

BARNSELY METROPOLITAN BOROUGH COUNCIL**Audit Committee****21st January, 2015**

61. **Present:** Councillors T Sheard (Chairman), Barnard, P Birkinshaw and D Green together with Co-opted Members – Ms Brown and Mr Marks.

62. **Declarations of Pecuniary and Non-Pecuniary Interest**

Councillor T Sheard declared a non pecuniary interest in any matters relating to Berneslai Homes being Board Members on that Organisation.

63. **Mr L Sayers and Ms D Arkwright**

Mr L Sayers (Service Director Information Services) and Ms D Arkwright (Chief Information Compliance and Records Manager) were welcomed to this, their first meeting of the Committee.

64. **Minutes**

The minutes of the meeting held on the 10th December, 2014 were taken as read and signed by the Chairman as a correct record.

65. **Actions Arising from Previous Meetings**

The Head of Internal Audit and Risk Management submitted a report detailing actions taken and arising from previous meetings of the Committee.

It was noted that the presentation on various aspects of Information Governance was to be made to this meeting later on the agenda.

RESOLVED that the report be noted.

66. **Recruitment of Independent Members – Update**

The Director of Legal and Governance reported on the current position with regard to the recruitment of Independent Members to fill the current two vacancies on the Committee.

It was reported that four applications had been received all of whom appeared to be suitably qualified to be appointed as Independent Members. Interviews, involving himself, the Chair and the Head of Internal Audit were to be held shortly following which the recommended appointments would be submitted for approval by Council.

RESOLVED that the report be receive.

67. Information Governance – Update

Mr L Sayers (Service Director Information Services) and Ms D Arkwright (Chief Information Compliance and Records Manager) gave a presentation on various aspects of Information Governance.

The presentation, which was highlighted by the use of slides, gave details of the following matters:

- Information Governance – allowed the organisation to ensure that Information was handled legally, securely, efficiently and effectively. It covered the broad areas of compliance, information security and records management
- The role of Information Governance - was to engender a culture of compliance within the organisation where information was valued as a resource, was managed and fit for purpose. It was to advise and influence ways of collecting, storing and sharing information within the legislative framework and to achieve buy-in through training, challenge and persuasion
- The 2009 Data Handling Review Recommendations recommended a compliance cycle involving:
 - (a) the establishment of a Framework of culture/values, accountability, risk management and controls
 - (b) education – which was mandatory and reviewed annually
 - (c) enforcement – which was stronger, open to scrutiny/assurance and ensure that lessons were learned

An information Governance Framework had been established to ensure Accountability, Assurance, Training and Guidance and the introduction of Policies and Procedures

(a) Framework

- Accountability
 - key governance bodies included
 - The Information Governance Board
 - Steering Group
 - Sub Groups

The role and membership of the various groups was outlined.

- The key roles involved:
 - The Senior Information Risk Officer
 - The Caldicott Guardians
 - The Information Governance Lead
 - Internal audit
- Assurance Processes – involved
 - The Annual Governance Statement
 - The Information Governance Toolkit

- Public Sector Network accreditation
 - Incident Management
 - Policies and Procedures
 - A Policy statement of Intent had been prepared
 - The procedures adopted included an interpretation of the legislative background/framework and detailed what was required and how matters had to be dealt with
 - Processes/Guidelines – the tools for dealing with Information Governance issues
 - Current policies included:
 - Information security and computer usage
 - Information Governance
 - Confidentiality
 - Data Protection, Environmental Information Regulations, Freedom of Information
 - Records Management
 - Incident Management
- (b) Education – involved training of policy, procedures processes and guidelines. A training and awareness programme had been devised at staff/member induction, it was mandatory and involved refresher training
- (c) Enforcement
- the Information Commissioner's Office expected Data Controllers to establish clear policies and then to educate users in how to undertake their duties and, importantly, take action against those that did not comply. Hefty fines could be imposed for non compliance.
 - Mistakes
 - It was important to avoid mistakes if at all possible, however, if mistakes were made, it was important to admit errors
 - Clear guidance and training should be provided to avoid mistakes occurring and avoid any repetitions
 - Weaknesses in training, policies, procedures and controls should be identified
 - Lessons learned should be communicated
 - Deliberate/reckless action – would result in
 - Disciplinary action against the employee/member
 - Appropriate sanctions including a possible financial penalty to the Authority by the Information Commissioners Office

In conclusion, it was pointed out that there had to be a balance between being supported and enforcer, however, all employees and Members had to abide by the law.

The presentation engendered a full and frank discussion during which matters of a detailed and general nature were raised and answers were given to

Members questions where appropriate. The following matters were amongst those raised:

- The ways in which data both coming into the authority and going out was controlled was outlined. It was noted that detailed information about potential hacking attempts was available from the Council IT providers and it was hoped that this could be made available in the near future. An assurance was given, however, that rigorous controls were in place and that all incidents were logged
- The role of the Caldicott Guardians whose responsibility was to ensure that patient data was kept secure was outlined within the context of the Social Care Service
- The role of and the Councils involvement in and current position with regard to the Public Sector Network were outlined.
- Concerns were expressed at the Future Council proposals which were having an impact of staffing resources and as to whether or not proper Information Governance arrangements could be maintained. It was pointed out that new and current staff were provided with appropriate training on these matters. Staff failing to complete training courses satisfactorily were denied access to the network until such time as they passed the required courses. Arising out of this discussion it was stressed that compliance with Information Governance requirements should improve over time. Having the appropriate policies and procedures in place was, however, key to the process
- Arising out of the above reference was made to the training tailored for Elected Members and to the various ways in which this could be accessed. It was suggested that similar training should be provided for the Committee's Independent Members
- Detailed statistical information on Information Governance compliance issues could be submitted to a future meeting

RESOLVED that the presentation be received and Mr Sayers and Ms Arkwright be thanked for attending the meeting and for answering Members questions.

68. Internal Audit Quarterly Report 2014/15 – Quarter ended 31st December, 2014

The Head of Internal Audit submitted a report providing a comprehensive overview of the key activities and findings of Internal Audit based on the work of the Division to the end of December, 2014.

The report covered:

- The issues arising from the completed Internal Audit work in the quarter incorporating, where appropriate, management's response to the recommendations made
- Matters that had required investigation
- An opinion on the overall assurance Internal Audit were able to provide based on the work undertaken regarding the adequacy and effectiveness of the Authority's internal control environment.

- Progress on the delivery of the Internal Audit Plan for the period to the end of the third quarter of 2014/15
- Details of Internal Audit's performance for the quarter utilising performance indicators

Reports issued during the quarter included two fundamental recommendations both relating to Foster Care Payments and specifically relating to financial assessments and the accuracy of calculations. These were not, however, collectively sufficiently serious to jeopardise the overall assurance opinion.

Of the ten recommendations followed up, only 2 (20%) had been implemented by the original agreed date. One had been implemented after the original target date and a further 3 (30%) by a revised target date. A further 4 (40%) had not been implemented and a future revised date had been agreed.

A number of matters requiring investigation were still in progress and any control issues identified had been highlighted for management attention.

The internal control assurance remained adequate and there was a decrease in the number of audit days spent against the profile days at the end of the quarter. Overall, Divisional performance remained satisfactory although the Performance Indicators relating to customer feedback, chargeable time and issue of reports were slightly less than target but this was not considered to be a cause for concern. It was pleasing to note that customer feedback was largely positive.

In the ensuing discussion the following matters were highlighted:

- Referring to the number of recommendations which had not yet been completed and which were subject to a revised target date it was noted that a further 13 recommendations were in the process of being followed up with Management. Information was awaited to confirm whether the recommendations had been implemented or not
- Reference was made to the Internal Audit Plan and to the risk based approach to planning and delivering the programme of work. It was noted that more recently there had been a notable increase in the number of adjustments which was indicative of the rapidly changing control and organisational environment arising from the Future Council Programme. The implications for the future of this were outlined. Arising out of this, particular reference was made to the work that had been planned in relation to the information Governance Framework and the Information Security and Computer Use Policy. The Audit Plan, which was to be discussed at the next meeting would reflect these changing circumstances and issues
- The positive feedback received during the quarter was welcomed
- Reference was made to the current position with regard to Foster Care Payments and Out of Authority Placements and to the action taken to address the issues identified
- In response to questioning the Head of Internal Audit and Risk Management informed Members of needing further information from

auditees, the subsequent delays in respect to the completion of the final reports, which had led to a slightly less than target as outlined within the relevant Performance Indicator

- The Assistant Director, Financial and Business Support explained the position with regard to the strengthening of the procedures relating to the administration of the Local Council Tax Support Scheme
- The reasons why the assurance opinion on Various Grant Audits was not applicable was explained

RESOLVED

- (i) that the issues arising from the completed Internal Audit work for the third quarter along with the responses received from management be noted;
- (ii) that the assurance opinion on the adequacy and effectiveness of the Authority's Internal control Framework based on the work of Internal Audit in the period to the end of December, 2014 of the 2014/15 audit year be noted;
- (iii) that the progress against the Internal Audit Plan for 2013/14 for the period to the end of December 2014 be noted; and
- (iv) that the performance of the Internal Audit Division for the third quarter be noted.

69. Regulation of Investigatory Powers Act 2000 – Update Report

The Director of Legal and Governance submitted a report updating Members of the level of surveillance activity undertaken by the Council and on various other matters relevant to the Council's exercise of its powers under the Regulation of Investigatory Powers Act 2000.

It was noted that all the measures required by the Inspector appointed by the Office of the Surveillance Commissioners had been complied with, however, it was not possible to assess the impact of the improvements in the process as no surveillance had been undertaken and indeed no surveillance activity had been undertaken for over five years.

It was noted, however, that despite there being no surveillance activity, appropriate training had to be undertaken and details of this were outlined. Officers were, therefore, fully engaged in the process and were fully aware of the requirements should the need arise.

The report indicated that the Home Office had issued two new national codes of practice; 'Covert Surveillance and Property Interference Code of Practice' and 'Covert Human Intelligence Sources Code of practice'. These had been followed by new OSC Procedures and guidance document which had been promulgated to local authorities on the 7th January, 2015. The contents of these substantial documents would require detailed assessment and the local codes would then have to be revised to reflect the new national guidance.

These would then be presented to a future meeting for approval. In the meantime, as directed by the OSC, the new national documentation had been made available to those officers who might apply for or grant authorisations for covert activities.

RESOLVED that the report be received.

70. External Audit Reports

(a) Certification of Grant Claims and Returns – Annual Report 2013/14

Mr J Cornett representing the Council's External Auditor (KPMG) submitted a letter dated 12th January, 2015 detailing the annual report for the certification of work undertaken for 2013/14.

The certification work on the Housing Benefit Subsidy Claim had identified several errors in the processing of individual claims. These were relatively small but required reporting in a qualification letter to the Department for Work and Pensions. The impact of the errors was not expected to have an impact on subsidy as the Authority had not exceeded its error threshold and it could, therefore, claim back 100% of the ineligible expenditure. It was noted that the error rate was broadly the same as the previous year, but the error rates in earned income cases remained high.

There had, however, been a large reduction in the overall value of errors which indicated that the Council's management checks were having a positive effect. The claim had also been amended to correct for minor discrepancies.

There were no issues to report in relation to the certification of the Pooling of Housing Capital Receipts and no recommendations had been made to improve the claims completion process.

In relation to the certification work fees, it was noted that the actual fees were lower than the indicative fees which would result in a rebate to the Authority. Details of the work undertaken with associated fees were outlined within the letter.

RESOLVED that the Annual Report on the 2013/14 Certification of Grant Claims and Returns be noted and the action taken be approved.

(b) Progress Report and Technical Update

The Committee received a progress report from the Council's External Auditor (KMPG) which was presented by Ms L Wild.

The report:

- provided an overview of the progress made by the External Auditor in delivering their responsibilities to the Council. At each stage of the audit the Auditor issues certain deliverables including reports and

opinions and a summary of progress made against these deliverables was appended to the report

- highlighted the main technical issues which were currently having an impact on local government and which were being addressed.
- An Appendix to the report provided details of the Audit deliverables for 2014/15

The progress report indicated that details of the work undertaken in relation to Financial Statements and Value for Money would be reported as KPMG progressed the 2014/15 Interim Audit and it was proposed that this would be submitted to Committee in March, 2015. As previously reported, the Annual Report on claims and returns for 2013/14 had been presented earlier in the meeting, however, work on the 2014/15 Housing Benefits and Subsidy Claim would commence in the Summer with a view to completion before the deadline of 30th November, 2015. It was also noted that the Council had engaged the External Auditor to certify a grant claim relating to the Teachers Pensions Return which fell outside the Audit Commission regime and the fee for this was £4,000. It was noted that the Council had addressed all recommendations in order to secure improvements and that an unqualified opinion had been issued

The Technical update outlined the likely level of impact of issues affecting the Authority together with comments and timescales for action where appropriate. Particular reference was made to the current position with regard to the CIPFA and Healthcare Financial Management Association guidance on the Better Care Funds and Section 75 budgets which could have a potential high level of impact for the Authority. In response to questioning, reference was made to the way in which these matters were addressed and to discussions held with the CCG and in Cabinet.

RESOLVED that the External Audit Progress Statement and Technical Update be received and noted.

71. **Audit Committee Work Plan 2014/15**

The Head of Internal Audit and Risk Management submitted a report providing the indicative work plan for the Committee for its proposed scheduled meetings for the remainder of the 2014/15 municipal year.

RESOLVED that the core work plan for 2014/15 meetings of the Audit Committee be approved and reviewed on a regular basis.

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Chairman