

# Public Document Pack



<b>MEETING:</b>	Audit Committee
<b>DATE:</b>	Wednesday, 17 January 2018
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	Reception Room, Barnsley Town Hall

## AGENDA

### Procedural/Administrative Items

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Minutes (*Pages 5 - 12*)

To receive the minutes of the meeting held on the 6<sup>th</sup> December, 2017.

3. Actions Arising From the Previous Meetings (*Pages 13 - 14*)

The Committee will receive a report detailing action taken and arising from previous meetings of the Committee.

### Items for Discussion/Decision

4. Strategic Risk Register - Highways matters

The Executive Director will report on matters within the Strategic Risk Register relating to highways.

5. Internal Audit Quarterly Report - Quarter ended 31st December, 2017 (*Pages 15 - 34*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report presenting a comprehensive overview of the key activities and findings of Internal Audit based on the Division's work for the whole of the third quarter ending 31<sup>st</sup> December, 2017 for the 2017/18 audit year.

6. Risk Management Update Report 2017/18 (*Pages 35 - 44*)

The Executive Director Core Services will submit a report outlining the progress made to date in 2017/18 towards the achievement of the goals set out in the Council's Risk Management Policy and signposting further work to be undertaken during the year.

7. Annual Governance Review Process 2017/18 (*Pages 45 - 58*)

The Service Director Finance will submit a report providing an update of the Annual Governance Review process that has been determined for 2017/18 which will be used to influence and assist in the preparation of the Council's statutory Annual Governance Statement for 2017/18.

8. Annual Governance Statement Action plan 2017/18 (*Pages 59 - 68*)

The Chief Executive and Executive Director Core Services will submit a joint report supporting the updated action plan relating to the issues identified following

the Annual Governance Review for 2016/17.

## Items for Information

9. Information Governance Performance - Quarter 3 (2017/18) *(Pages 69 - 76)*

The Service Director IT will submit a report outlining the current position in relation to the number of information security breaches and cyber incidents which have been reported and investigated during Quarter 3 (1<sup>st</sup> October to 31<sup>st</sup> December, 2017).

10. Information Commissioners Audit and General Data Protection Regulations Programme *(Pages 77 - 86)*

The Service Director IT and Head of Internal Audit and Corporate Anti-Fraud will submit a joint report providing an overview of the recent Information Commissioners Office audit and on the progression towards General Data Protection Regulations compliance.

11. External Audit - Annual Report on grants and returns 2016/17 *(Pages 87 - 94)*

The Committee will receive a report of the External Auditor summarising the work undertaken on the Council's 2016/17 grant claims and returns including the work completed under the Public Sector Audit appointment certification arrangements, on the work undertaken on other grants/returns under separate engagement terms, detailing the certification work on the Housing Subsidy Benefit claim and outlining the fees for undertaking this work.

12. Audit Committee Work Plan 2017/18 and 2018/19 *(Pages 95 - 98)*

The Committee will receive the indicative Work Plan for the proposed schedule of meetings for the remainder of the 2017/18 Municipal Year and for 2018/19.

To: Chair and Members of Audit Committee:-

Councillors Clements (Chair), Barnard, Lofts and Richardson; together with Independent members Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

Diana Terris, Chief Executive  
All Executive Directors  
Andrew Frosdick, Executive Director Core Services  
Rob Winter, Head of Internal Audit  
Neil Copley, Service Director Finance  
Ian Rooth, Head of Financial Services  
Adrian Hunt, Risk Management Manager  
Michael Potter, Service Director Business Improvement and Communications  
Louise Booth, Audit Manager

Council Governance Unit – 3 copies

Please contact William Ward on 01226 773451 or email [governance@barnsley.gov.uk](mailto:governance@barnsley.gov.uk)

Tuesday, 9 January 2018

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<b>MEETING:</b>	Audit Committee
<b>DATE:</b>	Wednesday, 6 December 2017
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	Reception Room, Barnsley Town Hall

## MINUTES

**Present** Councillors Richardson (Chair) and Barnard together with Independent Members - Ms K Armitage, Ms D Brown, Mr P Johnson and Mr M Marks

### 37. APPOINTMENT OF CHAIR

**RESOLVED** that Councillor Richardson be appointed Chair of the Committee for the purposes of this meeting only.

### 38. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

There were no declarations of interest from Members in respect of items on the agenda.

### 39. MINUTES

The minutes of the meeting held on the 22<sup>nd</sup> September, 2017 were taken as read and signed by the Chair as a correct record.

### 40. ACTIONS ARISING FROM THE PREVIOUS MEETINGS

The Committee received a report detailing actions taken and arising from previous meetings of the Committee.

The Executive Director Core services reported that following a request made at the Workshop meeting held on the 1<sup>st</sup> November, 2017, he was in the process of preparing a report to address matters raised in relation to the scrutiny function of the authority. This report would be submitted to Committee sometime in the New Year.

**RESOLVED** that the report be noted.

### 41. STRATEGIC RISK REGISTER - FULL REVIEW 2017

The Executive Director Core Services submitted a report prefacing a report to be submitted to Cabinet on the 10<sup>th</sup> January, 2018 on a full review of the Strategic Risk Register undertaken in October 2017 and presenting the outcomes of that review.

The report, which was presented by Mr A Hunt, Risk and Governance Manager formed part of the Committee's assurance process where it was agreed that following the completion of the review of the Strategic Risk Register, the Committee consider the latest version and provide appropriate comments thereon.

The Register contained those high level risks that were considered significant potential obstacles to the achievement of the Authority's Corporate Objectives. It was important that the Register remain up to date and be reviewed regularly in order

to accurately reflect the most significant risks to the achievement of objectives and facilitate timely and effective mitigations to those risks.

Following a review of the Strategic Risk Register in March 2017, a further review had been undertaken in October, 2017 the outcomes of which were detailed within the report. Mr Hunt outlined the way in which the register had been reviewed together with the role of the Senior Management Team in this process. He commented on the main components of the review and the items included.

The report outlined:

- The introduction and background to the Strategic Risk Register
- The distribution of the risks across the six concern rating classifications
- The changes since the last review with the inclusion of an additional risk 4103 (Waste PFI Insurance Risk) which had been added following its escalation from the operational risk register for Environment and Transport. It was noted that increased insurance premiums applied to Waste PFI Operators were passed back to the Partnership which, in turn, would put pressure on the Medium Term Financial Statement as there was currently no additional finance available to fund any increase experienced by the Operator. Whilst this was not a strategic risk in nature, it had been included due to the significant impact this could have. It was anticipated that discussions which were ongoing with external advisors to the Waste PFI project would be completed shortly following which there would be further discussions with all parties including SMT and appropriate Service Directors and Executive Director
- The significant /red risks and new and emerging risks and the risk mitigation actions. In relation to this, particular reference was made to the work that had been undertaken in relation to the following risks:
  - Risk 3026 (Failure to Achieve a reduction in health inequalities)
  - Risk 3792 (Failure to be prepared to assist in the event of an emergency resilience event in the region)
  - Risk 3793 (Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat)
- Other significant risks to the Strategic Risk Register

A further review of the Register was now programmed with other governance related reports relating to Corporate Finance and Performance Management in order for the Cabinet to receive and consider governance related reports as a broad suite of documents.

The report and Register indicated how assurance against significant risk was being managed appropriately and Appendices to the report provided details of:

- The background to the Strategic Risk Register
- The 'direction of travel' trends
- The risks that had been completed/closed

- The new risk mitigation actions
- A copy of the full Strategic Risk Register as at October 2017

In the ensuing discussion, particular reference was made to the following:

- A new and emerging risk would be in relation to the Glassworks project. It was noted that the scheme was well managed and there was good governance, however, SMT had wanted this expressed as a strategic risk given the significance for the economic regeneration of the area and the impact this would have on the Town Centre. Arising out of this, there was a discussion of:
  - the underlying concerns/risks identified with both and of the action taken to ameliorate as far as was possible, the issues identified
  - the funding arrangements and within this context, the identification of appropriate strategies, contingency and reserves arrangements
  - the action being taken to secure tenants, the letting arrangements and the timescales associated therewith
- in relation to Risk 3792 (Failure to be prepared to assist in the event of an emergency resilience event in the region), it was noted that an assurance had been made to the Senior Management Team that matters were being addressed appropriately. A further update for the Committee would be provided
- a written protocol and adequate and appropriate relationships were in place and had been refreshed between all necessary departments and agencies in order to respond to incidents identified within the completed/closed Risk 3035 (Loss of Assets and resources as a result of a one-off incident of fraud/corruption/bribery or sustained or widespread occurrences). The arrangements were working well as anticipated and currently one case was being pursued because of the significant nature of the matter involved.
- Arising out of the above, reference was made to the Data Protection Act arrangements currently in place and to those being developed in order to comply with the General Data Protection Regulations 2018 information about which had been provided to the workshop meeting held on the 1<sup>st</sup> December, 2017.
  - The Information Governance Board had the necessary plans and resources in place and the Head of Internal Audit and Corporate Anti-Fraud was to be the designated Data Protection Officer. Further reports would be submitted to this Committee as work progressed.
  - The voluntary assessment of the Authority by the Information Commissioner last month had been both positive and constructive and gave a reasonable level of assurance. Whilst some recommendations had been presented for improvements, the inspection had generally been happy with the Authority's approach to the General Data Protection Regulation arrangements

**RESOLVED** that the report on the outcome of the recent review of the Strategic Risk Register in relation to the management, challenge and development of the Register

be noted and the Committee continue to receive periodic updates as to the process of the actions taken and their impact on the Strategic Risk Register.

#### **42. INTERNAL AUDIT QUARTERLY REPORT 2017/18 - QUARTER ENDED 30TH SEPTEMBER, 2017**

The Head of Internal Audit and Corporate Anti-Fraud submitted a report providing a comprehensive overview of the key activities and findings of Internal Audit based on the Service's work covering the whole of the second quarter of the 2017/18 audit year.

The report covered:

- The issues arising from completed Internal Audit work in the period
- Matters that had required investigation
- An opinion on the ongoing overall assurance Internal Audit was 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 up to the end of the second quarter of 2017/18
- Details of Internal Audit's performance for the quarter utilising performance indicators

Internal Audit work undertaken during the period did not identify any fundamental recommendations, however, a notional 'no assurance' opinion was given arising from the review into the Highways Design and Construction Service

The internal control assurance opinion overall remained adequate based on the results of the work undertaken during the quarter.

Of the 39 recommendations followed up, 33% had been implemented by the original target date, 23% had been implemented after the original target date and 44% had not been implemented, with revised implementation dates being agreed by management.

In relation to the Audit Plan, actual days delivered were in line with the profile for the first half of the year.

Quarterly performance of the function was generally satisfactory. The Performance Indicators relating to chargeable time was slightly below profile but this was due, in the main, to the bedding in of the newly appointed Audit Manager and Principal Auditor. These officers were now working to capacity and the percentage of chargeable time was rising accordingly.

In the ensuing discussion, and in response to detailed questioning, the following matters were highlighted:

- 16 reviews were currently ongoing with five in the draft report stage



- Work was ongoing to understand why audit recommendations were not being implemented by the agreed target dates given that these were agreed by the service in question. Internal Audit were providing challenge about the setting of dates and how achievable these were.
- Appendix 2 to the report indicated that whilst only one report had been issued during the quarter, this did not represent the entire output of the Service. Outcomes from the Service's increasing consultancy based audit work were not included. It was noted that such reviews tended to be less tangible and/or less formal than the traditional audit reporting reviews. The objective when conducting this type of work was to deliver a more flexible approach to Internal Audit by providing 'real time', added value feedback during the audit year. The Head of Internal Audit and Corporate Anti-Fraud emphasised that all internal audit work contributed to the overall annual opinion
- In relation to the failure to adhere to timescales, there was a discussion as to how various aspects of a Manager's Performance Indicators in relation to the requirement to meet corporate compliance targets could or should be incorporated into the organisations Improvement Framework. In this way, Managers could then be held fully accountable for their actions in relation to the implementation of audit recommendations. The Head of Internal Audit and Corporate Anti-Fraud commented on the varying reasons for the delay in implementing recommendations and that a further analysis of those reasons would assist in challenging whether or not originally suggested timescales were relevant/appropriate
- It was noted that one fundamental recommendation had been given a revised target date for completion. An update on this would be provided to a future meeting
- In response to specific questioning, there was a discussion about subsidiary companies/organisations and the way in which systems and processes were audited or scrutinised in terms of financial management and governance.
- The Head of Internal Audit and Corporate Anti-Fraud gave a brief outline of the organisations in which the Authority was involved. He made reference the varying methods in which such organisations were held to account and within this context commented on financial management arrangements, the partnership and relationship/governance arrangements as well as the ways in which issues of concern could be escalated.
- The Risk and Governance Manager commented that these types of issue were being expressed within the AGS Framework document an update on which was to be submitted to the next meeting. In this respect, the Committee could, under its new Terms of Reference, call in the lead officer concerned if Members had any particular concerns.
- Arising out of the above discussion, the Executive Director Core Services briefly commended on lessons learned from the Digital Region Company in relation to the identification and management of risks
- The Committee noted that the Council's External Auditor KPMG audited companies that were 100% owned by the Authority

## **RESOLVED**

- (i) that the issues arising from the completed internal audit work for the period 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 September 2017 be noted;
- (iii) that the progress against the Internal Audit Plan for 2017/18 for the period to the end of September 2017 be noted; and
- (iv) that the performance of the Internal Audit Division for the second quarter be noted.

### **43. CORPORATE ANTI-FRAUD TEAM PROGRESS REPORT**

The Head of Internal Audit and Corporate Anti-Fraud submitted a report providing an account of the work of the Corporate Anti-Fraud Team for the period 1<sup>st</sup> April to 31<sup>st</sup> October, 2017.

The report provided details of the following activities in which the Team were currently involved:

- Council Tax Support investigations
- Council Tax fraudulent liability claims
- Right to Buy investigations
- Corporate Investigations
- National Fraud Initiative involvement
- Tenancy Fraud
- Fraud Awareness training
- The review of the Corporate Anti-Fraud and Corruption Policies
- Work with External Clients

An appendix to the report gave details of sample fraud cases that had been investigated together with the results/outcome.

The report indicated and the Principal Auditor (Corporate Anti-Fraud) gave details of the positive impact the Team was having in tackling fraud which was very much welcomed. It was noted that the Team's work was continuing to have significant results as initiatives were now becoming embedded within the Council's processes and procedures.

The Principal Auditor (Corporate Anti-Fraud) referred, amongst other things, to the following:

- The use of the 'Fraud Hotline'. Arising out of this it was noted that the majority of allegations of irregularity received from members of the public in relation to Council Tax were now referred to the DWP for consideration and investigation.
- Joint working arrangements were being developed between the Service and the DWP in relation to Council Tax investigations which would lead to financial savings for both organisations
- Work undertaken in relation to the National Fraud Initiative had been particularly successful
- Work was continuing and the service was in the process of uploading the single person database for the annual mandatory check
- Work was continuing with Berneslai Homes in relation to Tenancy Fraud and a further two referrals had been received for further follow up, the outcomes of which would be reported to a future meeting
- Fraud Awareness training was continuing and was now 'live' on the Council's new e-learning platform (POD)

In the ensuing discussion, particular reference was made to the following:

- In response to detailed questioning, information was provided about the ways in which the Authority attempted to ensure that there were no duplicate payments. It was noted that no duplicate payments had been identified since October 2016. Arising out of this discussion, the Head of Internal Audit and Corporate Anti-Fraud reported on the outcome of discussions with a specialist company who were willing to provide a free risk review of payments data. Decisions on whether or not to purchase any additional software would be dependent upon the outcome of that review
- There was a discussion of the increase in the Empty Property discount on second properties, of the implications of this and of the action taken to prevent fraud
- It was noted that Fraud Awareness Training was mandatory for all 'new starter' and it had been suggested that this be made mandatory for all employees
- Reference was made of the need to improve publicity of successes of the service as this would act as a deterrent to further fraud. This was something that the Service was actively investigating
- Arising out of the above, reference was made to the development of a full suite of guidance and policy documents which were currently under consideration by SMT prior to consideration by Cabinet and this Committee prior to launch. Following this, it might be appropriate to arrange for further publicity to be undertaken

**RESOLVED:-**

- (i) that the progress made in the development of effective arrangements and measures to minimise the risk of fraud and corruption be noted; and
- (ii) that the Committee receive six monthly progress reports on internal and external fraud investigated by the Corporate Anti-Fraud Team.

**44. EXTERNAL AUDIT - TECHNICAL UPDATE AND PROGRESS REPORT**

Ms C Partridge (KPMG) presented the Technical Update and External Audit progress report.

The Committee was informed that work was ongoing in relation to the planning of the audit of the Financial Statements and Value for Money with the intention of bringing the audit plan to a meeting early in the New Year. The work on certifying the housing benefits return was in the final stages and the Teachers' Pension and Pooling of Housing Capital Receipts return had been certified and no issues had been identified.

The KPMG pensions team had also been commissioned to undertake work in relation to the impact of the Local Government Pension Scheme surplus on the Authority. Arising out of this, there was a discussion of the rationale for this work and the potential implications for the Authority of any changes particularly in relation to employer contributions and the need to protect the value of the scheme.

An appendix to the report gave details of the 2017/18 deliverables together with the timing and status of those deliverables.

The report then went on to give details of KPMG resources and recent technical developments.

**RESOLVED** that the External Audit progress report, resources and technical update be noted.

**45. AUDIT COMMITTEE WORK PLAN 2017/18 AND 2018/19**

The Committee received a report providing the work plan for the Committee for its proposed scheduled meetings for the remainder of the 2017/18 municipal year together with the indicative plan for meetings in 2018/19.

It was reported that due to regulatory changes in the timing of the approval of the Final Accounts, (which now required Council approval by the end of July), there had been a number of changes to the work programme. In addition the meetings scheduled for 18<sup>th</sup> July and 21<sup>st</sup> September, 2018 were likely to change. Further information would be submitted to the January meeting.

**RESOLVED** that the core work plan for 2017/18 meetings of the Audit Committee and the indicative plan for meetings in 2018/19 be approved and reviewed on a regular basis.

.....  
Chair

**AUDIT COMMITTEE – 17<sup>th</sup> January, 2018**

**ACTIONS ARISING FROM MEETINGS OF THE AUDIT COMMITTEE**

<b>Date of Meeting</b>	<b>Agenda Ref</b>	<b>Subject</b>	<b>Details of Actions Arising</b>	<b>Person Responsible</b>	<b>Status / Response</b>
19 <sup>th</sup> July, 2017	7	Review of the Effectiveness of Internal Audit	To receive a report on the outcome of the review of how audit recommendations are classified and categorised (this may be incorporated into the regular Progress Report rather than being a separate report)	Head of Internal Audit and Corporate Anti-Fraud	17 <sup>th</sup> January, 2018

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# Item 5

## Report of the Head of Internal Audit and Corporate Anti-Fraud

**AUDIT COMMITTEE – 17<sup>th</sup> JANUARY 2018**

**INTERNAL AUDIT QUARTERLY REPORT 2017/18  
QUARTER ENDED 31<sup>st</sup> DECEMBER 2017**

### **Executive Summary**

1. Internal Audit work undertaken during the period did not identify any fundamental recommendations (Para. 4.1).
2. The internal control assurance opinion overall is considered to be adequate, based upon the results of the work undertaken during the quarter (Para. 6.1 / Appendix 1).
3. Of the 10 recommendations followed-up, 4 (40%) had been implemented by the original target date, 1 (10%) had not been implemented, within revised implementation dates agreed by management and 5 (50%) were waiting a response by Management (Para. 4.4).
4. In relation to the Barnsley MBC audit plan, actual days delivered are in excess of profile as planned at this stage of the year. Internal Audit resources will be directed towards external client plans in the last quarter of the year. (Para.7.8 & Appendix 2).
5. An update on quarterly performance of the function will be follow.

**AUDIT COMMITTEE – 17<sup>th</sup> JANUARY 2018**

**INTERNAL AUDIT QUARTERLY REPORT 2017/18  
QUARTER ENDED 31<sup>st</sup> DECEMBER 2017**

**1. Purpose of Report**

- 1.1 This report provides the Audit Committee with a comprehensive overview of the key activities and findings of Internal Audit based on the Service's work covering the whole of the third quarter to ensure that the Audit Committee is provided with the most up to date position. This report provides the Audit Committee with information relevant to its responsibilities within its terms of reference (terms of reference items (a), (b), (h), (i) and (k)).
- 1.2 The report covers:-
- i. The issues arising from completed Internal Audit work in the period (section 4 and Appendix 1);
  - ii. Matters that have required investigation (section 5);
  - iii. An opinion on the ongoing overall assurance Internal Audit is able to provide based on the work undertaken regarding the adequacy and effectiveness of the Authority's internal control environment (section 6);
  - iv. Progress on the delivery of the Internal Audit Plan for the period up to the end of the third quarter of 2017/18 year (section 7 and Appendix 2);
  - v. Details of Internal Audit's performance for the quarter utilising Performance Indicators will follow due to the timing of the Committee.

**2. Recommendations**

**2.1 It is recommended that the Audit Committee:-**

- i. **consider the issues arising from completed Internal Audit work in the period along with the responses received from management;**
- ii. **note 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 2017;**
- iii. **note the progress against the Internal Audit plan for 2017/18 for the period to the end of December 2017; and**
- iv. **Consider the performance of the Internal Audit Service for the third quarter.**



### **3. Introduction / Background**

- 3.1 Internal Audit is a key contributor to the assurances the Audit Committee requires regarding the adequacy and effectiveness of the internal control, risk and governance environment of the Authority. That assurance is provided through planned work and responding to urgent matters and changes in priority and risk. It is important that all Internal Audit activities are undertaken with due regard to risk and the risk issues prevailing at the time.
- 3.2 In order to fulfil its responsibilities the Audit Committee needs to be satisfied that the Internal Audit Service is undertaking its work as planned, responding appropriately to client demands, operating to the required professional standards and obtaining the necessary responses from management following Internal Audit work.
- 3.3 In accordance with statutory best practice provided by the Public Sector Internal Audit Standards, there is a requirement that the Head of the Internal Audit function prepares an annual report to the appropriate member body. This requirement is best supported through regular reports during the year, providing, amongst other things, ongoing assurances on the adequacy and effectiveness of the Authority's framework of governance, risk management and control.
- 3.4 For the Authority, the appropriate member body is the Audit Committee.

### **4. Key Issues Arising From Internal Audit Work in the Period Ended 31<sup>st</sup> December 2017**

- 4.1 Internal Audit work undertaken during the period made four significant recommendations. No fundamental recommendations were made.
- 4.2 It should be noted, that in the process of agreeing a final report, senior officers respond to specific recommendations by identifying relevant management actions and agreeing responsible managers and timescales for implementation.

#### **Follow-Up of Report Recommendations**

- 4.3 Table 1A identifies the total number of reports analysed by the assurance opinion given and the total number of recommendations made.
- 4.4 Table 1B shows the number of recommendations followed-up in the quarter. Of the 10 recommendations followed-up, 4 (40%) had been implemented by the original target date, 1 (10%) had not been implemented, with revised implementation dates agreed by management and 5 (50%) were waiting a response from management.
- 4.5 Internal Audit continues to get very good co-operation from management including the Senior Management Team (SMT) and as such is able to closely monitor any implications that may arise from a delay in the implementation of management action. However, it should be noted that half (50%) of recommendations followed-up were waiting a response from management when this information was extracted from the audit system. As previously reported to members, Internal Audit is working closely with management to monitor the general position with regards the implementation of management actions and to establish the reasons behind any

delays. In an effort to provide more transparency to Executive Directors on the status and progress of their recommendations, Internal Audit is now issuing monthly updates. This is in addition to the quarterly performance reports currently presented to SMT.

## **5. Fraud, Investigations and the Corporate Anti-Fraud Team**

- 5.1 The Audit Committee receives a separate report covering the detail of fraud and irregularity investigations undertaken, the preventative work and the general activities and work plan of the Corporate Anti-Fraud Team.
- 5.2 Assistance has been provided to management in an internal investigation relating to alleged misconduct. This will be reported in due course at the conclusion of the matter.
- 5.3 The overall assurance opinion takes into account any control issues arising from investigations or anti-fraud work. No issues are required to be brought to the Committee's attention at this time.

## **6. Head of Internal Audit's Internal Control Assurance Opinion**

- 6.1 Based on the audits reported in the period, an overall **adequate** assurance opinion is considered to be appropriate.
- 6.2 As referred to above, the percentage of audit report recommendations not implemented, and requiring a revised implementation date is relatively high at 60%. The implementation of recommendations is monitored closely to ensure that there are no serious issues or concerns regarding the effectiveness of the control, risk and governance framework arising from the delay or non-implementation of recommendations.
- 6.3 Where control weaknesses have been identified within procedures, or in the provision of advice or 'consultancy' services, these have been resolved less formally with management through discussions at the time of the audit, and/or via emails and correspondence.
- 6.4 It does however need to be recognised that Internal Audit coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly only reasonable and not absolute assurance is given.
- 6.5 The assurance opinion is supported by the knowledge that the underlying framework of financial and other controls, encompassing the Council's Financial Regulations, various codes of practice, procedures and other financial governance arrangements, periodically reviewed by both Internal and External Audit, are appropriate and working satisfactorily.
- 6.6 The general context and impact of the significant savings and service changes that have been implemented arising from Future Council form a core element of Internal Audit work planning to ensure that the control, risk and governance framework remains adequate and effective.

## **7. Internal Audit Plan 2017/18 - Progress to the end of December 2017**

- 7.1 Internal Audit utilise a risk-informed approach to planning and delivering its work. This approach seeks to ensure that the key risks facing the Authority are considered and covered, where appropriate, by Internal Audit work. In turn the annual work programme is planned indicatively across the year. This enables quarterly monitoring of progress against planned work and the utilisation of Audit resources.
- 7.2 It is however important to recognise and appreciate that whilst a significant proportion of audit work is planned, there are many 'external' factors that can and do impact on precisely when pieces of work are actually undertaken and completed and indeed their detailed scope. For this reason the monitoring of the audit plan in each quarter can only provide an indicative picture of progress overall. Individual jobs are monitored on a job-by-job and week-by-week basis utilising the audit management system.
- 7.3 Table C contains reference to the audit jobs that are categorised as 'work in progress' as at the end of Q3. The progression of these jobs are closely monitored and there will be an updated position presented to Audit Committee Members at the end of Q4.
- 7.4 Appendix 2 shows the progress of the plan up to the end of December 2017, analysed by Directorate / Service. Whilst Appendix 1 only shows an output of two reports within the quarter, this does not represent the output and outcomes from our increasing consultancy based audit work. These reviews tend to be less tangible and/or less formal than the traditional audit reporting reviews. Our objective when conducting this work is to deliver a more flexible approach to Internal Audit by providing 'real time', added value feedback during the audit year.
- 7.5 Adjustments are made to the days allocated to particular jobs on an on-going basis and so there is naturally only a minor variance between the actual days and those planned. Given the risk basis and responsive nature of audit work, the Audit Committee should be particularly interested in the overall deployment of audit resources rather than necessarily where those resources have been spent.
- 7.6 At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency.
- 7.7 The following audits have been deferred, added to or deleted from the audit plan, as agreed in conjunction with management:

<b>Directorate / Service</b>	<b>Audit Assignment Title</b>	<b>Deferred / Added / Deleted</b>
Public Health	Quality Assurance	Deferred to 2018/19 – This was requested by the Service due to current restructures/recruitment of new staff.
People	Financial Arrangements Assurance Review	Added –This was requested by Finance to obtain assurance on the financial arrangements within a maintained school.

<b>Directorate / Service</b>	<b>Audit Assignment Title</b>	<b>Deferred / Added / Deleted</b>
Finance	Independent investigation	Added – Requested by Management as an urgent piece of work.

7.8 The position at the end of the third quarter for the audit days allocated to BMBC shows that they are in excess of the profile. The mid-year review of the Internal Audit Service's plan indicated that there are sufficient resources to deliver the Council's 2017/18 planned work

7.9 As planned, a more significant proportion of the Internal Audit Team's resources will be deployed to external clients in the final quarter of the financial year.

## **8. Internal Audit Function and Performance**

8.1 The Service uses a range of performance indicators to monitor operational efficiency. Due to the timing of the Audit Committee meeting the Performance Indicators for quarter 3 of 2017/18 will be forwarded separately.

8.2 The analysis of the more detailed feedback received following each audit job is shown in Appendix 4. For the third quarter of the year, at the point of preparing these report 2 feedbacks sheets (both relating to the Data Retention audit) have been received out of the 2 final reports issued. All have been noted as very good or good. All other feedback questionnaires have been chased with the appropriate senior officer, but were not returned.

## **9. Local Area Implications**

9.1 There are no Local Area Implications arising from this report.

## **10. Consultations**

10.1 All audit reports are discussed with the main auditee. Individual audit reports are provided to the appropriate Executive Director and/or Service Director to apprise him/her of key issues raised and remedial actions agreed.

10.2 No specific consultation has been necessary in the preparation of this quarterly report.

## **11. Compatibility with European Convention on Human Rights**

11.1 In the conduct of audit work and investigations particularly, Internal Audit operates under the provisions of the Data Protection Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

## **12. Reduction of Crime and Disorder**

12.1 An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from audit investigations have been considered to ensure improvements in overall controls are made. Additionally, Internal Audit ensures that in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

### **13. Risk Management Considerations**

13.1 The underlying purpose of the work of Internal Audit is to address and advise on key risks facing management and, as such, risk issues are inherent in the body of the report.

13.2 The Service's operational risk register includes the following risks which are relevant to this report:

- Inappropriate use of and management of, information to inform and direct service activities;
- Inability to provide a flexible, high performing and innovative service; and
- Poor levels of customer satisfaction.

All of these risks have been assessed and remain within the tolerance of the Service.

An essential element of the control (and on-going) management of these risks is the provision of update reports to the Audit Committee and the assurance this provides.

### **14. Employee Implications**

14.1 There are no employee implications arising from this report.

### **15. Financial Implications**

15.1 There are no financial implications arising directly from this report. The costs of the Internal Audit function are included within the Authority's base budget.

### **16. Appendices**

16.1 Appendix 1 - Key issues arising from completed Internal Audit work and audit activity during the period.

Appendix 2 - Internal Audit Plan 2017/18 – Position as at 31<sup>st</sup> December 2017

Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 31<sup>st</sup> December 2017 (to follow)

### **17. Background Papers**

17.1 Various Internal and External Audit reports, files and working papers.

**Officer Contact:** Head of Internal Audit & Corporate Anti-Fraud

**Telephone No:** 01226 773241

**Date:** 8<sup>th</sup> January 2018

**TABLE A - Completed Audits / Final Reports Issued During the Period Ending 31<sup>st</sup> December 2017**

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Other Action
Core Services: Selective Voluntary Early Retirement & Voluntary Severance Schemes	The key issues identified relate to the need to ensure policies are updated to reflect new/ revised procedures and current job titles. The 'Analysis of Selective Voluntary Early Retirement and Voluntary Severance' should be reinstated and provided to Cabinet on a sufficiently frequent basis in order that Cabinet can fulfil its responsibility for the oversight of financial management for the Council.	<b>Adequate</b>	F - 0 S - 2 MA - 2	18.10.2017	To follow-up all report recommendations.
Communities: Data Retention, Archiving & Disposal	<p>There are inadequate governance and control measures in place in relation to corporate data retention, archiving and disposal. Most crucially this is having regard to the absence of any formal arrangements for the archiving and/or disposal of data held on business applications, including the absence of any corresponding defined strategies or plans.</p> <p>This position is further impacted having regard to the heightened financial sanctions which will be in place from May 2018, in circumstances where the Information Commission Office (ICO) may fine those organisations who are failing to comply with the General Data Protection Regulations (GDPR) legislation.</p> <p>Prior to completion of audit testing it was brought to the attention of Internal Audit that Council arrangements in this area were to be included within the scope of the commissioned ICO Audit. Having regard to such it was subsequently agreed that further work against the scope of the Internal Audit review should be curtailed.</p>	<b>Limited</b>	F - 0 S - 2 MA - 2	18.12.2017	To follow-up all report recommendations.

**KEY – Recommendations - Fundamental 'F' Significant 'S' Merits Attention 'MA'**

**TABLE B - Details and Outcome of Other Audit Activities Not Producing a Specific Assurance Opinion**

<b>Audit Work Completed</b>	<b>Details</b>	<b>Contribution to Assurance</b>
Core Services: Data Quality/Performance Management	To provide an independent opinion, the review will examine the adequacy and effectiveness of the revised settlement agreement arrangements following the cessation of Compromise Agreements under the Employment Rights Act and changes under ACAS.	The work contributed to assurance in respect of effective governance and management arrangements in the Quality of Data in the Children’s and Adults Directorates.
Place: Skills and Community Service	To provide assurance that there are appropriate and effective governance and performance management arrangements in place over the adult skills and community learning service.	The work contributed to assurance in respect of effective governance and management arrangement in the adult skills and community learning service.

**Table C - Projects and Work In Progress**

<b>Client Sponsor</b>	<b>Title of Audit or Nature of Audit Activity</b>	<b>Key Objective(s)</b>	<b>Status / Comment</b>
Core Services	Housing Benefits	To provide assurance that the Housing Benefits system (which forms part of the Academy System) is robust and operating effectively and efficiently. In addition, that the new technology (E-Store) is providing for efficient and effective processes.	Draft report issued and awaiting agreement to issue as a final report
Core Services	Final Account Process Review	To provide assurance that the processes with regards to final accounts are operating effectively and efficiently, resulting in a timely and accurate final account for each construction related project.	Draft report issued
People	Schools Financial Value Standards - Procurement Themed Review	To provide assurance that procurement collaboration opportunities across pyramid schools are identified, align to schools objectives with efficiencies and value for money being obtained. Also, to provide assurance that schools are aware of and taking advantage of wider opportunities to secure value for money through arranged DfE contract frameworks; advice and guidance, etc. In addition, to confirm that procurement processes are undertaken on a fair, open and transparent basis, comply with legislative, regulatory, policy and procedural requirements, and that all actions and decisions are fully evidenced.	Final report issued to all 3 schools visit. A post-audit meeting scheduled to discuss common findings and recommendations.
Core Services	Commissioning, Procurement & Contracts – Compliance Review	To provide assurance that the system and controls are operating effectively and efficiently and are in compliance with Legislative, regulatory, policy and procedural requirements.	Being scoped
Core Services	Corporate Risk Management	To provide assurance that the governance arrangements, controls and risk management arrangements associated with the Corporate Risk Management processes are operating efficiently and effectively and being complied with throughout the Authority's services and departments.	Draft report issued and awaiting agreement to issue as a final report
People	Schools Financial Value Standards – Information Governance/ Information Security Themed Review	By means of a series of unannounced site visits, the audit will examine awareness of Information Governance and Information Security policies and procedures across a sample of schools.  The audit will incorporate the management and controls regarding the use of secure e-mail and the transfer of personal and confidential information.	Ongoing
People	Assessment & Care – Governance	To provide assurance that there are appropriate and effective governance arrangements in place.	Ongoing



<b>Client Sponsor</b>	<b>Title of Audit or Nature of Audit Activity</b>	<b>Key Objective(s)</b>	<b>Status / Comment</b>
	Arrangements		
Communities	IT Disaster Recovery / Business Continuity	Advisory work	Ongoing
Core Services	Settlement Agreements	To provide an independent opinion, the review will examine the adequacy and effectiveness of the revised settlement agreement arrangements following the cessation of Compromise Agreements under the Employment Rights Act and changes under ACAS.	Final ToR agreed and audit testing to commence shortly
Core Services	Baseline Personnel Security Standards	To provide assurance that robust governance arrangements exist in respect of the Council's pre-employment checks and the checks are in compliance with the Baseline Personnel Security Standard.	Draft report issued
Core Services	Registration of Business Interests	To provide assurance that the current arrangements in relation to the declaration and recording of interests, gifts and hospitality amongst Members and employees is robust and operating in accordance with an approved policy/procedure.	Draft report issued and discussed. Management action to be agreed.
People	Unannounced Establishment Visits	To ensure that all income received is receipted / recorded accurately, held securely and is banked promptly and that financial records are retained in accordance with HMRC, Banking Regulations and the Council's recommended retention periods.  For Museum stock, to ensure that goods received are properly recorded and securely held, goods issued are properly authorised and recorded and that obsolete, slow moving and excess stock is promptly detected and action taken. Access controls for the EPOS System will also be examined as part of this review.	Ongoing
People	Troubled Families – Quarterly validation	Grant claim validation	Ongoing

**Table D – Other Audit Work Undertaken**

<b>Audit Activity</b>	<b>Description</b>
Follow-up of Recommendations	Regular work undertaken to follow-up recommendations made.
Attendance at Steering / Working Group	Information Governance Board, Commissioning, Procurement & Contracts Working Group, Housing Property Repairs & Improvement Board, IT Steering Group, Capital Programme Oversight Board, SharePoint Board, IRM Replacement Project Board
Liaison, Planning and Feedback	Meeting and corresponding with Service and Executive Directors and Heads of Service regarding progress of audit work, future planning and general client liaison.
Advice	General advice to services regarding controls, risk or governance matters. Such work often does not require formal reporting but occasionally will escalate into a specific piece of audit work for which a new job will be created.
Audit Committee Support	Time taken in the preparation of Audit Committee reports, Audit Committee Member training, general support and development.
Corporate Whistleblowing	General time taken in providing advice and the initial consideration of matters raised. Also includes the review of arrangements.
Corporate Matters	Covering time required to meet corporate requirements, i.e. corporate document management, service business continuity and health and safety.

**Table 1A**

**Summary Activity**

**All Audit Reports**

<b>Assurance Opinion</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Cumulative</b>
<b>Substantial</b>	0 (0%)	0 (0%)	0 (0%)		0 (0%)
<b>Adequate</b>	1 (100%)	1 (100%)	1 (50%)		3 (75%)
<b>Limited</b>	0 (0%)	0 (0%)	1 (50%)		1 (25%)
<b>None</b>	0 (0%)	0 (0%)	0 (0%)		0 (0%)
<b>TOTAL REPORTS</b>	<b>1</b>	<b>1</b>	<b>2</b>		<b>4</b>
<b>Other Reports</b>	0	1	1		2

**Total Recommendations**

<b>Number of Recommendations</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Cumulative</b>
<b>Fundamental</b>	0 (0%)	0 (0%)	0 (0%)		0 (0%)
<b>Significant</b>	1 (17%)	1 (33%)	4 (50%)		6 (35%)
<b>Merits Attention</b>	5 (83%)	2 (67%)	4 (50%)		11 (65%)
<b>TOTAL</b>	<b>6</b>	<b>3</b>	<b>8</b>		<b>17</b>

**Table 1B**

**Recommendations Followed-up by Internal Audit**

<b>Quarter 3</b>					
<b>Recommendation Classification</b>	<b>Followed-up</b>	<b>Completed by due date</b>	<b>Completed after target date</b>	<b>Not yet completed – Revised date agreed</b>	<b>Awaiting Management Response</b>
<b>Fundamental</b>	0	0	0	0	0
<b>Significant</b>	7	3	0	1	3
<b>Merits Attention</b>	3	1	0	0	2
<b>TOTAL</b>	<b>10</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>5</b>

## Trend Analysis – Third Quarter 2017/18

### Assurance Opinions

	2016/17				2017/18				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2016/17	2017/18
	%	%	%	%	%	%	%	%	%	%
Substantial	0	0	14	0	0	0	0		6	0
Adequate	75	100	29	50	100	100	50		53	75
Limited	25	0	57	50	0	0	50		41	25
None	0	0	0	0	0	0	0		0	0
	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

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### Implementation of Recommendations

	2016/17				2017/18				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2016/17	2017/18
	No.	No.	No.	No.	No.	No.	No.	No.	%	%
Completed by target date	1	10	16	6	3	13	4		47	<b>37</b>
Completed after original target date	0	15	6	0	3	9	0		30	<b>22</b>
Not yet completed – revised date agreed	5	5	3	3	4	17	1		23	<b>41</b>
Awaiting Management Response*							5			
Total followed up	6	30	25	9	10	39	10		100	<b>100</b>
<b>% Completed by Original Target Date (Excl*)</b>	<b>17%</b>	<b>33%</b>	<b>64%</b>	<b>67%</b>	<b>30%</b>	<b>33%</b>	<b>40%</b>			
<b>% Completed at time of Follow-up</b>	<b>17%</b>	<b>83%</b>	<b>88%</b>	<b>67%</b>	<b>60%</b>	<b>56%</b>	<b>40%</b>			

INTERNAL AUDIT PLAN 2017/18 – Position as at 31<sup>st</sup> December 2017

<b>Directorate</b>	<b>Original 2017/18 Plan</b>	<b>Revised 2017/18 Plan</b>	<b>Actual Days</b>
Communities	75	77	51
People	98	103	99
Place	63	83	141
Public Health	26	26	1
Core Services	419	421	281
Council Wide	142	142	139
Corporate	167	169	125
Contingency	50	0	0
<b>Barnsley MBC Sub Total</b>	<b>1,040</b>	<b>1,021</b>	<b>837</b>
Corporate Anti-Fraud Team	561	562	425
<b>Sub Total</b>	<b>1,601</b>	<b>1,583</b>	<b>1,262</b>
<b>External Clients</b>	<b>1,655</b>	<b>1,686</b>	<b>996</b>
<b>Total Chargeable Planned Days</b>	<b>3,256</b>	<b>3,269</b>	<b>2,258</b>

## INTERNAL AUDIT PERFORMANCE INDICATORS FOR 2017/18 – TO FOLLOW

Ref.	Indicator	Frequency of Report	Target 2017/18	This Period	Year to Date
<b>1.</b>	<b><u>Customer Perspective:</u></b>				
1.1	Percentage of questionnaire received noted “good” or “very good” relating to work concluding with an audit report.	Quarterly	95%		
<b>2.</b>	<b><u>Business Process Perspective:</u></b>				
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report. (Cumulative 1/1 reports)	Quarterly	80%		
2.2	Percentage of chargeable time against total available.	Quarterly	73%		
2.3	Average number of days lost through sickness per FTE (Cumulative 4 days in total)	Quarterly	6 days		
<b>3.</b>	<b><u>Continuous Improvement Perspective:</u></b>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%		
<b>4.</b>	<b><u>Financial Perspective:</u></b>				
4.1	Total Internal Audit costs v budget.	Quarterly	Within Budget		

## Performance Indicator Definitions and Supporting Information

PI Ref	Indicator	Comments
1.1	Percentage of favourable auditee questionnaire responses received (noted “good” or “very good”) relating to work concluding with an audit report.	Questionnaires are left at the end on each audit job resulting in a formal report. The questionnaire asks 14 specific questions covering the effectiveness of audit planning, communication, timing and quality of the audit report. An overall assessment is sought as to the overall value of the audit. This is the answer used for this PI. All questionnaires are analysed in detail to ensure all aspects of the audit process are monitored and improved.
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report.	This is an operational PI to ensure the timely issue of final reports. This PI is influenced by the availability of senior Internal Audit staff to clear the report and any issues the Service’s quality assessment process highlights along with the availability of the auditee.
2.2	Percentage of chargeable time against total available.	A key operational measure of the ‘productivity’ of Audit staff taking into account allowances for administration, general management, training and other absences. This PI will reflect the % chargeable time of staff in post, net of vacancies.
2.3	Average number of days lost through sickness per FTE.	A corporate PI to measure the effectiveness of good absence / attendance management.
3.1	Personal development plans for staff completed within the prescribed timetable.	IA place a high level of importance on staff training and continuous development and are committed to ensure all staff have their own training plans derived from the personal development plan process.
4.1	Total Internal Audit costs v budget.	This is a simple overall measure to note whether the Service’s expenditure for the year has been kept within the budget.



## Appendix 4

### Analysis of Internal Audit Feedback Received in the Third Quarter of 2017/18

Number of ticks shown against each question

		Very Good	Good	Acceptable	Poor
<b>A Audit Planning</b>					
1	Relevance of the audit objectives	2	0	0	0
<b>B Communication</b>					
1	Consultation on scope and objectives of the audit	2	0	0	0
2	Communication during all aspects of the audit	1	1	0	0
3	Helpfulness co-operation of the auditor(s)	1 (1 not known)	0	0	0
4	Professionalism of the auditor(s)	1 (1 not known)	0	0	0
5	The auditor(s) demonstrated an appreciation of any relevant issues concerning equality and diversity	1 (1 not known)	0	0	0
<b>C Timing</b>					
1	Duration of the audit	2	0	0	0
2	Timeliness of the audit report	2	0	0	0
<b>D Quality of the audit report</b>					
1	Format and clarity of audit report	2	0	0	0
2	Accuracy of the findings	2	0	0	0
3	Relevance of recommendations	2	0	0	0
4	Overall quality of the report	2	0	0	0
<b>E Value of the audit</b>					
1	Basic controls assurance the audit has provided	2	0	0	0
2	Added value given beyond basic controls assurance	2	0	0	0
3	<b>Overall value of the audit</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>
		<b>100%</b>			
<b>Total Number of 'ticks' (A – E)</b>		<b>26</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Percentage</b>		<b>96%</b>	<b>4%</b>	<b>0%</b>	<b>0%</b>
		<b>100%</b>			

**Returned Questionnaires:-**

Quarter 1	0
Quarter 2	0
Quarter 3	2
Quarter 4	0
<b>Total</b>	<b>2</b>

**Comments noted on Feedback Sheets:**

\*\*\*

The audit findings, along with those identified by the Information Commissioner's Office provide IT Services with the assurance required to push forward with the issues identified.

\*\*\*

A very timely audit for us given the new GDPR.

\*\*\*

**AUDIT COMMITTEE – 17<sup>th</sup> January 2018**

**RISK MANAGEMENT UPDATE REPORT 2017 / 18**

**Executive Summary:**

Key Issues:

- I. The Council's Operational Risk Registers remain broadly aligned to the Future Council operating model (section 3.1 – 3.2) with risk profiles for Operational Risks (section 3.3 – 3.4) and Project and Partnership Risks (section 4.1 – 4.5) demonstrating slight improvements.
  
- II. The Risk and Governance Manager continues to support the development of risk management, governance and insurance arrangements for the a number of organisations in the area (section 4.3 and 6.3 – 6.4);
  
- III. The Risk Management Framework was reviewed in April 2017 (section 5.1);
  
- IV. The Annual Governance Review process was delivered during the early part of 2017 / 18 which resulted in the production of an evidence based Annual Governance Statement, which was approved by full Council in September 2017 (section 10.4 – 10.5);
  
- V. The outcomes of the recent ALARM / CIPFA Benchmarking exercise suggests the outputs and overall maturity of the Council's Risk Management arrangements are broadly in line with similar Councils and peer organisations (section 10.10 – 10.11 and Appendix 2).

AUDIT COMMITTEE – 17<sup>th</sup> January 2018

RISK MANAGEMENT UPDATE REPORT 2017 / 18

**1. Purpose of Report**

- 1.1 The purpose of this report is to outline the progress made to date in 2017 / 18 towards the achievement of the goals set out in the Council’s Risk Management Policy, and to signpost further work to be undertaken in the year.
- 1.2 This report seeks to provide suitable assurances that the Risk Management Framework remains fit for purpose.

**2. Recommendations**

**2.1 It is recommended that the Audit Committee:**

- i. **Considers the Risk Management Update Report, and the robustness of assurances provided;**
- ii. **Considers whether any aspect of this report requires a more detailed report or briefing at a subsequent meeting; and,**
- iii. **Continues to receive a further report during the year which will aim to provide an overview of all significant activity undertaken in 2017 / 18.**

**3. Operational Risk Registers (ORRs)**

- 3.1 These risk registers relate to the key risks to the provision of Council services. Business Units have been requested to update these risk registers on a bi-annual basis, to ensure that risks remain relevant, and that appropriate progress is being made towards the effective mitigation of them. The risks logged within ORRs are aligned to corporate priorities and Service Delivery Planning and Business Unit plans.
- 3.2 Following the completion of each review, there is a requirement to ensure ‘red’ risks are reported to Directorate Management Teams in accordance with the Risk Acceptance Model.
- 3.3 A breakdown of ORR risks by Category, as at January 2018 is detailed below:

ORR Statistics								
Risk Category	Jan 2018		July 2017		Jan 2017		June 2016	
	No.	%	No.	%	No.	%	No.	%
1	30	8	46	14	22	7	51	17
2	46	13	61	18	52	17	56	17
3	86	24	67	20	67	21	55	18
4	114	32	90	26	92	30	74	24
5	78	22	72	21	74	24	67	22
6	2	1	2	1	2	1	2	1
<b>Total</b>	<b>356</b>	<b>100</b>	<b>318</b>	<b>100</b>	<b>309</b>	<b>100</b>	<b>305</b>	<b>100</b>
Ave. Risk Category	3.47		3.22		3.48		3.18	

- 3.4 The latest statistics demonstrates a decrease in the overall risk profile for the Council for the current period (3.47) compared to the profile as at July 2017 (3.22). This is attributable to the decrease in red risks (32% - 107 risks as at July 2017) compared to 21% or 76 risks as at January 2018.
- 3.5 The average Risk Category score metric details the average score for all risks of relevance logged for the period in question. The principle behind this metric is to identify and manage any trend in terms of the overall Risk Category score becoming more 'acceptable'. The closer this metric aligns to Category Six (being the most acceptable Risk Category score possible) the more assured the Council can be in ensuring risks are being managed down to acceptable levels.

#### 4. Project and Partnership Risk Registers

- 4.1 Direct liaison with a number of significant projects and programmes by the Risk and Governance Manager continues, and includes:
- Glassworks Programme (phases One and Two);
  - Tour de Yorkshire 2018;
  - Superfast South Yorkshire Broadband programme;
  - Strategic Business Parks; and,
  - Property Investment Fund.
- 4.2 The Council has developed a Partnership Governance Framework as part of the organisational improvement opportunities identified as part of the Annual Governance Review in 2016 / 17. All Business Units have been encouraged to consider partnership risks as part of the Operational Risk Register Review process, with support provided by the Risk and Governance Manager. The outcomes of this exercise will be reported to the Audit Committee within the Annual Governance Action Plan update report.
- 4.3 Assurance continues to be sought from the Council's key partners regarding their own Risk Management arrangements, with organisations such as NPS Barnsley, Barnsley Norse, Barnsley Premier Leisure and Berneslai Homes having being approached to provide assurances relating to their own risk management arrangements.
- 4.4 A breakdown of Project and Partnership risks by Category, as at January 2018 is detailed below:

Project and Partnership Statistics								
Risk Category	Jan 2018		July 2017		Jan 2017		June 2016	
	No.	%	No.	%	No.	%	No.	%
1	5	2	5	2	6	3	4	2
2	18	9	23	11	29	12	28	12
3	38	19	46	21	49	21	51	22
4	69	34	63	28	68	28	71	30
5	74	36	85	38	87	36	81	33
6	0	0	0	0	0	0	1	1
<b>Total</b>	<b>204</b>	<b>100</b>	<b>222</b>	<b>100</b>	<b>239</b>	<b>100</b>	<b>236</b>	<b>100</b>
Ave. Risk Category	<b>3.92</b>		<b>3.90</b>		<b>3.84</b>		<b>3.84</b>	

- 4.5 Whilst the overall number of partnership and project risks has seen a slight decrease compared to July 2017 there has been no detrimental impact on the Council's risk profile in this area.

## **5. Risk Management Framework**

5.1 The Risk Management Framework was comprehensively reviewed and presented to the Audit Committee at their meeting dated 19<sup>th</sup> April 2017.

## **6. Roles and Responsibilities**

### **6.1 Risk Champions**

6.2 The Risk Champion Group's own terms of reference has been subsumed within the terms of reference for the Corporate Assurance Group (CAG). A series of 'off-line' meetings during 2017 took place and the focus of activities to date has been to assist in the development of the Council's Annual Governance Review arrangements, and contributing towards the Council's Corporate Assurance Framework.

### **6.3 Risk and Governance Section**

6.4 The Risk and Governance Section is comprised of one officer, who holds responsibility for:

- Leading on the development and review of Risk Management arrangements within the Council;
- Delivering the Annual Governance Review, and the subsequent production of the Council's statutory Annual Governance Statement; and,
- Leading on the provision of insurance arrangements for the Council, South Yorkshire Fire and Rescue Service and Authority and South Yorkshire Pensions Authority.

## **7. Risk Acceptance**

7.1 The Council's Risk Acceptance model was revised as part of the overall review of the Council's Risk Management Framework, and was considered by the Audit Committee at their meeting dated 19<sup>th</sup> April 2017.

## **8. Risk Recording**

8.1 The Council moved to an internal system for recording risks in 2016.

8.2 An extract of all significant Council risks will be passed to the Internal Audit section in January 2018 to assist in ensuring the Internal Audit plan for the Council is risk-informed.

## **9. Guidance, Training and Facilitation**

9.1 As part of the Council's financial 'core offer' a suite of guidance and training material is being developed for a launch in the new financial year. It is envisaged this will assist in supporting risk owners in the effective management of risk within Business Unit across the Council.

## **10. Assurance and Performance Management**

### **10.1 Integration with other Processes**

10.2 The Risk and Governance Manager meets with members of the Internal Audit function on a regular basis to provide information that may influence and affect the Internal Audit plan for the year. During

these meetings, consideration is given to key issues arising from operational risk register reviews, strategic risk register updates and the developing Corporate Assurance Framework.

### **10.3 Annual Governance Review and Annual Governance Statement**

10.4 During 2017 / 18, the Risk and Governance Manager led on the application of the revised Annual Governance Review (AGR) process, and the subsequent production of the Council's statutory Annual Governance Statement (AGS).

10.5 The revised AGR process was reported to the Audit Committee at their meeting dated 22<sup>nd</sup> March 2017, and the draft AGS was considered at the meeting dated 19<sup>th</sup> July 2017. The final AGS was subsequently considered by the Audit Committee on 22<sup>nd</sup> September 2017, and was then approved by full Council on the 28<sup>th</sup> September 2017.

### **10.7 Performance Management**

10.8 Details of performance as at quarter three is attached as Appendix One to this report.

### **10.9 Benchmarking**

10.10 The Council subscribed to the CIPFA / ALARM Local Authority Risks Management benchmarking club for 2017 / 18.

10.11 An analysis of the benchmarking results has been undertaken and presented to the Financial Services Departmental Management Team, and these are summarised in the Executive Summary of the benchmarking outcomes, which is attached as Appendix Two to this report.

## **11. Culture**

11.1 The prime objective of the Council's Risk Management framework is to facilitate the management of risks (and benefits or opportunities arising) in accordance with best practice, through a culture where responsible, informed and controlled risk taking is encouraged.

## **12. Risk Management Considerations**

12.1 The most significant risk to the Council arising from this report is the Council's failure to embrace Risk Management as a vehicle to help deliver objectives in a cost effective and efficient manner. Adopting and constantly improving the Risk Management arrangements for the Council is a clear mitigation against this risk.

## **13. Financial Implications**

13.1 Whilst there are no direct implications arising from this report, the impact of Risk Management should be recognised as a major contributor to overall value for money and the efficient use of resources.

## **14. Employee Implications**

14.1 Again, whilst there are no direct implications arising from this report, the Risk Management process relies entirely on all employees having a good awareness of their responsibilities for Risk

Management, and for those specifically tasked with Risk Management functions, it is essential they are trained and supported to fulfil that role.

## **15. Appendices**

Appendix One: Risk Management Performance Indicators 2017 / 18 (as at Q3)  
Appendix Two: Risk Management Benchmarking Executive Summary 2017 / 18

## **16. Background Information**

Previous Audit Committee Reports  
Risk Management Framework  
Risk Registers  
Training Records and Feedback

Contact Officer: Risk and Governance Manager  
Telephone: 01226 77 3119  
Date: 2<sup>nd</sup> January 2018



**Appendix One: Risk Management Performance Indicators (as at Q3) 17/18**

<b>Indicator</b>	<b>Quarter One: 01/04/2017 – 30/06/2017</b>	<b>Quarter Two: 01/07/2017 – 30/09/2017</b>	<b>Quarter Three: 01/10/2017 – 31/12/2017</b>	<b>Quarter Four: 01/01/2018 – 31/03/2018</b>
% of Business Units completing <b>Operational Risk Register Reviews on time</b>	82% (9/11) Completed within timescale  18% (2/11) Completed outside of timescale  0% (0/11) Incomplete	45% (4/9) Completed within Timescale  22.5% (2/9) Completed outside of Timescale  22.5% (2/9) Incomplete	45% (5/9 Completed within Timescale)  45% (5/9) Completed outside of Timescale  10% (1/11) Incomplete	-
Deviance from previous <b>Average Risk Category Score (ALL REGISTERS)</b>	<b>3.50</b> (no deviance)	<b>3.60</b> (improvement)	<b>3.69</b> (improvement)	-
<b>Benchmarking Indicators</b>				
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to <b>Leadership and Management</b>	2016 / 17: Assessed Level – ‘5 Driving’ (Actual Score 86)  <b>2017 / 18: Assessed Level – ‘5 Driving’ (Actual Score 86)</b>			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to <b>Policy and Strategy</b>	2016 / 17: Assessed Level – ‘5 – Driving’ (Actual Score 91)  <b>2017 / 18: Assessed Level – ‘5 Driving’ (Actual Score 86)</b>			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to <b>People</b>	2016 / 17: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 79)  <b>2017 / 18: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 79)</b>			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to <b>Partnerships and Resources</b>	2016 / 17: Assessed Level – ‘3 – Working’ (Actual Score 65)  <b>2017 / 18: Assessed Level – ‘3 – Working’ (Actual Score 63)</b>			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to <b>Processes</b>	2016 / 17: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 79)  <b>2017 / 18: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 79)</b>			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to <b>Risk Handling</b>	2016 / 17: Assessed Level – ‘3 – Working’ (Actual Score 68)  <b>2017 / 18: Assessed Level – ‘3 – Working’ (Actual Score 68)</b>			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to <b>Outcomes and Delivery</b>	2016 / 17: Assessed Level – ‘Embedded and Integrated’ (Actual Score 72)  <b>2017 / 18: Assessed Level – ‘Embedded and Integrated’ (Actual Score 72)</b>			

(Key: Level 1 – Awareness (<20%); Level 2 – Happening (20-40%); Level 3 – Working (45-70%); Level 4 – Embedded and Integrated (70-85%); Level 5 – Driving (>85%)

## Appendix Two: Risk Management Benchmarking Executive Summary 17/18

### 1. Introduction

1.1 A risk management benchmarking exercise was carried out in September 2017 in liaison with the Association of Local Authority Risk Managers (ALARM) and CIPFA. The results of this exercise have been received and are detailed below.

### 2. Benchmarking Process

2.1 The Council was required to answer 39 qualitative questions relating to ‘Enablers’, (Leadership and Management, Policy and Strategy, People, Partnerships and Resources and Processes) and ‘Results’ (Risk Handling and Assurance and Outcomes and Delivery). The results of these question sets are detailed below.

2.2 It is important to note the subjective nature of this element of the benchmarking exercise, in so far as there are few, if any ‘hard’ metrics that allow for a more quantitative benchmarking exercise to be carried out.

2.2 A number of more quantitative questions were also included as part of the benchmarking exercise, relating to ‘Resources’, which are detailed below.

2.3 Where appropriate, the Council’s Risk Champions were consulted on questions where it was clear the opinion from a cross section of the Council’s employees was required. The remaining questions have been completed by the Council’s Risk and Governance Manager, with moderation being undertaken by the Head of Financial Services (Acting).

### 3. Benchmarking Results

3.1 The results of the benchmarking exercise for the Council are detailed below:

Area		2013/14 Results	2014/15 Results	2015/16 Results	2016/17 Results	2017/18 Results
<b>Enablers</b>	Leadership and Management	Level 4 Embedded and Integrated -	Level 4 Embedded and Integrated →	Level 5 Driving ↑	Level 5 Driving →	Level 5 Driving →
	Policy and Strategy	Level 5 Driving -	Level 5 Driving →	Level 5 Driving →	Level 5 Driving →	Level 5 Driving →
	People	Level 5 Driving -	Level 4 Embedded and Integrated ↓	Level 4 Embedded and Integrated →	Level 4 Embedded and Integrated →	Level 4 Embedded and Integrated →
	Partnerships and Resources	Level 3 Working -	Level 3 Working →	Level 3 Working →	Level 3 Working →	Level 3 Working →
	Processes	Level 4 Embedded and Integrated -	Level 4 Embedded and Integrated →	Level 4 Embedded and Integrated →	Level 4 Embedded and Integrated →	Level 4 Embedded and Integrated →
<b>Results</b>	Risk Handling and Assurance	Level 3 Working -	Level 3 Working →	Level 3 Working →	Level 3 Working →	Level 3 Working →
	Outcomes and Delivery	Level 3 Working -	Level 3 Working →	Level 4 Embedded and Integrated ↑	Level 4 Embedded and Integrated →	Level 4 Embedded and Integrated →

(Key: Level 1 – Awareness; Level 2 – Happening; Level 3 – Working; Level 4 – Embedded and Integrated; Level 5 – Driving)

3.2 A more detailed breakdown of the results for Barnsley Council is detailed in the following table, which includes a comparison against the average scores provided by other Local Authorities:

Area		BMBC Results	Average Results	Deviance
<b>Enablers</b>	Leadership and Management	86%	82.5%	+3.5
	Policy and Strategy	86%	81.5%	+4.5
	People	79%	76.5%	+2.5
	Partnerships and Resources	63%	74.1%	-11.1
	Processes	79%	83.8%	-4.8
<b>Results</b>	Risk Handling and Assurance	68%	73.9%	-5.9
	Outcomes and Delivery	72%	81.5%	-9.5

#### 4. Benchmarking Outcomes

4.1 Any direct comparison between the current benchmarking results for 2017 / 18 with the results from previous years must be undertaken with a degree of caution, in so far as the question sets and scoring methodology for each year reflect an increasing awareness and maturity in terms of risk management arrangements. It is therefore impossible to provide an accurate analysis against previous years benchmarking results.

4.2 Whilst completing the benchmarking return, areas of improvement have been noted, and included in the Benchmarking Action Plan, included as Attachment One to the report. The actions detailed in this plan are designed to improve benchmarking scores, and not necessarily designed to improve the organisations own handling or risk - due to the subjective nature of the benchmarking exercise, the benchmarking outcomes should be used as a guide only, and therefore whilst an action plan has been developed, only those actions that will add a tangible value will be pursued.

#### 5. Actions Required / Recommendation

5.1 It is recommended that the outcomes of the benchmarking exercise are approved.

#### 6. Attachments

Attachment One: Risk Management Benchmarking Action Plan 2017 / 18

#### 7. Background Information

ALARM / CIPFA Benchmarking Action Plan  
BMBC Benchmarking Return 2017 / 18

**Officer Contact:** Risk and Governance Manager  
**Telephone:** 01226 77 3119  
**Date:** 14<sup>th</sup> November 2017

**Attachment One: Benchmarking Action Plan 2017 / 18**

<b>Ref.</b>	<b>Action</b>	<b>Comment</b>	<b>To be Developed?</b>
4	As part of the annual Internal Audit review of Corporate Risk Management, Internal Audit could consider: <ul style="list-style-type: none"> <li>▪ Effectiveness of Controls; and,</li> <li>▪ Systems of Internal Control / Mitigations</li> </ul>	These issues are being considered as part of the developing Corporate Assurance Framework.	No – the development of the Council’s Corporate Assurance Framework is already included.
6	Outstanding area of ‘challenge’ relates to the reporting of ‘critical controls and control weaknesses’		
7	Outstanding area relates to the Risk and Governance Manager’s job profile regarding ‘ensuring adequate resources are allocated to Risk Management’	This responsibility lies with the Head of Financial Services (Acting).	No - this responsibility lies with the Head of Financial Services (Acting).
14	Outstanding area relates to the identification of Internal Control ‘owners’  Some weakness identified regarding the ownership and accuracy of Business Continuity Plans (BCPs) following the transition to Future Council	This issue is being considered as part of the developing Corporate Assurance Framework.  The issue of BCP’s is included within the SRR (Risk 3030) and the AGS Action Plan for 2016 / 17.	No – the development of the Council’s Corporate Assurance Framework is already included.  No – already included in SRR and AGS Action Plan.
20	Outstanding areas relate to the development of a Partnership Governance Framework	The development of a Partnership Governance Framework is included in the AGS Action Plan for 2016 / 17	No – already included in AGS Action Plan.
21			
28	Outstanding area relates to the auditing of key Internal Controls	This issue is being considered as part of the developing Corporate Assurance Framework.	No – the development of the Council’s Corporate Assurance Framework is already included.
35	Outstanding area relates to the assurances provided by key Internal Controls		

**Audit Committee – 17<sup>th</sup> January 2018**

**ANNUAL GOVERNANCE REVIEW PROCESS 2017 / 18**

**1. Purpose of Report**

- 1.1 The purpose of this report is to provide the Audit Committee with an update regarding the Annual Governance Review (AGR) process that has been determined for 2017/18, which will be used to influence and assist in the preparation of the Council's statutory Annual Governance Statement (AGS) for 2017/18.
- 1.2 The consideration of the Council's governance and assurance framework and the preparation of the AGS are key responsibilities of the Audit Committee.

**2. Recommendations**

**2.1 It is recommended that the Audit Committee notes:**

- (i) The Annual Governance Review process for 2017/18;**
- (ii) The revised Local Code of Corporate Governance; and,**
- (iii) Outputs from the Annual Governance Review process for 2017/18 will be reported to the Audit Committee later in 2018, where consideration can be given as to whether the process provides sufficient and suitable evidence and assurances upon which the Audit Committee can refer the Annual Governance Statement for Full Council approval in July 2018.**

**3. Background – Annual Governance Review Process**

- 3.1 As the Audit Committee will recall, the Annual Governance Review (AGR) process was substantially reviewed in 2014/15, and this was reported to the Audit Committee at their meetings dated 25<sup>th</sup> March 2015 and 23<sup>rd</sup> March 2016 and 22<sup>nd</sup> March 2017.
- 3.2 The AGR process entails each Service Director receiving assurance information from the Risk and Governance Manager, which will contain:
- a. Details of all 'significant' and 'fundamental' outstanding Internal Audit recommendations that have been made to each Business Unit, along with any updates provided to Internal Audit;  
*This is information already in existence, and should be known by each Service Director, and therefore should contain no surprises or 'new' information.*
  - b. Details of all 'significant' and 'fundamental' outstanding Themed Internal Audit recommendations;  
*These themed recommendations will be cross cutting in their nature and will therefore be relevant to the majority of Business Units.*

- c. Other areas of assurance information that have been identified in liaison with Internal Control Lead Officers, that will be specific for each Business Unit;  
*These will provide an overview of each Business Unit's compliance with areas of activity and control such as Business Continuity Planning, Procurement and Risk Management.*

- 3.3 Each Service Director will then be asked to confirm receipt of this information to the Risk and Governance Manager. By doing so, each Service Director will be accepting the content of the assurance information, and providing assurances themselves that the actions detailed will be implemented within the documented timescales.
- 3.4 The responses from each Service Director will then be collated, and an overarching assurance opinion can be prepared. This will be included within the Annual Governance Statement (AGS) itself.
- 3.5 The AGS will then be developed along with the associated AGS Action Plan. This will be presented to SMT, before being passed to the Audit Committee, and subsequently Full Council in July 2018.
- 3.6 A process map detailing the AGR process is attached as Appendix One to this report.

#### **4. Background – Local Code of Corporate Governance**

- 4.1 The Local Code of Corporate Governance stands as the overall statement of the Council's corporate governance principles and commitments. It follows the recommended format and largely reflects the suggested wording, given that all Local Authorities have the same or very similar governance responsibilities and should therefore share similar principles and commitments.
- 4.2 Whilst there is no legal or statutory requirement for a Council to have a Local Code of Corporate Governance it is therefore discretionary if a Council has one and what status it is given. The underlying purpose of this Code is to demonstrate the Council's commitment to high standards of corporate governance, and that through the AGR process, provide assurances that these arrangements are effective.
- 4.3 The preparation and publication of BMBC's Annual Governance Statement is undertaken in accordance with the 'Delivering Good Governance in Local Government Framework 2016' guide, published by CIPFA. The main principles underpinning this guidance from CIPFA continues to be that local government is developing and shaping its own approach to corporate governance, taking into account the environment in which it operates. The framework is intended to assist authorities in ensuring their own governance arrangements are suitably resourced, there is sound and inclusive decision making and there is clear accountability for the use of resources to achieve the desired outcomes for stakeholders. The framework defines the principles that should underpin the governance structures of the organisation, and provides an opportunity to test existing governance structures and principles against those set out in the framework by:
- Reviewing existing governance arrangements;
  - Developing and maintaining a Local Code of Corporate Governance; and,
  - Reporting publically on our compliance with our own Local Code of Corporate Governance.
- 4.4 The revised evidence framework, sourced from the CIPFA 'Delivering Good Governance in Local Government Framework 2016' is attached as Appendix Two to this report. This will form the basis of the Council's Annual Governance Statement, which will be prepared during the spring of 2018, and subsequently presented to the Audit Committee.

**5. Appendices**

**Appendix One – Annual Governance Review Process Map 2018**

**Appendix Two – BMBC Local Code of Corporate Governance Evidence Framework 2017 / 18**

**6. Background Information**

Previous Audit Committee Reports

Annual Governance Review Papers

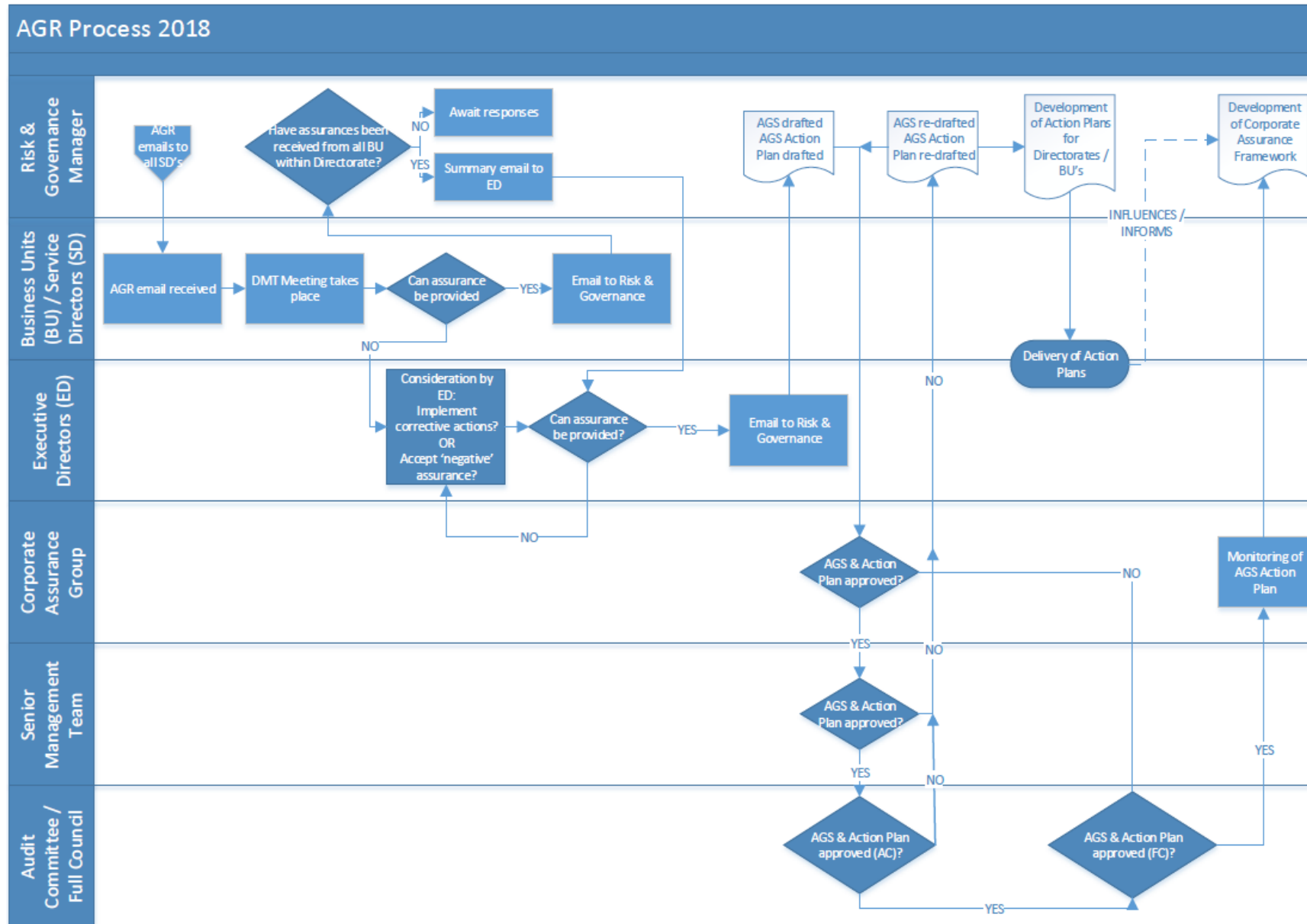
Previous Annual Governance Statements

CIPFA Delivering Good Governance in Local Government Framework 2016

**Contact Officer: Risk and Governance Manager**

**Telephone: 01226 77 3119**

**Date: 2<sup>nd</sup> January 2018**





Principles	Evidence
<b>BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW</b>	
<b>We will do this by:</b>	
Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	Elected Member and Officer Codes of Conduct Register of Interests Financial regulations Contract Standing Orders Anti-Fraud and Corruption Policies Anti-Money Laundering Policies Prosecutions Policy Audit Committee
Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	Corporate Plan Elected Member and Officer Codes of Conduct
Leading by example and using the above standard operating principles or values as a framework for decision making and other actions	Elected Member and Officer Protocol Elected Member and Officer Codes of Conduct Partnership Governance Framework Decision Making Policy Cabinet Report Writing guidelines Overview and Scrutiny Committee terms of reference and workplan
Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	Corporate Plan 2017 - 2020 Service and Financial Planning guidance 2017 – 2020
Seeking to establish, monitor and maintain the organisation’s ethical standards and performance	Elected Member and Officer Protocol Elected Member and Officer Codes of Conduct Anti-Fraud and Corruption Policies Anti-Money Laundering Policies Prosecutions Policy Audit Committee Whistleblowing Policy
Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation	Elected Member and Officer Codes of Conduct
Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	Cabinet Report Writing guidelines
Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards	Partnership Governance Framework

<b>Principles</b>	<b>Evidence</b>
expected by the organisation	
Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Standing Orders Elected Member and Officer Codes of Conduct Financial Regulations Anti-Fraud and Corruption Policies Anti-Money Laundering Policies Prosecutions Policy Audit Committee Whistleblowing Policy
Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Council Constitution
Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	Council Constitution Area Council arrangements
Dealing with breaches of legal and regulatory provisions effectively	Monitoring Officer arrangements Prosecutions Policy
Ensuring corruption and misuse of power are dealt with effectively	Financial Regulations Anti-Fraud and Corruption Policies Anti-Money Laundering Policies Prosecutions Policy Audit Committee Whistleblowing Policy

## **ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT**

### **We will do this by:**

Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	Council Constitution Transparency Arrangements Media / Press engagement
Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	Decision Making Policy Cabinet Report Writing Guidelines Overview and Scrutiny Committee terms of reference and workplan
Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	Decision Making Policy Cabinet Report Writing Guidelines Overview and Scrutiny Committee terms of reference and workplan
Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	Communications Strategy Council Website Area Council arrangements Ward Alliance arrangements
Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended	One Barnsley Health and Wellbeing Partnership

<b>Principles</b>	<b>Evidence</b>
outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	Barnsley Economic Partnership Corporate Plan 2017 – 2020 Partnership Governance Framework
Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.	One Barnsley Health and Wellbeing Partnership Barnsley Economic Partnership Partnership Governance Framework
Ensuring that partnerships are based on: <ul style="list-style-type: none"> <li>▪ Trust</li> <li>▪ A shared commitment to change</li> <li>▪ A culture that promotes and accepts challenge among partners</li> </ul> <p>and that the added value of partnership working is explicit</p>	One Barnsley Health and Wellbeing Partnership Barnsley Economic Partnership Partnership Governance Framework
Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes	Communications Strategy Area Council arrangements Ward Alliance arrangements
Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	Communications Strategy Area Council arrangements Ward Alliance arrangements
Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	Communications Strategy Area Council arrangements Ward Alliance arrangements
Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account	Communications Strategy Area Council arrangements Ward Alliance arrangements
Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	Communications Strategy Area Council arrangements Ward Alliance arrangements
Taking account of the impact of decisions on future generations of tax payers and service users	Communications Strategy Area Council arrangements Ward Alliance arrangements Medium term Financial Strategy

## **DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS**

### **We will do this by:**

Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and	Corporate Plan 2017 - 2020 Future Council Strategy 2017 – 2020 Workforce Planning Strategy 2017 - 2020
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<b>Principles</b>	<b>Evidence</b>
other decisions	
Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	Cabinet Report Writing guidelines Corporate Plan 2017 - 2020 Equality Impact Assessments
Delivering defined outcomes on a sustainable basis within the resources that will be available	Corporate Plan 2017 - 2020 Service and Financial Planning guidance 2017 – 2020 Medium Term Financial Strategy
Identifying and managing risks to the achievement of outcomes	Risk Management Framework
Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	Corporate Plan 2017 – 2020 Service and Financial Planning guidance 2017 – 2020 Medium Term Financial Strategy
Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision	Cabinet Report Writing guidelines Medium Term Financial Strategy Corporate Plan 2017 - 2020 Service and Financial Planning guidance 2017 – 2020
Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	Cabinet Report Writing guidelines Risk Management Framework Medium Term Financial Strategy Council Constitution
Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	Communications Strategy Area Council arrangements Ward Alliance arrangements Cabinet Report Writing guidelines
Ensuring fair access to services	Access to Services Strategy

## **DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES**

### **We will do this by:**

Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided	Cabinet Report Writing guidelines Risk Management Framework
Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future	Communications Strategy Area Council arrangements Ward Alliance arrangements Equality Impact Assessments Workforce Planning Strategy 2017 – 2020 Local Development Plan

<b>Principles</b>	<b>Evidence</b>
impacts	Asset Management Plan
Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Service and Financial Planning guidance 2017 – 2020 Performance Management Framework
Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Communications Strategy Area Council arrangements Ward Alliance arrangements One Barnsley Health and Wellbeing Partnership Barnsley Economic Partnership Partnership Governance Framework
Considering and monitoring risks facing each partner when working collaboratively, including shared risks	Partnership Governance Framework Risk Management Framework
Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances	Service and Financial Planning guidance 2017 – 2020
Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	Performance Management Framework
Ensuring capacity exists to generate the information required to review service quality regularly	Performance Management Framework
Preparing budgets in accordance with objectives, strategies and the medium term financial plan	Medium Term Financial Strategy Service and Financial Planning guidance 2017 – 2020
Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	Medium Term Financial Strategy
Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	Medium Term Financial Strategy
Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	Medium Term Financial Strategy Service and Financial Planning guidance 2017 – 2020
Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	Medium Term Financial Strategy Service and Financial Planning guidance 2017 – 2020
Ensuring the achievement of 'social value' through service planning and commissioning	Service and Financial Planning guidance 2017 – 2020

Principles	Evidence
<b>DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT</b>	
<b>We will do this by:</b>	
Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	Service and Financial Planning guidance 2017 – 2020
Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently	Service and Financial Planning guidance 2017 – 2020 Performance Management Framework
Recognising the benefits of partnerships and collaborative working where added value can be achieved	Partnership Governance Framework
Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	Workforce Planning Strategy 2017 - 2020
Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	Elected Member and Officer Protocol Elected Member and Officer Codes of Conduct
Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	Council Constitution Cabinet Report Writing guidelines
Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	Council Constitution Elected Member and Officer Codes of Conduct Senior Officer Appraisals
<p>Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> <li>▪ Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>▪ Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> </ul>	Workforce Planning Strategy 2017 – 2020 Leadership and Management Training Programme

<b>Principles</b>	<b>Evidence</b>
<ul style="list-style-type: none"> <li>Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> </ul>	
Ensuring that there are structures in place to encourage public participation	Communications Strategy Area Council arrangements Ward Alliance arrangements
Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	Performance and Development reviews
Holding staff to account through regular performance reviews which take account of training or development needs	Performance and Development reviews
Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	Wellbeing, Targeted Intervention and Occupational Health arrangements

## **MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT**

### **We will do this by:**

Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	Cabinet Report Writing guidelines Risk Management Framework
Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	Risk Management arrangements Internal Audit
Ensuring that responsibilities for managing individual risks are clearly allocated	Risk Management arrangements
Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	Performance Management Framework Risk Management arrangements
Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	Cabinet Report Writing Guidelines Risk Management arrangements
Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible  (Or, for a committee system)  Encouraging effective and constructive challenge	Overview and Scrutiny Committee terms of reference and workplan Audit Committee

<b>Principles</b>	<b>Evidence</b>
and debate on policies and objectives to support balanced and effective decision making	
Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	Cabinet Report Writing guidelines Risk Management arrangements Overview and Scrutiny Committee terms of reference and workplan Audit Committee Internal Audit
Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)	Financial Management arrangements
Aligning the risk management strategy and policies on internal control with achieving objectives	Risk Management arrangements Internal Audit Corporate Governance arrangements
Evaluating and monitoring risk management and internal control on a regular basis	Risk Management arrangements Internal Audit Corporate Governance arrangements
Ensuring effective counter fraud and anti-corruption arrangements are in place	Anti-Fraud and Corruption Policies Anti-Money Laundering Policies Prosecutions Policy Whistleblowing Policy Internal Audit
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Risk Management arrangements Internal Audit
Ensuring an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> <li>▪ Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> <li>▪ that its recommendations are listened to and acted</li> </ul>	Audit Committee Internal Audit
Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	Information Governance arrangements
Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	Information Governance arrangements
Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	Information Governance arrangements
Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	Financial Management arrangements Medium term Financial Strategy
Ensuring well-developed financial management is integrated at all levels of planning and control,	Financial Management arrangements Service and Financial Planning guidance 2017 –



<b>Principles</b>	<b>Evidence</b>
including management of financial risks and controls	2020 Risk Management Framework
<b>IMPLEMENTING GOOD PRACTICE IN TRANSPARENCY, REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY</b>	
<b>We will do this by:</b>	
Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	Cabinet Report Writing guidelines Access to Services Strategy
Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	Cabinet Report Writing guidelines Access to Services Strategy Audit Committee Overview and Scrutiny Committee terms of reference and workplan
Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way	Performance Management Framework Statement of Accounts Governance Arrangements
Ensuring members and senior management own the results reported	Performance Management Framework Governance Arrangements
Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)	Governance Arrangements
Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate	Governance Arrangements Partnership Governance Framework
Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations	Performance Management Framework
Ensuring that recommendations for corrective action made by external audit are acted upon	Audit Committee Internal Audit
Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon	Internal Audit Governance Arrangements
Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	External Assessments
Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	Risk Management Framework Partnership Governance Framework Governance Arrangements

<b>Principles</b>	<b>Evidence</b>
Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met	Partnership Governance Framework

**AUDIT COMMITTEE 17<sup>th</sup> January 2018**

**ANNUAL GOVERNANCE STATEMENT ACTION PLAN 17/18**

**ACTION PLAN UPDATE ARISING FROM 2016/17 Annual Governance Review**

**1. Purpose of the Report**

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

**2. Recommendation**

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

**3. Action Plan Update**

3.1 An action plan is used to track the progress of the actions necessary to deal with the issues raised through the AGS process. The action plan for 2017/18 was developed in May and June 2017 when the AGS was first drafted. It was subsequently reviewed by the Audit Committee as a draft document in July 2017, and again in September 2017, when the AGS was accepted by the Audit Committee, and subsequently passed to Full Council for approval.

3.2 Generally, progress has been positive against all actions identified. This will be further reviewed in May and June 2017 as part of the 2016/17 AGR process.

3.3 The Action Plan has now been split into 'open' and 'closed' actions.

**4. List of Appendices**

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

**5. Background Papers**

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

**Contact Officer: Risk and Governance Manager**  
**Telephone: 01226 77 3119**  
**Date: 4<sup>th</sup> January 2018**

OPEN ACTIONS:

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

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

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

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

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



**CLOSED ACTIONS:**

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

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

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

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# Item 9

## BARNSELY METROPOLITAN BOROUGH COUNCIL

Report of the Service Director IT  
to the Audit Committee to be  
held on the 17<sup>th</sup> January, 2018

### **INFORMATION GOVERNANCE PERFORMANCE – QUARTER 3 2017/18**

#### **1. Purpose of Report**

- 1.1 To advise of the Council's position in relation to the number of information security breaches and cyber incidents which have been reported and investigated during Quarter 3 (1<sup>st</sup> October – 31<sup>st</sup> December 2017).

#### **2. Background**

- 2.1 Currently, there are three reporting regimes; reporting to the Information Commissioner's Office for the most serious incidents; reporting via the information governance toolkit for Adults' Social Care and Public Health most serious incidents and internal reporting and investigation for security breaches and cyber. Further guidance on the reporting regimes are detailed within Appendix A.

#### **3. Overall Position for Quarter 3 2017/18 – Information Security Incidents**

- 3.1 There have been a total of 43 incidents reported for Quarter 3 of which 40 required further investigation, and 3 were 3<sup>rd</sup> party breaches.

Following an initial investigation, 11 were found to be unsubstantiated, 6 are undergoing further investigation and therefore subject to change.

The table below provides a summary of incidents; actuals<sup>1</sup> and weaknesses<sup>2</sup> reported and investigated between 1<sup>st</sup> April 2017 and 31<sup>st</sup> December 2017. It includes a comparison from the previous year:

	2016/17	2017/18
<b>Total number of incidents (including weaknesses)</b>	<b>40</b>	<b>103</b>
Of which number of incidents reported to ICO	<b>3</b>	<b>2</b>
Of which number of incidents reported via information governance toolkit	<b>0</b>	<b>0</b>

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<sup>1</sup> Actual event – incident confirmed as a breach of Data Protection

<sup>2</sup> Weakness – identified as a risk to Data Protection but not a breach. These incidents are identified as a weakness as they could have caused a risk to the organisation; however the incident was contained within the Council – for example incorrect email sent internally, documents left on printer etc. There are still lessons to be learned.

2017/18 Business Unit by Type of Incident	1. Lost in Transit	2. Lost or Stolen Hardware	3. Lost or Stolen Paperwork	4. Disclosed in Error	6. Non-secure Disposal - Hardware	7. Non-secure Disposal - Paperwork	8. Technical Security Failing	10. Unauthorised Access/Disclosure	11. Other	TOTAL - No of Business Unit Incidents
	Communities BU7 Customer Services	0	1	0	2	0	0	0	0	1
Communities BU8 Stronger, Safer, Healthier Communities	0	0	0	1	0	0	0	0	0	1
Communities BU12 Information Technology	0	0	0	0	0	0	0	0	5	5
Place BU4 Economic Regeneration	0	1	0	1	0	0	0	0	1	3
Place BU5 Culture, Housing & Regulation	0	0	0	2	0	0	0	0	0	2
Place BU6 Environment & Transport	0	1	0	0	0	0	0	0	3	4
People BU1 Education, Early Start & Prevention	0	1	0	3	0	0	0	0	5	9
People BU2 Adult Social Care & Health	0	1	0	10	0	0	0	0	2	13
People BU3 Childrens Social Care & Safeguarding	0	0	0	15	0	0	0	0	3	18
Public Health BU10	0	1	1	2	0	0	0	0	1	5
Core Services BU14 Human Resources	0	0	0	14	0	0	0	0	4	18
Core Services BU15 Organisation, Workforce Improvement, Communication & Marketing	0	0	0	1	0	0	0	0	0	1
Core Services BU18 Health & Safety	0	0	0	0	0	0	0	0	0	0
Core Services BU11 Assets	0	0	0	2	0	0	2	0	4	8
Core Services BU13 Finance	0	1	0	6	0	0	0	0	1	8
Core Services BU17 Legal Service	0	0	0	2	0	0	0	0	0	2
Core Services BU19 Governance & Members Support	0	0	0	0	0	0	0	0	2	2
<b>TOTAL - No: of Incidents by Type</b>	0	7	1	61	0	0	2	0	32	103

There has been a significant spike in the number of reported incidents during the last two years. This can partly be attributed to the fact that awareness has been raised through policies, SMT/BLT, regular staff communication and mandatory training.

3.2 **Quarter 3: Actual incidents and weaknesses – subject to internal investigation by Directorate, Business Unit and Type** (actual and weakness, excludes third party and unsubstantiated)

PERIOD	Oct		Nov		Dec		Quarter 3	
	Actual	Weakness	Actual	Weakness	Actual	Weakness	Actual	Weakness
<b>BUSINESS UNIT</b>								
Communities BU7 Customer Services	2	0	0	0	0	1	1	0
Communities BU8 Stronger, Safer, Healthier Communities	1	0	0	0	0	0	0	0
Communities BU12 Information Technology	0	0	0	1	0	0	0	1

Place BU4 Economic Regeneration	0	0	0	1	1	0	0	0
Place BU5 Culture, Housing & Regulation	0	0	1	0	0	0	0	0
Place BU6 Environment & Transport	1	0	0	0	0	0	0	1
People BU1 Education, Early Start & Prevention	0	0	0	1	0	1	1	2
People BU2 Adult Social Care & Health	0	0	0	0	0	0	4	3
People BU3 Childrens Social Care & Safeguarding	0	1	2	1	1	0	3	4
Public Health BU10	1	1	1	0	0	0	0	0
Core Services BU14 Human Resources	2	0	0	1	1	1	4	3
Core Services BU15 Organisation, Workforce Improvement, Communication & Marketing	0	0	0	0	0	0	1	1
Core Services BU18 Health & Safety	0	0	0	0	0	0	0	0
Core Services BU11 Assets	1	0	0	0	0	0	1	2
Core Services BU13 Finance	0	0	1	0	1	1	1	0
Core Services BU17 Legal Service	0	0	0	1	0	0	1	0
Core Services BU19 Governance & Members Support	0	0	0	0	0	0	0	2
<b>TOTAL</b>	<b>8</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>17</b>	<b>12</b>

		Quarter 3	
		Actual	Weakness
Incident Category			
1.	Lost in Transit	0	0
2.	Lost or Stolen Hardware	2	0
3.	Lost or Stolen Paperwork	0	0
4.	Disclosed in Error	12	3
6.	Non-secure Disposal - Hardware	0	0
7.	Non-secure Disposal - Paperwork	0	0
8.	Technical Security Failing	0	0
10.	Unauthorised Access/Disclosure	0	0
11.	Other	3	9

**3.3 Quarter 3: Summary of actual incidents and weaknesses – subject to internal investigation by Directorate, Business Unit - identified by the Type “Other” (actual and weakness, excludes third party and unsubstantiated)**

2017/18 Business Unit by Type of Incident (Other)	Incident No:	Incident		Outcome Type
7	IR29698	Failure to implement, enforce or follow appropriate organisational or technical safeguards to protect information	2 year assessment issued with birth name & NHS NO: (Child Adopted) - record not deactivated & new record activated	Human Error
7	IR31314	Failure to implement, enforce or follow appropriate organisational or technical safeguards to protect information	Inappropriate access to email and disclosure of data within the emails	Policy Weakness

8	IR36859	Failure to implement, enforce or follow appropriate organisational or technical safeguards to protect information	Password recorded on incident	Human Error
8	IR36877	Failure to implement, enforce or follow appropriate organisational or technical safeguards to protect information	Following relocation of Disabled Children's Team contact details not updated on correspondence or website - mail continued to be delivered to previous location	Human Error
8	IR37361	Failure to implement, enforce or follow appropriate organisational or technical safeguards to protect information	User left device unattended for another user to access information unique to the device	Human Error
8	IR39359	Failure to implement, enforce or follow appropriate organisational or technical safeguards to protect information	Email sent insecurely - received by intended recipient	Human Error
9	IR47196	Failure to implement, enforce or follow appropriate organisational or technical safeguards to protect information	Email sent insecurely - received by intended recipient	Human Error
9	IR47461	Failure to implement, enforce or follow appropriate organisational or technical safeguards to protect information	Different envelopes were purchased by the corporate mail room. These were then used by the Income Team. The Envelope window size was larger and revealed the invoice number of the customer.	Technical Failure
9	IR51877	Failure to implement, enforce or follow appropriate organisational or technical safeguards to protect information	Email sent insecurely - received by intended recipient	Human Error
9	IR53199	Failure to implement, enforce or follow appropriate organisational or technical safeguards to protect information	Text message sent with personal & sensitive data - recipient screenshotted the text message & uploaded it to her snapchat story	Failure to Follow Process
9	IR53059	Failure to implement, enforce or follow appropriate organisational or technical safeguards to protect information	LAC Christmas party photo uploaded to social media	Failure to Follow Process Human Error

3.4 The highest numbers of actual incidents (12) that have occurred, fall under the category 'disclosed in error'. This category covers information which has been disclosed to an incorrect party or where it has been sent or otherwise provided to an individual or organisation in error.

The main errors for Q3 are around e-mails being sent to wrong recipient / contact groups, incorrect recipients copied in, not using bcc, not encrypting / sending insecurely, letters being sent to previous/last known address of the Service User due to databases not being updated in a timely manner, checking process not followed prior to sending out/signing off documentation to be posted out.



3.5 The principles of the Data Protection Act that have been breached are as follows.

Principle 4	Personal data shall be accurate and, where necessary, kept up to date
Principle 7	Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data

Principle 7 is the breach where the ICO is likely to impose a fine and this is the one that has been most frequently breached.

### 3.6 Incidents – reported and investigated by ICO for Quarter 3

No incidents reported

### 3.7 Summary of lessons learned / action taken

Lessons / action
<ul style="list-style-type: none"><li>• Ensure accuracy of information and confirm that the address detail is correct prior to sending out sensitive documents</li><li>• Ensure electronic databases are updated timely</li><li>• Staff to pay due care and attention when sending and replying to e-mails</li></ul>

### 3.8 Third Party Incidents

There have been a total of 3 incidents involving third parties; these range from application, South West Yorkshire Foundation Trust and other local authorities. Each incident has been reported to Information Governance and investigated by relevant parties.

### 3.9 Summary Information Governance Incidents

E-mail is the greatest source of incidents recorded within Quarter 3, in particular where they have been inappropriately sent. Often where the recipient's address should have been carefully checked, incorrect recipients copied in, lack of security around e-mails (e.g. not using the Egress solution), not utilising the bcc functionality, using auto complete feature. These errors have occurred both internally and externally.

The incorrect postal activities with letters and documents also rate highly in the overall categories of error.

The policies and procedures exist and training is provided to all staff throughout the Council at minimum on an annual basis. Every individual within the organisation has a personal responsibility to protect person information.

The Information Governance Board and Service Directors across Directorates continue to support the Information Governance team with the investigation and resolution of incidents. However, it is important to stress that completed forms must be submitted within 10 working days to the Information Governance team as this is breached regularly by Investigating Officers.

#### 4. Outstanding 2017/18, Quarter 1/2 requiring escalation to seek progression to closure

None

#### 5. Cyber Incidents

A Cyber related incident is anything that could (or has) compromised information assets within Cyberspace. "Cyberspace is an interactive domain made up of digital networks that is used to store, modify and communicate information. It includes the internet, but also the other information systems that support our businesses, infrastructure and services."<sup>3</sup>

The table below is a summary of the 'attempts' and 'attacks' the Council have received:

	2016/17	2017/8			
Action	Q4	Q1	Q2	Q3	Total
Phishing advice given	16	8	23	223	270
Phishing action taken	79	120	263	336	798
Phishing attack	1	6	2	7	16
Other	4	10	16	43	73
<b>Total</b>	<b>100</b>	<b>144</b>	<b>304</b>	<b>609</b>	<b>1,157</b>

The table below, includes a comparison with Quarter 3 from the previous year:

Action	Q3 16/17	Q3 17/18	DIFFERENCE
Phishing advice given	80	223	+143
Phishing action taken	120	336	+216
Phishing attack	10	7	-3
Other	22	43	+21
<b>Total</b>	<b>232</b>	<b>609</b>	<b>+377</b>

##### 5.1 Definitions

**Phishing advice given** - e-mail received analysed and no further actions could be taken to block further similar e-mails coming into the Council, advice given to the recipient on how to spot further phishing attempts, and what to do with the e-mail they have received.

**Phishing action taken** – e-mail received analysed and actions taken including: block further e-mails from the specific sender, get the website linked to from within the phishing e-mail removed, escalate to law enforcement agencies or escalate to e-mail subject e.g. Barclays Bank or PayPal.

**Phishing attack** – a phishing e-mail has been received and has been successful, so resolutions have been closing network accounts if details have been compromised or removing PC's from network and removing any virus, sometimes flattening PC.

**Other** – these are requests for advice, information etc, anything security related not falling in above categories.

<sup>3</sup> Source: UK Cyber Security Strategy, 2011

## 5.2 Summary Cyber Incidents

There continues to be an increase in the number of phishing e-mails being received throughout the Council both year on year and Quarter 2 compared with Quarter 3, and also comparing Quarter 3 2016/17 with 2017/18. This is following increased education across the Council and an increased threat globally, which has been the trend since we started reporting this type of incident.

The Council have recently gone out to tender for Cyber Security defences which has been scored and now in the final stages prior to awarding the contracts, once these new technologies including advanced threat detection are implemented it should start to have a positive impact on the incident figures.

There has been a worrying trend emerging this quarter, whereby even following Global e-mails to ignore certain phishing e-mails, we still receive requests to unblock content where by employees who are not following guidance issued. This is probably due to the high number of e-mails regularly received and lack of time reading content. Therefore, the training element of the Security tender will prove invaluable in terms of educating users as a good line of defence, additional to this IT Services are working with the Communications team on a plan to internally raise awareness for a number of security issues.

## 6. Recommendations

It is recommended that:

- Executive Directors/Service Directors (where appropriate) are aware of the potential impact of information security incidents and cyber incidents on the Council and the potential for ICO fines – Information Governance Team to work within the time constraints in collaboration with all business units;
- Executive Directors/Service Directors (where appropriate) are aware of information security incidents and cyber incidents in their area of responsibility and ensure full and timely reporting and investigation; ensuring lessons are learned and implemented within the directorate as per policy timescales; and
- Following the recent phishing attempts and the results of the internal campaigns to educate staff; report the results to SMT and the Information Governance Board to identify further actions by 18<sup>th</sup> January 2018.

## Appendix A

### Reporting to the Information Commissioner's Office

The Information Commissioner's Office (ICO) have the authority and power to impose fines where there has been a serious breach of the Data Protection Act 1998 (DPA). The amount of the monetary penalty determined by the Commissioner cannot exceed £500,000. It must be sufficiently meaningful to act both as a sanction and also as a deterrent to prevent non-compliance of similar seriousness in the future by the contravening person and by others.

The ICO has powers to serve a monetary penalty on data controllers who fail to comply with the data protection principles. Although there is no legal obligation on data controllers to report breaches of security, ICO believe that serious breaches should be reported. To serve a monetary penalty notice for a breach of the DPA, the ICO must be satisfied that - there has been a serious contravention by the data controller, the contravention was of a kind likely to cause substantial damage or substantial distress; and either, the contravention was either deliberate; or, the data controller knew, or ought to have known that there was a risk that the contravention would occur, but failed to take reasonable steps to prevent the contravention.

### Reporting via the Information Governance Toolkit

All organisations processing Health, Public Health and Adult Social Care personal data are required to use the Information Governance Toolkit Incident Reporting Tool to report level 2 IG 'serious incidents requiring investigation' to the Department of Health, ICO and other regulators. This requirement is only necessary when a certain threshold has been met<sup>4</sup>.

### Reporting and Internal investigation

If the above formal reporting requirements do not apply then the Council still have a responsibility as a data controller to assess the risk and manage incidents appropriately ensuring that appropriate measures are put in place to mitigate repeat occurrences. Internal reporting is a valuable tool for identifying the scale of the problem, and common errors that may be eliminated through changes to systems, training or greater awareness.

This report outlines the information security breaches reported and investigated both internally and to the ICO and includes the data for the financial year 2017/18. Future reporting will be on a quarterly basis.

### Reporting of Cyber Incidents

All organisations processing Health, Public Health and Adult Social Care personal data are required to report and investigate cyber incidents.

A cyber-related incident is anything that could (or has) compromised information assets within cyberspace. "Cyberspace is an interactive domain made up of digital networks that is used to store, modify and communicate information. It includes the internet, but also the other information systems that support our businesses, infrastructure and services."

The IG toolkit outlines the categories for cyber incidents and the requirement to report level 2 IG 'serious incidents requiring investigation' to the Department of Health, ICO and other regulators. This requirement is only necessary when a certain threshold has been met<sup>5</sup>.

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<sup>4</sup> **Scale factor** - number of individuals affected, **sensitivity factor** – detailed personal/confidential information at risk, harm to the individual e.g. distress, individual placed at risk e.g. physical harm, potential for media attention etc.

<sup>5</sup> **Scale factor** - number of individuals affected, **sensitivity factor** – detailed personal/confidential information at risk, harm to the individual e.g. distress, individual placed at risk e.g. physical harm, potential for media attention etc.

# Item 10

## **BARNSELY METROPOLITAN BOROUGH COUNCIL**

Joint report of the IT Service Director  
& Head of Internal Audit and Corporate  
Anti-Fraud to the Audit Committee  
to be held on the 17<sup>th</sup> January, 2018

### **INFORMATION COMMISSIONERS AUDIT AND GENERAL DATA PROTECTION REGULATIONS PROGRAMME**

#### **1. Purpose of the Report**

The purpose of this report is to provide Audit Committee with an overview of the recent Information Commissioners Office (ICO) audit and progression towards General Data Protection Regulations (GDPR) compliance.

#### **2. Background**

The Information Commissioner is responsible for enforcing and promoting compliance with the Data Protection Act 1998 (the DPA). Section 51 (7) of the DPA contains a provision giving the Information Commissioner power to assess any organisation's processing of personal data for the following of 'good practice', with the agreement of the data controller. This is done through a consensual audit.

The ICO sees auditing as a constructive process with real benefits for data controllers and so aims to establish a participative approach.

The Council agreed to a consensual audit of its processing of personal data, observing how the Council deliver training and awareness to its employees and processing of information requests.

An introductory meeting was held on 11<sup>th</sup> August 2017 with representatives of the Council to identify and discuss the scope of the audit and subsequently to agree the schedule of interviews.

The audit field work was undertaken at Gateway Plaza and Shortwood Villas between 17<sup>th</sup> October and 19<sup>th</sup> October 2017.

#### **3. ICO Observations and Actions**

It is the Council's responsibility to meet the challenges of safeguarding the information of their service users and the outcome of this audit was an opportunity to implement new measures to ensure that the Council continue to strengthen their existing policies, procedures and practices.

The ICO made significant recognition of the strong leadership and good practice the Council have embedded. In particular, they cited the excellent online training provision, comprehensive case management system for processing Freedom of Information requests and Shortwood was identified as having very well established processes for managing paper records.

In addition, they highlighted some areas to be considered for further improvement e.g. developing a training package for non-computer users, the performance of Freedom of Information requests to be monitored and discussed during team meetings, implementing processes for deleting electronic data and introducing KPI's for records management with representation on the Information Governance Board.

The Executive Summary can be viewed here: <https://ico.org.uk/action-weve-taken/audits-advisory-visits-and-overview-reports/barnsley-metropolitan-borough-council/>

The ICO have highlighted many of our key strengths and indeed suggested a number of urgent and more challenging areas for improvement, for example:

- To continue with our transition to SharePoint;
- To ensure the retention and disposal of records complies with our policies;
- To ensure that all confidential waste bins are secure;
- To develop and monitor a number of new Corporate performance indicators for records management; and
- To implement the monitoring and compliance of records management across the Council.

The overall audit opinion for the Council is 'Reasonable assurance':

*There is a reasonable level of assurance that processes and procedures are in place and delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with the DPA.*

*The ICO have made a limited assurance assessment in respect of Records Management, and two reasonable assurance assessments, in respect of Training and Awareness and Freedom of Information, where controls could be enhanced to address the issues which are presented fully in the separate 'action plan', along with management responses.*

There are a number of recommendations for the Council to act on but to put these into perspective the majority are medium or low priority – which is great news!

An action plan has been developed by the Council and will be facilitated by Internal Audit; the Information Governance Board and Audit Committee will continue to receive regular reviews of progress to date.

The ICO will contact the Council during September 2018 to request an updated Action Plan, in order to carry out a follow up audit, this will be a desk based review using the updated action plan and any supporting evidence the Council supplies.

#### **4. GDPR**

GDPR are new regulations that will come into effect on the 25<sup>th</sup> May 2018, alongside a new UK Data Protection Act; completely replacing existing Data Protection Legislation in the UK.

GDPR enhances existing legislation and also introduces some new requirements that must be implemented within the Council.

The project has identified 7 work streams:

- Individuals Rights
- Accountability & Governance
- Breach Notification
- Transfers of Information
- Communications
- Policies
- Training and Awareness

In addition to the above work streams, a significant and extensive new requirement is that the Council undertakes a process mapping exercise.

This is required for every process that includes the processing of personal and / or sensitive data. This process will record; how we obtain the data; what we will do with it; who we will share it with – including if appropriate sharing agreements in place; and how long we will keep it for.

The output from this exercise will be issued to process owners to inform and flag risks, so that actions can be taken to mitigate risks to the business and ensure the Council is compliant with this regulation.

During this period significant resource has been given to supporting the business units to complete this task. It has however been recognised, due to the volume of processes and gaps identified, that there is a requirement to adjust the initial internally set milestone of the 31/12/17 to the 31/03/18. This will be monitored on a regular basis by the Information Governance Team to ensure progress continues to meet timelines; and that this along with other supporting GDPR requirements are completed in readiness for GDPR coming into effect on the 25<sup>th</sup> May 2018.

There are a total of 78 processes mapped in the 'live' system.

The following business units have completed their process flow maps:

- BU12 Information Technology Service
- BU13 Finance
- BU17 Legal Services (NEW)
- BU19 Governance & Member Support

Work has commenced in the following business units, with additional meetings scheduled in the diary to fully complete the process mapping exercise (based on current business unit process information provided to date):

- BU1 Education Early Start & Prevention
- BU2 Adult Social Care and Health
- BU3 Children's Social Care & Safeguarding
- BU7 Customer Services
- BU8 Stronger, Safer & Healthier Communities
- BU11 Assets
- BU15 Business Improvement & Communications
- BU18 Health & Safety

Gaps have been identified in the following business units where engagement is required during the next period to schedule meetings and complete the process mapping exercise:

- BU4 Economic Regeneration - Majority complete, one new area outstanding
- BU5 Culture, Housing & Regulation - 3 areas complete, 3 areas outstanding.
- BU6 Environment & Transport – Whole business unit outstanding
- BU10 Public Health – Initial meetings held, overlaps to be identified, meetings to be scheduled & processes to be mapped
- BU14 Human Resources & Business Support – Two processes mapped for HR, Business support to be completed.



### Other Work streams:

Quick reference guides to be published on the Information Governance Intranet pages for business support and guidance.

### Accountability & Governance:

With regards appointing a Data Protection Officer (DPO), a paper was submitted to Information Governance Board for approval on 16/11/2017 assigning the Head of Internal Audit the role of DPO.

### Training and Awareness:

Information sharing training day held 25/10/2017 with representatives across the business attending. The training covered Information Sharing Protocols and Agreements, Purpose and Legal basis, Caldicott 2 & 3, Data transfers between organisations, Digital Economy Act and GDPR.

### Programme Plan:

Appendix A.

## APPENDIX A – GDPR PROGRAMME PLAN

UNIQUE REF	DESCRIPTION / TASK	DUE BY	COMPLETED
<b>1</b>	<b>GDPR process Flow Mapping</b>	<b>Fri 30/03/18</b>	
<b>1.1</b>	<b>Ensure all Processes Mapped across BMBC - refer to mapping tracker for progress</b>	<b>Fri 30/03/18</b>	
<b>2</b>	<b>Individuals rights</b>	<b>Fri 30/03/18</b>	
<b>2.1</b>	<b>The right to be informed</b>	<b>Fri 30/03/18</b>	
2.1.1	review to take place in line with ICO code of practice	Fri 30/03/18	17/11/2017
2.1.2	Review ICO guidance and establish best practice for privacy notices.	Tue 25/07/17	17/11/2017
2.1.3	Identify and update any centrally held data privacy notices by BMBC that are signposted to by the business.	Fri 31/01/18	
2.1.4	Engage with other Councils to ascertain their approach and status to Privacy Notices - share documents and inform our next steps	Fri 22/12/17	Fri 22/12/17
2.1.5	Produce and issue guidance notes / minimum standards for the Business to implement.	Thu 17/11/17	17/11/2017
2.1.6	Undertake assurance activity to ensure all data privacy notices meet new GDPR Legislation.	Fri 30/03/18	
2.1.7	Work with corporate comms about wording / publishing privacy notice on internet / External	Fri 31/01/18	
2.1.8	Work with Claire Dobbie Customer Services to ensure requirements reflected in SAR correspondence	Fri 31/01/18	
<b>2.2</b>	<b>The right to erasure</b>	<b>Fri 30/03/18</b>	
2.2.1	Devise alongside the business a process to respond to requests	Fri 30/03/18	
2.2.2	The current information flow mapping exercise will identify all legal basis for process for processing, where consent is used try to find alternative	Fri 30/03/18	
2.2.3	Put in place technical capability of identification and erasure of all systems - ICO Recommendation	Fri 31/01/18	
2.2.4	Produce and issue guidance notes / minimum standards for the Business to implement.	Thu 17/11/17	17/11/2017
2.2.5	External communications - include in privacy notices	Fri 31/01/18	
<b>2.3</b>	<b>Rights in relation to automated decision making and profiling</b>	<b>Fri 30/03/18</b>	
2.3.1	understand the new requirements	Fri 30/03/18	
2.3.2	Identify from process mapping if this applies to BMBC	Fri 30/03/18	
2.3.3	External comms to be included in Privacy Notice	Fri 30/03/18	
2.3.4	Devise alongside the business a process to respond to requests	Fri 30/03/18	
<b>2.4</b>	<b>The right to Object</b>	<b>Wed 26/01/18</b>	
2.4.1	Understand under what circumstances we need to apply	Fri 31/01/18	
2.4.2	Produce and issue guidance notes / minimum standards for the Business to implement.	Thu 17/11/17	17/11/2017

UNIQUE REF	DESCRIPTION / TASK	DUE BY	COMPLETED
2.4.3	External comms to be included in Privacy Notice	Fri 30/03/18	
2.4.4	Devise alongside the business a process to respond to requests	Fri 30/03/18	
<b>2.5</b>	<b>The right to rectification</b>	<b>Wed 26/01/18</b>	
2.5.1	Understand under what circumstances we need to apply	Fri 31/01/18	
2.5.2	Produce and issue guidance notes / minimum standards for the Business to implement.	Thu 17/11/17	17/11/2017
2.5.3	External comms to be included in Privacy Notice	Fri 30/03/18	
2.5.4	Devise alongside the business a process to respond to requests	Fri 30/03/18	
<b>2.6</b>	<b>The right to data portability</b>	<b>Wed 26/01/18</b>	
2.6.1	Understand under what circumstances we need to apply	Fri 31/01/18	
2.6.2	Produce and issue guidance notes / minimum standards for the Business to implement.	Thu 17/11/17	17/11/2017
2.6.3	External comms to be included in Privacy Notice	Fri 30/03/18	
2.6.4	Devise alongside the business a process to respond to requests	Fri 30/03/18	
<b>2.7</b>	<b>the right to restrict processing</b>	<b>Fri 30/03/18</b>	
2.7.1	Understand under what circumstances we need to apply	Fri 30/03/18	
2.7.2	Produce and issue guidance notes / minimum standards for the Business to implement.	Thu 17/11/17	17/11/2017
2.7.3	External comms to be included in Privacy Notice	Fri 30/03/18	
2.7.4	Devise alongside the business a process to respond to requests	Fri 30/03/18	
<b>2.8</b>	<b>the right of access</b>	<b>Fri 30/03/18</b>	
2.8.1	understand the new requirements	Fri 30/03/18	
2.8.2	revise subject access procedures and documentation provided to individuals and internet & intranet pages	Fri 30/03/18	
2.8.3	Produce and issue guidance notes / minimum standards for the Business to implement.	Thu 17/11/17	17/11/2017
2.8.4	External comms to be included in Privacy Notice	Fri 30/03/18	
2.8.4	Devise alongside the business a process to respond to requests	Fri 30/03/18	
<b>3</b>	<b>Accountability and Governance</b>	<b>Fri 30/03/18</b>	
<b>3.1</b>	<b>Security Responsibilities: pseudonymisation and encryption system capabilities. Processes to ensure confidentiality integrity availability restore and test</b>	<b>Fri 30/03/18</b>	
3.1.1	understand the new requirements	Fri 31/01/18	
3.1.2	Ensure all processes and systems are in place	Fri 30/03/18	
<b>3.2</b>	<b>Network Security Directive</b>	<b>Wed 11/01/18</b>	
3.2.1	understand the new requirements	Fri 31/01/18	

UNIQUE REF	DESCRIPTION / TASK	DUE BY	COMPLETED
3.2.2	Ensure all processes and systems are in place	Fri 30/03/18	
<b>3.3</b>	<b>Data Protection impact Assessments</b>	<b>Fri 30/03/18</b>	
3.3.1	Understand GDPR requirements	Fri 30/03/18	
3.3.2	Engage with Project team Manager to ensure all new projects have PIA's completed and evidence retained	Fri 30/03/18	
3.3.3	Complete DIP test of existing projects to identify gaps in process	Fri 30/03/18	
3.3.4	Create new assessment tool / Procedures inc escalation IG. DPO IG Board	Fri 30/03/18	
3.3.5	Design and implement a central repository for DPIA	Fri 30/03/18	
3.3.6	Issue comms to internal stakeholders	Fri 30/03/18	
<b>4</b>	<b>Legal Basis for processing</b>		
<b>4.1</b>	<b>Consent</b>		
4.1.1	Review current consent models - the information flow mapping exercise will identify where processing is taking place on the basis of consent	Fri 30/03/18	
4.1.2	Review ICO guidance and establish best practice for Consent for both adult / child. Publish quick reference guides for the business to follow.	Thu 17/11/17	17/11/2017
4.1.3	Identify if any centrally held data consent information that are signposted to by the business - online processing	Fri 30/03/18	
4.1.4	Undertake assurance activity to ensure all Consent notices meet new GDPR Legislation	Fri 30/03/18	
<b>4.2</b>	<b>Children's personal Data</b>	<b>Wed 26/01/18</b>	
4.2.1	the information flow mapping exercise will identify where processing is taking place on the basis of consent	Fri 30/03/18	
4.2.2	Review ICO guidance and establish best practice for Consent for both adult / child. Publish quick reference guides for the business to follow.	Thu 17/11/17	17/11/2017
4.2.3	Share quick reference guides with Service Director BU03	Wed 20/12/17	Wed 20/12/17
4.2.4	Identify if any centrally held data consent information that are signposted to by the business - online processing	Fri 30/03/18	
4.2.5	Undertake assurance activity to ensure all Consent notices meet new GDPR Legislation	Fri 30/03/18	
<b>4.3</b>	<b>Controllers / Processor Responsibilities</b>	<b>Wed 20/12/17</b>	
4.3.1	Understand who are controllers / joint controllers and Processors - engage with legal as required. Use information to inform data mapping and education sessions	Wed 20/02/17	
<b>4.4</b>	<b>Contracts</b>	<b>Fri 30/03/18</b>	
4.4.1	Understand GDPR requirements for Contracts	Fri 30/03/18	

UNIQUE REF	DESCRIPTION / TASK	DUE BY	COMPLETED
4.4.2	Review / Amend Staff contracts to remove reference to processing with consent (R Winter raised issue with current contracts)		
4.4.3	Support Draft contracts / agreement clauses for BMBC acting as a <b>processor</b> (can be utilised for school support services e.g. code green SIMS support) -	Fri 31/01/18	
4.4.4	Prepare and issue agreed contract / agreement processor clauses to schools	Fri 28/02/18	
4.4.5	Support Draft contracts / agreement clauses for BMBC acting as a <b>controller</b>	Fri 31/01/18	
4.4.6	Support Contracts team to implement new contract and review existing clauses for us acting as a <b>Controller.</b>	Fri 30/03/18	
4.4.7	Support Procurement to implement new contract and review existing clauses	Fri 30/03/18	
4.4.8	Dip test contracts to ensure GDPR requirements adhered to	Fri 30/03/18	
<b>4.5</b>	<b>Certification - approved codes of conduct and certification mechanisms for GDPR</b>	<b>Fri 30/03/18</b>	
4.5.1	Understand certification requirements for GDPR	Fri 30/03/18	
<b>4.6</b>	<b>Data Protection Officer</b>	<b>Fri 30/01/18</b>	
4.6.1	identify the requirements of the role. (existing role/new role)	Wed 11/10/17	17/11/2017
4.6.2	Appoint individual to undertake role	Fri 30/01/18	
<b>4.7</b>	<b>Breach Notification</b>	<b>Wed 11/03/17</b>	
4.7.1	Understand the new ICO powers (includes any breach of the new law)	Wed 11/03/17	
4.7.2	Communicate with the business new requirements	Fri 30/03/18	
4.7.3	Update BMBC training material / Policies requirements	Fri 30/03/18	
<b>5</b>	<b>Transfers of information</b>	<b>Fri 30/03/18</b>	
<b>5.1</b>	<b>International transfers</b>	<b>Wed 11/03/17</b>	
5.1.1	Understand GDPR requirements for International transfers		
5.1.2	review if any international transfers identified by the process flow mapping	Wed 11/03/17	
5.1.3	check box included in data process flow chart re. international	Wed 11/10/17	20/10/2017
5.1.4	Build into DPIA's to flag if subsequent processes will involve international transfers	Fri 30/03/18	
<b>6</b>	<b>Policies Protocols and Guidance</b>	<b>Fri 30/03/18</b>	
<b>6.1</b>	<b>Policies Protocols and Guidance - Review of all policies with reference to data protection legislative requirements to reflect GDPR - See policy tracker for review status</b>	<b>Fri 30/03/18</b>	
6.1.1	Information Governance Policy	Fri 30/03/18	
6.1.2	Data Protection Policy	Fri 30/03/18	
6.1.3	Freedom on Information Policy	Fri 30/03/18	

UNIQUE REF	DESCRIPTION / TASK	DUE BY	COMPLETED
6.1.4	Information security and computer usage Policy	Fri 30/03/18	
6.1.5	Records Management Policy	Fri 30/03/18	
6.1.6	Privacy Impact Assessments Policy	Fri 30/03/18	
<b>7</b>	<b>Training &amp; Awareness</b>	<b>Fri 28/02/18</b>	
<b>7.1</b>	<b>Training &amp; Awareness material updated</b>	<b>Fri 28/02/18</b>	
<b>8</b>	<b>Gap Analysis</b>	<b>Fri 30/04/18</b>	
<b>8.1</b>	<b>Gap Analysis</b>		
8.1.1	Complete an initial gap analysis to ascertain compliance position - determine Business requirements for gap analysis	Fri 22/12/17	Fri 22/12/17
8.1.2	Review gap analysis to ascertain compliance	Fri 28/02/18	



# Annual report on grants and returns 2016/17

**Barnsley Metropolitan Borough Council**

January 2018



# Contents

**The contacts at KPMG in connection with this report are:**

**Clare Partridge**  
Partner

KPMG LLP (UK)

Tel: +44 (0) 113 231 3922

clare.partridge@kpmg.co.uk

**Amy Warner**  
Manager

KPMG LLP (UK)

Tel: +44 (0) 113 231 3089

amy.warner@kpmg.co.uk

**Rachael Whittaker**  
Assistant Manager

KPMG LLP (UK)

Tel: +44 (0) 113 231 3851

rachael.whittaker@kpmg.co.uk

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Clare Partridge, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, in relation to the certification of the Housing Benefit Subsidy grant claim, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.



## Headlines

### Introduction and background

This report summarises the results of work we have carried out on the Council's 2016/17 grant claims and returns.

This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2016/17 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim – the Council's 2016/17 Housing Benefit Subsidy claim. This had a value of £74,204,708
- Under separate engagements we issued reports on two returns as listed below.
  - Teacher's Pension Return. This included employers contributions of £6,324,932.77.
  - Pooled Housing Capital Receipts Return. The total receipts subject to pooling was £7,354,491.67.

### Certification and assurance results (Pages 4-5)

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Following the completion of our work, the claim was subject to a qualification letter.

- Testing of Rent Allowances identified one case in which benefit was underpaid and two cases in which benefit was overpaid totalling £164, this was adjusted in the system in 2017/18.
- Testing of Non-HRA Rent Rebates identified two cases in which benefit was underpaid and one case in which benefit was overpaid by £44, this was adjusted in the system in 2017/18.
- Testing of Rent Rebates identified one case in which expenditure was misclassified and one case in which benefit was overpaid by £788, this was adjusted in the system in 2017/18.
- None of these errors were identified in 2015/16. Additional testing of similar cases in 2016/17 enabled us to conclude that the cases were isolated errors in seven of eight cases, one error was extrapolated.

One adjustment was necessary to the Housing Benefit Subsidy claim as a result of our certification work this year.

- An amendment was made for the value of a cell in the return which was mistyped, there was no impact on the subsidy claimed; and
- There were no amendments in the previous year.

No adjustments were necessary to the other Council's grants and returns as a result of our certification work this year, which is the same as on previous years.

### Recommendations

We have made no recommendations to the Council from our work this year and agreed an action plan with officers. There were no recommendations outstanding from previous years' work on grants and returns.

### Fees (Page 6)

Our fee for certifying the Council's 2016/17 Housing Benefit Subsidy grant was £22,118, which is in line with the indicative fee set by PSAA.

Our fees for the other engagements were subject to agreement directly with the Council and were:

- Teacher's Pension Authority Return – £3,500
- Pooled Housing Capital Receipts Return – £4,250

# Summary of reporting outcomes

Overall, we carried out work on three grants and returns:

- Two were unqualified with no amendment; and
- One required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council’s 2016/17 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Council’s compliance with a scheme’s requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
<b>Public Sector Audit Appointments regime</b>					
— Housing Benefit Subsidy	1	●		●	
<b>Other grant/return engagements</b>					
— Teacher’s Pension Return					●
— Pooled Housing Capital Receipts Return					●
		1	0	1	2

# Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

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Ref	Summary observations	Amendment
1	<p><b>Included in the Housing Benefit Subsidy Qualifications were:</b></p> <ul style="list-style-type: none"> <li>— Testing of Non Housing Revenue Account (NHRA) Rent Rebates identified one case was identified where benefit had been underpaid as a result of the Authority not updating the increased site fee in the weekly award calculation.</li> <li>— Testing of NHRA Rent Rebates identified one case was identified where benefit had been underpaid as a result of the Authority misclassifying a prior year underpayment as a current year underpayment.</li> <li>— Testing of NHRA Rent Rebates identified one case where benefit had been overpaid as a result of the Authority failing to make a non-dependant deduction once a dependant reached 18 years of age.</li> <li>— Testing of Rent Rebates identified one case where benefit had been overpaid as a result of the Authority entering a tax deduction from a Pension when no deduction was made.</li> <li>— Testing of Rent Rebates identified one case where underlying entitlement had been awarded for the incorrect period.</li> <li>— Testing of Rent Allowances identified one case where benefit had been underpaid as a result of the Authority using the incorrect end date to calculate the claimant’s eligible amount;</li> <li>— Testing of Rent Allowances identified one case where the Authority had overpaid benefit as a result of applying the incorrect Local Housing Allowance (LHA) rate due to the claimant living in shared accommodation despite being of an age to qualify for the one bedroom LHA rate; and</li> <li>— Testing of Rent Allowances identified one case where the Authority had overpaid benefit as a result of incorrectly removing Child Tax Credits from the claim when the claimant was still in receipt of the income</li> <li>— An amendment was made to the claim form for an error on completion with no impact on the subsidy claimed.</li> <li>— We have not identified similar errors in the previous year.</li> </ul>	<p>nil</p>

# Fees

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

The overall fees we charged for carrying out all our work on grants/returns in 2016/17 was £29,868.

## Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2016/17 of £22,118 fee. Our actual fee was the same as the indicative fee, and this compares to the 2015/16 fee for this claim of £15,236.

## Grants subject to other engagements

The fees for our work on other grants/returns are agreed directly with the Council. Our fees for 2016/17 were in line with those in 2015/16.

## Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2016/17 (£)	2015/16 (£)
Housing Benefit Subsidy claim	22,118	15,236
Teacher's Pension Authority Return	3,500	3,500
Pooled Housing Capital Receipts Return	4,250	4,250
<b>Total fee</b>	<b>29,868</b>	<b>22,986</b>



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**BARNSELEY MBC AUDIT COMMITTEE – INDICATIVE WORK PROGRAMME**

	Mtg. No.	6	7	8	1	2	3	4	
Committee Work Area	Contact / Author	17.1.18	21.3.18	18.04.18	6.06.18	20.07.18** (2.00 pm)	19.09.18**	31.11.18** (2.00 pm)	5.12.18
<b>Committee Arrangements</b>								Workshop	
Committee Work Programme	WW	X	X	X	X	X	X		X
Minutes/Actions Arising	WW	X	X	X	X	X	X		X
Review of Terms of Reference and Self-Assessment	RW/CHAIR								
Training Review and Skills Assessment	RW/CHAIR								
Review of Terms of Reference & Working Arrangements	ACF		X						
Draft Audit Committee Annual Report	RW/CHAIR			X		X			
Audit Committee Annual Report	RW/CHAIR								
<b>Internal Control and Governance Environment</b>									
Local Code of Corporate Governance	AF/AH		X						
Annual Governance Review Process and Timescales	AF/AH								
Draft Annual Governance Statement & Action Plan	AF/AH				X Moved from 18/7				
Final Annual Governance Statement	AF/AH					X Moved from 21/9			
AGS Action Plan Update	AF/AH								X
Corporate Whistleblowing Update & Annual Report	RW					X			
Annual Fraud Report	RW			X					
Corporate Fraud Team - Report	RW		X						X
<b>Corporate Risk Management</b>									
Risk Management Policy & Strategy	AH								
Risk Management Update*	AH								

	Mtg. No.	6	7	8	1	2	3	4	
Committee Work Area	Contact / Author	17.1.18	21.3.18	18.04.18	6.06.18	20.07.18** (2.00 pm)	19.09.18**	31.11.18** (2.00 pm)	5.12.18
Annual Report	AH	X				X			
Strategic Risk Register Review	AH			X					X
<b>Internal Audit</b>									
Internal Audit Charter	RW		X						
Internal Audit Plan	RW		X						
Internal Audit Quarterly Report	RW	X		X		X			X
Annual Review of the Effectiveness of Internal Audit	RW					X			
Review of the Effectiveness of Int. Audit - Update	RW	X							
Internal Audit Annual Report	RW				X				
<b>External Audit (KPMG)</b>									
Annual Governance Report (ISA260 Report)	KPMG					X Moved from 21/9			
Audit Plan	KPMG		X						
Annual Fees Letter	KPMG		X						
Annual Audit Letter	KPMG								
Grants Letter	KPMG								
Claims & Returns Annual Report	KPMG	X							
External Audit Progress report & Technical Update	KPMG		X	X	X	X	X		X
<b>Financial Reporting and Accounts</b>									
Budget Proposal Section 25 Report	NC	X	X						
Draft Statement of Accounts	NC					X			
Corporate Finance Summary	NC						X		
Corporate Finance and Performance Management & Capital Programme Update	NC		X				X		
Treasury Management Annual Report	IR		X						



	Mtg. No.	6	7	8	1	2	3	4	
Committee Work Area	Contact / Author	17.1.18	21.3.18	18.04.18	6.06.18	20.07.18** (2.00 pm)	19.09.18**	31.11.18** (2.00 pm)	5.12.18
Treasury Mgt. Policy & Strategy Statement	IR		X						
<b>Other Corporate Functions contributing to overall assurance</b>									
Human Resources (annual)	AB						X		
Business Improvement and Communication (annual)	MP					X			
Health & Safety Resilience (6 monthly report – March Update – September Annual)	SD		X				X		
Governance & Member support (annual)	IT/WW				X				
Information Governance update	DR	X Moved from 6/12		X		X			X

\*Members of the Senior Management Team to be invited periodically to report on any issues identified within the Strategic Risk Register

\*\* Please Note: Change of dates and times dates/times due to the changes to the regulations relating to the approval of the accounts

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