plan Implementation date: December 2009	<u>Finance Assessment:</u> New procedure notes have been produced in draft format will be implemented November 2009. These new procedures will follow national good practice guidance (due September 2009).

Assurance Before Follow-up:

No assurance

Assurance After Follow-up:

Limited assurance

Current audit opinion:

The assurance should improve to satisfactory once we verify, in quarter 4, the management update reported above.

Management Update for Audit Committee 29 September 2009

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Planning Housing & Regeneration
<p>Risk 1: Formal framework Priority 1 Without formalising the framework for monitoring the HRA, including assignment of responsibilities to appropriate officers, there is a risk that monitoring may be inconsistent and ineffective and the objectives may not be achieved efficiently.</p>	<p>We will incorporate a formal framework for monitoring the HRA into the updated Management Agreement with Barnet Homes. This will be implemented within the overall arrangements for the F&PR, Capital Monitoring, Partnership meeting.</p>	<p>October 2008</p>	<p>Head of Housing through Head of Housing Finance</p>	<p>Risk Partly Mitigated</p> <p>Although the HRA is monitored in some form through budget monitoring and management agreement meetings, there remains no formal framework for monitoring the HRA.</p> <p>The process of creating a formal framework is underway and is at the stage where the criteria on which to monitor the HRA have been defined.</p> <p>The Strategy and Performance Manager confirmed that the framework is to be completed and in place in April 2009.</p> <p>Further Action: As per agreed action.</p>	<p>The framework is now in place and has been incorporated into the updated management agreement.</p> <p>There has been some delay in formally adopting the management agreement but this is now in hand and will be completed by the end of September 2009.</p>

Management Update for Audit Committee 29 September 2009

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Planning Housing & Regeneration
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				Implementation Date: May 2009.	
Risk 2: Management agreement Priority 2 Without specifying the terms relating to the service level required from Barnet Homes for maintaining and monitoring the HRA activity, there is a risk that the council's priorities may not be met effectively and efficiently.	We will implement a review to update the management agreement with Barnet Homes.	October 2008	Head of Housing through Head of Housing Finance	Risk Partly Mitigated The Council has set up a table of criteria to document the service level they require from Barnet Homes in relation to the HRA. This table has been compiled in conjunction with the Director of Finance for Barnet Homes. Whilst, the criteria, service expectations and monitoring criteria are known by both parties to the agreement, the updated management agreement has not been approved and formalised yet. Further Action: Formalise and approve the updated management agreement.	See above management response for risk 1.

Management Update for Audit Committee 29 September 2009

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Planning Housing & Regeneration
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				Implementation Date: June 2009.	
Risk 3: Assurances Priority 2 Without obtaining independent assurances, there is a risk that information obtained from BH for the purpose of monitoring HRA activity and accounting may not be prompt, reliable or accurate.	This risk will be considered within the review of our arrangements with Barnet Homes.	October 2008	Head of Housing through Head of Housing Finance	Risk Partly Mitigated Although the criteria to be monitored have been established, there has not been any formal process set up to give independent assurance as to the information obtained from BH to carry out monitoring of their services. Further Action: The Council must gain independent assurance as to the reliability, accuracy and promptness of the data used to monitor the services received from BH regarding the HRA. Implementation Date: May 2009.	HRA is audited by external auditors each year which provides required assurance.

Management Update for Audit Committee 29 September 2009

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Planning Housing & Regeneration
Risk 4: Creditors outstanding invoices Priority 2 There is a risk that a sustainable HRA balance may not be achieved without arrangements to identify and monitor creditors for outstanding invoices of BH promptly and accurately.	We have implemented arrangements for accounting and clearing outstanding invoices from BH. We will produce formalised procedures for these arrangements.	Immediate July 08	Head of Housing through Head of Housing Finance	Risk Partly Mitigated Although there are arrangements in place so that invoices are passed to the Planning and Housing Policy Team so that the HRA balance can be maintained, this process has not yet been documented as a formally adopted procedure. Further Action: The Council needs to implement documented procedures to help ensure that the HRA maintains a sustainable balance. Implementation Date: May 2009.	Procedure in place.
Risk 5: Regeneration Debtors Priority 2 There is a risk that a	Management accept that costs recovery from regeneration partners may not be		Head of Housing through	Risk Not Mitigated. There has been no action taken to address the risk that Regeneration debtors	The Regeneration Service is scheduling the cash flows for each of its projects as part of an

Management Update for Audit Committee 29 September 2009

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Planning Housing & Regeneration
sustainable HRA balance may not be achieved without arrangements to identify Regeneration debtors and charges promptly and accurately.	<p>achieved in all instances because of the current difficulties in the housing and financial markets and the likelihood of schemes being deferred.</p> <p>Recoverable costs will be monitored and the matter will be kept under review.</p>	Ongoing	Strategic Property Advisor	<p>and charges may not be identified accurately and promptly so as to maintain a sustainable HRA balance.</p> <p>Further Action:</p> <p>A formal process is to be implemented to identify Regeneration debtors and charges promptly and accurately.</p> <p>Implementation Date: May 2009.</p>	<p>improved approach to project governance. Where deferments are made these will be noted and agreed specifically.</p> <p>The Regeneration Service is now using a timesheet system to ensure that its internal costs can be recorded and justified to development partners to help ensure full recovery.</p> <p>Internal costs prior to this are far less demonstrable and, as such, there is some risk with regard to recovery. Cost recovery is a standard item on Project Team agendas.</p>

Assurance Before Follow-up:

Limited assurance

Assurance After Follow-up:

Limited assurance

Current audit opinion:

The assurance should improve to satisfactory once we verify, in quarter 3, the management update reported above.

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Major Projects
<p>Risk 1: Communication of Agreed Service Objectives Priority 2</p> <p>Without the adequate distribution of formally approved service objectives and key performance criteria, there is a risk that staff may not undertake contract monitoring effectively.</p>	<p>Agreed.</p> <p>Revised Contract Procedure Rules to be posted on the Intranet. The SAPO Forum is be organised to communicate new objectives and Terms of Reference. The Contact list of SAPOs to be posted and maintained on the Intranet.</p>	<p>December 2007</p>	<p>Procurement & Contract Manager</p>	<p>Risk Partly Mitigated</p> <p>The objective of the Corporate Procurement team (previously Strategic Procurement team) will be included in the Corporate Procurement strategy which will be drafted and finalised by December 2009 following consultation with all relevant stakeholders. The Corporate Procurement Team (CPT) has moved from the Resources Directorate to 'Major Projects' Directorate in November 2008 and this has resulted in a different set of objectives and parameters for the Corporate Procurement team to work within.</p> <p><u>Audit comment:</u></p> <p>No evidence provided to support the change of</p>	<p>The drive for increased commercial awareness and the intended creation of a Commercial Directorate will influence the direction of the Council Procurement Strategy. The revised procurement strategy will still be targeted for completion in December 09. The structure of procurement and the role of SAPOs and service level procurement expertise will also be subject to review under the new arrangements.</p> <p>The movement of the Directorates was formalised in</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Major Projects
				<p>directorate.</p> <p>Further Action: Finalise strategy (service objectives/performance criteria)</p> <p>Implementation Date: December 2009</p>	DPR 756.
<p>Risk 2: Communication of New Monitoring Responsibilities Priority 2</p> <p>Without clear communication of responsibilities and procedures for contract monitoring, there is a risk that staff will not undertake or apply the new monitoring process effectively and that the performance of contracts will not be monitored or</p>	<p>Agreed. Actions as above. Best Practice guidance around conducting effective Contract Monitoring is to be developed and made available.</p>	December 2007	Procurement & Contract Manager	<p>Risk Partly Mitigated</p> <p>Work on identifying Service Areas officers responsible for procurement activities is still ongoing. Once the list of Service Area Procurement officers (SAPOs) is finalised, training needs are identified and there is adequate participation in the Procurement forum and Contracts Group (communication channel between the service areas and CPT), further promotion of best practice</p>	<p>The drive for increased commercial awareness and the intended creation of a Commercial Directorate will influence this action.</p> <p>Corporate Procurement Team (CPT) along with representatives from Legal Services and Democratic Services have started the delivery of a series of workshops on Procurement and adherence which covers areas such as contract monitoring and Contract Procedure Rules (CPR) adherence, clarifying roles and responsibilities. PHR has been</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Major Projects
measured adequately.				<p>and training will be facilitated. Contract monitoring training is also dependent on the outcome of the review of the Contract Procedure Rules which is currently ongoing.</p> <p>Further Action: Procedures and training on contract monitoring to be completed.</p> <p>Implementation Date: December 2009</p>	delivered, Resources has been programmed for end of September and Children's and E&T are being arranged. With new starters in Major Projects a workshop will also be delivered to Major Projects.
<p>Risk 3: Contract Logging on SAP Priority 2 Without an adequate process to ensure SAP is correctly updated for completed contracts, there is a risk that monitoring compliance and value</p>	<p>Agreed. Exercise has started to reconcile the Tender Toolkit to SAP.</p>	<p>December 2007</p>	<p>Procurement & Contract Manager</p>	<p>Risk Partly Mitigated</p> <p>The process of updating SAP with all contracts is still ongoing. Options appraisal on whether the Tender Toolkit and SAP can be integrated is currently being looked into.</p> <p>Further Action: Action as per agreed</p>	<p>A project has been initiated to carry out an extensive review of SAP procurement systems and processes. This will include procurement coding, release strategies, schemes of delegation e-tendering, catalogue sourcing and procurement within Works Order Management (WOM) are all</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Major Projects
for money may be ineffective.				action. Implementation Date: December 2009	included in the project brief. The review is designed to strengthen controls around contract management It is envisaged that there will be quick wins, and changes will be made to elements by December 09. However some of the significant change work may extend beyond this date.
Risk 4: Identification and Monitoring of Key Contracts Priority 2 Where key contracts are not appropriately identified, documented and made apparent to SAPOs, there is a risk that they will not be monitored effectively and problems and concerns with these contracts will not be	Agreed. Gaps in the key contact list will be completed. As new contracts are let out this will be updated using the tender timetable control spreadsheet and incorporation of a separate check on Gateway 2.	December 2007	Procurement & Contract Manager	Risk Partly Mitigated The Procurement Forum and Contracts Groups (once participation is adequate) will meet on at least 4 occasions per annum. This network will be used to complete an accurate key contract list. Further Action: Action as per agreed action. Implementation Date: December 2009	All aspects of the contract register are being considered as part of the SAP review. It will also be influenced by the route the new Commercial Director wishes to take. It is envisaged that there will be quick wins, and changes will be made to elements by December 09. However some of the significant change work may extend beyond this date. The workshops currently in train also highlight to services what

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Major Projects
<p>properly addressed or managed.</p> <p>This may lead to poor contracts being renewed and a reduction in the overall value added by these key contracts.</p>					<p>responsibilities they have and instil good practice.</p>
<p>Risk 5: Spend analysis Priority 2</p> <p>In the absence of an effective monitoring and analysis process there is a risk of non compliance with the Council's procurement policies which may then prevent the Council from achieving value for money.</p>	<p>Agreed. Spend analysis information is now available through Business Warehouse. A process is now in place to review supplier consolidation, maverick spend etc. Vendors can be blocked through vendor rationalisation exercises.</p>	<p>Immediate</p>	<p>Procurement & Contract Manager</p>	<p>Risk Partly Mitigated</p> <p>SAP management information reporting is still being refined further however the ability to carry meaningful analysis is also dependent on the accuracy and completeness of data input by Service Areas. Once the SAP Management Information/Reporting requirements have been met, CPT will be able to carry out the analysis more regularly and accurately.</p>	<p>Spend analysis for all Directorates have been completed and have been provided to Directors. Further discussions are continuing with relevant senior management teams on matters arising from the spend analysis.</p> <p>Monthly vendor spend reports (top 250) are being provided to Director of Major Projects on a monthly basis.</p> <p>The SAP procurement review</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Major Projects
				Further Action: Action as per agreed action Implementation Date: December 2009	project will enhance the information held within SAP and therefore lead to improved reporting.
Risk 6: Performance Against Objectives and Performance Criteria for Agreed Contracts Priority 2 Without agreed key performance criteria and an established frequency for monitoring against these, there is a risk that service objectives are not achieved. Without clearly defined performance criteria and targets for each contract	Agreed. Savings targets are now in place, and service standards and key performance indicators are being formulated. Team objectives are in the process of being completed.	December 2007	Procurement & Contract Manager	Risk Partly Mitigated There is 1 corporate indicator in place (savings target) however this is currently under review. Performance indicators for the SPT and SAPOs (subject to line management agreement) will be discussed via the forum, agreed and established by December 2009. Further Action: Clear performance indicators to be established, monitored and reported regularly.	Two new corporate indicators have been established: <ol style="list-style-type: none"> 1. % of the value of contracts awarded in accordance with Contract Procedure Rules. 2. Number of levels improved on the Sustainable Procurement Task Force flexible framework score for 2009/10.

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Major Projects
there is a risk that weaknesses in contract delivery are not identified for action.				Implementation Date: December 2009	
Risk 7: Frequency of Contract Monitoring Reviews Priority 2 <p>Without regular and documented contract monitoring there is a risk that monitoring may be too late to enable appropriate action to be taken or for lessons to be learnt from poorly constructed contracts. There is a risk that mistakes and risk exposures to the Council may be repeated. There is a risk that high risk aspects of identified</p>	<p>Agreed.</p> <p>This will be captured as part of the extension of the Gateway process and part of the post Gateway 2 process, as part of contract closure.</p>	March 2008	Procurement & Contract Manager	<p>Risk Not Mitigated</p> <p>The Gateway 1 process will be instigated by the CPT for contracts where they have been involved in. The Gateway 2 process has not been happening so far but will be re launched via the Procurement forum by February 2009. This will be facilitated by the re-staffing of CPT which will ensure contract monitoring reviews are carried out more regularly and effectively.</p> <p>Further Action: As per agreed action plan</p> <p>Implementation Date:</p>	<p>For all procurements that CPT have involvement, Gateway 1 documentation has been issued since February 2009.</p> <p>In the last quarter two Gateway 2 reviews have been undertaken by CPT on:</p> <ol style="list-style-type: none"> 1. Recycling 2. Fleet & Maint. <p>The programme of workshops highlighting requirements and responsibilities should increase awareness and engagement with CPT.</p>

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from Director of Major Projects
contracts are not closely scrutinised early enough.				February 2009	

Assurance Before Follow-up:

Limited assurance

Assurance After Follow-up:

Limited assurance

Current audit opinion:

The assurance should improve to satisfactory once we verify, in quarter 4, the management update reported above.

Management Update for Audit Committee 29 September 2009

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from respective Directors
<p>Risk 1: Evidence of Budget Scrutiny Priority 2</p> <p>Without adequate budget scrutiny prior to approval being given, there is a risk that budgeted costs will not be realistic, either being over or understated. This may have a resulting effect on funding other capital projects, and the project being able to achieve its own objectives. Without sufficient documentation there is reduced assurance that the process is being undertaken as expected.</p>	<p>Agreed. A process is to be put into place to ensure approval by Head of Finance before submission to the CAG.</p>	<p>September 2008</p>	<p>Head of Strategic Finance</p>	<p>Risk Mitigated</p> <p>The Capital Asset Group scrutinises budgeted costs prior to approval. Where budget estimates are found to be incomplete or insufficiently evidenced, the business cases are sent back to the service area.</p>	<p>N/A</p>

Management Update for Audit Committee 29 September 2009

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from respective Directors
Risk 2: Central Monitoring and Scrutiny of Projects Priority 1 Where processes for the central monitoring of capital projects in place are not robust and consistently applied, corrective action will not be taken resulting in the risk that capital projects fail to be delivered on time and within budget.	Agreed. Exception reports of project managers not making returns will be captured and escalated to Management Team for action.	September 2008	Head of Finance Support Services	Risk Not Mitigated Evidence not provided. Further Action: As per agreed action plan. Implementation Date: April 2009.	Director of Resources Work has been commissioned by the interim Director of Finance to review all aspects of the corporate capital process, including planning, monitoring and reporting. This review will have a first draft report to Management Team by the end of October 2009. A key outcome of the review will to improve the central monitoring of scheme overspends, slippage and impact on funding. The report will be delivered by the interim Assistant Director – Strategic Finance.
Risk 3: Final Evaluation of Capital Projects Priority 2 There is a risk that Capital projects do not deliver the expected outcomes. Where Capital	Agreed. Definitions of projects will be strengthened in Business Cases in terms of deliverable outcomes, timescales and costings, so that effective final	September 2008	CAG & Project Consultancy Manager (Claire Johnston)	Risk Not Mitigated Evidence not provided. Further Action: As per agreed action plan. Implementation Date: April 2009	Director of Resources The review referred to above will deliver options to focus on the delivery of key deliverables in terms of business benefits, efficiencies and alignment with corporate priorities. Lessons learned and improvement plans

Management Update for Audit Committee 29 September 2009

Risk	Agreed Action	Implem. Date	Responsible Officer	Action Taken	Assessment and Update on Current Position from respective Directors
projects are not subject to consistent post completion evaluations, there is a risk that anomalies and mistakes will not be identified, and that ultimately lessons will not be learnt.	Evaluations can be completed.				will be recognised as a fundamental part of the post-implementation review process.

Assurance Before Follow-up:

Limited assurance

Assurance After Follow-up:

Limited assurance

Current audit opinion:

The assurance may improve to satisfactory once we assess the outcome, in quarter 3, of the management action reported above.

AGENDA ITEM: 9 Page nos. 38 – 41

Meeting	Audit Committee
Date	29 September 2009
Subject	Annual Governance Statement 2008/9
Report of	Director of Corporate Governance
Summary	This report seeks approval of the Annual Governance Statement 2008/9

Officer Contributors	Jeff Lustig, Director of Corporate Governance
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix A - Report to the Audit Committee 29 June 2009 Appendix B - Annual Governance Statement
For decision by	Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Jeff Lustig, Director of Corporate Governance -Tel: 020 8359 2008

1. RECOMMENDATIONS

1.1 To approve the Annual Governance Statement for 2008/9.

2. RELEVANT PREVIOUS DECISIONS

2.1 Audit Committee 5 December 2007 approved the arrangement for preparing an Annual Governance Statement.

2.2 Audit Committee 30 June 2008 approved the proposed Annual Governance Statement for inclusion with the Statement of Accounts for 2007/8.

2.3 Audit Committee 25 September 2008 approved the Annual Governance Statement for 2007/8

2.4 Audit Committee 29 June 2009 approved the proposed Annual Governance Statement for inclusion with the Statement of Accounts 2008/9.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 Under the Council's Corporate Plan 2009/10 to 2012/13, one of the corporate priorities is "More Choice Better Value" and a key objective within this priority is "enhance and improve the effectiveness of the Audit Committee to ensure a vibrant and challenging committee working within the CIPFA framework".

4. RISK MANAGEMENT ISSUES

4.1 Referred to in the body of the report.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Good governance arrangements are necessary to ensure that the Council is meeting its equalities and diversity obligations and objectives.

6. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

6.1 None in the context of this report.

7. LEGAL ISSUES

7.1 Referred to in the body of the report.

8. CONSTITUTIONAL POWERS

8.1 The Audit Committee's responsibilities include "to oversee the production of the Annual Governance Statement (AGS) and to recommend its adoption".

9. BACKGROUND INFORMATION

9.1 Background to the Annual Governance Statement

9.1.1 The Committee is referred to Appendix A.

9.2 Content of the AGS

9.2.1 The Committee is referred to Appendix A.

9.3. Process

9.3.1 The Committee is referred to Appendix A.

9.3.2 Since this matter was last reported to the Audit Committee on 29 June 2009, the Council's External Auditors have further commented on the robustness of the proposal Annual Governance Statement. Those comments have been taken on board and certain revisions have been made to the proposed Annual Governance Statement approved by the Audit Committee at its last meeting.

9.3.3 The changes made to the Annual Governance Statement include:-

Section 5 – Significant Governance Issues

In response to the following comments of the External Auditors, relevant points have been addressed:

"The issue of not complying with the Treasury Management policy in prior years is mentioned only briefly. We ask that some lines are inserted to ensure that this issue is explicitly disclosed. This should include confirmation as to whether any other instances of non-compliance were detected during 2008/9.

The wording in relation to Icelandic banks is weakened with the use of the phrase 'apparent non-compliance' we ask that the word 'apparent' be removed as this now seems clear cut.

Wording in reference to the present position on money laundering indicates that the Council was previously non-compliant with the Act in year, we ask for minor rewording to clarify this"

Other non-critical comments from the External Auditors will be taken on board in connection with the preparation of the Annual Governance Statement 2009/10.

9.3.4 The Audit Committee is asked to approve the Annual Governance Statement 2008/9 for the purposes of the statutory reporting requirement.

10. LIST OF BACKGROUND PAPERS

10.1 CIPFA/SOLACE - Delivering Good Governance in Local Governance Framework.

CIPFA/SOLACE – Delivering Good Governance in Local Government Guidance Note for English Authorities

CIPFA/SOLACE Financial Advisory Network: The Annual Governance Statement.

10.2 Any person wishing to view the background papers should telephone Jeff Lustig, Director of Corporate Governance – Telephone: 020 8359 2008.

Legal: JEL

CFO:

ANNUAL GOVERNANCE STATEMENT 2008/09

1. Scope of Responsibility

Barnet London Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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.

Barnet London Borough 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 Governance. A copy of the Code will be included in the Constitution from May 2009.

The statement explains how Barnet London Borough Council has complied with the Code, delivers good governance and reviews the effectiveness of these arrangements. It also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) Regulations 2006, which require the Council to publish a statement on internal control in accordance with proper practice. Proper practice has been defined as an Annual Governance Statement.

2. The Purpose

The Governance Framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled; and 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.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system also recognises that it is not possible, or even desirable in a value for money context, to eliminate all risk of failure to achieve policies, aims and objectives. The system of internal control and risk management is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Barnet London Borough Council for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts.

3. The Governance Framework

Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users:

The Sustainable Community Strategy for Barnet sets out the vision for how the Council and other local organisations and agencies will work together to improve the economic, social and environmental well-being of the borough. Supporting the Strategy is the Council's Corporate Plan setting out the vision for the Council. It affirms the values and aspirations of Barnet the place, the people and the organisation. The corporate priorities are clearly defined in the Corporate Plan which demonstrates how the Council will achieve its objectives over the four year period and how it reviews progress to date.

Corporate priorities are cascaded through Service Plans and populate targets for service teams and individuals.

The Sustainable Community Strategy (2008-2018), delivered by the Council and its partners:	<ul style="list-style-type: none">▪ Approved by the Local Strategic Partnership. The Strategy was refreshed in 2008/9▪ Published on the Council's Website
The Corporate Plan (2008/09):	<ul style="list-style-type: none">▪ Approved by Cabinet in April 2008▪ Published on the Council's Website

Reviewing the Authority's vision and its implications for the Authority's governance arrangements:

One of the key objectives in the Corporate Plan under Corporate Priority 'More Choice Better Value' is to 'enhance and further develop corporate governance'. Governance arrangements are reviewed annually by the Special Committee (Constitution Review) whose recommendations are reported to the full Council for ratification. For 2008/09, the following are achievements in respect of some of the key priorities were identified under that objective:

- Establish the new AGS process and promote this as being a 'Governance Health Check' : *first AGS approved by Audit Committee in June 2008*
- Establish a Governance Framework for Barnet: *Code of Corporate Governance approved by the Audit Committee and then recommended for inclusion in the Constitution by the Special Committee (Constitutional Review) in March 2009*
- Implement second Council-wide Ethical Governance Assessment: *achieved and actions to implement recommendations agreed by the Standards Committee in December 2008*
- Revise FOI Publication Scheme: *achieved and new version published in December 2008*
- Work with the Council to review and reposition Scrutiny to perform a more effective role: *review complete and recommendations agreed by Council in July 2008, to be implemented in May 2009*

The on-going work on reviewing governance arrangements is captured in the new Corporate Plan 2009/10 and beyond.

Measuring the quality of services for users, ensuring they are delivered in accordance with the authority's objectives and ensuring they represent the best use of resources:

Corporate priority targets are established annually as part of the process of refreshing the Corporate Plan, and are then monitored through the corporate performance framework. Quarterly performance reports are considered at Cabinet Resources Committee and by Overview and Scrutiny.

Services must ensure that systems are in place to collect relevant, accurate and robust performance data, and that they comply with the Data Quality Policy, which was refreshed in March 2009. This policy establishes why data quality is important, the Council's commitment to data quality and the responsibilities in respect of maintaining data quality, as well as identifying the guidance and support available.

These processes have been developed to monitor business/service performance and have involvement at the highest Member and Officer levels within the Council. Value for Money reviews, Internal Audit reports and officer working also support this process.

Officers from all Directorates met regularly from the summer of 2008 to prepare for the 2009/10 budget Directorates were asked to consider the 2009/10 budget in light of the savings that would have to be made as a consequence of the projected financial settlement the Council would receive from central government. Consideration extended to options for both efficiencies and possible service reductions. Each proposal was subjected to challenge at Officer level before being presented to Executive Members for their consideration

The Council initiated a programme of value for money reviews in 2008. 3 reviews have now been completed by services and 7 more are in progress. The reviews both show delivered savings and make savings proposals. The completed reviews are undergoing a process of independent review by the Council's Business Improvement Team.

The quality and efficiency of Barnet's services is also assessed annual by the Audit Commission and its appointed external auditors. Previously this process was called Comprehensive Performance Assessment (CPA). This year a new regime has been introduced called Comprehensive Area Assessment (CAA), which places a greater emphasis on outcomes, partnership working, and planning for future challenges.

Barnet Council is currently working with its partners to produce a self-evaluation, using the CAA framework, as well as a self-assessment of the way that it manages performances and manages its use of resources. This supports Barnet and its partners to continuously review and improve their performance, whilst also generating evidence that the Audit Commission can use for its CAA judgements.

The annual Use of Resources assessment existed under CPA, but as part of CAA it is broader in scope and more challenging in expectation. It assesses how well organisations are managing and using their resources to deliver value for money and better and sustainable outcomes for local people, and now embraces the use of

natural, physical and human resources and places a new emphasis on commissioning services for local people.

For 2007/08 Barnet achieved a three out of a possible four, which was consistent with the previous year. This year Auditors will produce a judgement for each of the following three themes:

- Managing finances - focusing on sound and strategic financial management.
- Governing the business - focusing on strategic commissioning and good governance.
- Managing resources - focusing on the effective management of natural resources, assets and people.

For Barnet, our initial draft assessment reveals good performance across many of the themes and Grant Thornton have provided an overall indicative score of 2 out of 4 under a much more challenging assessment framework. However further evidence is being identified with a view to improving the UoR score prior to the final announcement in late summer 2009.

Corporate Plan Quarterly Performance Monitors:	<ul style="list-style-type: none"> ▪ Published on the council's website
	<ul style="list-style-type: none"> ▪ Reported to Cabinet Resources Committee and Overview and Scrutiny Committees ▪ Monitored by both internal Officer and Member meetings
Year End Performance Out turn:	<ul style="list-style-type: none"> ▪ Reported in summary form to the public in the Annual Finance and Performance Report
New Corporate Plan 2009/10	<ul style="list-style-type: none"> ▪ Approved by Cabinet in March 2009, but has been significantly rewritten subsequently.
New Equalities Policy (an easy-read version is being developed to enhance the document's accessibility)	<ul style="list-style-type: none"> ▪ Approved by Cabinet in December 2008 and underpins the service planning process

Putting the Community First is also at the heart of all our corporate priorities. We endeavour to ensure that the services we provide meet the needs of all our communities. From April 2009, as part of the Local Government and Public Involvement Act 2007, local authorities will have a duty to inform, involve and consult with their residents and service users.

We have already established many excellent offline traditional methods of involving residents in decisions and service provisions, namely through: our Citizens panel; service user/resident surveys; service user groups; ad-hoc group discussions with our residents; area forums; councillor surgeries; youth board; consultation documents; customer access points; comments and complaint cards.

However, the Council recognises we are experiencing rapid social change and we need to build a stronger relationship with our citizens, having wider and deeper conversations to understand their needs and preferences. Our role is to provide the space for citizens to debate with the council and public agencies, and with each other, the competing priorities and build a consensus on priorities for the area, and explain how decisions were reached. We also want to give citizens greater control over their lives and the ability to make informed choices for themselves. To ensure all citizens have an equal opportunity to do all of this we need to find innovative forms of engagement and new ways of communicating with them.

As part of this recognition and new approach the council has recently developed a strong online presence, namely through our own social media website, whereilive.org. The council has also established a presence on facebook; twitter, flickr and the Leader of the Council has launched his own Leader Listens website.

Consultation portal	<ul style="list-style-type: none"> Procured for 2009/10. Will be a searchable online calendar to publish, search, track and help co-ordinate and report on consultations and also ensure action as result of consultation and engagement are clearly visible to residents
Focus groups	<ul style="list-style-type: none"> A particular example being a successful one with users following the introduction of Self-directed support providing useful feedback on the initiative
Citizens Panel Newsletter	<ul style="list-style-type: none"> Provides feedback on outcomes of consultations to Citizens Panel Members
Place survey	<ul style="list-style-type: none"> Conducted October-December 2008 and collecting data for National Indicators. Key findings were that: <ul style="list-style-type: none"> Satisfaction with the local area has improved and is higher than the London and outer London averages Satisfaction with the council has decreased but is still higher than London and outer London average

Defining and documenting the roles of the executive, non-executive, scrutiny and officer functions with clear delegation arrangements and protocols for effective communication:

The Council has a Constitution that is subject to annual review by the Special Committee (Constitution Review). The Constitution sets out the governance arrangements operating within the Council and from May 2009 includes the Code of Corporate Governance. Council appoints a Leader and Cabinet. The Leader allocates executive responsibilities and the Council appoints committees to discharge regulatory and scrutiny responsibilities. All relevant roles, terms of reference and delegated responsibilities are set out in the Constitution which is published on the Council's Website. The Constitution also includes Protocols for Member–Officer Relations.

New/re-designed 'Governance' pages on the Council's website and Corporate Governance Intranet sites	<ul style="list-style-type: none"> To communicate and promote key sections of the constitution in a clear and concise way
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New Scrutiny model/arrangements with streamlined roles and responsibilities	▪ To be implemented in May 2009
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Developing communication and embedding codes of conduct, defining the standards of behaviour for members and staff:

Councillors and co-opted members are required to comply with the Members Code of Conduct which is set out in the Constitution. There are a number of other protocols which apply the principles of the Code to specific areas of Council activity. The Standards Committee is required to promote and maintain high standards of conduct by councillors and co-opted members. Officers are also subject to a code of conduct and a number of other policies and procedures relating to their employment. These policies and procedures are published on the Council's intranet.

Review/assessment of compliance with Member Code of Conduct	▪ The Standards Committee annual report to Council in July provides a summary of all allegations of breach of the Member Code of Conduct assessed and determined during the year
Revision of Codes of Conducts	▪ The Standards Committee responded in December 2008 to the Government's consultation on proposed changes to the Members' Code of Conduct and introduction of a statutory Officer Code of Conduct. They are being regularly updated in 2009 as appropriate
Council-wide Ethical Governance Assessment carried out in 2008	<ul style="list-style-type: none"> ▪ Reported confidence improving in matters relating to the registration of interests and 100% awareness of Members of the register ▪ Actions agreed by the Standards Committee to further improve levels of staff awareness and confidence – to be implemented in 2009
Standards Committee	▪ To facilitate the operation of Local Regulation the Standards Committee was expanded in May 2008 involving a significant recruitment exercise and training programme.

Reviewing and updating standing orders; standing financial instructions; a scheme of delegation and supporting procedure notes/manuals which clearly define how decisions are taken and the processes and controls required to manage risks:

The Council's Standing Orders and Financial Regulations are included within the annual review carried out by the Special Committee (Constitution Review). Delegation is also dealt with in the Constitution and Officers are required to draw up a list of specific powers for approval to be delegated to them to be published in the Council's website.

The Risk Management Strategy was developed in 2007 and as part of best practice it has since been revised and approved, alongside the guidelines, by the Audit

Committee in June 2008. The Corporate Risk Register provides clarity and ownership of those potential risks that may have a direct impact to the corporate priorities. This is monitored, reviewed and updated quarterly by senior Council Officers and twice yearly at Audit Committee. Service level risk registers record risks and risk management progress relating to their service plan, team plans and all major projects.

The Finance & Performance Review (F&PR) process continues to review high level risks through individual service risk registers whilst encompassing close monitoring of service delivery performance, performance against budgets and budget reduction targets thus minimising the chances of unachievable savings being incorporated in the budget. F&PR also reviews the financial risk registers and challenges Cabinet Members and officers on them. All Cabinet and committee reports include a section on risks, which contributes to Members being better informed prior to deciding on policy and other decision making. This also raises the awareness and increases Member and officer understanding of risk and the risk management process. There is also now a single Use of Resources section to all committee reports.

Quarterly risk management forums are held to share risk management best practice, agree changes to the risk management procedures, identify risk management training needs and agree the format of the Internal Control Checklist (ICC) process. This process is designed to enable managers to assess and improve the risk and control environment within their areas of control, in services across the Council.

A follow-up audit concluded in 2008/09 of the audit of the risk management function in 2006/7 provided a 'satisfactory' level of assurance that the development of corporate risk management is progressing adequately.

As part of the annual budget and Council Tax setting, the Chief Finance Officer identifies the potential financial risks and contingent liabilities facing the Authority in reaching his view on the adequacy of balances and reserves. These risks are captured and monitored in a comprehensive financial risk register which also tracks the mitigating actions required to minimise the likely impact on the Council.

The financial risk register is controlled by the Chief Finance Officer but is owned by all senior Council Officers, and forms part of the regular financial monitoring programme to Cabinet Resources Committee. It also forms part of the F&PR process and at officer level is routinely raised as part of the regular 'Section 151' contact that the Chief Finance Officer has with the Heads of Finance.

An assessment of the Authority's Internal Control Checklist (ICC) is carried out annually to test and prove the internal control environment within the Council. The process supports the Internal Audit planning process, the F&PR process and is also available to External Audit.

Internal Audit continue to review the ICC process across the Council and report on these arrangements and the ICC process in their interim and annual reports.

Further revision and simplification of the ICC Checklist for 2008/09	▪ All services completed the revised ICC in January 2009
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Improvements in the use of the ICC	<ul style="list-style-type: none"> ▪ A tighter process for actions arising from the assessment of ICCs to feed into risk registers and service plans is being developed. ▪ Corporate Improvement Plans are managed by the Corporate Risk Officer and advised to the Council's Senior Officers whilst Service and Team Improvement Plans are dealt with within service areas and updated quarterly as part of the F&PR process.
Carrying out audits of the ICC process in all services	<ul style="list-style-type: none"> ▪ This work began in 2007/8 and will continue through to 2009/10
Risk that outcomes for vulnerable children do not improve	<ul style="list-style-type: none"> ▪ Mitigated through the corporate risk framework resulting in the Annual; Performance Assessment confirming a decisive response to Joint Annual Review recommendations and rigorous performance management within the service.
Financial risk that the forward plan approved by Council identified a budget gap of £10m which needed to be bridged to deliver Council Tax in line with the medium term financial strategy.	<ul style="list-style-type: none"> ▪ Mitigating action resulted in Council tax being set in line with the medium term financial strategy.

Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities:

The Audit Committee's comprehensive terms of reference as set out in the Constitution incorporate the core functions as identified by the CIPFA document. The Committee has a membership of non-Executive Members and is chaired by an Opposition Councillor. It has 5 meetings a year programmed into the Council's Calendar of Meetings. The Committee approves its own work programme for each Council year.

Comprehensive training programme during 2008	<ul style="list-style-type: none"> ▪ Provided to the whole Audit Committee through sessions incorporated into the formal meetings of the committee.
Carried out Annual Review of the Audit Committee Effectiveness	<ul style="list-style-type: none"> ▪ Reported to committee in April 2009 – recommendations agreed

Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful:

Various internal controls operate to ensure compliance with relevant laws and regulations as well as internal policies and procedures. This includes the role of the Monitoring Officer, Legal Services, Human Resources and the Corporate Anti-Fraud Team. Internal policies are particularly reviewed through the Corporate Plan process.

The roles of the Statutory Officers of the Council are set out on the Council's Website [\[hyperlink to follow\]](#) and the functions are set out in the Constitution. In particular, the Section 151 Officer exercises powers set out in the Council's Financial Regulations including ensuring that if decisions are likely to be taken that may incur unlawful expenditure this is reported. No such report had cause to be made in 2008/09.

Assurance on compliance with policies, procedures, laws and regulations is provided, in part, by Internal Audit which conducts risk based audits on the highest risk areas. Other sources of assurance come from external audit, other external inspectors (e.g. OFSTED, CSCI) and from service management's own internal control arrangements. No notable non-compliance has been identified in 2008/09.

The Council has comprehensive policies and financial regulations which are reviewed at regular intervals. These arrangements are directed at ensuring compliance with all applicable regulations and other relevant codes. This includes the Council's Contract Procedure Rules.

The Council has a Corporate Procurement Team that has gone through changes in 2008/09 including the appointment of a new Head of Procurement and movement of the team to the Major Projects Directorate. This move means that advice and assistance is easily available for all larger procurements. However, the team's expertise also remains open to all departments for assistance and advice in any procurement matter. All Procurement Managers in the team are professionally qualified and suitably experienced in public sector procurement matters.

The Council's Corporate Procedure Rules and Procurement Code of Practice have been revised in 2009 to reflect a more robust and standardised method of ensuring compliance with relevant legislation and internal policies. The Council also operates a Gateway Review process for all procurements valued at more than £140k which checks the justification for any procurement, confirms compliance with internal procedures and confirms applicable European Procurement rules are being followed.

For all procurements over £25,000 the authority to proceed is also sought by the completion of delegated powers reports or by ensuring that the procurement is identified in the budget contract appendix presented to the Council. A delegated powers report is also completed at the completion of the procurement process before any contract award; this has to be approved by statutory officer review which includes Legal Services and Democratic Services.

Review of Financial Regulations	▪ The Council's Financial Regulations were comprehensively revised by the Special Committee (Constitution Review) in October-March 2009
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(Arrangements for) Whistle-blowing and for receiving and investigating complaints from the public are in place and well publicised:

The Council has a whistle-blowing policy and counter-fraud guidance published on its website. The whistle-blowing policy aims to encourage staff and others to feel confident in raising serious concerns by providing clear avenues through which those concerns can be raised and reassuring staff who raise concerns that they will not be victimised if they have a reasonable belief and the disclosure was made in good faith. The counter-fraud guidance is designed to assist in both the detection and reporting of fraud. The Council has a well established three stage corporate complaints process, which is also publicised on Barnet Online.

New Customer Relations Management software	▪ In the process of being implemented - to improve the visibility and consistency of reporting of complaints
Revised Whistle-blowing leaflet launched in Oct 2008	▪ To report the new 24 hour Whistle-blowing hotline number
Whistle-blowing Cases	▪ The number of whistle-blowing cases investigated and the findings are summarised in an annual report [link to be included post June]

Identifying the development needs of members and senior officers in relation to their strategic roles, and supporting with appropriate training:

An informal Member Development Panel with representatives of all three political groups meets to consider training and development for elected Members. Officers support the work of the Panel in seeking to develop a Member Development Strategy. Examples of programmes/events during 2008/09 are:

Equalities Training: Delivered by the Executive Director for Communities and the Strategic Equalities Adviser)	▪ Offered to all Members in 2008
Informal Evening on Digital Media and Blogs: Delivered by the Editor of the Hendon Times	▪ Offered to all Members in 2008
A Personal Development Programme, the charismatic and compelling Councillor: delivered by FECUND	▪ Offered to all Members in 2008
Individual Coaching: provided by SOLACE	▪ Provided for individual Councillors
A full training plan for the Standards Committee	▪ Provided to Independent Members only or the whole committee as appropriate

The Council has officer learning and development policies embedded within its HR framework with responsibility for delivery devolved to service areas. The Council also has an appraisal scheme which identifies learning and development needs in relation to work objectives. .

Development for Directors/senior officers during 2008/09

- Facilitated events
- Personal Development Plans
- Service-specific management events

Governance Development programme: endorsed by the Institute of Leadership and Management (ILM)

Managers programme:

Institute of Leadership and Management

- All delegates were ILM certified at the end of the programme in December 2008
- Phase 2 of the programme to be launched in June 2009
- Aim to develop senior managers in the directorate as 'Ambassadors of Governance'

Establishing clear channels of communication with all sections of the community and other stakeholders ensuring accountability and encouraging open consultation:

The Council actively engages with all relevant stakeholders when developing its vision and strategies. Residents Forums, a Civic Network, a Citizen's Panel and other extensive consultation arrangements are all elements of this active engagement. All appropriate Committee meetings are open to the public and both agendas and minutes are available on the Council's website. The 'People' section of the Corporate Plan's Vision and Values recognises the richness of Barnet's diversity and the importance of having an effective dialogue with all of its diverse residents. The Council is committed to using a range of innovative forms of engagement and communication with citizens and using this information to enrich its understanding of the needs of our local residents. This information is of particular value in supporting the Council in its approach to promoting choice and independence for some of our more vulnerable residents.

The Leader Listens initiative:

- Invites every household in a polling district to meet personally with the Leader of the Council
- Includes a blog to which residents can post and which is personally moderated by the Leader
- Has gained widespread local and national interest as an innovative means of consultation
- Met in 15 polling districts in 2008, inviting approximately 1150 residents to each and with an average of 28 attendees per meeting.
- Has expanded to 'Leader Listens to Faith', Leader Listens to Small Business', and supermarket events

Website improvements incorporating social networking

- Full re-launch of the Council's Website in early 2009 with new look and new features
- Range of social networking sites available from the frontpage of the website

	<ul style="list-style-type: none"> ▪ In particular, 'Where I Live' providing an opportunity to share thoughts about Barnet; the place and the people ▪ Encourages a wider range of citizens to make their voices heard and publicised through Barnet First
A new Ward Visit initiative	<ul style="list-style-type: none"> ▪ Launched in March 2009 for the Chief Executive and Ward Members to walk the wards to meet residents and discuss local issues

Incorporating good governance in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the authority's overall governance arrangements:

The success of the Council rests on its leadership role in bringing together other public services, the voluntary and community sector and the business community.

This work is co-ordinated through the Local Strategic Partnership (LSP). An Executive chaired by the Leader of the Council, brings together the most senior leaders from the main agencies that deliver public services in Barnet. The Council also holds a Civic Network twice a year to bring together the widest range of organisations in Barnet to help shape future strategy.

Barnet's Sustainable Community Strategy 'Barnet: A First Class Suburb' was launched on 1 April 2006 following extensive analysis of the issues facing Barnet and residents' priorities. It sets out a shared vision for Barnet in 2016 and contains four themes:

- Investing in children and young people
- Safer, stronger, and cleaner Barnet
- Growing successfully
- Healthier Barnet (including older people)

Each of these is supported by more detailed ambitions and an Action Plan of activities that will make a real impact on these priorities is updated annually and overseen by the LSP.

A process was put in place during 2007/08 to incorporate the relationship between the Council and the LSP into the Council's Constitution. The relevant article in the Constitution sets out the role of the LSP, where decision making responsibilities rests, the role of the Executive in ensuring appropriate governance arrangements for the LSP and its subsidiary boards and in ensuring that a partnership register is maintained by the Council's Officers and that the Council puts appropriate scrutiny arrangements in place.

Schools are another example of group working and the adoption of the self-assessment tool for Financial Management Standard in Schools (FMSiS) has been a key ingredient of good governance and development of effective financial management in schools. All secondary schools were required to pass the standard

by 31 March 2007 and under the three-year renewal process will be required to be re-accredited in 2009/10. All Primary and Special Schools are required to pass by the end of 2009/10. All self assessments and evidence prepared by schools to date have been assessed independently through Council's Internal Audit and Ethical Governance.

Terms of reference and a constitution for the LSP (incorporating the Audit Commission's good practice guidance)	<ul style="list-style-type: none"> Agreed by Cabinet 3 April 2008 and incorporated into the Constitution
All partnerships that report directly to the LSP	<ul style="list-style-type: none"> Have recently reviewed governance arrangements
A new Partnership Register and toolkit	<ul style="list-style-type: none"> These provide a focus for partnership work and will be used in future training and workshops. The toolkit was finalised in June 2008 and the register was completed in March 2009
New reciprocal arrangements with the PCT	<ul style="list-style-type: none"> The Special Committee (Constitution Review) in February 2009 approved proposals for the Chief Executive of the PCT to attend Executive meeting, including matters related to health from which the press and public were excluded and for the Director of Communities to attend PCT Board meetings
Schools FMSiS	<ul style="list-style-type: none"> At 31/03/09 18 out of 19 secondary schools had met the standard with the remaining secondary school having met it since. 61 out of 87 primary schools had met the standard and all 4 Special schools in the borough.

4. Review of Effectiveness

As with all Local Authorities, the Council operates through a governance framework. This is an inter-related system that brings together an underlying set of legislative requirements, governance principles and management processes. This operates across the Council but the Council has a Corporate Governance Directorate with a stated aim *"to promote the highest standards of conduct, accountability and transparency in the way the Council and its partnerships operate"*.

The governance framework must conform to principles of good governance and the Council has in 2008/09 agreed a Code of Corporate Governance that aims to demonstrate how the Council does this. This Code identifies the supporting principles and the requirements associated with them and, most importantly, the means through which the Council achieves these.

The Council routinely reviews the effectiveness of its governance framework,

including the system of internal control and thereby its compliance with the Code of Corporate Governance, through various means, including this Annual Governance Statement. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, appropriate committee structures, the work of the internal auditors and by comments made by the external auditors and other inspection agencies. The role of and the processes used by the following are particularly highlighted:

The Council:

The Council has responsibility for the budget and statutory policy framework as well as constitutional and quasi legislative functions. It delegates to Council committees many regulatory functions.

The Executive:

The Executive is responsible for considering overall financial and performance management and receives comprehensive reports on a regular basis. It is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.

Overview and Scrutiny Committees:

There is a comprehensive Scrutiny function which holds the Executive to account. A new Scrutiny model and arrangements will be in place from May 2009, designed to further strengthen this function and raise the profile of Scrutiny across the Council.

The Audit Committee:

The Audit Committee met throughout the year to provide independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. It receives regular reports on risk management, internal control, anti-fraud and governance matters. There are also regular reports from the External Auditor, including the report to those charged with governance (the ISA260 report).

The Standards Committee:

The Standards Committee have met regularly throughout the year to consider and review issues relating to the conduct of Members and report annually to the Council on their work. There is an agreed annual work programme, which in 2008/09 focussed on implementing Local Regulation and the biennial Ethical Governance Assessment; the findings from which were received in December 2008 and an action plan agreed. There are agreed protocols and criteria for assessments and determinations and initial assessments have gone well

Internal Audit:

The 2008/09 annual audit plan is risk based and was prepared in consultation with the Directors before being approved by the Audit Committee on 19 March 2008. In delivering the audit plan, reports were issued to the Directors and relevant stakeholders at the conclusion of each audit. These reports capture management actions against reported risks and include the timing of the follow-up audit to confirm implementation of the agreed actions. At the conclusion of each planned follow-up audit during 2008/09 on the audits from 2007/8, management were provided with revised opinion on the level of post audit assurance.

The Audit Committee were kept informed of the progress of the annual plan through the Internal Audit Interim Annual Report 2008/09 on 9 December 2008 and the Internal Audit Annual Report on 29 June 2009. The Council's external auditors review aspects of internal audit each year specifically in order that they can place reliance on the audit work.

Based on the work completed in 2008/09, the Head of Internal Audit and Ethical Governance concluded that there were no significant and material weaknesses in internal controls. Where weaknesses have been identified, management actions have been agreed to mitigate reported risks. Key areas for improvement identified by the Head of Audit include: the Meals Service and Customer Billing, Data Protection Framework, Drug and Alcohol Service, Parking Pay and Display Maintenance and Cash Collection, and Use of Consultants in Environment and Transport.

During 2009/10 consideration will be given to extend the coverage provided by Internal Audit as part of the process to strengthen the internal control environment across the council.

Risk Management:

A Corporate Risk Register exists, which the Council's senior officers use throughout the year to review corporate risks and ensure that actions are being taken to effectively manage the Council's highest risks. Services regularly review their risk registers and any issues they consider to be a corporate risk are discussed by the Council's senior officers prior to inclusion in the Corporate Risk Register. Corporate risk management support services in this process by attending management teams when requested. This system of monitoring and review has proved effective in maintaining the profile of risk management and strategic risks.

Members role on risk management will be developed further in 2009/10 and this will include providing members of the Audit Committee an opportunity to review and challenge Directorate risk registers. The Audit Committee reviewed and challenged the Corporate Risk Register during 2008/9.

Performance Monitoring:

The Councils' performance framework monitors internal and externally driven indicators through the quarterly reporting to Scrutiny Committees, Finance and Performance Review and Member Challenge meetings with Members and First Stat challenge meetings.

Year-end processes:

The year end review of the governance arrangements and the control environment included:

- Obtaining reports from Services that key elements of the control framework were in place during the year in their departments. They were also asked to identify areas where control weaknesses had resulted in significant issues arising for the department and their comments are reflected in this statement
- Obtaining assurances from other senior management, including the S.151 Officer and the Monitoring Officer, that internal control and corporate governance arrangements in these essential areas were in place throughout the year. These assurances were given unreservedly

- Validating assurances obtained by reference to documentation held and by comparing the assurances provided to an evaluation of the effectiveness of the control environment. This comparison revealed no discrepancies or causes for concern
- A review of the external inspection reports received by the Council during the year, the opinion of the Head of Internal Audit and Ethical Governance in his annual report to management and an evaluation of management information in key areas to identify any indications that the control environment may not be sound. All of these were satisfactory

5. Significant Governance Issues

No significant issues affecting the Council's governance framework were identified in 2007/08. However, the Council's Corporate Plan included an objective to 'enhance corporate governance' and a number of actions were identified in 2007/08 to further strengthen existing systems. The position in 2008/09 in respect of those issues is set out below:-

Improvement area:	Present position:
A Local Code of Corporate Governance will be introduced during 2008/09	<ul style="list-style-type: none"> ▪ Has been agreed and will be included in the Constitution from May 2009
Building on previous work on Member development, as referenced above, the training/development plan for Members will be further developed in 2008/09	<ul style="list-style-type: none"> ▪ The Member Development Panel planned a number of innovative programmes/events to support and develop Members on 2008/09 (exampled in section 3) ▪ In May 2009 work will commence on drafting Member Development and Support Strategy for 2009/10 and beyond
The partnerships register that has been compiled of all sub partnerships and groups reporting to the LSP is to be improved to be a register of all the council's partnerships, including contractual partnerships. This work is in progress	<ul style="list-style-type: none"> ▪ This work is complete. All Council services have mapped the partnerships that they are involved in
A review of the established delegated powers arrangements will take place in 2008/09	<ul style="list-style-type: none"> ▪ Review complete and report/recommendations being considered by the Director of Corporate Governance initially
Following a recent Member-led review, recommendations will be implemented to increase the effectiveness of the Council's scrutiny arrangements in 2008/09	<ul style="list-style-type: none"> ▪ The review findings and recommendations were approved by Council in July 2008. Following ratification at the Annual Meeting, new arrangements will be implemented in 2009/10
Business continuity planning is a priority for the Council but some deficiencies in the support for this have been identified and these are to be addressed	<ul style="list-style-type: none"> ▪ A new BC Plan template was adopted for 2008/09, with all services updating their plans in the process. A service by service challenge of all plans took place at the end of 2008
Given the high profile of a few serious cases recently, a review of the Council's information management, particularly security of data in emails and on laptops/data sticks, will take place in 2008/09 to ensure the highest standards of best practice and compliance are being consistently applied;	<p>The General Functions Committee, on 14 January 2009, approved the following policies:</p> <ul style="list-style-type: none"> ▪ Acceptable Usage (New) ▪ Data Protection (Updated) ▪ Information Security (Updated) ▪ Internet and E-mail (Updated) ▪ Password (New)

Improvement area:	Present position:
It has been identified that staff guidance information governance is patchy and not available from one clear source; therefore work is planned to review, consolidate and publicise the guidance on the intranet;	<ul style="list-style-type: none"> There has been a change in responsibility in this area during 2008/09. Guidance on the Intranet has been reviewed and training provided to Link Offices across the Council. General awareness training for all staff is planned for 2009/10. Information Governance Index is now published on the intranet. The index is populated with list of documents we should eventually have to enable staff access to key IG policies and guidance from single source
An internal audit review of the established arrangements for complying with Data Protection Act has been commissioned for 2008/09	<ul style="list-style-type: none"> Internal audit review of the arrangements for complying with Data Protection completed and final report issued on 16 February 2009
The Internal Control Checklist process specifically within the Corporate Governance Directorate will be reviewed in 2008/09.	<ul style="list-style-type: none"> The ICC process for Corporate Governance was audited in 2008/09 - with Limited Assurance. All recommended actions were agreed
Arrangements have been put in place and are being further developed to ensure effective and proper local handling of Member code of conduct complaints under the new system of Local Regulation;	<ul style="list-style-type: none"> The Standards Committee established Sub-committees in May 2008. During the year it has agreed Protocols and Criteria for Assessment and Determination and used the former in making and reviewing assessments
Steps will be taken in 2008/09 to further reduce the approximately 20% of follow-up audits that are still being given limited or no assurance;	<ul style="list-style-type: none"> Management agreed action plan is issued to clients in the majority of the follow-up audits at least one month before the follow-up is due to take place to ensure that management have put in place the agreed actions Further, at the exit meeting stage of the main audit clients are encouraged to be more realistic on the agreed implementation date
A Counter Money Laundering Policy will be put in place to support the Council's already wide range of counter fraud policies and initiatives;	<ul style="list-style-type: none"> An Anti Money Laundering Framework is in place which consists of a set of documents detailing the Legislation, Money Laundering Response Plan, Money Laundering Reporting Toolkit and the CF2ML Referral form. It is awaiting authorisation
Further steps will be taken to ensure that appropriate risk management and health and safety responsibilities are incorporated into the job descriptions of all managers;	<ul style="list-style-type: none"> This has not been addressed in 2008/09. To discuss further with the interim Head of HR
A computerised risk management system is to be implemented to enhance current processes by enabling easier reporting and greater visibility through wider access; this access to include partners and Members:	<ul style="list-style-type: none"> To be implemented in 2009

Significant Issues and Key Priorities for 2009/10:

In 2008/09 some weaknesses have been identified in respect of the system of internal control; the two most significant being a failure at the operational level to

adhere to the Council's Treasury Management Strategy and failures in overall project design and project management leading to a significant overspend against the original budget on the Aerodrome Road bridge project. In relation to the performance of investments with the Icelandic banks and the non compliance to the Treasury Management Strategy two external reviews have been commissioned. The first review assessed the effectiveness of the system of internal control generally across the Council. The second review led by an Ad Hoc Scrutiny Committee appointed by the full Council commissioned an external independent investigation and reviewed both management and performance in relation to the introduction, implementation and monitoring of the Treasury Management Strategy. The external independent investigation found significant and serious deficiencies in the control environment pertaining to the arrangements for Treasury Management. Remedial actions have been taken to address those deficiencies. Other identified control weaknesses are being picked up in an improvement plan. Raising awareness of the importance of the various elements of the system of internal control will be a high priority in 2009/10; to be addressed in various ways including some of those identified below.

The Corporate Plan still identifies enhancing corporate governance as an important objective for the Council and therefore the following have been identified for 2009/10:

Key Priority/Improvement area:	Owners:
Implementation of the new Scrutiny arrangements as agreed at Annual Council May 2009 to ensure effective challenge of the Executive	Democratic Services
The balance of responsibility between service managers and the various systems of internal control to be clarified to ensure robust systems of internal control are in place across the Council	Senior Officers
Initiating a system and identifying a programme for post-implementation reviews of projects, re-structures and major changes in procedures etc in order to capture lessons learnt for future work and re-inforce the requirements for rigorous project management	Senior Officers
Continuation of improvement in Member Development ensuring a progressive and responsive development programme for changing modes of service delivery	Director of Corporate Governance
Re-introducing statutory officer meetings for a variety of purposes including developing the Annual Governance Statement through the year and strengthening the link between it and the Internal Control Checklist	Chief Executive
Reviewing the Scheme of Delegation on recommendation from the Standards Committee as part of the action plan for the Ethical Governance Assessment findings and to ensure a robust and clearly communicated scheme operates	Senior Officers
Strengthen the role and profile of regulatory committees to ensure their fully effective operation	Senior Officers
In the context of the Comprehensive Area Assessment to further develop partnership working towards a goal of 'one public service', including meeting the challenge of new leadership at the Council and the other three leading public services	Director of Strategy
Ensure that governance remains central, rigorous and responsive through changing requirements in service delivery including through the Future Shape programme	Senior Officers

6. Certification

To the best of our knowledge, the governance arrangements, as defined above have been effectively operating during the year with the exception of those areas identified Section 5. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangement. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Leader of the Council: _____

Date: _____

Chief Executive: _____

Date: _____

AGENDA ITEM: 10

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Meeting	Audit Committee
Date	29 September 2009
Subject	Risk Management Framework
Report of	Director of Corporate Governance
Summary	This report seeks to update the Audit Committee on developments within Risk Management and present the current Corporate Risk Register.

Officer Contributors	Paul Lawrence – Head of Risk and Insurance
Status (public or exempt)	Public
Wards affected	None
Enclosures	Appendix A – Corporate Risk Register
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Paul Lawrence – Head of Risk and Insurance 020 8359 7197

1. RECOMMENDATIONS

That the Committee:

- 1.1 note the latest version of the Corporate Risk Register and agree the proposed method of future considering both Corporate and Service Level Risk Registers.**
- 1.2 note the Risk Management Strategy and operation will be reviewed in conjunction with the action plan following the review of the Council's Internal Control Environment and the implementation of the Risk Management IT system and will be reported to a future meeting.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Audit Committee 20th June 2008, approval of Risk Management strategy.
- 2.2 Audit Committee 9th December 2008, noted the process adopted by Corporate Directors in the assessment of Corporate Risk and the classification of and movement between risk categories.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The presence of strong risk management policies and procedures is paramount to the authority achieving all of its corporate priorities and as such impacts on all the corporate objectives.
- 3.2 The requirement of a Risk Management Strategy and strong risk management processes and procedures underpins the Council's annual Use of Resources assessment which will continue to be a central part of the Comprehensive Area Assessment.

4. RISK MANAGEMENT ISSUES

- 4.1 Failure to identify a risk management strategy will have a significant negative impact on the Authorities ability to demonstrate embedded risk management processes and procedures.
- 4.2 Without a strong risk management strategy within the Authority we will not be able to ensure consistent processes are in place for managing risk.
- 4.3 Poor risk management processes and procedures will have a direct negative impact on the Authority's external inspection and assessment ratings.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Effective management of risk gives assurance in the provision of services to the entire community on an equitable basis.

6. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 6.1 Strong risk management processes and procedures protect the Authority from potential financial implications and enhance the control environment and governance requirements.

7. LEGAL ISSUES

- 7.1 None.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution part 3 responsibility for functions, section 2 responsibility for Council functions, details the terms of reference for the Audit Committee to provide independent assurance of the adequacy of the risk management framework.

9 BACKGROUND INFORMATION

- 9.1 The Corporate Risk Register is monitored, reviewed and updated quarterly at Council Directors' Group. The current register is attached as Appendix A
- 9.2 In response to the request from the Audit Committee for Members to be able to better track the changes to revised impact and likelihood assessments a revision was made to the strategy and this can now be seen in operation in the Corporate Risk Register. Risk owners are required to record revisions to assessments when annotating action taken including where action is taken but there are no changes to the likelihood and impact.
- 9.3 Following identified concerns in compliance and the risk that this may occur in other areas of internal control, a review of the internal control environment has been conducted. A report will be made to a future meeting of the Audit Committee setting out the action plan. Changes to the management of risk and supporting Internal Control Checklist process will be made in accordance with the action plan and will be reflected in the strategy and operational procedures.
- 9.4 Committee have requested, in addition to the Corporate Risk Register, that Service Risk Registers are presented to Audit Committee for scrutiny. It is proposed that Directors will be invited to attend subsequent meetings in turn to present the key risks facing their service. It is proposed that Directors are asked to present their risk registers in the following order:-

Adults, Children's, E&T, Resources and Major Projects, PHR, Governance.

In this order Committee will consider the larger frontline services first followed by large supporting services and the rest. Audit Committee are asked to agree this order. Once agreed, the first Service Risk Register will be presented to the Audit Committee on 16 December 2009.

- 9.5 Installation of the Risk Management IT System will be completed by the end of September 2009. The Corporate Risk Team and Service Risk Champion 'Super-Users' will be trained on and commence use of the live system from October 2009. Further roll out of training to all risk leads and Members will follow shortly afterwards. Changes to practice arising out of the use of the system will be reflected in the Strategy and guidance notes and reported to a future meeting.
- 9.6 The existence of the Risk Management Strategy will contribute to improving risk management processes and procedures across the Authority by providing a consistent framework for managers to operate within and will assist to maintain our CPA assessment on risk and assurance.

10 LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal:

CFO:

2009/10 Corporate Risk Register																		
Number	Corporate Priority	Objective	Risk Type	Risk Description	Risk Raised by	Date Raised	Controls in place	Initial Assessment		Mitigating Action	Lead Officer	Last updated	Action taken	Current status	Revised Assessment		Closure Date	Closing Authority
								Likelihood	Impact						Likelihood	Impact		
1	A successful suburb	Deliver the Three Strands approach of Protect, Enhance and Grow	Reputation	Deterioration in the quality of the suburbs, for example, a lack of enforcement or attention to quality of design	Directors	03/07	Strategic management liaison facilitated through 'Place' theme meeting. Enhanced PEPS performance management system based on monthly performance monitoring with senior service managers. Member challenge meetings used to track performance and ensure coordinated actions. Rigid managerial control processes to improve the quality of development management proposals and the quality of applications proposed to Committee. 23/01/08 Update - Contract in place to deliver Aerodrome Bridges project. 10/02/09 Update - Principal Development Agreements for Regeneration schemes include obligations to ensure the delivery of quality design. 17/02/09 Update - Gardiner and Theobold have delivered their report and recommendations for project close. 31/07/09 - Control of project governance and financial management implemented a reported in detail else where.	high	high	Making progress with the renewal of the Aerodrome Bridges project in Colindale utilising opportunity borough funding. Close monitoring of the trajectory of S.106 revenues, recruitment of dedicated S.106 revenues, recruitment of dedicated S.106 Monitoring Technician to improve controls on S.106 finance generation, introduction of consistent, standardised S.106 clauses in planning approvals. Preparation of planning briefs for town centres subject to rapid change or large new development proposals to manage development in a structured way. Creation of Area Action Plans for very large areas of change in Mill Hill East and Colindale. 23/01/08 Update - Aerodrome Bridges project in Colindale underway, utilising opportunity borough funding. 18/02/09 Update - Review use of consultants support and plan for project close. 31/07/09 - Lessons learned report to be carried out by project close consultants and reported to members upon completion.	Director of Planning, Housing and Regeneration / Director of Environment and Transport	27/08/2009	Update:27/08/09: GAF 3 -The Council has been successful in bidding for GAF 3 funding to assist in delivering the infrastructure necessary to support planned growth. An allocation of £13.63 million to 2010/11 was secured by Barnet in Dec. 2008 & broad allocations to regeneration/growth area projects agreed by CRC in April 2009. However re-prioritisation by the government in July 2009 means that Barnet's allocation has now been reduced by approx. 20%. The Minister is currently being lobbied on this by all affected authorities but if this cannot be clawed back, the agreed allocations will need to be reprofiled by CRC in October 2009. Town Centre Strategies - Suburban Town Centre's Strategy identifies 6 priority town centres. As of Aug 09 Town Centre Strategies are under preparation for: North Finchley - due for adoption Dec 09 New Barnet - due for adoption Dec 09 Edgware - due for adoption Jan 10 Finchley Church End - due to adoption Feb10 Work is underway with E&T looking at issues in Chipping Barnet Town Centre to input into a strategy for 2010/11. Potential sites are being co Mill East AAP - adopted Jan 09 but potential risk Introduced robust project governance and financ	Open	High	high		
2	Clean, green and safe	Delivering waste reduction through waste management	Operational	Inability to achieve Government targets leading to financial penalty.	Directors	03/07	Implement Waste Prevention strategy Implement organic waste service	high	high	Waste Prevention Strategy ongoing. Service offered to all house with gardens January 2006. Continue to promote service through Web Site and media generally.	Director of Environment and Transport	27/08/2009	Update 18/06/08 - Waste prevention figures are reducing to target. Recycling targets are not being achieved to fourth quarter final information is being compiled. 25/10/07 - Significant reductions only possible by monitoring dry recyclables and other associated waste origins such as side waste. 13/06/2008 - Projecting that in 2007/08 will collect more household waste per head than in 2006/07. Recycling and composting rate has improved in 2007/08 compared to 2006/07, but did not meet the target. New recycling services contract has been procured, which will mean plastic bottles and cardboard will be collected from November 2008, which will improve the recycling and composting rate. NLWA has procured some additional composting capacity for 2008/09, however it is likely that Barnet will require more than this. Waste arisings - significant reductions only possible by monitoring dry recyclables (compulsory recycling) and other associated waste origins such as side waste. Update 27/08/09: Working with NLWA on development of future waste services to meet future recycling targets including the achievement Action taken does not changed revised likelihood	Tolerated	High	High		

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								Likelihood	Impact						Likelihood	Impact		
3	Clean, green and safe	To reduce the fear of crime.	Reputation	The fear of crime by members of the community remains high causing damage to the Authorities reputation.	Directors	03/07	Community Protection Group in place to co-ordinate work on reducing crime and the perceptions of crime. Implementation of Street lighting PFI	high	high	Communication/Publicity plan in place. Targets set and monitored. CPG group have set up a Priority Intervention Team specifically to provide community reassurance. Commence operational aspects of the contract to ensure delivery.	Director of Environment and Transport / Deputy Director of Corporate Governance	02/09/2009	27/1/09 UPDATE: The contractor is progressing well with designing new schemes and installing new columns, however the progress of the Core Investment Programme has been delayed due to the lack of resources provided by the Electricity Company EDF in connecting the power supplies to the new columns. In order to recover the position a revised programme has been produced which shows the progress to be aligned with the contract milestones by April 2009. EDF have given a commitment to provide additional resources in order to achieve this target. 02/09/09 UPDATE: The annual assessment of crime and disorder was completed in March 09 and Safer Communities Partnership priorities were agreed which are reflected within the Local Area Agreement. Regular multi agency operational group meetings, informed by the latest intelligence and analysis, target the partnership response to identified priority crime types through a problem solving process. Additionally a Safer Communities Action plan has been agreed which details and tracks key activity across the partnership to tackle the crime Performance is reported to the Safer Communities Action taken does not change revised Likelihood	Tolerated	medium	high		
4	Strong and healthy	Delivering equality of service to all residents	Strategic	Differential needs of communities poorly understood or not addressed, thereby leading to poorer outcomes and missed targets.	Directors	03/07	Single Equalities scheme in place. Reviews at First Stat and F&PR	high	high	Six monthly assessment of actuals vs target with corrective actions introduced where necessary.	Executive Director for Communities	18/08/2009	Single Equalities scheme approved by Council. Update 18/8/09 - Annual report approved by Cabinet - December 2008 plus confirmation of mainstreaming. Level 4 of Local Government Equalities Standard obtained 2008, with external audit assessment. Continues to be included in F&PR and First Stat monitoring. To be included in internal audit programme 2009/10. Activities and targets for 09/10 and 10/11 affected by delay in agreeing new corporate plan. Also outstanding question of corporate lead on equalities, given retirement of Executive Director. Action taken does not change revised Likelihood or Impact Assessments	Open	medium	high		
5	Supporting the vulnerable	Maximise the independence of older people and those requiring care or support.	Operational	Insufficient range of social care services provided with poor choice of access and ineffective management of the change process.	Directors	01/03/2007	This is covered by the Adult Social Services Vision Action Plan	high	high	Regular reviews of the progress towards the actions identified in the Vision Action Plan will ensure close monitoring of this risk.	Director of Adult Social Services	18/08/2009	Update 17/08/09 Mitigation of risk of insufficient range of social care services: Strategic Commissioning Team and Supply Management Team both in place, providing greater capacity to manage broadening of services available. Mitigation of risk of poor choice of access to services: funding for the development of external brokerage in 2008/9 has been allocated, and a framework for this is in draft. Work is also underway to specify an online service directory and service user forum. This will increase both the range of information available about services, and the number of ways in which it can be accessed. Mitigation of risk of ineffective management of the change process: project team with change management capacity still in place. Cross-departmental management working group is in place to coordinate and drive implementation of large scale restructure and associated practice change Update 18/08/09 Plan is now in implementation stage and therefore the corporate risk is closed, the risk will now be managed through the Directorate risk register.	Closed	low	high	18/08/2009	Statutory Officers

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								Likelihood	Impact						Likelihood	Impact		
6	Supporting the vulnerable	Deliver the Housing Strategy to increase the availability of affordable housing and provide real alternatives to homelessness.	Strategic	Low cost home ownership products developed that are not in demand or affordable	Directors	03/07	Regular monitoring of the individual schemes, products and of their take up, sales and prices.	high	high	27/01/09 UPDATE - All low cost home ownership advertised on Home Connections. Marketing list to gauge and quantify demand and to target marketing. Recently had a high number of shared ownership sales - demand is greater than supply. Open market homebuy programme which is a small in Barnet compared to shared ownership is struggling nationally and the Housing Corporation are looking to attract more financial institutions to be involved. Information on Open Market Home Buy sent to all Council tenants who were working in March 07 Update 19/08/2009. This risk needs to be seen in context of targets for the delivery of affordable housing. Negotiations are underway with the London Mayor to stick with the LAA target of 2269. However, our latest assessment of what is achievable is 1250 by March 2011, but this rises to 2800 if extended by 2 years. Kick start funding has been secured for Stonegrove/Spur Road and discussions are continuing with the HCA about West Hendon.	Director of Planning, Housing & Regeneration	19/08/2009	Annual targets set to be taken forward in 2008 corporate plan 19/08/09 update to Mitigating Action, No change to Revised Likelihood or Impact Assessments. 28/08/09 update - Closed, risk is managed within risk 12	Closed	Low	High	28/08/2009	Statutory Officers
7	A bright future for children and young people	Maintaining child protection	Strategic	Sustainability of the substantial progress made with respect to outcomes for our most vulnerable children.	Directors	03/07		high	high		Director of Children's Services	22/05/2007	Superseded by risk 12	Closed	low	low	22/05/2007	Gillian Palmer
8	More choice, better value.	Better outcomes for the Community through effective partnerships	Operational	Ineffective governance arrangements for partnerships. Poor services delivered through partnerships and low levels of satisfaction. Partnerships are not accountable, do not add value and objectives are not met.	Directors	03/07	Partnership Register includes partnership structures and membership and terms of reference for every partnership within LSP family Partnership agreements in place for members of partnerships to commit resources and their agreement to be challenged Partnership agreements in place for all relevant partners to commit to delivering LAA targets Performance management through quarterly performance updates to each Partnership Board, a quarterly exception report to the LSP and a full six monthly performance report.	high	high	Updating of partnership register Internal Audit to undertake Audit of partnership guidelines, partnership register, partnership agreements, governance and risk management arrangements	Policy and Partnerships Group Manager / Director of Corporate Governance	24/08/2009	12/05/09 UPDATE - Council approved 15 April 2008 new governance arrangements relating to partnerships and LSP formally signed off revised Terms of reference and constitution and risk register 20 May 2008. Each LSP member has now signed partnership agreement. Safer Communities Partnership Board adopted new governance document 22 Sept 2008. Partnership toolkit guidance has been updated collaboratively using Use of resources Project Board as sounding board and final version published on intranet. and shared drive All SMT's have been visited and supplied details of all partnership arrangements- those received have been mapped in matrix fashion to provide complete picture of council's partnerships. These were circulated to Directors with request to review march 2009. Action taken does not change Revised Likelihood or Impact Assessments 24/08/09 UPDATE - an annual report on the governance and performance of the LSP and related partnerships is scheduled to be submitted to the October Cabinet meeting, this does not change the revised likelihood or impact assessments.	Open	medium	high		
9	More choice, better value.	Effectively manage the change agenda to deliver fit for purpose services.	Strategic	Organisation resistant to change and services don't meet client needs.	Directors	03/07	An effective risk management approach at corporate, service and project level ensures that change risks are managed. A system of project and programme monitoring through the Project Support Team and the Capital and Assets Group is being put in place Budget and Performance Management systems identify and an early stage and seek to problem solve potential impact of change agenda on performance	high	high	An OD and Change Team has been established to provide support and development to service going through change programmes and share practice The project methodology implemented provides for better identification and management of change issues The Council's Managing Change policy provides an agreed framework for managing the HR aspects of change	Director for Resources	18/06/2008	Project management methodology now supplemented by business process and change management toolkit. Update 17/01/08: Directors agreement to new work on future of organisation Planning and consultation has commenced. Other change programmes now in delivery phase Updated 20/03/08 - Scoping phase of new organisation work commenced, work stream owners identified and programme management in place. Update 18/06/08 - Request to close this risk as Future Shape Programme Board is now set up to meet the existing and future strategic challenges facing the council.	Closed	medium	Medium	01/07/2008	Directors - action taken - Future Shape Programme Board has been set up to meet the existing and future strategic challenges facing the council.

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								Likelihood	Impact									
10	More choice, better value.	Maximise residence satisfaction levels	Operational	Perception remains that "the Council doesn't do enough for people like me", and our lead over other London boroughs continues to erode.	Directors	03/07	Recommendations to Directors.	high	high	Paper to Directors 02/05/07 with analysis and recommendations for approach and specific actions.	Director of Resources & Director of Strategy.	18/08/2009	28/08/09 Update - Customer satisfaction continues to decline 60% 03/04, 51% 08/09 (Source The Place Survey 2008). Ways we are responding to this include customers services theme in the Corporate Plan; usual performance management routes including reporting to Directors; Internal communication campaign to raise profile; reviewing Customer Access Strategy in order to develop improvement initiatives to tackle decline in satisfaction and perceptions of the council. Action taken does not changes revised Impact to High, Likelihood remains medium.	Open	Medium	High		
11	More choice, better value.	Set Council Tax increases in line with the Medium Term Financial Strategy and maintain adequate reserves and balances.	Financial	Financial risks arising from council activities and projects, and factors outside the council's control (eg, Government grant levels and litigation).	Directors	03/07	Effective financial forward planning, incorporating financial risk register. Budget Board Corporate Assets Groups (CAG) Regular budget and debt monitoring, and reporting to CRC.	high	high	1. Inclusion of Financial Forward Plan in the Budget Report to Council in March 2007, which modelled different scenarios for service pressures. This sets the overall framework for 2008/09 budget development. 2. Reporting of a comprehensive corporate financial risk register in the Budget Report, and the inclusion of costed updates in monitoring reports to CRC. 3. Report to Directors on 3 May 2007, which reviews the 07/08 budget process and sets the scene for 2008/09. 4. Cabinet event planned for July 2007.	Director of Resources & Chief Finance Officer	10/06/2008	10/06/08 Update - achieved a council tax increase in line with the MTFS	Closed	Low	Low	01/07/2008	Directors - action taken achieved a council tax increase in line with the MTFS.
12	A bright future for children and young people	To improve outcomes for vulnerable children (to be healthy, safe, enjoy and achieve, make a positive contribution and achieve economic well being)	Strategic	Outcomes for vulnerable children do not improve.	Director of Children's Services	05/07	Clear priorities and performance measures to improve outcomes are agreed by CYPSPB and Cabinet and set out in Barnet's Children and Young People Plan/KPP	Medium	High	Priorities of CYPP embedded in service plan and team plans. Corporate and service level performance management cycle in place and fully operational.	Director of Children's Services	01/04/2008	Recent APA confirms decisive response to JAR recommendations and rigorous performance management within the service.		Low	High	01/04/2008	Directors - action taken has removed the risk to the authority and therefore this will be dealt with at service level
13	A successful city suburb	Ensure planned new housing is delivered	Strategic	Housing market downturn affecting the delivery of both regeneration and low cost home ownership schemes. Delays are extending number of temporary tenancies and the length of stay by temporary tenants on the regeneration estates.	DHPR	27.8.09	Continual monitoring of the housing market and of individual schemes	High	Medium	1. Kickstart bid successful for Stonegrove, for GP bank has released funding and we will be re-bidding for Kickstart (2) for GP and West Hendon. We will also apply to the Mayor's Targetted Funding Stream for GP. 2. Dollis Valley regeneration is being reframed to suit the market. 3. Cabinet report in June 2009 agreed releasing later phase tenancies on GP as secure. 3. CRC report Sept 2009 will offer regen voids to be ASTs.	Director of Planning, Housing and Regeneration							
14	More choice, better value	Set Council Tax increases for 2009/10 in line with the Medium Term Financial Strategy and maintain adequate reserves and balances.	Financial	Financial forward plan approved by Council in March identified a budget gap of £10m which needs to be bridged to deliver Council Tax in line with MTFS	Deputy Director of Resources & Chief Finance Officer	10/06/2008	Effective financial forward planning, incorporating financial risk register. Key Priorities Board Corporate Assets Group (CAG) Regular budget and debt monitoring, and reporting to CRC	High	High	Budget process reported to Directors, Key Priorities Board in place, all directors asked to identify the implications of having only 85% of their current budget	Director of Resources & Chief Finance Officer	12/02/2009	KPB met every three weeks including detailed away day reviewing all services. Updates taken to CDG. Further KPB meetings scheduled. Detailed proposals to CDG end October. 12/02/09 UPDATE - Proposed closure of risk as council tax set in line with MTFS. Likelihood changed from Medium to Low, Impact changed from High to Low as council tax has been set in line with MTFS and therefore the risk be closed.	Closed	Low	Low	03/03/2009	Directors
15	A bright future for children and young people	To provide better primary school accommodation to schools identified as being in a poor state of repair.	Financial	The project becomes unaffordable due to construction inflation rising higher than the proportionate increase in land value	Resources Management Team	12/06/2008	Educational Capital Programme Board	Low	High	Monitor the value of disposals sites against the BCIS index to inform the programme board. Decision points at key stages to confirm affordability and whether to progress to next stage.	Director of Major Projects	18/08/2009	18/08/09 UPDATE - Build programme is phased and linked to land values and cash flow. Monitoring will determine whether it is appropriate to proceed to the next planned scheme. Action taken does not change revised Likelihood or Impact Assessments.	Open	Low	High		
16	More choice, better value	To ensure that our pay and grading system provides a transparent and fair mechanism in terms of remuneration and non-pay benefits	Financial	Failure to deal with pay and grading issues can have financial implications to the council in terms of claims under equalities legislation	Resources Management Team	12/06/2008	Pay and grading action plan has identified 9 major risks of which 2 have been resolved and work advanced on four others. 27/01/09 - 6 non major risks remain.	Medium	High	Continue actions identified in the pay and grading action plan to minimise or eliminate risks	Director of Resources	12/05/2009	Update 12/05/09 - Equal Pay Audit scheduled for June 2009. Pay & Grading Action plan to be revised post Audit. Pre Hearing at ET on May 21 & 22 for 57 Equal Pay Claims from employees supported by GMB - Potential costs post hearing. New Equal Pay Claim submitted by employees via Unison 30 April - received 7 May . At Grievance stage - potential costs once comparator known Action taken does not change revised Likelihood or Impact Assessments	Open	medium	High		

2009/10 Corporate Risk Register																		
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								Likelihood	Impact						Likelihood	Impact		
17	More choice, better value	To meet the existing and future strategic challenges facing the council.	Strategic	Should the programme take a route which then fails the risk is that we no longer provide excellent services to citizens and customers and that our reputation as an excellent authority would be damaged	Future Shape Programme Director	12/06/2008	Future Shape Programme Board	Low	High	The programme board and Members will be engaged at each stage of the process to ensure that progress being made and direction taken is not likely to result in the authority making changes which would result in a damaged reputation	Future Shape Programme Director	16/02/2009	19/09/08 - time has been allocated on the programme plan and is in both Directors and Cabinet Members' diaries to assess the options being put forward by the programme team. The team is also working closely with the Trade Unions and has planned a series of workshops to engage staff, as well as having set up the online forum. 16/02/09 UPDATE - Cabinet has given the go ahead for a second phase of the programme that will consist of substantial feasibility work on seven key strands of Council and partner activity. In the period to June 2009, a number of groups involving Council and partner staff will explore ways in which improvements and savings will be made. Many of these will consult in a targeted way with Barnet residents. The groups will report back to the Cabinet in the summer detailing proposals about where savings and improvements can be made. Should the Cabinet decide after that to change what services are provided or who supplies them, this will be done on a business case by business case basis, taking full account of the likely impact on residents and staff, and the risks Action taken does not change revised Likelihood	Open	Low	Medium		
18	Clean, green and safe	Secure Replacement Waste Disposal Facilities through the North London Waste Authority at Minimum Additional Cost to the Council	Financial	As NLWA is responsible for disposing/treating the waste that Barnet collects any costs of providing this service is passed back to the constituent authorities (which includes Barnet). In the future the cost of disposing/treating waste will go up significantly to enable landfill targets and recycling targets to be met. Barnet needs to be actively involved in this procurement to mitigate the significant financial impact.	Director of Environment and Transport	24/09/2008	Active engagement with NLWA procurement team to ensure proposals fully understood and all options considered. Reports to meeting of the cabinet	High	High		Director of Environment and Transport	01/09/2009	18/02/09 UPDATE - Barnet Waste Project Board has been set up, first meeting took place on 12 Feb. Role is to co-ordinate officers views, responses and reports. Continuing to work closely with NLWA. 15/07/09 Update Barnet Waste Board has been set up with terms of reference. Membership of board includes leader, Cabinet member for Environment & Transport, Chief Executive, Director of Planning and Director of Environment & Transport. Three meetings have taken place so far. Risk register has been produced and is reviewed & updated at each meeting. Likelihood and Impact Assessments remain High/High	Open	high	high		
19	More choice, better value	Set Council Tax increases in line with the Medium Term Financial Strategy and maintain adequate reserves and balances.	Financial	Loss of funds and investment interest arising out of an inadequate Treasury Management Strategy.	Treasury Manager/Assistant Director Resources (Strategic Services)	29/10/2008	Treasury Management Strategy	Medium	Medium	Ongoing review of the Treasury Management Strategy, proposed changes to the Treasury Management Strategy are taken to Cabinet Resources Committee for approval prior to implementation, review capital programmes, review timing of large payments to reprofile cash flow, seek alternative external funding, regular treasury management meetings between Treasury Manager, Assistant Director of SF and Director of Finance, Treasury Activities reported to Cabinet Resources Committee on a quarterly basis	Director of Resources	02/09/2009	12/02/09 UPDATE - Director of Resources leading on negotiations and attending creditors meetings. DoR Chairing Landsbanki/Giltinir steering committee. Core action pending to determine creditor status. Action taken does not change Revised Likelihood and Impact Assessments. 21/04/09 UPDATE - Member Challenge round taking place in May as a start to the Member involvement in the budget process for 10/11 29/07/09 UPDATE - Treasury Management Activities for the year ended 31 March 2009 reported to Cabinet Resources Committee 02/09/09 UPDATE - Treasury Management Activities for the quarter ended 30 June 2009 Action taken does not change Revised Likelihood and Impact Assessments.	Open	Medium	Medium		
20	A Bright Future for Children and Young People	Keeping children safe (Safe at home, safe at school, safe in the community)	Operational	Significant increase in number of referrals, assessments, children subject to a child protection plan and children in care due to heightened awareness. 28/04/09 Update Evidence of emerging difficulty to recruit to social care workforce	Director of Children's Service	25/02/2009	Close monitoring of number of referrals, assessments and children in care	High	High	Review and analysis of trends in referrals, children in care, caseloads and social work vacancies. Promotion of referral thresholds among referring partners.	Director of Children's Service	26/08/2009	Update 28/04/09 New recruitment campaign to fill Social Work vacancies. Action taken does not change Initial Likelihood and Impact Assessments. Update 26/08/09 The increased level of social work activity continues to rise and based on qtr1 position will exceed the level within 08-09. The additional resource required to meet this increased and ongoing level of activity is currently being costed and will form part of the budget process. Action taken does not change the likelihood and impact assessment.	Open				
21	More choice, better value	Income Maximisation	Financial	Reduction in income from temporary accomodation due to Housing Benefit Subsidy changes wef April 2010 - projected net reduction £2.2m	Director of Planning Housing and Regeneration	21/08/2009	TA Strategy developed to mitigate reduction	High	High	Report to CRC Sept 2009. Key actions proposed: Convert Nightly purchased stock to leasing arrangement, review operation of in house PSL scheme, reduce operating costs of placing clients in private rented sector	Director of Planning Housing and Regeneration			Open				

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								Likelihood	Impact						Likelihood	Impact		
22	Clean Green and Safe	To ensure safety of council tenants in the event of a fire following Southwark tradegy	Operational	Risk of serious injury or death in council homes	Director of Planning Housing and Regeneration	18/08/2009	Officer group including representatives from Barnet Homes, PHR and Risk and Insurance Team to monitor progress	High	High	Liaison with LFB, actions to ensure FRA's carried out and approach adjusted to take account of investigations into Southwark incident. Report to CHRC 25 Aug 09.	Director of Planning Housing and Regeneration			Open				

2009/10 Corporate Risk Register - proposed additions

Number	Corporate Priority	Objective	Risk Type	Risk Description	Risk Raised by	Date Raised	Controls in place	Initial Assessment		Mitigating Action	Lead Officer	Last updated	Action taken	Current status	Revised Assessment		Closing Date	Closing Authority
22	Strong and healthy	To ensure delivery of all services whose interruption could cause loss of life, loss of the council's reputation or significant financial loss.	Operational	Critical services will not be delivered to vulnerable clients during the current swine flu pandemic.	Chief Executive	24/08/2009	Business impact analysis carried out to identify critical tasks. BC daily absence reporting. Corporate BC team with reps from each service area.	Medium	High	Business Continuity Planning Strategy. Service business continuity plans. Regular BC forums to coordinate service and corporate responses.	Chief Executive			Proposed				
23	Barnet as a successful city suburb	Minimise the impact of the recession on the community by ensuring sustainable paths to training and employment, including support for vulnerable people and those claiming benefits. Promoting independence.	Operational	Lack of opportunities for employment and increased unemployment with resultant negative social and economic impacts. Increased business failure. Insufficient range of employment and training opportunities with poor understanding of business' skills requirements. Lack of support including suitable affordable childcare and targeted programmes for the most vulnerable groups.	Director of Planning Housing and Regeneration	26/08/2009	Skills Development Group including representatives from PHR, Children's Services, Barnet College and Job Centre Plus to monitor progress	Medium	Medium	Strategy to be agreed, delivered and monitored by the Skills Development Group.	Director of Planning Housing and Regeneration			Proposed				
24	A Bright Future for Children and Young People	Transform secondary education through the Building Schools for the Future	Strategic	Secondary schools do not effectively engage with programme causing delay. Insufficient capacity within council to deliver programme. Unforeseen expenditure (e.g. cost of establishing Local Education Partnership subject to market forces).	Director of Children's Service	27/08/2009	Educational Capital Programme (ECP) Board established at Director level to oversee all aspects of programme.	Medium	High	Detailed delivery plan, financing plan and stakeholder engagement strategy. Monthly reports to ECP	Director of Children's Service		Detailed delivery plan and financing plan in development ready for 6th October REMIT meeting with DCSF and PIS..	Proposed				
25	More choice, better value	Minimise the risk that the recession will reduce income across several service areas.	Financial	Significant reductions in income from Land Charges / planning and building control have already been reported.	CFO	02/09/2009	The regular monitoring reports to CRC highlight areas where income collection is a problem. Debt management performance is also included.	High	High	Directors have a responsibility to take action to mitigate reductions in income which will be enhanced by the development of the Financial Improvement Plan.	All Directors		Services are looking to increase market shares, income generation outside of the borough and staffing levels. Land charges and planning income shortfalls in 2009/10 have been covered by contingency allocations. Any further deterioration would fail to balance if not mitigated	Proposed				
26	More choice, better value	To minimise the impact of the recession on public finances.	Financial	Potential reductions in all government grants. Institute for Fiscal Studies have forecast a real reduction in government departmental expenditure of 2.3% per annum after the next spending review.	CFO	02/09/2009	The budget and forward plan process includes the monitoring of central government and local government representative bodies' announcements that give early warning of future grant changes.	High	High	The Future Shape programme and other corporate budget proposals will need to generate efficiency savings to protect priority services within an envelope of reduced resources. All Directors must report grant changes to CFO as soon as known and	All Directors		The financial forward plan assumes no formula grant increases from 2011/12. However, this may be optimistic in the light of the IFS figures.	Proposed				
27	More choice, better value.	Effectively manage the change agenda to deliver fit for purpose services.	Strategic	There are a number of change initiatives within the council at present. There is a risk that if they are not implemented in a co-ordinated way that: staff will find it difficult to understand the critical changes required and will become resistant to change; we will not realise the benefits and efficiencies we seek; and we will not bring partner organisations with us. Ultimately the risk is of ineffective execution of change programmes and therefore that services will not meet customer needs in the future.	Directors Group	09/09	A risk management approach at corporate, service and project level A co-ordinated approach to the significant change programmes in line with future shape objectives Budget and Performance Management systems identify at an early stage and seek to problem solve potential impact of change agenda on performance	Medium	High	Regular and comprehensive financial, performance and risk reporting to Directors' Group A clear planned roll out of change initiatives that links them all into the objectives of the Future Shape programme and the key themes in the corporate plan. The Council's Managing Change policy provides an agreed framework for managing the HR aspects of change Establish a Future Shape implementation governance structure that includes senior representatives of partner organisations, and regular engagement with/briefing of partners through CEG and other fora.	Director of Strategy	03/09/2009	03/09/09 Update: Corporate plan published and communications programme rolling out. 'Theme months' starting in September with senior officer and Councillor sponsors. Communications, stakeholder and implementation plans for publication of the final Future Shape report being developed. Senior staff member identified to co-ordinate change programmes? Future shape plans discussed in CEG, LSP and other partner fora.	Proposed				