



**BARNSELY METROPOLITAN BOROUGH COUNCIL**

**Audit Committee**

**22nd January, 2014**

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

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

There were no declarations of Pecuniary and Non-Pecuniary Interest from Members in respect of items on the agenda.

69. **Minutes**

The minutes of the meeting held on the 11th December, 2013 were taken as read and signed by the Chairman as a correct record.

70. **Actions Arising from Previous Meetings**

The Assistant Executive Director, Finance, Audit and Risk Management, submitted a report detailing actions taken and arising from previous meetings of the Committee.

It was reported that an awareness session was to be held prior to the meeting scheduled for the 26th March 2014 on various aspects of Information Governance.

**RESOLVED** that the report on action arising from the previous meeting be noted.

71. **Internal Audit Quarterly Report 2013/14 - Quarter Ended 31st December, 2013**

The Assistant Executive Director, Finance, Audit and Risk Management submitted a report providing a comprehensive overview of the key activities and findings of Internal Audit based on the work of the Division to the end of December, 2013.

The report covered:

- The issues arising from the completed Internal Audit work in the quarter incorporating, where appropriate, management's response to the recommendations made
- Matters that had required investigation

- An opinion on the overall assurance Internal Audit were able to provide based on the work undertaken regarding the adequacy and effectiveness of the Authority's internal control environment.
- Progress on the delivery of the Internal Audit Plan for the period to the end of the third quarter of 2013/14
- Details of Internal Audit's performance for the quarter utilising performance indicators

The report was presented by Ms J Winham, Senior Audit Manager who indicated that reports had been issued during the period covering a range of services including two fundamental recommendations relating to the management arrangements in respect of procurement cards and one relating to contract performance management arrangements. These were not, however, collectively sufficiently serious to jeopardise the overall assurance opinion.

Of the eleven recommendations followed up, 64% had been implemented by the original agreed date compared to 73% in the previous quarter. Of the remaining, a further 9% had been implemented by the revised target date and 27% after the revised date.

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

The internal control assurance remained adequate. Overall, Divisional performance remained satisfactory with only the issue of draft reports performance indicator and chargeable time being slightly below target.

It was noted that in accordance with the Committee's request, a report on outstanding recommendations had been submitted to the Committee in December, 2013. An update on the status of each of these was provided.

In the ensuing discussion the following matters were highlighted:

- it was anticipated that the follow up action in relation to the Private Sector Leasing Scheme - Empty Homes Strategy would be complete by the end of April
- the work in relation to charities administered by the Authority was outlined. It was noted that costs associated with such work was recharged to the charity concerned
- Arising out of the above discussion, the Assistant Chief Executive (Legal and Governance) and Assistant Executive Director, Finance, Audit and Risk Management briefly commented upon why the Authority was involved in such charities

**RESOLVED**

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

**72. Local Code of Corporate Governance**

The Assistant Executive Director, Finance, Audit and Risk Management submitted a report presenting the Local Code of Corporate Governance as part of the Authority's Corporate Governance Framework and Annual Governance Review Process.

The Code was appended to the report as was the Evidence Framework which would be used to support the Core Principles and Commitments outlined within the Code. This could be used as a 'prompt' to assist, within the context of the significant changes facing the authority, about how the Authority discharged its functions.

It was noted that there was no statutory requirement to have such a Code, however, it was felt that in having one, this demonstrated Barnsley's commitment to openness and transparency to the whole process.

It was also noted that the Authority was facing a period of significant change as it moved to implement the Future Council Strategy and as such, changes would have a significant impact on the governance arrangements of the Authority. It would be necessary, therefore to further review and change the Local Code accordingly.

**RESOLVED**

- (i) that in reviewing the Local Code of Corporate Governance, the Committee remains satisfied that the Code remains valid, represents recommended good practice and meets the Authority's aims and commitments; and

- (ii) that in view of the importance of this Code to the AGS process, it be circulated for information and reference, to all Members of the Council.

### **73. Annual Governance Report 2013/14**

The Assistant Executive Director, Finance, Audit and Risk Management submitted a report outlining the detailed guidance that had been issued to Senior Management within the Authority to review the Council's Corporate Governance Arrangements and prepare the statutory Annual Governance Statement (AGS) for 2013/14.

The report outlined the Annual Governance Statement Process, the key elements of the guidance issued, the developments which had taken place over time to the process together with proposals for future development.

The Committee was asked to consider the guidance in order to satisfy itself that the process was sufficiently robust that if applied as planned, it would provide a reasonable basis for the evidence to support the Annual Governance Statement.

The Guidance would provide a step by step process to follow over the next few weeks to contribute to the preparation of the draft AGS Document that would be presented to the Committee at its meeting in July and then in final form to the September meeting and to Council.

The guidance was appended to the report, however, as the appendices thereto were somewhat lengthy, these were not attached but could be provided for members should they wish.

It was reported that significant progress had been made to enable the integration of governance arrangements in schools to contribute to the overall AGS and a modified internal Control and a Governance Assurance self assessment questionnaire had been introduced to schools which would be available for review by 31<sup>st</sup> May.

Arising out of the discussion, reference was also made to the following:

- the composition and work of the Corporate Assurance Group which considered all assurance aspects of the AGS process and the draft contents of the AGS. Arising out of this discussion, reference was made to the changes of membership of this group which took account of changes in senior management and which would take account of the transfer of health functions to the Authority
- in response to questioning, the Assistant Director commented upon the ways in which an assurance could be given that the evidence collected via self assessment questionnaires was robust.

- the importance of issues arising from this process being reflected within Service Delivery and Business Plans was highlighted.

**RESOLVED** that the Committee is satisfied that, if applied as proposed, the Guidance and Framework process will provide sufficient evidence upon which it can refer the Statement for approval by Council in September 2014.

#### **74. Corporate Whistleblowing Policy - Review**

The Assistant Chief Executive (Legal and Governance) and the Assistant Executive Director, Finance, Audit and Risk Management submitted a joint report on a review of the Corporate Whistleblowing Policy which had been amended following the introduction of the Enterprise and Regulatory Reform Act 2013.

The report indicated that the 2013 Act referred to above had closed a loophole within the whistleblowing protections in the Employment Rights Act 1996 whereby individuals had been allowed to lodge whistleblowing claims at employment tribunals in relation to matters of a purely private rather than public interest.

The importance of having comprehensive ownership and understanding of the policy was outlined and following consideration by this Committee it was proposed that consultation take place with Trade Unions which would be given the opportunity of commenting prior to the policy being submitted to Council for formal approval.

Arising out of the discussion of the report and in response to questioning, reference was made to

- the way in which the current policy was used and adopted and to the action taken in response to issues raised
- the provisions of the 2013 Act in relation to the principle of vicarious liability and to the fact that employers which took all reasonable steps to protect workers (who had 'blown the whistle') from the actions of 'aggrieved' co-workers would be able to rely on this as defence and may not be liable in the event of legal action being taken

#### **RESOLVED**

- (i) that the Committee is satisfied that the revisions to the Corporate Whistleblowing Policy now proposed ensures that the Policy continues to provide a practical and effective means to encourage and facilitate the raising of concerns;
- (ii) that the draft Corporate Whistleblowing Policy be submitted for consultation with Trade Unions; and

- (iii) that in the light of there being no material changes arising from the consultation with Trade Unions, the Policy be referred to Cabinet for information and to full Council for approval.

#### **75. External Audit Progress Report and Technical Update**

The Committee received an oral report on progress of the External Audit work and the Technical Update.

Mr D Murray reported that this would be the last meeting he would be attending prior to leaving the services of KPMG. His role would be undertaken by Mr J Cornett and arrangements would be made for an appropriate 'hand over' of any outstanding work/issues

He reported that work was progressing on the objection to the 2012/13 Financial Statements. It was his intention to issue the 'Statement of Reasons' shortly and, hopefully, the matter would be resolved shortly after that.

Ms L Wild briefly reported on the current position with regard to the progress made in relation to

- Audit Planning and the preparation of the draft audit plan
- the approach to the Financial Statements for 2012/13 and 2013/14

She indicated that there were no significant issues to report.

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

#### **76. Audit Committee Work Plan 2013/14**

The Assistant Executive Director, Finance, Audit and Risk Management submitted a report providing the indicative work plan for the Committee for its proposed scheduled meetings for the remainder of the 2013/14 municipal year. The report also gave details of the indicative timetable of meetings from June to December 2014, the work plan for which would be issued nearer the date.

The Assistant Director reminded Members that, as previously reported, an awareness session was planned prior to the March meeting.

The Committee noted:

- (a) that the meeting scheduled for 23rd April, 2014 may be changed because this was within the Easter period. This would, however, be confirmed nearer the date; and

(b) the meeting scheduled for 22nd September, 2014 would be moved to the 19th September in order to facilitate the attendance, if required, of the leader of the Council prior to the consideration by this committee of the final accounts.

**RESOLVED** that the core work plan for 2013/14 meetings of the Audit Committee be approved and reviewed on a regular basis

*The Chairman, Councillor T Sheard, agreed to the consideration of the following as urgent items due to the need to report on these matters prior to the next meeting.*

**77. Mr M Lunn - Co-opted Member**

The Chairman reported receipt of a letter dated 22nd January, 2014 from M Lunn, Co-opted Member, indicating his intention to resign as a Member of the Committee at the end of the current cycle of meetings.

This would assist facilitate the move to fixed term co-options as agreed at a previous meeting in line with the UK Corporate Governance Code.

The Chairman reported and congratulated Mr Lunn on his recent appointment as Chair of Berneslai Homes Board.

The Chairman and Members of the Committee asked to place on record their thanks and appreciation to Mr Lunn of the work and service to this Committee and they wished him all the best for the future.

In response, Mr Lunn thanked the Committee for the kind words. He had enjoyed his time immensely on the Committee and particularly in its formative period. He also paid tribute to the Council for its forethought in recognising the value that independent co-opted member could bring to the Committee and the audit process.

**78. Mr D Murray - Auditor KPMG**

The Chairman and Member of the Committee asked to place on record their thanks and appreciation to Mr Murray for the work and service to this Committee and they wished him all the best for the future.

In response, Mr Murray thanked Members and Officers for their kind words. He had very much appreciated his time in Barnsley and thanked Members and Officers for their help and support.

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Chairman

