

# Public Document Pack



<b>MEETING:</b>	Audit Committee
<b>DATE:</b>	Wednesday, 21 March 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 - 16*)

To receive the minutes of the meeting held on the 17<sup>th</sup> January, 2018.

### Items for Discussion/Decision

3. 2018/19 Budget Setting and Minimum Term Financial Strategy - Update (*Pages 17 - 28*)

The Service Director Finance will present an update on the 2018/19 Budget Setting and Minimum Term Financial Strategy.

4. Corporate Plan Performance & Financial Report - Quarter 3 - 2017/18 (*Pages 29 - 34*)

The Service Director Finance will present his Corporate Plan Performance and Finance report for quarter 3 of the 2017/18 financial year.

#### Note:

**In relation to items 3 & 4 please find detailed below, for reference and information purposes, the links to:**

- **the full suite of Budget papers**  
[2018/19 Budget Papers and Treasury Management Strategy](#)
- **the Corporate Finance Performance Information for the first nine months to the end of December 2017**  
[Qtr 3 Performance Monitoring](#)

### Items for Information

5. External Audit Plan 2017/18 (*Pages 35 - 60*)

The Committee will receive a report supplementing the External Audit Fee Letter 2017/18 describing how External Audit will audit, review and report on the financial statements and audit work for the Council and setting out the approach to Value for Money Work for 2017/18.

6. External Audit Technical Update and Progress Report (*Pages 61 - 72*)

The Committee will receive the External Audit Technical Update which

incorporates the External Audit Progress Report.

7. Audit Committee Work Plan 2017/18 and 2018/19 (*Pages 73 - 76*)

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.

8. Exclusion of the Public and Press

It is likely that the public and press will be excluded from this meeting during consideration of the following item because of the likely disclosure of exempt information as defined by Paragraph 7 of Part I of Schedule 12A of the Local Government Act 1972 as amended, subject to the public interest test.

9. Internal Audit Action Plan 2018/19 (*Pages 77 - 98*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report presenting the indicative Internal Audit Action Plan for the financial (audit) year 2018/19, describing the rationale and process for setting the plan, the risk assessment process used and how Internal Audit resources are calculated and deployed.

Reason restricted:

Paragraph (7) Any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

10. Corporate Anti-Fraud Team 2018/19 Plan and Strategy (*Pages 99 - 114*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report presenting, for approval, the Corporate Anti-Fraud Team Plan for 2018/19 and supporting Anti-Fraud Strategy.

Reason restricted:

Paragraph (7) Any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

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 email [governance@barnsley.gov.uk](mailto:governance@barnsley.gov.uk)

Tuesday, 13 March 2018

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<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

## MINUTES

**Present** Councillors Clements (Chair), Barnard, Lofts and Richardson together with Independent Members - Ms K Armitage, Mr S Gill, Mr P Johnson and Mr M Marks

In attendance: Councillor Miller (Cabinet Spokesperson for Place) in respect of Minute 49.

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

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

### 47. MINUTES

The minutes of the meeting held on the 6<sup>th</sup> December, 2017 were taken as read and signed by the Chair as a correct record.

### 48. ACTIONS ARISING FROM THE PREVIOUS MEETINGS

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

**RESOLVED** that the report be noted.

### 49. STRATEGIC RISK REGISTER - HIGHWAYS MATTERS

The Committee received a presentation from Mr P Castle (Service Director Environment and Transport) on issues relating to the Highways and Transportation Service identified within the Internal Audit Quarterly Report 2017/18 submitted to the meeting of this Committee held on the 6<sup>th</sup> December, 2017. Also in attendance were Councillor Miller (Cabinet Spokesperson for Place) and Mr M Gladstone (Executive Director Place).

The Committee was informed that in relation to the 2016/17 Highways and Transportation Final Accounts, the controllable budget was £12m. The Service was structured into 5 main areas. All core accounts had delivered an out-turn position within the budget forecast with the exception of the Construction Service which showed a significant swing.

As a result of this, an Internal Audit of the Service had been commissioned in April 2017. In the interim, corrective management actions had commenced in May 2017 with the Audit report and recommendations being submitted to the Senior Management Team in September, 2017. Those recommendations related, amongst

other things, largely to the use of Sub Contractors including related financial and procurement processes. It was pointed out that in the process of agreeing the final report, senior officers of the Service had responded to specific recommendations by identifying relevant management actions and agreeing responsible managers and timescales for implementation. In addition, progress on those recommendations was reviewed regularly with 'mock year end' sessions being held at the end of every quarter to ensure that progress was being maintained and that budgets were still on track.

The Service Director commented on the progress of each of the five main themes highlighted as well as on other general issues identified as follows:

- Funding/Budget Setting
- Developing Works Programme
- Design
- Construction
- Close Out

In relation to the Action Plan Progress, 86% of the 28 recommendations were either in progress or had been completed. The focus had been on

- improving financial controls and ensuring that costs/income was reconciled monthly
- updating SoR values in SAP
- detailing the construction programme for the rest of the year
- looking forward to plan the next Financial Year
- in terms of the Key Deliverables there had been:
  - an SoR refresh
  - Regional Benchmarking
  - Account closedowns

It was reported that the Transformation Team was fully engaged and a detailed programme of delivery had been agreed with a draft report being due on the 8<sup>th</sup> February, 2018.

In conclusion, the Service Director commented that the Audit Review had clearly highlighted areas for improvement. There was commitment across the Service to address the audit recommendations, additional capacity had been secured through the Transformation Team and there was a higher level of financial forecasting confidence for 2017/18.

In the ensuing discussion, the following matters were raised:

- Reference was made to the reasons for the significant swing from the forecast and how this occurred and to the lessons learned from the mistakes. Particular reference was made in this respect to the financial controls that were in place and to the work that had been undertaken in relation to budgetary controls and governance

- The majority of the recommendation would be complete by the end of the financial year although some may roll over to the following year
- In response to specific questioning, an assurance was given that procedures and processes were now in place to ensure that there was no recurrence but there was also a recognition that, given the type of work involved, there could always be unforeseen issues arising.
- Financial awareness was being addressed and appropriate training had also been put in place for all those involved
- The Service Director Finance confirmed that he had commissioned the audit review and he confirmed that no weaknesses within the control environment had been identified. The control environment was fit for purpose and the issues that had occurred related to compliance. These matters were being addressed. In response to further questioning he commented that the overspend had been rolled up into the overall underspend by the Council
- It was not believed that there were any systematic problems, the issue had been related to a focus on delivery rather than on financial management and control and these matters had now been addressed. It was anticipated that the outcome for the current financial year would corroborate what had been reported and that procedures and processes now in place would prevent an overspend on quarter four

Members of the Committee thanked the Service Director (Environment and Transport) for his presentation together with the Cabinet Spokesperson (Place) and the Executive Director (Place) for attending the meeting. They were pleased to note the action taken to address issues and the confidence expressed that such problems would not occur again now that appropriate procedures and processes were in place.

#### **50. INTERNAL AUDIT QUARTERLY REPORT - QUARTER ENDED 31ST DECEMBER, 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 third quarter ending 31<sup>st</sup> December, 2017 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 third quarter of 2017/18

Details of Internal Audit's performance for the quarter, which remained satisfactory, were reported at the meeting (rather than being included within the report due to the timing of the meeting).

Internal Audit work undertaken during the period did not identify any fundamental recommendations.

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

Of the 10 recommendations followed up, 40% had been implemented by the original target date, 10% had not been implemented within the revised implementation dates agreed by management and 50% were awaiting a response by Management.

In relation to the Audit Plan, actual days delivered were in excess of the profile as planned at this stage of the year and Internal Audit resources would be directed towards external clients in the last quarter of the year.

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

- There was a detailed discussion of the reasons for the failure of services to adhere to deadlines for implementing audit recommendations. This was a continuing concern for Members of the Committee. Reference was made to the reasons for this and to the steps that had been taken to address the issue. It was thought that the majority of the current outstanding recommendations probably related to historical/legacy audit reports as procedures now adopted by Internal Audit tried to ensure that there was significant dialogue between the auditor and auditee to ensure that there was accountability for recommendations made and that realistic dates were set for meeting those recommendations. The Head of Service was confident that the Committee would see an improving picture in the future
- Arising out of the above it was reported that there were no particular problem areas or developing themes relating to the non-compliance with target dates. Executive Directors and Service Directors were clearly aware of their responsibilities of ensuring compliance with audit recommendations and of the fact that they could be called to address this Committee.
- Recommendations that were delayed were always of a lower priority and would not compromise the control environment as such recommendations would be dealt with as a matter of urgency
- Referring to the revised audit approach adopted over the last 4-6 months, particular reference was made to the time spent on the Highways and Transportation audit referred to above (minute 49 refers). This piece of work had accounted for 10% of the Audit time this year because of its significance. The Highways and Transportation Service had been very open and accepting of the input and challenge. In addition, the response from management had been very positive and, because of the positive interaction between that Service and with Internal Audit, there was a higher degree of confidence of a successful outcome and compliance with agreed timescales
- Arising out of the above, the Risk and Governance Manager referred to the manner in which the recent audit of his Service had been undertaken, to the way



in which the recommendations arising therefrom, actions and timescales were made in a collegiate manner

- Reference was made to one fundamental recommendation which had been rescheduled and subsequently implemented – details could be provided. It was noted that management had undertaken more work than originally recommended and this had led to the delay in sign off
- The Committee was informed that regular meetings were held with Senior Management Team, Executive and Service Directors to discuss the progress of audit reports
- The Head of Internal Audit and Corporate Anti-Fraud reported that a further analysis of recommendations that had a significant impact on processes and procedures could be included within the next quarterly report
- In response to specific questioning, the Head of Internal Audit and Corporate Anti-Fraud outlined the way in which the response to audit recommendations were tracked and triggers, where appropriate, produced. It was not possible to monitor progress on all individual recommendations although this would be undertaken if circumstances dictated such action. Officers within Internal Audit used an appropriate touch using their own discretion
- Further information on an independent investigation within the Finance Directorate (added to the Audit Plan as an urgent piece of work at the request of management) would be provided once complete

## **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 December 2017 be noted;
- (iii) that the progress against the Internal Audit Plan for 2017/18 for the period to the end of December 2017 be noted; and
- (iv) that the performance of the Internal Audit Division for the third quarter be noted.

## **51. RISK MANAGEMENT UPDATE REPORT 2017/18**

The Risk and Governance Manager presented a report of the Executive Director Core Services outlining the progress made to date towards the achievement of the goals set out in the Council's Risk Management Policy and Signposting further work to be undertaken in the year.

The following matters were highlighted:

- The Council's Operational Risk Registers remained broadly aligned to the Future Council operating model with risk profiles for Operational Risks and Project and Partnership Risks and demonstrating slight improvements
- The Risk and Governance Manager continued to support the development of risk management governance and insurance arrangements for a number of organisations in the area
- The Risk Management Framework had been reviewed in April 2017
- The Annual Governance Review process had been delivered during the early part of 2017/18 which resulted in the production of an evidence based Annual Governance Statement which had been approved by the Council in September, 2017
- The outcomes of the recent ALARM (Local Authority Risk Management benchmarking club)/CIPFA benchmarking exercise suggested that the outputs and overall maturity of the Council's Risk Management arrangements were broadly in line with similar Councils and peer organisations
- The Risk Management Service had recently been audited by Internal Audit and the draft report had been submitted the contents of which were still being considered. It was reported that adequate assurance opinion had been issued on the service

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

- The number of completed Operational Risk Register Reviews completed on time had reduced through quarter 2 and 3 and the reasons for this were noted which was largely because of a revised focus of the work of the Risk and Governance Manager. It was noted that risk owners/managers were being asked to manage the risks/plans themselves rather than being over reliant on the Risk and Governance Manager. In order to mitigate this situation consideration was being given to the Financial Services core offer and appropriate training was to be provided so that Service Managers had the necessary tools they required to process such reviews. If the situation continued into the summer, a further investigation would be undertaken in order to consider what additional support could be provided. The issue of concern was the application of the controls not the control itself
- Reference was made to the Benchmarking Action Plan (attachment one of Appendix 2) and an explanation was provided as to why none of the items listed were not to be developed further. This was largely because such matters had been addressed elsewhere
- the Risk and Governance Manager stated that he would circulate a revised operational risk register profile for July 2017 to address the discrepancies identified
- in response to questioning the Risk and Governance Manager briefly updated the Committee on how assurance continued to be sought from the Key Partners including NPS Barnsley, Barnsley Norse, Barnsley Premier Leisure and Berneslai Homes. It was also reported that work was progressing with these partners on insurance claims/risks etc. It was confirmed that work

continued with all senior offices within those organisations on all aspects of risk and risk management

- Arising out of the above and in response to questioning, reference was made to the recent liquidation of Carillion and to the Councils involvement with this company. It was noted that this company was not a partner, rather a contractor and that the Barnsley Education Partnership was taking appropriate action following the liquidation. The Council ensured that appropriate governance arrangements were in place with its partners in order to ensure that a similar situation could not occur
- The Annual governance Action Plan ensured that robust procedures were in place in order to ensure that key partners were identified and that appropriate risk management arrangements were in place

## **RESOLVED**

- (i) that the Risk Management Update report and the robustness of the assurances provided be noted; and
- (ii) that the Committee continue to receive periodic reports during the year in order to monitor the progress in achieving the actions identified for 2017/18.

## **52. ANNUAL GOVERNANCE REVIEW PROCESS 2017/18**

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

It was noted that this report had been submitted earlier than in previous years because of changes to the regulations governing the approval of the Annual Governance Statement and Final Accounts all of which would be submitted to the Council in July, 2018 rather than in September.

The report gave details of the background to the Annual Governance Review Process and the Local Code of Corporate Governance which provided the overall statement of the Council's Corporate Governance arrangements.

Appendices to the report provided the Annual Governance Review Process Map together with the Local Code of Corporate Governance Evidence Framework 2017/18.

## **RESOLVED:-**

- (i) That the Annual Governance Review Process for 2017/18 be noted;
- (ii) That the revised Local Code of Corporate Governance be noted; and

- (iii) That outputs from the Annual Governance Review process for 2017/18 be reported to the Committee, where consideration can be given as to whether the process provides sufficient and suitable evidence and assurances upon which the Committee can refer the Annual Governance Statement for Full Council approval in July, 2018.

### **53. ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2017/18**

The Chief Executive and Executive Director Core Services submitted a joint report providing an updated action plan relating to the issues identified following the Annual Governance Review for 2016/17.

The report, which was presented by the Risk and Governance Manager included an Action Plan that was originally considered with the Annual Governance Statement by this Committee at its meeting held on the 22<sup>nd</sup> September, 2017.

The Risk and Governance Manager reported that generally progress had been positive against all actions identified and that a further review would be undertaken in May and June as part of the AGS process.

The Action Plan was appended to the report and had now been split into 'open' and 'closed' actions.

It was noted that the action relating to 'governance and control of partnerships, contracts and general relationships with external organisations' had been revised and the reasons for this were outlined. An update would be provided at a subsequent meeting.

**RESOLVED** that the update on progress in delivering actions in the Annual Governance Statement action plan be received.

### **54. INFORMATION GOVERNANCE PERFORMANCE - QUARTER 3 (2017/18)**

The Service Director IT submitted a report providing details of the Council's position in relation to the number of information security breaches and cyber incidents that had been reported and investigated during Quarter 3 of the 2017/18 financial year.

The report which was the third submitted in accordance with the recently revised Audit Committee Terms of Reference and Work Programme was presented by Mr D Robinson (Service Director IT).

In summary:

- in relation to Information Security Incidents
  - There had been 43 incidents reported of which 3 involved a third party (school, system provider or other local authority). After investigation 11 had been found to be unsubstantiated and 6 were undergoing further investigation

- 17 incidents had been recorded as Actual Breaches of the Data Protection Act and 12 were recorded as Weaknesses that could have caused risk to the Council
- The report in categorising the incidents by Service and by type indicated that the most frequently occurring were those disclosed in error – emails sent to the wrong recipient/incorrect recipients copied in/not using encryption etc
- A summary of the lessons learned and action taken was provided and it was noted that the Information Governance Board and Service Directors continued to support the Information Governance Team with the investigation and resolution of incidents
- in relation to Cyber incidents
  - 609 incidents had been reported which was a considerable increase from the previous quarter. Of those
    - 223 had been reviewed and no further action taken
    - 336 were real phishing emails with the sender being blocked
    - 7 attacks had been successful and remedial action had been taken
    - 43 others had been referred to the security team for advice and had been resolved
  - There had been a significant increase in the number of phishing emails but because of the training courses and awareness sessions being delivered these were now being recognised as such. A number of incidents had targeted Council employees with malicious invoice payments and email addresses from partners and also from the council itself (using spoofed addresses) so that they appeared genuine
  - The tender for cyber security defences was nearing the final stages prior to the awarding of contracts and it was hoped that once installed, there would be a positive impact on the incident figures
  - Due to the concerning trend emerging within quarter 3, the training element of the Security tender would prove invaluable in terms of educating users as a good line of defence. In addition, IT Services were working with the Communications Team on a plan to internally raise awareness for a number of security issues.

In response to questioning, the following matters were raised:

- It was noted that a recent email to Elected Members had been sent in error and this matter had been addressed
- There was a discussion as to where phishing emails originated from and of the difficulties in preventing them from being received. Improved awareness of staff and improved security arrangements was having a positive effect in reducing the impact of such emails
- The request in relation to the use of MSN messaging particularly in relation to residents contacting Elected Members could be investigated
- It was reported that any lost or stolen hardware could not be used to gain access to the Council's network as such hardware was always encrypted

- Discussions would be held with the HR Service in relation to 'repeat' offenders who perpetually broke IT procedures and thereby 'threatened' the Council's IT infrastructure. The Head of Internal Audit and Corporate Anti-Fraud informed the Committee that a report was due to be submitted to the Information Governance Board tomorrow which addressed these types of issues. It was hoped that digital skills would be an essential element of any recruitment process in the future
- In response to specific questioning, the Executive Director Core Services explained his role as Senior Information Risk Owner and his work at a strategic level with the Head of ICT, the Service Director IT and the Information Governance Team together with the developing work and role in relation to the General Data Protection Regulations (Minute 55 refers)

**RESOLVED** that the report be received and Mr D Robinson be thanked for attending the meeting and for answering Members questions.

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

The Service Director IT and Head of Audit and Corporate Anti-Fraud submitted a joint report providing an overview of the recent Information Commissioners Office (ICO) audit and on the progression towards General Data Protection Regulations Compliance.

As previously reported, the Council had agreed to a consensual audit of its processing of personal data, on how the Council delivered training and awareness to its employees and on the processing of information requests. This audit had taken place on the 17<sup>th</sup> – 19<sup>th</sup> October, 2017.

The ICO had made significant recognition of the strong leadership and good practice that the Council had embedded citing the excellent online training, comprehensive case management systems for processing Freedom of Information Requests and Shortwood had been identified as having very well established processes for managing paper records. The report in highlighting many of the key strengths also suggested a number of urgent and more challenging areas for improvement and these were outlined in detail within the report. Whilst there were a number of recommendations for action, the majority were of a medium or low priority and an action plan had been developed which would be facilitated by Internal Audit. Further reports on progress would be submitted to future meetings.

Overall, however, the audit opinion of the Council was 'Reasonable assurance'. The ICO would contact the Council during September to request an updated Action Plan in order to carry out a follow up audit.

In relation to the General Data Protection Regulations, these were to become effective from the 25<sup>th</sup> May, 2017 and enhanced existing legislation as well as introducing some new requirements details of which were outlined.

The report detailed the action being taken to meet these new requirements including a process mapping exercise in relation to the processing and handling of personal and/or sensitive data. Significant resources had been given to support Business Units to complete this task but given the volume of processes involved, as well as the gaps identified, the initial internally set milestone had been changed from 31<sup>st</sup> December, 2017 to 31<sup>st</sup> March, 2018. This would be monitored by the Information Governance Team to ensure readiness for the introduction of the Regulations on the 25<sup>th</sup> May.

The report also gave details of

- the 134 processes currently mapped in the 'live' system together with the progress by Business Unit
- the intention to publish a quick reference guide for business support and guidance
- the assignment to the Head of Internal Audit and Corporate Anti-Fraud, the role of Data Protection Officer
- the outcome of a training and awareness session held on the 25<sup>th</sup> October, 2017
- the GDPR Programme Plan (which was appended to the report)

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

- Members were encouraged to read the Executive Summary of the ICO report (the link was included within the submitted report) as this provided a good overview of what had been audited together with the findings
- The appendix to the report provided details of the rigorous arrangements in place to meet the requirements of GDPR
- There was a general consensus that not all organisations would be 100% compliant with GDPR on the 25<sup>th</sup> May but the Council had a good action plan to ensure that as far as possible those requirements were met
- All Business Units were now fully engaged in process mapping their services
- The Head of Internal Audit and Corporate Anti-Fraud did not see that there was any conflict between his Internal Audit role and his role as Data Protection Officer and no concerns had been expressed by External Audit. Arising out of this discussion he gave a brief resume of the type of work involved and his work with senior officers on GDPR matters.

**RESOLVED:-**

- (i) That the report and action taken in be noted; and
- (ii) That the significant work of officers and particularly the Head of ICT (Service Management and Information Technology) and the Service Director IT and their Teams be noted in preparing for the ICO audit and it also be noted that the outcome of that audit provides significant reassurance about the processes and procedures in place for handling personal and/or sensitive data.

**56. EXTERNAL AUDIT - ANNUAL REPORT ON GRANTS AND RETURNS 2016/17**

The Committee received 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.

Ms A Warner, representing the External Auditor, commented that a qualification letter had been issued in relation to the testing of Rent allowances and rebates. These had been minor in nature. In addition, one minor adjustment had been necessary to the Housing Subsidy claim which had had no impact on that claim. No adjustments had been necessary to the other grants and returns as a result of the certification work which was the same as in previous years. It was noted that Barnsley was in no different situation to most other Authorities in relation to the qualification of Housing Subsidy Benefit Claims and the areas identified were very minor compared to the overall value of the claims.

The fees charged were in line with the indicative fee set by the Public Sector Audit Appointment certification arrangements in relation to the Housing Benefit Subsidy Grant and the fees for other engagements were subject to agreement directly with the Council.

**RESOLVED** that the Annual Report on grants and returns 2016/17 be received.

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

The Committee received a report providing the indicative 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.

As previously reported the dates of the July and September meetings had changed due to the change in the timing of the approval of the Final Accounts which now required Council approval by the end of July.

**RESOLVED** that the core work plan for 2016/17 meetings of the Audit Committee and the indicative plan for meetings in 2018/19 be approved and reviewed on a regular basis.

.....  
Chair





FUTURE COUNCIL 2020

# 2018/19 BUDGET SETTING AND MEDIUM TERM FINANCIAL STRATEGY UPDATE

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Item 3

# Local Government finance settlement / national and local policy changes

## Local Government finance settlement

- Flexibility to increase core Council Tax by 3% before referendum (in addition to 1.5% per annum for Adult Social Care)
- Increase in business rate income at RPI (3.9%) confirmed
- Government grant (RSG) confirmed per four year deal
- Additional funding for schools via national funding formula confirmed

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## National and local policy strategy

- NJC pay award at 2% in each of 18/19 and 19/20 with increase above this for lower graded staff
- Investment in 14 additional children's social worker to reduce case loads
- Demographics – position worse than forecast, particularly in relation to Looked After Children

# Updated MTFS as at January 2018

## MTFS as at October 2017

2018/19  
£0.514



2019/20  
£0.283

• Business Rates

(1.626)

(1.626)

• Council Tax @ 4.5 % in 18/19 and 3.5% in 19/20

(3.458)

(3.854)

• **TOTAL INCOME**

**(5.084)**

**(5.480)**

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• Pay award @2% / impact of new pay line

2.412

2.502

• Additional children's Social Workers

0.585

0.585

• Provision for demographics

1.590

1.590

• Additional investment

0.524

0.744

• Additional efficiencies

(0.541)

(0.541)

• **TOTAL PRESSURES**

**4.570**

**4.880**

## Revised MTFS January 2018

£0.000



£(0.317)

# Key assumptions

## Expenditure

- Pay Award at 2% in 18/19 and 19/20 with increases in excess of this for lower graded staff (5.6% increase in pay bill overall)
- Provision for demographic demand increases across all services £2.9M in 18/19
- Provision for foundation living wage for BMBC staff and £1.7M national living wage for all external contracts
- Provision for limited additional investment e.g. children's social care, highways, SEN & housing
- Delivery of all KLOE savings proposals totalling £4.4M for 18/19

## Income

- Council tax increases of 4.5% in 18/19 and 3.5% in 19/20
- Business rate and Council tax collection rates remain at assumed levels
- 1% reduction in Housing Rents (HRA)
- All improved better care fund available to support cost of adult social care

# 2018/19 budget summary

## Communities

**£17.717M including**

- Pay inflation and other fixed costs £0.684M
- Efficiencies (£0.241M)

## People

**£73.290M including**

- Pay inflation and other fixed costs £3.213M
- Efficiencies (£2.187M)
- Other investment £2.726M

## Place

**£32.618M including**

- Pay inflation and other fixed costs £0.908M
- Efficiencies (£1.215M)
- Other investment £0.737M

**Total net budget  
£168.988m**

## Public Health

**£1.699M including**

- Pay and other fixed costs £0.598m
- Efficiencies £0.255m

**Corporate  
£25.186M**

## Core

**£18.478M including**

- Pay inflation and other fixed costs £1.004m
- Efficiencies (£0.505m)

# Reserves and balances 2018 - 2020

	£
<b>Previously reported balance February 2017</b>	<b>63.1M</b>
Changes since	
• Additional Capital Receipts	4.9M
• Improved 16/17 final accounts	2.7M
• New homes bonus / borrowing	7.4M
<b>Revised balance</b>	<b>78.1M</b>
Less previously approved capital investment e.g.	(55.4M)
• Glassworks and other economic regeneration	
• Principal Towns	
• Highways and housing	
<b>Revised balance available</b>	<b>22.7M</b>

# Proposals for Capital Investment / Reserves and Balances 2018 - 2020

	£
<b>Available resources</b>	<b>22.7M</b>
<b>Capital Investment</b>	
Additional set aside for Glassworks	6.5M
Investment in IT Infrastructure	2.0M
Additional investment in superfast broadband	0.6M
Purchase of commercial site at Elsecar	1.1M
<b>Sub Total – Capital Investment</b>	<b>10.2M</b>
<b>Earmarking of Reserves</b>	
Debt repayment (government policy change)	3.5M
Special Education Needs (accumulated deficit)	5.0M
<b>Sub Total – earmarking of Reserves</b>	<b>8.5M</b>
<b>Revised Balance * defer any decision on investment pending finalisation of Glassworks</b>	<b>4.0M</b>

# Options for delivering a balanced 18/19 budget / Capital Program

- Increase council tax by 4.5%  
(combination of 3% core and 1.5% Adult Social Care)
- Accept and deliver all 18/19 KLOE savings
- Agree additional capital investment and use of one off resources as set out
- Any additional service pressures / overspends to be contained by Directorates



# Impact of Council Tax increase

## 2.99% Increase



Page 25

BAND	A	D	H
Annual Increase	£27.08	£40.63	£81.25
Weekly Cost Increase	£0.52	£0.78	£1.56

## 1.5% Adult Social Care Increase



BAND	A	D	H
Annual increase	£13.59	£20.38	£40.76
Weekly Cost Increase	£0.26	£0.39	£0.78

## Combined 4.49% Increase



BAND	A	D	H
Annual Increase	£40.67	£61.01	£122.01
Weekly Cost	£0.78	£1.17	£2.34

# Looking to the future

- Local Government fair funding review
- Business Rate retention from 2020 (75%)
- Devolution
- Brexit / further austerity

# Conclusion

Framework  
to deliver  
balanced  
budget to  
2019/20



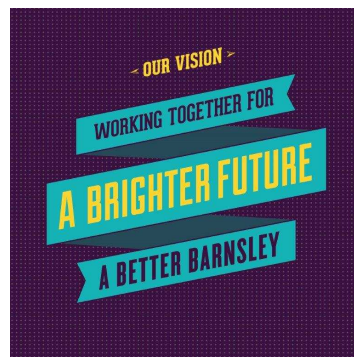
**stable  
financial  
position**

Major  
uncertainty  
beyond 2020



**Remain vigilant,  
avoid  
complacency  
and adapt to  
meet challenges  
ahead**

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# Corporate Plan Performance & Finance Report

## Quarter 3 2017/18



# Financial Overview - Quarter 3

- Service operational **overspend of £0. 993M** -offset by savings of £3.9M Capital Financing

DIRECTORATE	Approved Net Budget 2017/18 £'000	Projected Net Outturn 2017/18 £'000	Forecast Deficit / (Surplus) £'000	Adjustment for Slippage & Transfer to reserves £'000	Q3 Operational Deficit / (Surplus) £'000	Q2 Operational Deficit/ (Surplus) £'000
People	74,083	75,135	1,052	27	1,079	994
Place	34,403	34,915	512	185	697	900
Communities	20,936	18,261	(2,657)	2,207	(468)	(547)
Public Health	2,204	901	(1,303)	1,303	-	-
Core Services	20,063	16,951	(3,112)	2,798	(314)	(345)
<b>Service Totals</b>	<b>151,689</b>	<b>146,163</b>	<b>(5,526)</b>	<b>6,519</b>	<b>993</b>	<b>1,002</b>
Corporate / General	14,512	10,612	(3,900)	-	(3,900)	(2,000)
<b>Sub Total – Council</b>	<b>166,201</b>	<b>156,775</b>	<b>(9,426)</b>	<b>6,519</b>	<b>( 2,907)</b>	<b>(998)</b>
HRA	48,109	44,811	(3,298)	2,296	(1,001)	(768)



**BARNSLEY**  
Metropolitan Borough Council



# Key Messages on 2017/18 Outturn

- Q3 service outturn still forecasting an **overspend of £1M** but trend is a quarter on quarter improvement, and a drastically improved year on year position which peaked at a £10M service overspend;
- Overspend more than offset by savings on capital financing in 2017/18 but savings are entirely one-off in nature;
- The service overspend can be mitigated temporarily in 17/18 and the position is improving but nevertheless the service pressures need to be permanently corrected to avoid the MTFS being **compromised**;
- Potential overspend on Special Education Needs of £6M by 2018/19 that may fall back as a cost to the Council;
- Bad debt write off £0.888M requested (£0.660M Gen Fund, £0.228M HRA);





# Arrears Position – December 2017

Type of Debt	Pre-17/18 Arrears £M	2017/18 Arrears £M	TOTAL Arrears £M	Bad Debt Provision £M
Opening 2017/18 Position (position as at 31.03.2017)	24.234	n/a	24.234	13.258
Total as at end of September	19.056	8.412	27.468	16.621
Total as at end of December	15.062	14.097	29.159	15.224
Movement – Last Quarter	↓ (3.994)	↑ 5.685	↑ 1.691	↓ (1.397)
Movement – Year to date	↓ (9.172)	↑ 14.097	↑ 4.925	↑ 1.966

- Trade Debt - Target 40% of £24.2M old debt. £9.172M collected = 38% delivered against target at Qtr 3;
- Council Tax collection – stretch target of 96.4%, current forecast 95.97%;
- Business Rates collection – stretch target of 97.4% current forecast 97.55%



**BARNSLEY**  
Metropolitan Borough Council



# Treasury Strategy 2018/19

- Expected base interest rates:-

	Current	Projected		
		March 2018	March 2019	December 2019
<b>Base Rate</b>	0.50%	0.50%	1.25%	1.75%

- Revised borrowing strategy is to **actively** 'de-risk' debt portfolio to reduce interest risk to **35%** by 2020;

Interest Rate Risk Exposure	Estimated Values at 31.03.18 (£000)			% of CFR		
	GF	HRA	TOTAL	GF	HRA	TOTAL
<b>Total Exposure to Interest Rate Risk (Inc. Internal Borrowing)</b>	288,450	95,589	384,039	43%	35%	41%
<b>Fixed Rate Debt</b>	385,032	176,478	561,510	57%	65%	59%
<b>Borrowing CFR</b>	673,482	272,067	945,549	100%	100%	100%

- Minimise budgeted impact by using internal resources first and look to deliver this target by focusing on fixing out against future borrowing and maturing debt;
- Investments will be prioritised on security and liquidity rather than yield. Internal borrowing strategy will also reduce our levels of investments.

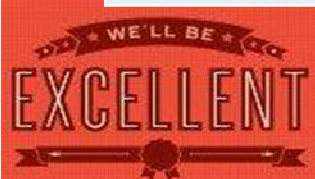




# External Funding

- Currently actively progressing 25 funding bids totalling circ. £80M from different funding regimes. Key funds/schemes include:

	Service	£M	£M
<b>SCR Investment Fund (Jessica/Local Growth Fund etc)</b>		<b>45.32</b>	
- M1 J37 Economic Growth Phase 1 - Confirmed	Highways		1.17
- M1 J37 Economic Growth Phase 2	Highways/Econ Regen		10.64
- A61 Old Mill Lane	Highways		8.64
- Courthouse Re-development	Economic Regen		8.05
- M1 J36 Goldthorpe	Economic Regen		7.32
<b>Housing Investment Fund</b>		<b>19.52</b>	
- Season Phase 3 Thurnscoe - Confirmed	Housing		2.2
- M1 J37 Redevelopment	Housing		17
<b>European Social Investment Fund (ESiF)</b>		<b>10.97</b>	
- Launchpad Extension	Economic Regen		3.5
- Urban Innovative Actions	Economic Regen		3.5
<b>Other including DFT, Arts Council, Sport England, Heritage Enterprise</b>		<b>3.37</b>	
- Elesecar Masterplan	Culture		0.7
- A628 Safer Road Improvements	Highways		1.4







# External Audit Plan 2017/2018

**Barnsley MBC**

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February 2018



# Summary for Audit Committee

## Financial statements

There are no significant changes to the Code of Practice on Local Authority Accounting ("the Code") in 2017/18, which provides stability in terms of the accounting standards the Authority need to comply with. Despite this, the deadline for the production and signing of the financial statements has been significantly advanced in comparison to year ended 31 March 2017. This represents a significant change for the Authority and will need to be carefully managed in order to ensure the new deadlines are met. As a result we have recognised a significant risk in relation to this matter.

In order to meet the revised deadlines it will be essential that the draft financial statements and all prepared by client documentation is available in line with agreed timetables. Where this is not achieved there is a significant likelihood that the audit report will not be issued by 31 July 2018.

## Materiality

Materiality for planning purposes has been set at **£12 million**.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at **£600,000**.

## Significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- **Valuation of PPE** – Whilst the Authority operates a cyclical revaluation approach, the Code requires that all land and buildings be held at fair value. We will consider the way in which the Authority ensures that assets not subject to in-year revaluation are not materially misstated;
- **Pension Liabilities** – The valuation of the Authority's pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We will review the processes in place to ensure accuracy of data provided to the Actuary and consider the assumptions used in determining the valuation.
- **Faster Close** – As set out above, the timetable for the production of the financial statements has been significantly advanced with draft accounts having to be prepared by 31 May (2017: 30 June) and the final accounts signed by 31 July (2017: 30 September). We will work with the Authority in advance of our audit to understand the steps being taken to meet these deadlines and the impact on our work; and

# Summary for Audit Committee (cont.)

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## Value for Money Arrangements work

Our risk assessment regarding your arrangements to secure value for money has identified the following VFM significant risk:

- **Delivery of Budgets** – As a result of reductions in central government funding, and other pressures, the Authority is having to make additional savings beyond those from prior years. We will consider the way in which the Authority identifies, approves, and monitors both savings plans and how budgets are monitored throughout the year.

**See pages 11 to 15 for more details**

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## Logistics

Our team is:

- Clare Partridge – Partner
- Amy Warner – Manager
- Rachael Whittaker – Audit Assistant

More details are in **Appendix 2**.

Our work will be completed in four phases from October to July and our key deliverables are this Audit Plan, an Interim Report and a Report to Those Charged With Governance as outlined on **page 18**.

Our fee for the 2017/18 audit is £135,998 (£135,998 2016/2017) see **page 17**. These fees are in line with the scale fees published by PSAA who have announced there are no changes to the work programme for local government bodies for 2017/18.

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## Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

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# Introduction

## Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2017/18 presented to you in April 2017, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office’s Code of Audit Practice and the PSAA Statement of Responsibilities.

## Our audit has two key objectives, requiring us to audit/review and report on your:

- 01 | **Financial statements :**  
Providing an opinion on your accounts. We also review the Annual Governance Statement and Narrative Report and report by exception on these; and
- 02 | **Use of resources:**  
Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary. Any change to our identified risks will be reporting to the Audit Committee.

## Financial Statements Audit

Our financial statements audit work follows a four stage audit process which is identified below. Appendix 1 provides more detail on the activities that this includes. This report concentrates on the Financial Statements Audit Planning stage of the Financial Statements Audit.



## Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a five stage process which is identified below. Page 11 provides more detail on the activities that this includes. This report concentrates on explaining the VFM approach for 2017/18.



# Financial statements audit planning

## Financial Statements Audit Planning

Our planning work takes place during October 2017 to January 2018. This involves the following key aspects:

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of management's use of experts; and
- Issuing this audit plan to communicate our audit strategy.

## Risk assessment

Auditing standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our ISA 260 Report.

01

### Management override of controls

Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

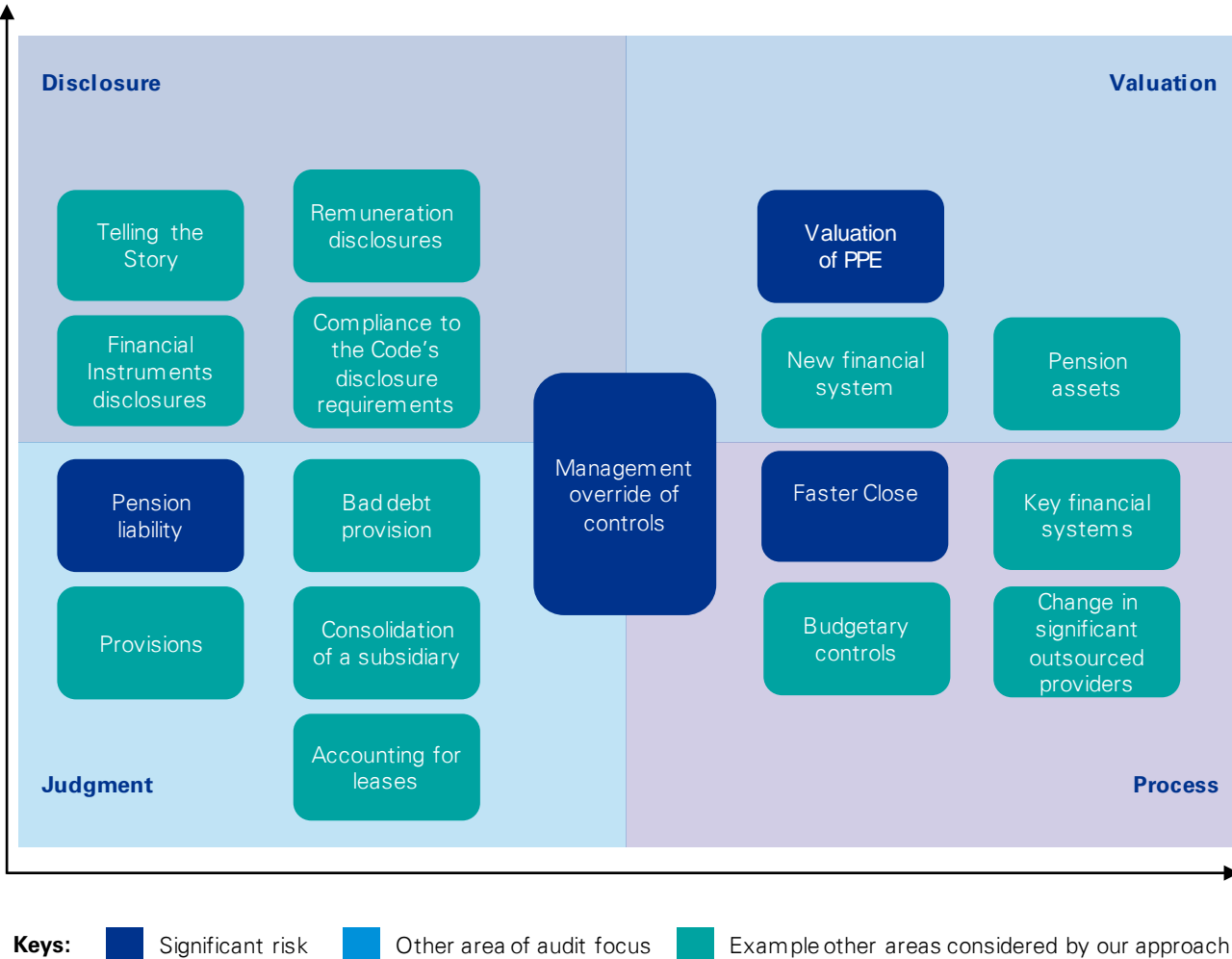
02

### Fraudulent revenue recognition

We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

# Financial statements audit planning (cont.)

The diagram below identifies significant risks and other areas of audit focus, which we expand on overleaf. The diagram also identifies a range of other areas considered by our audit approach.





# Financial statements audit planning (cont.)

## Significant Audit Risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Authority.

<b>Risk:</b>	<b>Valuation of PPE</b>  The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. As a result of this, however, individual assets may not be revalued for four years.  This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value. In addition, as the valuation is undertaken as at 1 April, there is a risk that the fair value is different at the year end.
<b>Approach:</b>	We will review the approach that the Authority has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. We will also assess the risk of the valuation changing materially during the year.  In addition, we will consider movement in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values have moved materially over that time.  In relation to those assets which have been revalued during the year we will assess the valuer’s qualifications, objectivity and independence to carry out such valuations and review the methodology used (including testing the underlying data and assumptions).

# Financial statements audit planning (cont.)

## Significant Audit Risks (cont.)

<b>Risk:</b>	<p><b>Pension Liabilities</b></p> <p>The net pension liability represents a material element of the Authority’s balance sheet. The Authority is an admitted body of South Yorkshire Pension Fund, which had its last triennial valuation completed as at 31 March 2016. This forms an integral basis of the valuation as at 31 March 2018.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority’s overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Authority’s valuation, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Authority’s employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in the valuation of the Authority’s pension obligation are not reasonable. This could have a material impact to net pension liability accounted for in the financial statements.</p>
<b>Approach:</b>	<p>As part of our work we will review the controls that the Authority has in place over the information sent directly to the Scheme Actuary. We will also liaise with the auditors of the Pension Fund in order to gain an understanding of the effectiveness of those controls operated by the Pension Fund. This will include consideration of the process and controls with respect to the assumptions used in the valuation. We will also evaluate the competency, objectivity and independence of Mercers.</p> <p>We will review the appropriateness of the key assumptions included within the valuation, compare them to expected ranges, and consider the need to make use of a KPMG Actuary. We will review the methodology applied in the valuation by Mercers.</p> <p>In addition, we will review the overall Actuarial valuation and consider the disclosure implications in the financial statements.</p>

# Financial statements audit planning (cont.)

## Significant Audit Risks (cont.)

<b>Risk:</b>	<p><b>Faster Close</b></p> <p>In prior years, the Authority has been required to prepare draft financial statements by 30 June and then final signed accounts by 30 September. For years ending on and after 31 March 2018 however, revised deadlines apply which require draft accounts by 31 May and final signed accounts by 31 July.</p> <p>These changes represent a significant change to the timetable that the Authority has previously worked to. The time available to produce draft accounts has been reduced by one month and the overall time available for completion of both accounts production and audit is two months shorter than in prior years.</p> <p>In order to meet the revised deadlines, the Authority may need to make greater use of accounting estimates. In doing so, consideration will need to be given to ensuring that these estimates remain valid at the point of finalising the financial statements. In addition, there are a number of logistical challenges that will need to be managed. These include:</p> <ul style="list-style-type: none"><li>— Ensuring that any third parties involved in the production of the accounts (including valuers, actuaries, subsidiaries and subsidiary auditors) are aware of the revised deadlines and have made arrangements to provide the output of their work in accordance with this;</li><li>— Revising the closedown and accounts production timetable in order to ensure that all working papers and other supporting documentation are available at the start of the audit process;</li><li>— Ensuring that the Audit Committee meeting schedules have been updated to permit signing in July; and</li><li>— Applying a shorter paper deadline to the July meeting of the Audit Committee meeting in order to accommodate the production of the final version of the accounts and our ISA 260 report.</li></ul> <p>In the event that the above areas are not effectively managed there is a significant risk that the audit will not be completed by the 31 July deadline.</p> <p>There is also an increased likelihood that the Audit Certificate (which confirms that all audit work for the year has been completed) may be issued separately at a later date if work is still ongoing in relation to the Authority’s Whole of Government Accounts return. This is not a matter of concern and is not seen as a breach of deadlines.</p>
<b>Approach:</b>	<p>We will continue to liaise with officers in preparation for our audit in order to understand the steps that the Authority is taking in order to ensure it meets the revised deadlines. We will also look to advance audit work into the interim visit in order to streamline the year end audit work.</p> <p>Where there is greater reliance upon accounting estimates we will consider the assumptions used and challenge the robustness of those estimates.</p>

# Financial statements audit planning (cont.)

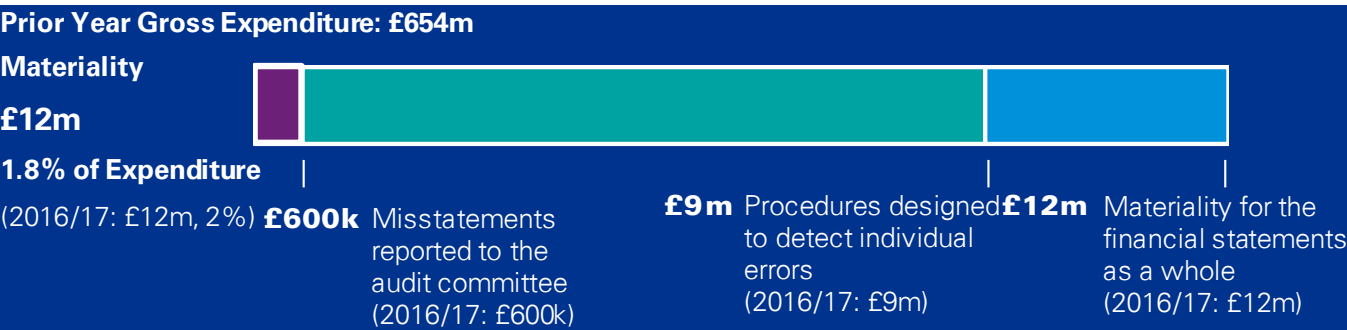
## Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Authority, materiality for planning purposes has been set at £12 million for the Authority's standalone accounts, and at £12 million for the group accounts, which in both cases equates to 1.8 percent of gross expenditure, once the one off impact of the change to the social housing discount factor has been taken into consideration.

We design our procedures to detect errors in specific accounts at a lower level of precision.



# Financial statements audit planning (cont.)

## Reporting to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £600 thousand.

If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

### We will report:



Non-Trivial corrected audit misstatements



Non-trivial uncorrected audit misstatements



Errors and omissions in disclosure  
(Corrected and uncorrected)

## Group audit

In addition to the Authority we deem Bernaslei Homes to be significant in the context of the group audit. This is due to the value of the pension fund liability.

To support our audit work on the Authority's group accounts, we will undertake an audit of the pension figures in line with our standard pension audit procedures. No other balances at Bernaslei Homes are material in relation to the group.

### We will report the following matters in our Report to those charged with Governance:

01

Any deficiencies in the system of internal controls or instances of fraud which the subsidiary auditors identify;

02

Any limitations on the group audit, for example, where the our access to information may have been restricted; and

03

Any instances where our evaluation of the work the subsidiary auditors gives rise to concern about the quality of that auditor's work.

# Value for money arrangements work

## VFM audit approach

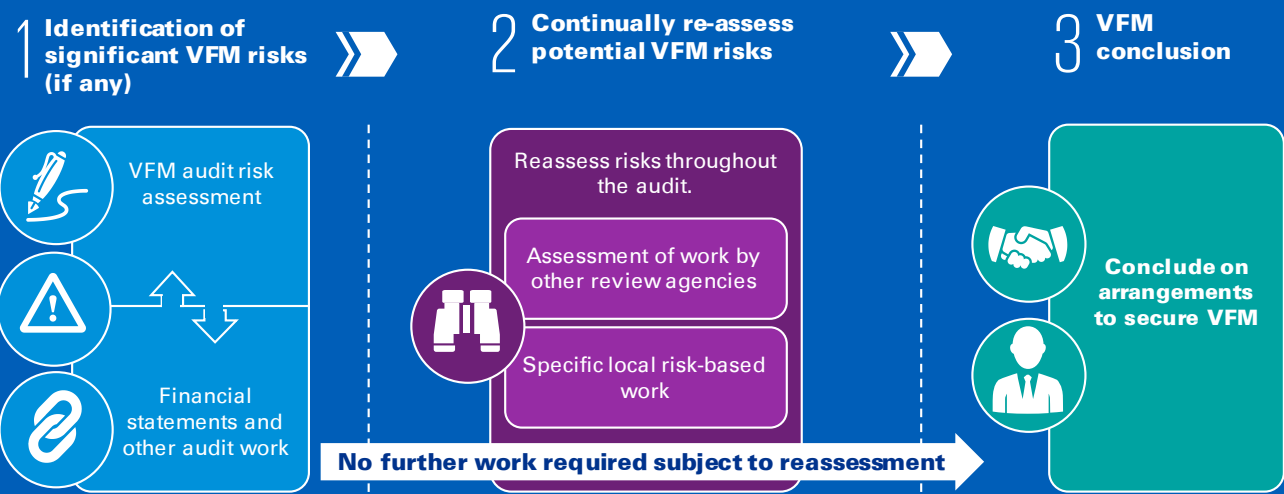
The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority ‘has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources’.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to ‘take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor’s judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body’s arrangements.’

## Overall criterion

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The VFM approach is fundamentally unchanged from that adopted in 2016/17 and the process is shown in the diagram below. The diagram overleaf shows the details of the sub-criteria for our VFM work.



# Value for money arrangements work (cont.)

## Value for Money sub-criterion

### Informed decision making

Proper arrangements:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance.
- Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.
- Reliable and timely financial reporting that supports the delivery of strategic priorities.
- Managing risks effectively and maintaining a sound system of internal control.

### Sustainable resource deployment

Proper arrangements:

- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.
- Managing and utilising assets to support the delivery of strategic priorities.
- Planning, organising and developing the workforce effectively to deliver strategic priorities.

### Working with partners and third parties

Proper arrangements:

- Working with third parties effectively to deliver strategic priorities.
- Commissioning services effectively to support the delivery of strategic priorities.
- Procuring supplies and services effectively to support the delivery of strategic priorities.

# Value for money arrangements work (cont.)

## VFM audit stage



### VFM audit risk assessment

#### Audit approach

We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the *Code of Audit Practice*.

In doing so we consider:

- The Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks;
- Information from the Public Sector Auditor Appointments Limited VFM profile tool;
- Evidence gained from previous audit work, including the response to that work; and
- The work of other inspectorates and review agencies.



### Linkages with financial statements and other audit work

#### Audit approach

There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.

We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.



### Identification of significant risks

#### Audit approach

The Code identifies a matter as significant '*if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.*'

If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:

- Considering the results of work by the Authority, inspectorates and other review agencies; and
- Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.



# Value for money arrangements work (cont.)

## VFM audit stage



### Assessment of work by other review agencies, and Delivery of local risk based work

#### Audit approach

Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.

We will also consider the evidence obtained by way of our financial statements audit work and other work already undertaken.

If evidence from other inspectorates, agencies and bodies is not available and our other audit work is not sufficient, we will need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:

- Additional meetings with senior managers across the Authority;
- Review of specific related minutes and internal reports;
- Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.



### Concluding on VFM arrangements

#### Audit approach

At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.



### Reporting

#### Audit approach

On the following page, we report the results of our initial risk assessment.

We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.

If considered appropriate, we may produce a separate report on the VFM audit, either overall or for any specific reviews that we may undertake.

The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.

# Value for money arrangements work (cont.)

## Significant VFM Risks

Those risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

<b>Risk:</b>	<p><b>Delivery of budgets</b></p> <p>The Authority identified the need to make savings of £4.5 million in 2017/18. The current forecast shows that the Authority will deliver an overspend of approximately £1 million. This is predominantly due to overspend in the People and Place directorates, although these have been somewhat off-set by savings identified elsewhere.</p> <p>The Authority's budget for 2018/19 was approved at the Council meeting in February 2018 and recognised a need for £15 million in savings to 2020 to principally address future reductions to local authority funding alongside service cost and demand pressures. The approved budget includes individual proposals to support the delivery of the overall savings requirement. The Council is also undertaking a regeneration project in Barnsley Town Centre, which will lead to increased demands on Council finances once phases 2, 3 and 4 are underway. As a result, the need for savings will continue to have a significant impact on the Authority's financial resilience.</p>
<b>Approach:</b>	<p>As part of our additional risk based work, we will review the controls the Authority has in place to ensure financial resilience, specifically that the Medium Term Financial Plan has duly taken into consideration factors such as funding reductions, salary and general inflation, demand pressures, restructuring costs and sensitivity analysis given the degree of variability in the above factors. We will also consider the impact of any delays or changes in the regeneration plan.</p>
<b>VFM Sub-criterion:</b>	<p>This risk is related to the following Value For Money sub-criterion</p> <ul style="list-style-type: none"><li>— Informed decision making;</li><li>— Sustainable resource deployment; and</li><li>— Working with partners and third parties</li></ul>

# Other matters

## Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2017/18 have not yet been confirmed.

## Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are:

- The right to inspect the accounts;
- The right to ask the auditor questions about the accounts; and
- The right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the PSAA's fee scales.



# Other matters

## Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Audit Committee. Our communication outputs are included in Appendix 1.

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## Independence and Objectivity

Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

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## Audit fee

Our Audit Fee Letter 2017/2018 presented to you in April 2017 first set out our fees for the 2017/2018 audit. This letter also set out our assumptions. We have not considered it necessary to seek approval for any changes to the agreed fees at this stage.

Should there be a need to charge additional audit fees then this will be agreed with the s.151 Officer and PSAA. If such a variation is agreed, we will report that to you in due course.

The planned audit fee for 2017/18 is £135,998, compared to 2016/2017 of £135,998.

Appendix 1:

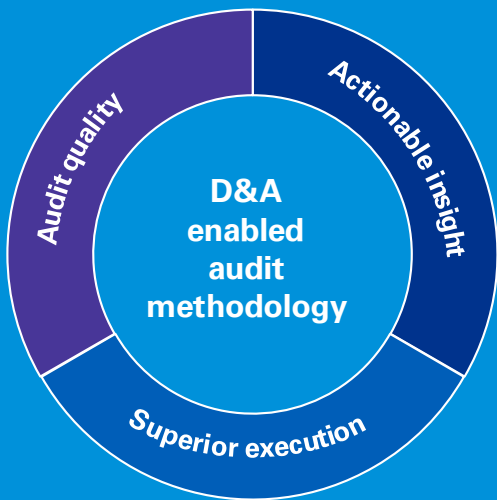
# Key elements of our financial statements audit approach

Driving more value from the audit through data and analytics

Technology is embedded throughout our audit approach to deliver a high quality audit opinion. Use of Data and Analytics (D&A) to analyse large populations of transactions in order to identify key areas for our audit focus is just one element. Data and Analytics allows us to:

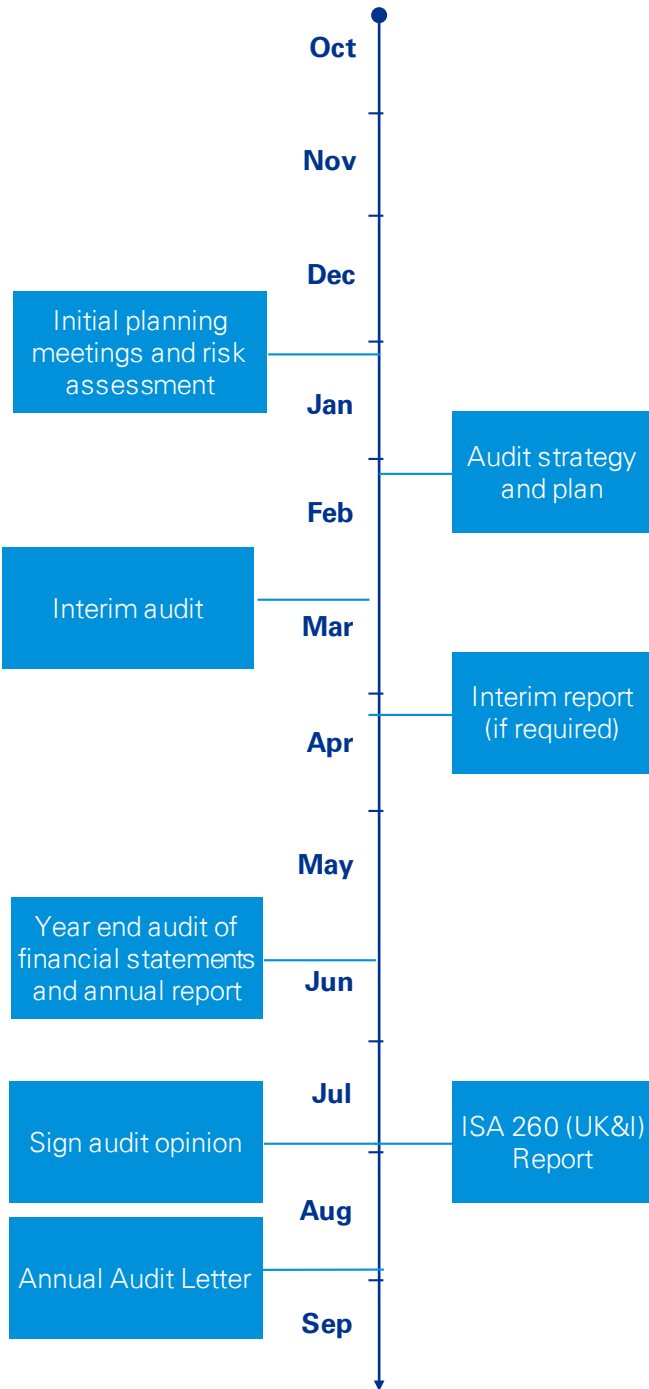
- Obtain greater understanding of your processes, to automatically extract control configurations and to obtain higher levels assurance.
- Focus manual procedures on key areas of risk and on transactional exceptions.
- Identify data patterns and the root cause of issues to increase forward-looking insight.

We anticipate using data and analytics in our work around key areas such as journals.



Communication

Continuous communication involving regular meetings between Audit Committee, Senior Management and audit team.





## Appendix 1:

# Key elements of our financial statements audit approach (cont.)

### Audit workflow

#### Planning

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of managements use or experts; and
- Issuing this audit plan to communicate our audit strategy.

#### Control evaluation

- Understand accounting and reporting activities
- Evaluate design and implementation of selected controls
- Test operating effectiveness of selected controls
- Assess control risk and risk of the accounts being misstated

#### Substantive testing

- Plan substantive procedures
- Perform substantive procedures
- Consider if audit evidence is sufficient and appropriate

#### Completion

- Perform completion procedures
- Perform overall evaluation
- Form an audit opinion
- Audit Committee reporting

Appendix 2:

Audit team

Your audit team has been drawn from our specialist public sector assurance department. Our audit team were all part of the Barnsley MBC audit last year, except for Rachael Whittaker who will be responsible for the on-site delivery of our work.



**Clare Partridge**  
Partner

T: +44 (0) 113 2313922  
E: [clare.partridge@kpmg.co.uk](mailto:clare.partridge@kpmg.co.uk)

‘My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion. I will be the main point of contact for the Audit Committee and Chief Executive.’



**Amy Warner**  
Manager

T: +44 (0) 113 2313039  
E: [amy.warner@kpmg.co.uk](mailto:amy.warner@kpmg.co.uk)

‘I provide quality assurance for the audit work and specifically any technical accounting and risk areas. I will work closely with partner to ensure we add value. I will liaise with the Director of Finance and other Executive Directors.’



**Rachael Whittaker**  
Assistant Manager

T: +44 (0) 113 2313851  
E: [rachael.whittaker@kpmg.co.uk](mailto:rachael.whittaker@kpmg.co.uk)

‘I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.’

## Appendix 3:

# Independence and objectivity requirements

### ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF BARNSELEY MBC

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Ltd's ('PSAA's') Terms of Appointment relating to independence and the requirements of the FRC Ethical Standard and General Guidance Supporting Local Audit (Auditor General Guidance 1 – AGN01) issued by the National Audit Office ('NAO').

This Appendix is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

#### General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.



Appendix 3:

Independence and objectivity requirements (cont.)

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the authority for professional services provided by us during the reporting period.

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out in the following table

Analysis of Non-audit services for the year ended 31 March 2018

Description of scope of services	Principal threats to independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2018 £	Value of Services Committed but not yet delivered £
Housing Benefits Audit for 2017/18	No threats to independence have been identified	As part of the PSAA contract, we are required to undertake the housing benefits audit work. As such appropriate safeguards have been applied by PSAA.	Fixed Fee	0	15,236
Pooling of Housing Capital Receipts Audit	No threats to independence have been identified	We have considered the following threats to independence and have concluded there are none that apply to this audit:  <ul style="list-style-type: none"><li>- Self interest</li><li>- Assumption of management responsibility</li><li>- Self review</li><li>- Familiarity</li><li>- Advocacy</li><li>- Intimidation</li></ul>	Fixed Fee	0	TBC
Teachers Pension Audit	No threats to independence have been identified	We have considered the following threats to independence and have concluded there are none that apply to this audit:  <ul style="list-style-type: none"><li>- Self interest</li><li>- Assumption of management responsibility</li><li>- Self review</li><li>- Familiarity</li><li>- Advocacy</li><li>- Intimidation</li></ul>	Fixed Fee	0	TBC

Appropriate approvals have been obtained from PSAA for all non-audit services above the relevant thresholds provided by us during the reporting period. In addition, we monitor our fees to ensure that we comply with the 70% non-audit fee cap set by the NAO.

## Appendix 3:

# Independence and objectivity requirements (cont.)

*Former employees of KPMG employed by the authority*

The following former members of the audit team, who have left in the past year, are now employed at Barnsley MBC:

- Louise Booth, who was a former Assistant Manager at KPMG is now an internal audit manager within Barnsley MBC

We do not believe that this impairs our independence as we do not directly review any work undertaken by Louise.

### Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

**KPMG LLP**



**kpmg.co.uk**



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. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, 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, by email to [Andrew.Sayers@kpmg.co.uk](mailto:Andrew.Sayers@kpmg.co.uk). After this, 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.

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# Technical update

Incorporating the External Audit Progress Report

Barnsley Metropolitan Borough Council





March 2018



# Contents

<b>The contacts at KPMG in connection with this report are:</b>		<b>Page</b>
<b>Clare Partridge</b> <b>Partner</b> <b>KPMG LLP (UK)</b> <b>Tel: 0113 231 3922</b> <b>clare.partridge@kpmg.co.uk</b>	<b>External audit progress report</b>	<b>3</b>
	<b>Technical developments</b>	<b>5</b>
	<b>Appendices</b>	
<b>Amy Warner</b> <b>Manager</b> <b>KPMG LLP (UK)</b> <b>Tel: 0113 231 3089</b> <b>amy.warner@kpmg.co.uk</b>	1. 2017/18 audit deliverables	<b>8</b>

This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors. The report also highlights the main technical issues which are currently having an impact in local government. If you require any additional information regarding the issues included within this report, please contact a member of the audit team. We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

 High impact       Medium impact       Low impact       For information



# External audit progress report

# External audit progress report

This document provides the audit committee with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverable is provided in Appendix 1 of this report.

Area of responsibility	Commentary
Financial statements	<p><i>We have presented our audit plan at the same time as this report. We have highlighted the following significant financial statement risks:</i></p> <p><i>Valuation of PPE</i></p> <p><i>Pension liabilities</i></p> <p><i>Faster Close</i></p> <p><i>We are currently undertaking our interim audit visit and will report any findings to the next audit committee</i></p>
Value for Money	<p><i>As part of our audit plan we have highlighted delivery of budgets as a value for money risk.</i></p> <p><i>We will undertake work on this as part of our year end audit processes and report the conclusion as part of our ISA260</i></p>
Other work	<p><i>Our pensions team has been commissioned to undertake work in relation to the impact of the Local Government Pension Scheme surplus on Barnsley MBC.</i></p>
Certification of Claims and Returns	<p><i>We are anticipating auditing the following grants and returns for 2017/18:</i></p> <ul style="list-style-type: none"> <li><i>- Housing Benefits</i></li> <li><i>- Teachers Pensions Return</i></li> <li><i>- Pooling of Housing Capital Receipts Return</i></li> </ul>



# Technical developments

# NAO Report – PF1 and PF2

Page 66

Level of impact: ● (For Action)	KPMG Perspective
<p>The NAO has recently published a report on Private Finance Initiative (PFI) and the introduction of a reformed model of the PFI called PF2.</p> <p>There are currently over 700 operational PFI and PF2 deals, with a capital value of around £60 billion, and annual charges for these deals amounted to £10.3 billion in 2016-17.</p> <p>The report presents information on the rationale, costs, benefits, use, and the impact of PFI, and discusses the extent to which it may be able to make savings from existing PFI contracts. The report also highlights some of the reasons for PFI reform and the introduction of PF2.</p> <p>The report does not suggest whether or not the PFI and PF2 models deliver value for money, but highlights the costs and benefits of entering into PFI and now the PF2.</p> <p>A copy of the report can be accessed from the NAO website at the following link:</p> <p><a href="https://www.nao.org.uk/report/pfi-and-pf2/">https://www.nao.org.uk/report/pfi-and-pf2/</a></p>	<p>Those charged with governance may wish to consider the costs and benefits of entering into PFI and PF2 arrangements.</p>

# Statutory Guidance for Local Authority Investments and the Minimum Revenue Provision

**Level of impact:** ● (For Information)

The Ministry of Housing, Communities and Local Government (MHCLG) has published its summary of responses to the consultation regarding Local Authority investments and the minimum revenue provision.

The guidance on minimum revenue provisions (MRP) applies for accounting periods starting on or after 1 April 2019, with the exception of paragraphs 27-29 of the guidance ("Changing methods for calculating MRP"), which apply from accounting periods starting on or after 1 April 2018.

The investment guidance also applies from accounting periods starting on or after 1 April 2018.

A copy of the responses can be found at the following link:

<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>





# Appendix

## Appendix 1

# 2017/18 audit deliverables

Deliverable	Purpose	Timing	Status
<b>Planning</b>			
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	March 2018	Complete
<b>Interim</b>			
Interim report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	May 2018	TBC
<b>Substantive procedures</b>			
Report to those charged with governance (ISA 260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	July 2018	TBC

## Appendix 1

# 2017/18 audit deliverables (cont.)

Deliverable	Purpose	Timing	Status
<b>Completion</b>			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	July 2018	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	July 2018	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	To be confirmed	TBC
<b>Certification of claims and returns</b>			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	To be confirmed	TBC



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# BARNLEY MBC AUDIT COMMITTEE – INDICATIVE WORK PROGRAMME

	Mtg. No.	7	8	1	2	3	4	5	6
Committee Work Area	Contact / Author	21.3.18	18.04.18	6.06.18	20.07.18** (2.00 pm)	19.09.18**	31.10.18** (2.00 pm)	5.12.18	16.01.19
<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							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	X
<b>Corporate Risk Management</b>									
Risk Management Policy &	AH								



	Mtg. No.	7	8	1	2	3	4	5	6
Committee Work Area	Contact / Author	21.3.18	18.04.18	6.06.18	20.07.18** (2.00 pm)	19.09.18**	31.10.18** (2.00 pm)	5.12.18	16.01.19
Strategy									
Risk Management Update*	AH								
Annual Report	AH				X				
Strategic Risk Register Review	AH		X					X	
<b>Internal Audit</b>									
Internal Audit Charter	RW			X					X
Internal Audit Plan	RW	X							X
Internal Audit Quarterly Report	RW		X		X			X	
Annual Review of the Effectiveness of Internal Audit	RW				X				
Review of the Effectiveness of Int. Audit - Update	RW								
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							X
Annual Fees Letter	KPMG	X							X
Annual Audit Letter	KPMG								
Grants Letter	KPMG								
Claims & Returns Annual Report	KPMG								
External Audit Progress report & Technical Update	KPMG	X	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 &	NC	X				X			X

	Mtg. No.	7	8	1	2	3	4	5	6
Committee Work Area	Contact / Author	21.3.18	18.04.18	6.06.18	20.07.18** (2.00 pm)	19.09.18**	31.10.18** (2.00 pm)	5.12.18	16.01.19
Capital Programme Update									
Treasury Management Annual Report	IR				X				
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 (moved from 21/3/18)			X			X
Governance & Member support (annual)	IT/WW			X					
Information Governance update	DR		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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By virtue of paragraph(s) 7 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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of the Local Government Act 1972.

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