

AGENDA ITEM: 12 Page nos. 58 - 72

Meeting	Audit Committee
Date	21 September 2010
Subject	Annual Governance Statement
Report of	Director of Corporate Governance
Summary	This report seeks approval of the Annual Governance Statement

Officer Contributors	Richard King - Interim Assistant Director Audit and Risk Management
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix A – 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 inclusion with the Statement of Accounts for 2009/10.**

2. RELEVANT PREVIOUS DECISIONS

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

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Council's objectives include the priority "Better Services with Less Money" within which is the further aim "To improve the effectiveness and transparency of decision making within the Council" .
The Annual Governance Statement is a public document that shows that the Council recognises that there are areas for improvement; the Committee's scrutiny of their progress supports the Council's objectives.

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

- 6.1 Sound corporate governance is at the heart of effective use of resources. Embedding the AGS framework within the business planning and performance management framework will ensure a robust corporate approach is maintained for the future.

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 Regulation 4 of the Accounts and Audit Regulations 2003 (amended 2006) requires a local authority to conduct a review at least once a year of the effectiveness of its system of internal control and publish a statement on internal control (SIC) each year with the authority's financial statements.

9.1.2 The requirement for an authority to produce a SIC has been replaced by a requirement to prepare an Annual Governance Statement (AGS).

9.1.3 Circular 03/206 issued by the DCLG in August 2006 stated that proper practice in relation to internal control would include guidance in the “Corporate Governance in Local Government. A keystone for Community Governance (Framework and Guidance Note)” produced by CIPFA/SOLACE in 2001. The CIPFA/SOLACE Framework was revised in 2007 and it is this Framework which requires authorities to produce an AGS rather than a SIC to meet the requirements of the Accounts and Audit Regulations 2003 (as amended).

9.1.4 The CIPFA/SOLACE Framework is titled “Delivering Good Governance in Local Government”. It sets out the following core principles of corporate governance. They are:-

1. Focussing on the purpose of the authority and outcomes for the community and creating and implementing a vision for the local area.
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
5. Developing the capacity and capability of members and officers to be effective.
6. Engaging with local people and other stakeholders to ensure robust accountability.

9.1.5 In essence, the AGS is the formal statement that recognises, records and publishes the Authority’s governance arrangements as defined in the framework.

9.2 Content of the AGS

9.2.1 The AGS should incorporate a review to ensure that the Council has effective governance, risk management and internal control processes in place. Actions being taken or required to be taken should be identified. (Section 5 of the Statement, attached, identifies the Improvement Areas for 2010/11)

9.2.2 The best practice framework provides guidance on what the AGS should contain including:-

- Responsibilities for ensuring there is a sound system of governance (incorporating the system of internal control).
- Indication of the level of assurance that the systems and processes that form the governance arrangements can provide.
- Brief description of the key elements of the systems and processes that have been applied in maintaining and reviewing the effectiveness of the governance arrangements.

- An outline of the actions taken, or proposed to deal with significant governance issues, including an agreed action plan.

9.2.3 The purpose of the AGS is to report on the Council's governance arrangements and covers all systems processes and controls, spanning the whole range of its activities.

9.3. Process

9.3.1 The Framework requires the AGS to be reviewed at least once a year. The AGS document is required to be included in the annual statement of accounts. Since the Draft Statement was reported to the Committee on 21 June 2010, the Council's External Auditors have commented upon the Draft and these comments have been considered and appropriate revisions made to the text that was approved by members at the previous meeting.

9.3.2 Part of the review process includes this reporting to the Audit Committee, which is responsible for assessing that the arrangements in this respect are effective to determine if their work during the year has identified issues of significant weakness.

9.3.3 If the Committee approves the AGS it will be incorporated into the statement of accounts for 2009/10 which is considered later on the Agenda.

9.3.4 The Audit Committee is asked to approve the Annual Governance Statement 2009/10 for the purpose of the statutory reporting requirement. The AGS for 2009/10 is attached at Appendix A

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

Finance: CM

ANNUAL GOVERNANCE STATEMENT 2009/2010

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 economy, efficiency and effectiveness.

In discharging this overall responsibility the Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions including 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 Government. This statement explains how the Council has complied with the code and also meets the requirements of regulations 4[2] of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit Regulations 2006 in relation to the publication of a statement of internal control.

2. The Purpose of the Governance Framework

The governance framework encompasses the systems and processes, culture and values, by which the authority is directed and controlled and its 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.

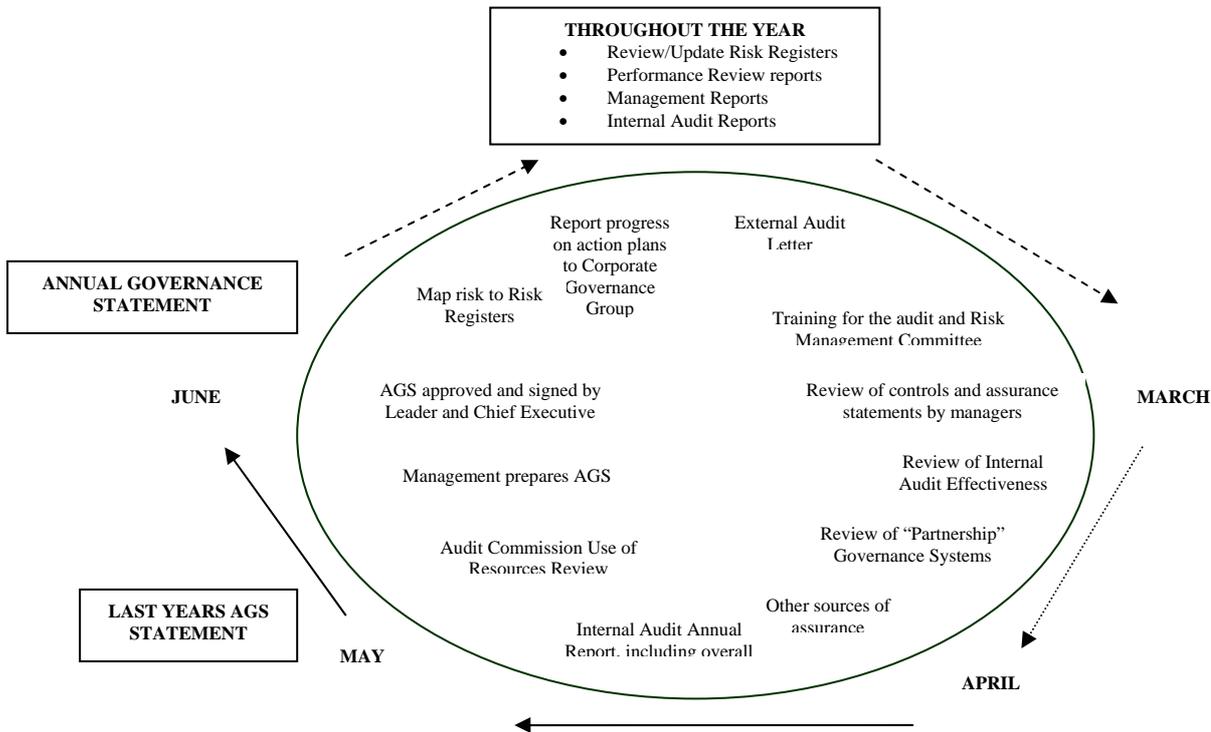
Internal Control Environment:

The Internal Control Environment is a system of checks and balances designed to manage risk, facilitate policy and decision making and deliver effective performance management in a cost effective and efficient manner thereby ensuring the Council uses its resources effectively:

- Performance Management System
- Corporate Strategy and Business Planning
- Annual Budget and Monitoring
- Code of Corporate Governance
- Project Management
- Anti Fraud Policy (and the work of the Corporate Anti Fraud Team)
- Financial Regulations and Procedures
- Code of Conduct
- Whistle Blowing Policy
- Complaints Policy
- HR Policies
- Information Standards
- Standards Committee
- Scrutiny Panels
- Audit Committee
- Contract Procedure Rules
- RIPA Policy

The Governance Framework:

The governance framework has been in place within Barnet London Borough Council for the year ended 31st March 2010 and up to the date of approval of the annual report and accounts. The governance cycle adopted by the Council is as follows:-

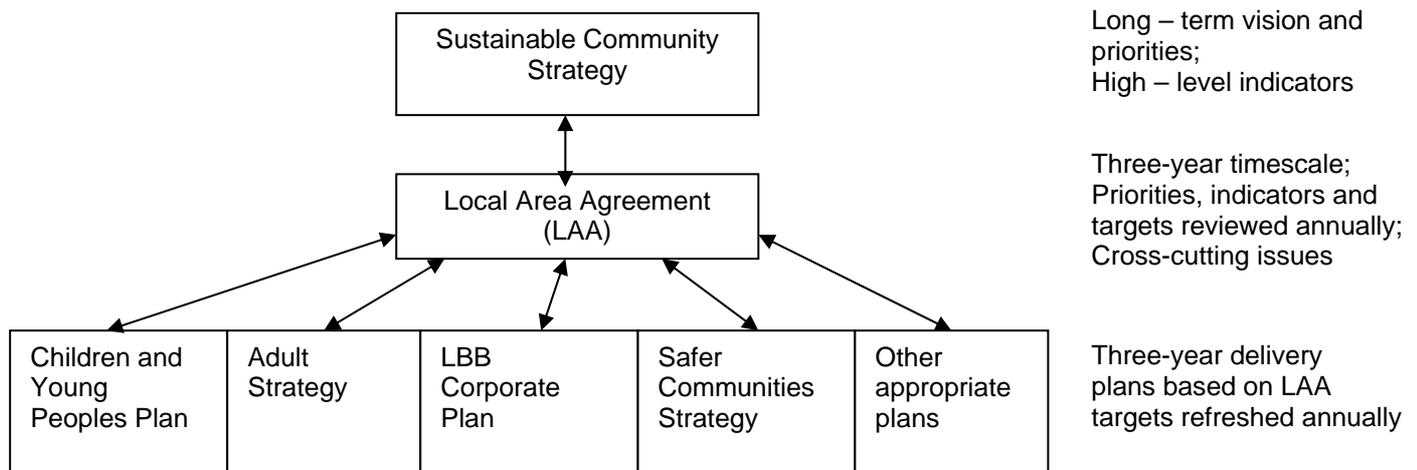


3. The Corporate Governance Environment

The Councils governance environment is consistent with the six principles of the CIPFA/SOLACE framework.

Principle 1: Identifying and Communicating the Council's Vision and Purpose

The diagram below outlines the relationship between the local strategic plans:-



In May 2008 Cabinet agreed the establishment of a Future Shape of the Organisation programme, in order to ensure that the Council was best placed to exercise local leadership and respond to the challenges that would face local government and public services in the future.

In December 2008, Cabinet agreed a programme structure for the next phase of the future shape programme, and that a detailed assessment of the overall model for public service commissioning, design and delivery be undertaken. The outcome of this assessment was reported back to Cabinet in two phases on 6 July and 21 October 2009.

The conclusions of the initial work were that to meet the challenges ahead, the following principles should be applied:

1. A new relationship with citizens

In which citizens will have a much greater involvement in designing services and actively participating in improving their lives and Barnet.

2. A one public sector approach

In which our strategies and services and those of our public sector partners are integrated and aligned, so that we can work together to improve outcomes for people in Barnet. An important aspect will be placing democratic accountability at the heart of it all.

3. A relentless drive for efficiency

In which the Council plays a leading role in ensuring that public services as a whole are as efficient as they can be.

The 21 October report to Cabinet considered arrangements for implementing the Future Shape work programme and agreed that given the size of the programme and the risks involved, separate governance arrangements, including a Future Shape Programme Board and Overview and Scrutiny Committee be created to oversee the implementation of Barnet's Future Shape programme.

This Board was subsequently named as the One Barnet Programme Board and first met on 11 February 2010. Its specific purpose is to:

- Provide governance for the implementation of the Future Shape programme, to be known as the One Barnet programme
- Set the direction of the One Barnet programme and agree in principle and at first approval stage those projects that will form part of the programme
- Ensure that all projects deliver a corporate priority and fit with the 3 Future Shape principles
- Make recommendations to Cabinet, or any other Council decision making body where formal decisions are required, on the implementation of elements of the programme

It has a remit to:

- Consider and agree a work programme for the implementation of the One Barnet programme
- Review initial assessment plans and outline business cases
- Make recommendations to Cabinet on the approval or refusal of business cases
- Make any other recommendations to Cabinet as appropriate
- Receive reports from the Council's Investment Approvals Board ("IAB") as to the management of projects in the programme
- Consider any appropriate feedback from the Future Shape Scrutiny Panel

It is chaired by the Leader of the Council, and also includes the Deputy Leader, as well as Chief Executive, Deputy Chief Executives and Representatives from key public sector local strategic partners.

The Board is intended to be a consultative body only and does not take decisions in its own right. The Board will consider matters before it and make any recommendations as necessary to the Council's Cabinet or any other of the Council's decision making bodies.

Alongside this, the Future Shape Overview and Scrutiny Panel was established with a power to review the proposals being taken to the Programme Board as part of its activities to ensure early engagement in their development. The Panel evaluates and challenges business cases, reviews options appraisals, examines

linkages between the strands of the Future Shape programme, oversees implementation and refers issues to the One Barnet Programme Board and/or Cabinet as appropriate.

The governance of the Local Strategic Partnership will be reviewed during 2010-11 including the relationship with the One Barnet Programme Board.

Principle 2: Members and officers Working Together to Achieve a Common Purpose with Clearly Defined Functions and Roles

Elected members are collectively responsible for the governance of the Council. The Local Government Act 2000 introduced new executive arrangements whereby full Council, following proposals from the Executive, agrees the Council's policy framework, budget and key strategies. The Executive (the Cabinet), which comprises elected members, is responsible for implementing them and is responsible for exercising all functions of the Council except to the extent they have been categorised as non-executive functions (e.g. planning, licensing, elections and other miscellaneous functions).

This effectively separates decision-making and scrutiny of those decisions. The Chief Executive, Section 151 officer, Monitoring Officer and other senior managers are responsible for advising the Cabinet and scrutiny committees in legal, financial and other policy considerations.

<p>Executive Roles:</p>	<p>The Cabinet comprises a Leader and nine executive Members with the following portfolio responsibility (during the review period):</p> <ul style="list-style-type: none"> • Leader & Resources • Deputy Leader and Children's Services • Planning and Environmental Protection • Housing and Regeneration • Adults • Public Health • Investment in Learning • Policy and Performance • Environment and Transport • Community Engagement and Community Safety
<p>Clear Decision Making:</p>	<p>Formal procedures and rules govern the Council's business:</p> <ul style="list-style-type: none"> • Constitution • Scheme of Delegations • Financial Regulations • Scrutiny Process Guidance • Terms of reference for the Pension Fund Panel
<p>Compliance:</p>	<p>Specific statutory responsibility rests with:</p> <ul style="list-style-type: none"> • Chief Executive (Head of Paid Service) • Director of Corporate Governance (Monitoring Officer) • Deputy Chief Executive (Section 151 Officer)

<p>Monitoring:</p>	<ul style="list-style-type: none"> • Financial and operational data is reported to the Cabinet and Review panels quarterly • Work programmes of the Overview & Scrutiny Committees and the Audit Committee include a challenge to both policy development and performance review • Performance monitoring has improved in 2009/10 by bringing together operational and financial performance information • The institution of a dedicated Budget and Performance Overview & Scrutiny Committee has also enabled more effective Member oversight of the Council's performance • Further improvements are planned in 2010 with the introduction of customer satisfaction reporting
<p>Value for Money:</p>	<p>The Council has been very successful at driving the efficiency Agenda with the costs being one of the lowest in London. However there is still much to do. Recognising this the new streamlined corporate plan has 'better services with less money' as one of only three key priorities. Some key activities to take this agenda forward are:</p> <ul style="list-style-type: none"> • Establishment of an Investment Advisory Board • Service savings targets • Improved performance management/service planning • London Efficiency Challenge • Benchmarking exercises • Future Shape Programme (this is the main vehicle for driving the future efficiency programme and will change the way in which services are procured and delivered). • Every committee or Delegated Powers report has a corporate requirement to detail the value for money implication of the issue under consideration
<p>Partnerships:</p>	<p>Partnership working is pivotal to Barnet's success. The Local Strategic Partnership (LSP) is at the heart of this approach. Metropolitan Police, Barnet College, NHS Barnet (the Primary Care Trust, Middlesex University and CommUNITY Barnet (formerly Barnet Voluntary Service Council work with the Council for the benefit of our communities. Key priorities of the LSP as expressed in the Sustainable Community Strategy are:-</p> <ul style="list-style-type: none"> • Growing Successfully • Safer, Stronger and Cleaner Barnet • Investing in Children and Young People • Healthier Barnet (including older people).

Principle 3: Values of Good Governance and Standards of Behaviour

The Council recognises that good governance is underpinned by shared values demonstrated in the behaviour of its members and staff.

The Director of Corporate Governance is the Monitoring Officer and is responsible for ensuring that the Council acts in accordance with the Constitution. However Directors have the primary responsibility for ensuring that decisions are properly made within the operations of the Directorates. The standards of conduct and behaviour expected of members and officers are clearly set out in a number of the codes of conduct for members and for officers.

- Members Code of Conduct
- Officer Code of Conduct
- Protocols for Member – Officer Relations
- Planning and Licensing Codes

Training programmes for both members and staff support these codes.

The Deputy Chief Executive is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. The Chief Internal Auditor has direct access to all three statutory officers and has well established reporting lines to members.

Core Principle 4: Making Transparent Decisions Which are Subject to Scrutiny and Risk Management

The Council recognises that all of its decisions must be legal and reasonable in the knowledge that all decisions are challengeable. The Council must therefore be able to demonstrate that decision makers followed a proper process, the decision was properly documented and was taken having regard to all relevant considerations.

Scrutiny Function:

The Scrutiny function works effectively to challenge performance and policy development which is supported by focussed reviews undertaken by Task and Finish Groups and Ad Hoc Committees. Recent work undertaken in relation to youth homelessness and road resurfacing has been strongly welcomed by the Cabinet.

Scrutiny committees, which comprise non-executive members, question and challenge the policy and performance of the Cabinet and also the Council's policy and performance in respect of non executive functions. The successful instilling of a culture of pre-decision Scrutiny is integral to the continued effective operation of the Scrutiny function, allowing meaningful member oversight of and contributions to major strategic and policy items.

Scrutiny has also had an ongoing role in the Council budget process, allowing member oversight of the long and short term financial picture, together with guiding the Council's direction with regard to budget consultation.

Audit Committee:

A major strength of the internal control system is the role of the Audit Committee. The purpose of an Audit Committee is to provide independent assurance of the adequacy of the internal control environment, and to oversee the financial reporting process.

To achieve these aims, the committee is responsible for the following key functions:

- Reviews of internal audit strategy, annual plan and performance, plus review of summary internal audit reports, and seeking assurance that action has been taken as necessary;
- Consider, where appropriate, the reports of external audit and inspection agencies.
- Consider the effectiveness of the authority's risk management arrangements, and seek assurances that action is taken on risk related issues identified by auditors and inspectors;
- Ensure that the authority's assurance statements, including the Corporate Governance Statement, properly reflect the risk environment and any actions required to improve it;
- Ensure that there are effective working relationships between external and internal audit, inspection agencies, and other relevant bodies, and that the value of the audit process is actively promoted;
- Reviews the Council's controls on data quality processes

Standards Committee:

The Standards Committee is responsible for:

- Promoting high standards of conduct
- Assisting members to observe the Code of Conduct

- Advising the Council on the adoption of revisions to the Code of Conduct
- Monitoring the operation of the Code of Conduct
- Provision of training on the Code
- The granting of any dispensations

Robust Risk Management Processes:

The Council has continued to progress the development and embedding of risk management, both corporately, and across all Service areas during 2009/2010. Formal risk management arrangements provide for risk identification, analysis and ownership. Service Plans utilise service based risk registers in their objective setting and overarching or corporate wide risks are identified within the Corporate Risk Register.

All Cabinet and Committee reports include a section on risks ensuring members make fully informed decisions.

Quarterly risk management forums are held to share best practice and to agree procedural improvements and the Internal Control Checklist process to aid managers proactively manage their service risks. A process which is reviewed annually.

As part of the budget setting process the Chief Financial Officer will assess the financial risks facing the Council and will recommend to the Council a prudent level of reserves, provisions and balances having taken into account those risks.

The Internal Audit Function:

The Internal Audit function operates under the Local Government Accounts and Audit Regulations, which require the maintenance of adequate and effective systems of internal audit of accounting records and control systems, and full assistance from officers and members in the provision of documents, records, information and explanation to enable the proper fulfilment of those audit responsibilities. The work of the Service reflects professional best practice, is guided by the Code of Practice for Internal Audit on Local Government and by the policies, procedures, rules and regulations established by the Authority.

The internal audit function, which works closely with the external auditor, undertakes a planned programme which is approved by the Audit Committee. The programme includes independent reviews of the systems of internal control and risk management.

Each Head of Service is responsible for operating systems of internal control within their service that will provide reasonable assurance of effective and efficient operations, reliable information and compliance with laws and regulations. A report on audit activity is made regularly to the Audit Committee. Internal Audit has concluded overall, based on the findings of work undertaken at Barnet Council that only limited assurance can be given on the systems of internal financial control in place. A number of areas for improvement have been identified and will be implemented on an agreed and phased basis subject to the assessed level of risk.

Corporate Anti-Fraud Team (CAFT):

Under Section 151 of the Local Government Act 1972 the Council has a statutory obligation to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption. The Director of Governance has the delegated authority for providing and maintaining this service.

The objective of the CAFT is to assist officers and Members in the effective discharge of their responsibilities. To this end, the CAFT furnishes them with assurance, analysis, appraisals, recommendations, counsel, and information concerning the activities it is required to become involved with. The objective includes promoting fraud awareness across the authority

CAFT is an independent, objective activity designed to add value and improve the council's operations. It helps the council achieve its objectives by bringing a systematic, disciplined approach to investigation evaluating and improving the effectiveness of fraud prevention and detection and the subsequent prosecution of individuals and organisations where appropriate. The council has a zero tolerance approach to fraud and other irregularity including any Money Laundering activity.

The CAFT operate under the Council's approved Counter Fraud and Anti Money Laundering Frameworks. The purpose of these Frameworks is to ensure that we have an appropriate set of policies and guidelines in

place in order to ensure fraud and money laundering activity is minimised through effective prevention, detection, investigation and deterrent measures and that we have a unified cohesive approach to reflect best practice.

The work and effectiveness of the Team is reported regularly to the Audit Committee.

Strong Financial Management:

The system of internal financial control is based upon a framework of regular management information, financial regulations, administrative procedures and a structure of delegation and accountability. Internal financial controls include:

- The establishment of key controls within the accounting systems of the Council
- A robust system of budgetary control including formal quarterly including projected outturns, and additional summary reports. Provisional outturn statements are produced and presented as close to the end of the financial year as possible
- Financial reports which indicate financial performance up to year end and include action plans for dealing with pressure areas
- The production of regular financial reports at various levels within the Council which indicate actual expenditure against budgets
- A clear and concise capital appraisal process for prioritising and approving all capital projects
- Adherence to Prudential Indicators approved by Council to ensure that the Council only undertakes capital expenditure for which it can afford both the financing costs and the running costs;
- Provision of a financial management training course for all new budget managers;
- Financial Training for new budget holders
- Provision of a Project Management training

Core Principle 5: Developing the Capacity of Members and Officers to be Effective

The Council needs people with the right skills to direct and control staff. To this end both Members and staff need to have the right skills to drive the organisation forward. The Council's learning and development needs are met through training, e-learning and other methods.

- All new members are provided with a detailed induction programme into the operations, objectives, partnerships, and codes of the Council.
- Following the implementation of the new Corporate Plan, officer personal evaluation and target setting has to be directly aligned to the Council's key priorities.
- Cross organisational engagement has been undertaken to improve knowledge and understanding of those corporate priorities and how services contribute to them
- A two year Member Induction and Development Programme has been developed in consultation with Members and Officers, to be implemented at the start of the municipal year 2010/11.

Core Principle 6: Engaging with Local People and Stakeholders

The Council is committed to engaging with its citizens. Community participation and engagement is essential to secure sustainable improvement in public services and to engage citizens in the public decision making processes that affect their lives.

There is a range of consultation and engagement mechanisms to identify local people's views and priorities. The Council is responsive to local views and is particularly sensitive to the needs of vulnerable people. Planning recognises local needs in more disadvantaged areas.

The Council adopted a Consultation and Engagement Strategy in 2004. As a consequence some traditional modes of communication have been used such as Residents Forums, Citizens' Panel and a Civic Network. However, in recent years communication vehicles have gone through radical change. The Council has maximised the use of these new opportunities, during the review period, including:-

The Leader Listens:	<ul style="list-style-type: none"> • Invites every household to meet with the Leader at meetings organised by polling district • Includes a blog which is moderated by the Leader • Extended to Leader Listens to Faith and Small Business
Website:	<ul style="list-style-type: none"> • Website re-launched in 2009 • Social networking links from home page • 'Improved ability for citizens to post comments • 'Fix My Street' – ability for residents to post issues • Pledge Bank – opportunity for communities to obtain funding by making a part commitment
Ward Visit:	Chief Executive and Ward Members meets residents to discuss local issues
Budget Consultation:	<ul style="list-style-type: none"> • A series of face to face events, via the Leader Listens, Area Forums, and a Leader Listens Business Event • An online Budget Simulator (575 respondents) • An online qualitative survey on the Budget Headlines (18 respondents) • Letters sent out to all business rate payers inviting them to comment and take part in the consultation on the Budget Headlines • Budget and Performance Overview & Scrutiny Committee providing opportunity for wider consultation with Members on the budget at all stages of its development

4. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior officers of the Council who have responsibility for the governance environment, the Head of Internal Audit's annual report, and any comments made by the Council's external auditors and any other review agencies and inspectorates.

In practice the Council has a continuous process in place for maintaining and reviewing the effectiveness of its governance framework which includes the following:-

Monitoring:	Financial and operational monitoring presented to senior managers, the Cabinet, and Scrutiny Committees on a quarterly basis
Internal Audit:	<ul style="list-style-type: none"> • Monitored by Audit Committee in year • Further strengthening of resources and profile planned • Implementation of revised working practices
Year End Processes:	<ul style="list-style-type: none"> • No significant issues identified in year end service control reports • Statutory Officer assurances obtained on internal control and governance arrangements • Review and cross referencing of inspection and audit reports and no issues identified.

Risk Management:	Service based risk registers completed and available for challenge Corporate risk register reviewed and refined
Standards Committee:	Met regularly and covered work programme in addition to fully operating the system of local regulation through Sub-Committee assessment meetings and hearings
Audit Committee:	Met regularly throughout the year Regular reports received on:- <ul style="list-style-type: none"> • Risk management • Internal Control • Anti fraud • Governance
Overview & Scrutiny	Overview & Scrutiny reviews its effectiveness on a yearly basis, with the findings reported with its annual report to Full Council.
Special Committee (Constitution Review)	Special Committee (Constitution Review) reviews the Council's Constitution over the course of the municipal year to ensure that good governance is maintained by it accurately reflecting current legislation and practice.

Significant Governance Issues:

A number of areas for improvement were identified in the 2008/09 Annual Governance Statement. An update of those issues is set out below – those highlighted have actions that carry through to the 2010/11 Improvement Plan:-

Improvement Area:	Current Position:
Lack of adherence to the Councils Treasury Management Strategy	New procedures now operating to ensure compliance with the Strategy. Regular reports presented to the Audit Committee on activity and a compliance and training programme has been developed for Members to ensure that they have the necessary skills to robustly challenge and scrutinise the process.
Project Design and project management failures	A corporate framework was introduced in the summer of 2009. This has brought significant improvements to the governance and challenge of project initiation and delivery. It also provides detailed guidance and support for anyone involved in the management of a project.
Implementation of new scrutiny arrangements	New arrangements successfully implemented at the Annual Council Meeting 2009. A review of the new arrangements will be carried out early in 2010/11.
Clarification of the internal control systems and processes	An Internal Control Improvement Action Plan identified areas and provided actions for enhancing internal control. These actions, whilst some are ongoing, will be effectively implemented by September 2010.
Project post implementation reviews	As part of the corporate project management framework a post implementation review is required for every project. These will be captured and by the project consultancy team with the Commercial Services Directorate and used on future projects.
Member development	Developed a Member Induction and Development Programme 2010-12 to be implemented following the 2010 municipal elections.
Statutory Officer meetings – to aid improved governance	These meetings have been held on a regular monthly basis throughout the review period and have an agenda to deal with key current governance issues.
Review of the Scheme of delegation	The carrying out of this review was agreed by the Special Committee (Constitution Review) in 2009/10 and a further report will be presented to the Committee in 2010/11.

Role and profile of regulatory committees	Revised versions of Members Planning Code of Practice and Members Licensing Code of Practice were adopted by the Council in November 2009 following full consideration by the Standards Committee and the Special Committee (Constitution Review). Both aimed at giving Members and others a clearer insight into the appropriate behaviours and arrangements for dealing with these regulatory processes.
Develop partnership working towards a Goal of 'one public service'	'One Barnet Programme Board' including representation from partners established to oversee Future Shape programme (see below). LSP continues to oversee joint working including receiving reports on Future Shape;
Ensure governance remains central to change management programme	See above comments on project management governance

5. 2010/11 Improvement Areas

Key Improvement Area:	Assigned To:
CAFT Pro Active Fraud Programme 2010/11 will include high risks areas based on outcomes from previous CAFT investigations, 'No Assurance' IA reports, and national areas of concern for local government. This includes the impact of the recession on local authority fraud risks.	CAFT Manager
An overarching Information Management Strategy to pull together the various policies and procedures relating to information governance and data processing and management	Head of IS/Performance & OD Manager
A detailed action plan for addressing the data protection issues highlighted in the ICO Audit Data Protection Audit Report	CDG/Director of Corporate Governance/Head of IS
Internal audit will provide quarterly progress reports to the Audit Committee on performance against the agreed annual plan.	Head of Internal Audit
Internal Audit will work with directors and senior managers on strengthening the risk management system	Head of Internal Audit
A comprehensive training programme for Members of the Audit Committee will be prepared and delivered to enhance the Committee's performance	Democratic Services Manager
Improving the Overview & Scrutiny structure to maximise the effectiveness of the Scrutiny function, including entrenching a pro-active culture of pre-decision Scrutiny.	Democratic Services Manager
Ensure partnership governance arrangements fit for purpose, specifically of the LSP	ACE/ DCG
Raise the profile of risk management within the organisation and embed within the business planning process.	DCE/AD of F

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 in 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: _____