

MEETING:	Audit Committee
DATE:	Wednesday, 20 January 2016
TIME:	4.00 pm
VENUE:	Reception Room, Barnsley Town Hall

AGENDA

Procedural/Administrative Items

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

To receive the minutes of the meeting held on 18th September, 2015

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

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

Items for Discussion/Decision

4. Internal Audit Quarterly Report 2015/16 - Quarter Ended 31st December, 2015 (*Pages 15 - 34*)

The Head of Internal Audit will submit a report providing a comprehensive overview of the key activities and findings of Internal Audit based on the Division's Work to the end of December, 2015.

5. Annual Review of the Effectiveness of Internal Audit - Progress Report (*Pages 35 - 38*)

The Head of Internal Audit will submit a report providing an update on the progress made in addressing the issues arising from the annual review of the effectiveness of the Internal Audit function.

6. Review of Council Tax Single Persons Discount (*Pages 39 - 42*)

The Head of Internal Audit will submit a report providing an update on the Council Tax Single Person's Discount review which is being undertaken in conjunction with Databank which forms part of the Council's successful counter fraud fund bid to the DCLG.

7. Review of the Audit Committee Workshop and Draft Action Plan (to follow)

The Executive Director Finance, Assets and Information Services and Executive Director, Legal and Governance will submit a joint report presenting the outcomes from the Workshop held on the 4th November, 2015 and presenting a draft action plan for approval.

8. Strategic Risk Register - Full Review October, 2015 (*Pages 43 - 68*)

The Director of Finance, Assets and Information Services will submit a report on a

further review of the Strategic Risk Register undertaken in October, 2015 and presenting the outcomes of that review.

9. Annual Governance Statement 2015/16 - Action Plan Update (*Pages 69 - 72*)

The Chief Executive, Director of Finance, Assets and Information Services and Director of Legal and Governance will submit a joint report providing the updated action plan relating to the issues identified following the Annual Governance Review for 2014/15.

10. Risk Management Update Report 2015/16 (*Pages 73 - 92*)

The Director of Finance, Assets and Information Services will submit a report 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.

Items for Information

11. External Audit - Annual Audit Letter 2014/15 (*Pages 93 - 100*)

The Council's External Auditor will submit the Annual Audit Letter 2014/15 and summarising the key findings from the audit, detailing the financial statements and Value for Money Conclusion and providing information on the final fees for the 2014/15 audit.

12. External Audit Progress Report and Technical Update (*Pages 101 - 118*)

The Committee will receive the External Audit Progress Report and Technical Update.

13. External Audit - Appointing your External Auditor (*Pages 119 - 126*)

The External Auditor will present a paper reminding the Committee that from the 2018/19 financial year onwards, the Authority will, for the first time, be required to appoint its own external auditor and detailing the matters that should be considered when making such an appointment.

14. Audit Committee Work Plan 2015/16 and 2016/17 (*Pages 127 - 128*)

The Committee will receive the indicative Audit Committee Work Plan for 2015/16 and 2016/17

To: Chair and Members of Audit Committee:-

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

Diana Terris, Chief Executive

All Executive Directors
Andrew Frosdick, Director Legal and Governance
Frances Foster, Director Finance, Assets and Information Services
Rob Winter, Head of Internal Audit and Risk Management
Neil Copley, Service Director Finance
Ian Rooth, Head of Technical Services
Adrian Hunt, Risk Management Manager
Michael Potter, Service Director Organisation and Workforce Improvement
Julie Winham, Senior Audit Manager

Council Governance Unit – 3 copies

Please contact William Ward on 01226 773451 or email governance@barnsley.gov.uk

Tuesday, 12 January 2016

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MEETING:	Audit Committee
DATE:	Friday, 18 September 2015
TIME:	2.00 pm
VENUE:	Reception Room, Barnsley Town Hall

MINUTES

Present

Councillors Mr S Gill (Chair), Barnard, Clements, Ms K Armitage, Ms D Brown, Mr M Marks and Mr P Johnson

24. Declarations of Pecuniary and Non-Pecuniary Interest

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

25. Minutes

The minutes of the meeting held on the 22nd July, 2015 were taken as read and signed by the Chair as a correct record.

26. 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.

27. Report to those charged with Governance (ISA 260) 2014/15

The Committee considered the report of the External Auditor (KPMG) which had been submitted in accordance with International Standard on Auditing 260, the External Audit Annual Governance Report for 2014/15. John Cornett (Director) from KPMG presented the report which incorporated, amongst other things, the following:

- the Headline findings
- the proposed opinion and audit adjustments
- the key financial audit risks and areas of audit focus
- the Accounts Production and audit process
- the current position with regard to the completion of the audit of the financial statements
- the Value for Money Conclusion including the specific Value for Money Risks
- Audit differences
- the Declaration of independence and Objectivity
- Materiality and reporting of audit differences
- the KPMG Audit Quality Framework.

He indicated that he anticipated issuing an unqualified audit opinion on the Authority's Financial Statements by 30th September, 2015 following consideration by the Council on the 24th September. He would also report that the Annual Governance Statement complied with guidance issued.

The Audit had identified one audit adjustment relating to the reclassification of a grant between creditors and grants received in advance, therefore, the net impact of the adjustment was nil. The appropriate adjustments had been made to the financial statements. In addition, one presentational adjustment had been identified and this matter had been addressed by the Authority.

No significant risks had been identified specifically to the Authority during 2014/15 with regard to the financial statements, however, Local Authority Maintained schools had been an area of focus during the year. The External Auditor had reviewed the accounting treatment for Local Authority Maintained Schools and confirmed that there were no significant matters arising as a result of this work.

The Authority continued to have good processes in place for the production of the accounts and good quality supporting working papers. Officers dealt with queries efficiently and the audit process had been completed within the required timescales. The Finance Team, Mr N Copley, Service Director Finance, and Mrs F Foster, Director of Finance, Assets and Information Services and their staff were thanked for their assistance and support.

All work on the financial statements was substantially complete subject to the receipt of approved financial statements and signed management representation letter.

The External Auditor had identified financial resilience as a Value For Money risk in the external audit plan for 2014/15 and work had continued with officers throughout the year to discuss this risk. Information about this was contained within the report but there were no matters arising as a result of this work. It had been concluded that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In the circumstances it was anticipated that an unqualified VFM conclusion would be issued by 30th September, 2015.

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

The following issues were referred to:

- There was a discussion of the financial resilience in terms of Value For Money risk, with reference to the level of reserves and whether or not this was appropriate within the context of the Authority's medium Term Financial Plan. The External Auditor confirmed the view that reserves were in line with the assumptions based in the Medium Term Financial Plan and, therefore, appropriate
- Arising out of the above the Leader of the Council specifically referred to the Council's financial commitments particularly in relation to the funding of the Town Centre improvements, to the use of reserves and to the long term financial implications for the Authority in the light of potential future government decisions in relation to grant aid which was likely to raise significant challenges

- In response to detailed questioning the Service Director Finance confirmed that there were no significant issues arising from the financial adjustments which had been required and that this merely related to the reclassification of grants received
- Reference was made to the changing approach to risk management, to the classification of risk and the manner in which this was addressed. It was noted that this was a significant issue for all authorities within the current financial climate and local authorities were likely to be challenged as financial reductions impacted on service provision
- The liaison arrangements between Internal Audit and Risk Management to ensure appropriate compliance and support were outlined.
- In response to detailed questioning, the Head of Internal Audit referred to staffing levels and to action taken to ensure they remained appropriate.
- Mr J Cornet gave details of the three levels of Quality Assurance undertaken by KPMG

RESOLVED:-

- that the External Auditor's Report 2014/15 be received and referred for consideration by the Council to be held on the 24th September, 2015;
- that the Auditor's findings on the effectiveness of the Council's internal controls and his conclusion on the Council's arrangements for securing Value for Money be noted;
- that the Committee place on record their thanks and appreciation to the hard work of the External Auditor and the Director of Finance, Assets and Information Services and their respective Teams in this process.

RECOMMENDED TO FULL COUNCIL ON THE 24th SEPTEMBER:-

- that the External Auditor's Draft Annual Governance Report 2014/15 be approved;
- that the findings on the effectiveness of the Council's internal controls and his conclusions on the Council's arrangements for securing Value for Money be noted; and
- that the findings from the audit work in relation to the 2015/16 financial statements be noted and accordingly, the final accounts 2015/16 be approved.

28. Annual Governance Statement 2014/15

Further to minute no 19 of the previous meeting held on the 22nd July, 2015, the Committee considered a joint report of the Director of Legal and Governance and Director of Finance, Assets and Information Services on the final Annual Governance Statement for 2014/15, requesting the Committee to refer it to the Council for consideration and adoption as part of the process for approving the 2014/15 Statement of Accounts. A copy of the Statement was appended to the report.

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

- the final Statement was substantially the same as the draft submitted to the previous meeting and provided an assurance that the Authority had appropriate procedures and processes in place
- Reference was made to the action being taken by the Authority following the Casey report into corporate governance which would ensure that all the necessary procedures and processes were in place. The Director of Finance, Assets and Information Services referred to the role of the Senior Management Team in this respect. It was also suggested that consideration be given to the involvement of Voluntary Agencies in any review
- The Service Director Governance and Member Support briefly explained the arrangements the Authority had in place to ensure that Members and Officers standards of behaviour was appropriate and was maintained. In this respect reference was made to the Codes of Member and Employee conduct, although if fraud or other criminality, for example, was suspected, this would be referred for investigation through the normal arrangements.

RECOMMENDED TO FULL COUNCIL ON THE 24th SEPTEMBER: that the final Annual Governance Statement 2014/15 be approved and adopted.

29. Corporate Anti-Fraud Team Progress Report

The Head of Internal Audit submitted a report providing details of the work of the Corporate Anti-Fraud Team for the period 1st April to 1st September, 2015.

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

- Council Tax Support investigations
- Council Tax fraudulent liability claims
- Right to Buy investigations
- Corporate Investigations
- National Fraud Initiative involvement
- Tenancy Fraud.

The positive impact the Team was having in tackling fraud was very much welcomed and whilst the results of the Team's work were relatively modest so far, significant results were expected in the latter part of the year.

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

- The number of cases, workload and agencies in which the Team was involved
- The use of an external organisation (and rationale for the use) to assist with the verification and investigation into claims for Single Person Discount. In response to specific questioning, the Head of Internal Audit briefly commented on the arrangements in place to ensure due diligence. A report on the first 'tranche' of the work undertaken would be provided for the next meeting. Arising out of the discussion reference was also made to the importance of maintaining the reputation of the Council
- The liaison arrangements in place with other organisations/agencies to pursue fraud enquiries

- Particular reference was made to the types of investigation undertaken and the reasons for not pursuing some cases due to insufficient evidence
- The arrangements in place to provide 'reminders' to residents of the need to keep personal information up to date
- Particular reference was made to the potential for fraud associated with Right to Buy and the implications this had for the Authority
- In response to specific questioning, reference was made to
- the corporate investigations in relation to a review of a recruitment exercise. It was noted that no issues had been identified as a result of this investigation other than an improvement in compliance
- a data match investigation which had revealed certain overpayments
- it was noted that generally, residents within the Borough had an excellent record in reporting changing circumstances.

RESOLVED

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

30. Corporate Financial Performance - Quarter ended 30th June, 2015

The Director of Finance, Assets and Information Services submitted, for information and comment, a report that had been submitted to Cabinet on the 9th September, 2015 on the financial performance of the Authority during the quarter ended 30th June, 2015 (including the progress made against agreed savings targets) and assessing the implications against the Council's Medium Term Financial Strategy (MTFS) and Reserves Strategy.

The report, which outlined the key headline messages, had been produced in a new format which would hopefully assist Members in assessing financial performance.

In the ensuing discussion reference was made to the following:

- in response to queries about the reporting timeframe and the need for the most 'up to date/real time' financial information, Director of Finance, Assets and Information Services explained the rationale for the submission of the information. Any matters of material significance would be reported as a matter of urgency
- there was a discussion of debt management and specifically in relation to bad debts and to debt recovery. Information in relation to the write off of historic debt could be provided. It was noted that the next report to Committee would give an indication of changes to levels of debt. Arising out of this discussion, the Service Director Finance commented that Authority had a 99.5% collection record in relation to Council Tax. It was suggested that the report should provide a comparator to previous months as this would assist in determining the progress made in debt recovery matters
- the Director of Finance, Assets and Information Services commented that the new format of reports presented additional information that had previously not been made available

- reference was made to the issues associated by budget overspends particularly where services were demand led. The Director of Finance, Assets and Information Services commented that such matters were under constant review
- Reference was made to the potential impact on the Council's Reserves Strategy and particularly in relation to the impact of the New Homes Bonus
- There was a further discussion of the Council's Reserves Strategy a report on which could be provided for a future. It was considered that this might be particularly pertinent following the November Comprehensive Spending Review
- Reference was made to the corrective action proposed within the Place Directorate in order to meet the budget reduction proposals and to the implications of presenting mitigating alternative proposals in order to meet savings targets. The Director of Finance, Assets and Information Services commented that this matter was under review as were all savings proposals. In this particular case, however, there were no issues of concern. The Service Director Finance stated that the savings proposals were possibly not articulated well enough and this matter would be addressed in all future reports

RESOLVED

- (i) that the report on the Corporate Financial Performance for the quarter ended 30th June, 2015 be received and the new format or report be welcomed; and;
- (ii) that reports be submitted to future meetings on the Council's Reserves Strategy and on Debt Recovery.

31. Capital Programme Performance - Quarter ended 30th June, 2015

The Director of Finance, Assets and Information Services submitted, for information and comment, a report which had been submitted to the Cabinet on the 9th September, 2015 on the financial performance of the Council's Capital Programme during the quarter ended 30th June, 2015 and assessing the implications against the Council's Medium Term Financial Strategy (MTFS) and Reserves Strategy.

The report, which outlined the key headline messages, had been produced in a new format which would hopefully assist Members in assessing financial performance.

In the ensuing discussion reference was made to the following:

- It was noted that there were no major issues to report
- In response to questioning, the Service Director Finance gave details of the role of the Capital Programme Oversight Board which was charged with the effective management of the Capital Programme. The Chair of the Board was the Executive Director Place and details of the Terms of Reference could be provided for the Committee

RESOLVED that the report on the Capital Programme Performance for the quarter ended 30th June, 2015 be received and the new format of report welcomed.

32. Treasury Management Activities and Investment Performance - Quarter Ended 30th June, 2015

The Director of Finance, Assets and Information Services submitted, for information and comment, a report which had been submitted to Cabinet on the 9th September, 2015 updating the Committee on the Treasury Management Activities and Investment Performance as at 30th June, 2015.

The report had been produced in a new format which would hopefully assist Members in assessing whether or not the Council was implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management.

In the ensuing discussion reference was made to the following:

- Information was provided on the awarding of a contract for the provision of Treasury Management Services and on the rationale for this
- Arising out of the above, reference was made to the work which would be undertaken by Treasury Management Advisors
- The difficulties of Investment Benchmarking were outlined and in this respect reference was made to the information contained within Appendix 5. These difficulties were largely as a result of the alternative risk 'appetite' of differing authorities and to factors detailed within the Treasury Strategy. The Director of Finance, Assets and Information Services stated that the Authority was within the parameters predicted.

RESOLVED that the report on Treasury Management Activities and Investment Performance as at 30th June, 2015 be received and the new format of report be welcomed.

33. External Audit Progress Report and Technical Update

Ms L Wild, representing the Council's External Auditor (KMPG) submitted the Progress report and Technical update.

The report:

- Provided an overview of the progress made by the External Auditor in delivering their responsibilities to the Council. At each stage of the audit the Auditor issued certain deliverables including reports and opinions and a summary of progress made against these deliverables was appended to the report
- Gave details of the KPMG resources in relation to
- The Governance Arrangements work over the Better Care Fund
- The Local Government Seminar Series – Winter 2015 to be held in Leeds on the 15th October, 2015 invitations for which had been sent out
- The KPMG Publication entitled 'Value of Audit – Perspectives for Government)
- Highlighted the main technical issues which were currently having an impact on local government and which were being addressed
- An Appendix to the report provided details of the Audit deliverables for 2014/15.

The progress report indicated that risk based audit planning for the 2014/15 audit of the financial statements and Value for Money conclusion had been completed. The

audit of the draft financial statements was almost complete and the ISA260 report had been presented to Committee today with a view to the issuing of the opinion on the financial statements by 30th September, 2015.

The Housing Benefit and Council Tax Benefit Claim was the only grant remaining under the Public Sector Audit Appointments regime (PSAA) and work had commenced on this audit in June. A report would be submitted before the deadline of 30th November, 2015.

In relation to other work, work was being undertaken on restructuring of subsidiary groups and the Bull TCL contract termination which would require an additional fee of £16,250. Work was also being undertaken in relation to grants falling outside the PSAA regime in relation to the Teachers Pension Return, National Teacher Training and Pooling of Capital Receipts. The audit fees for these claims and returns were to be agreed with officers.

The Technical Update outlined various issues that were currently having an impact on Local Government and these were 'colour coded' to indicate their potential impact.

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

34. Audit Committee Work Plan 2015/16

The Committee received a report providing the indicative work plan for the Committee for its proposed scheduled meetings for the remainder of the 2015/16 Municipal Year.

The Committee was reminded that the November meeting would commence at 2.00 pm and would take the form of a workshop focussing on the Terms of Reference and future working arrangements for the Committee.

RESOLVED that the core work plan for 2015/16 meetings of the Audit Committee be approved and reviewed on a regular basis.

Chair

AUDIT COMMITTEE – 20th January, 2016

ACTIONS ARISING FROM MEETINGS OF THE AUDIT COMMITTEE

Date of Meeting	Agenda Ref	Subject	Details of Actions Arising	Person Responsible	Status / Response
25 th March, 2015	4	Internal Audit Charter and Strategy 2015/16	Members requested to be provided with additional information on business units/trading bodies	Service Director Finance	Information Briefing to be given but aligned to the role of the new Audit Committee – 23 rd March, 2016
25 th March, 2015	7	Treasury Policy and Strategy Statements 2014/15	To receive a report on the rationale behind the MRP options contained within Appendix E within the context of the current financial climate	Service Director Finance	To be considered at a meeting following a review and determination of a way forward – 23 rd March 2016
22 nd April, 2015	4	Internal Audit Quarterly Report – quarter ended 31 st March, 2015	To receive a report on benchmarking the performance of the Service with neighbouring authorities	Head of Internal Audit	Report to be submitted 23 rd March, 2016
22 nd April, 2015	6	Strategic Risk Register – Full Review	To receive an update report on risk 3030 (Failure to be prepared for an emergency response or business continuity threat) and on the decision to bring the IT Service back ‘in house’ particularly in relation to business continuity	Director of Finance, Assets and Information Services	Report to be submitted – 20 th January, 2016
22 nd July, 2015	5	Draft 2014/15 Statement of Accounts	To receive a breakdown of the percentage of debt on a year by year basis	Director of Finance, Assets and Information Services	Report to be submitted 23 rd March 2016

AUDIT COMMITTEE – 20th January, 2016

ACTIONS ARISING FROM MEETINGS OF THE AUDIT COMMITTEE

Date of Meeting	Agenda Ref	Subject	Details of Actions Arising	Person Responsible	Status / Response
22 nd July, 2015	6	Draft Annual Governance Statement 2014/15	To receive a report on the multi agency approach to safeguarding and the creation by the Police of multi-agency hubs	Chief Executive, Director of Legal and Governance, Director of Finance, Assets and Information Services	Report to be submitted 23 rd March, 2016

Item 4

Report of the Head of Internal Audit

AUDIT COMMITTEE – 20th JANUARY 2016

**INTERNAL AUDIT QUARTERLY REPORT 2015/16
QUARTER ENDED 31st DECEMBER 2015**

Executive Summary

1. Issued reports and the Internal Audit work completed during the quarter raised three fundamental recommendations. These related to the adequacy of contract management arrangements, the effectiveness of safeguarding training relating to Taxi Drivers and a legal issue regarding the Authority's ability to meet statutory timescales for completion of Deprivation of Liberties assessments. (Para. 4.1).
2. The internal control assurance opinion overall remains adequate based upon the results of the work undertaken during the quarter (Para. 6.1 / Appendix 1).
3. Of the 41 recommendations followed-up, 14 (34%) had been implemented by the original target date and a further 21 (51%) had been implemented after the original target date. 6 (15%) recommendations remain not implemented and have received revised implementation dates by management. (Para. 4.4).
4. In relation to the Barnsley MBC audit plan, more days than profile have been delivered in the third quarter (Para.7.7 & Appendix 2).
5. Quarterly performance of the function is generally satisfactory. The PI relating to chargeable time is slightly below profile due to a higher number of leave and training days. (Para. 8.2 and 8.3 & Appendices 3 & 4).

AUDIT COMMITTEE – 20TH JANUARY 2016

**INTERNAL AUDIT QUARTERLY REPORT 2015/16
QUARTER ENDED 31ST DECEMBER 2015**

1. Purpose of Report

1.1 This report provides the Audit Committee with a comprehensive overview of the key activities and findings of Internal Audit based on the Division's work to the end of December 2015, being the third quarter of the 2015/16 audit year. This report provides the Audit Committee with information relevant to its responsibilities within its terms of reference (terms of reference items (a), (b), (h), (i) and (k)).

1.2 The report covers:-

- i. The issues arising from completed Internal Audit work in the quarter (section 4 and Appendix 1);
- ii. Matters that have required investigation (section 5);
- iii. An opinion on the ongoing overall assurance Internal Audit is able to provide based on the work undertaken regarding the adequacy and effectiveness of the Authority's internal control environment (section 6);
- iv. Progress on the delivery of the Internal Audit Plan for the period to the end of the third quarter of 2015/16 year (section 7 and Appendix 2);
- v. Details of Internal Audit's performance for the quarter utilising performance indicators (section 8 and Appendices 3 and 4).

2. Recommendations

2.1 It is recommended that the Audit Committee:-

- i. consider the issues arising from completed Internal Audit work in the third quarter along with the responses received from management;**
- ii. note the assurance opinion on the adequacy and effectiveness of the Authority's internal control framework based on the work of Internal Audit in the period to the end of December 2015 of the 2015/16 audit year;**
- iii. note the progress against the Internal Audit plan for 2015/16 for the period to the end of December 2015; and**
- iv. Consider the performance of the Internal Audit Division for the third quarter.**

3. Introduction / Background

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

4. Key Issues Arising From Internal Audit Work in the Quarter Ended 31st December 2015

- 4.1 Internal Audit work undertaken during the quarter identified three fundamental recommendations. These related to the adequacy of contract management arrangements, the effectiveness of safeguarding training relating to Taxi Drivers and a legal issue regarding the Authority's ability to meet statutory timescales for completion of Deprivation of Liberties assessments.
- 4.2 It should be noted, that in the process of agreeing a final report, senior officers respond to specific recommendations by identifying relevant actions and agreeing responsible managers and timescales for implementation.

Follow-Up of Report Recommendations

- 4.3 The following protocol is applied to the follow-up of recommendations in audit reports:
- all fundamental and significant recommendations irrespective of the assurance opinion;
 - all recommendations contained within the annual core financial system audit reports and;
 - reports containing a significant number of merits attention recommendations giving rise to a negative assurance opinion.
- 4.4 Table 1A identifies the total number of reports analysed by the assurance opinion given and the total number of recommendations made.

Table 1B shows the number of recommendations followed-up in the quarter. Of the 41 recommendations followed-up, 14 (34%) had been implemented by the original target date and a further 21 (51%) had been implemented after the original target date. 6 (15%) recommendations remain not implemented and have received revised implementation dates by management.

- 4.5 Internal Audit continues to get very good co-operation from management and as such is able to closely monitor any implications that may arise from a delay in the implementation of management action. However, it should be noted that a significant number of recommendations have not been implemented until after the original target date i.e. 51%. Internal Audit is working closely with management to monitor this situation and will report to the Audit Committee should any concerns be raised due to any change of implementation date.
- 4.6 As part of the 2016/17 planning process the criteria and process in respect of the follow-up of audit report recommendations will be reviewed and the Audit Committee will receive information in this regard at a future meeting.

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

- 5.1 A separate report will be provided to the Audit Committee covering the detail of fraud and irregularity investigations undertaken, the preventative work and the general activities and workplan of the Corporate Anti-Fraud Team.
- 5.2 The overall assurance opinion takes into account any control issues arising from investigations or anti-fraud work. No issues are required to be brought to the Committee's attention at this time. The detailed Fraud Update report will be presented to the March meeting.

6. Head of Internal Audit & Risk Management's Internal Control Assurance Opinion

- 6.1 Based on the audits reported in the second quarter, an overall **adequate** assurance opinion remains appropriate. However, Audit Committee Members should note the relatively high number of fundamental recommendations and the impact on the system of internal control in those areas.
- 6.2 As referred to above, the number of audit report recommendations not implemented until after the due date at the time of follow-up was relatively high at 51%. The implementation of recommendations is monitored closely to ensure that there are no serious issues or concerns regarding the effectiveness of the control, risk and governance framework arising from the delay or non-implementation of recommendations.
- 6.3 Where control weaknesses have been identified within procedures or in the provision of advice or 'consultancy' services, these have either been resolved with management through the issue of an audit report and/or correspondence or addressed at the time of the audit.
- 6.4 It does however need to be recognised that Internal Audit coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly only reasonable and not absolute assurance is given.

- 6.5 The assurance opinion is supported by the knowledge that the underlying framework of financial and other controls, encompassing the Council's Financial Regulations, various codes of practice, procedures and other financial governance arrangements, periodically reviewed by both Internal and External Audit, are appropriate and working satisfactorily.
- 6.6 The general context and impact of the significant savings and service changes that have been implemented arising from Future Council form a core element of Internal Audit work planning to ensure that the control, risk and governance framework remains adequate and effective.

7. Internal Audit Plan 2015/16 - Progress to the end of December 2015

- 7.1 Internal Audit utilise a risk-informed approach to planning and delivering its work. This approach seeks to ensure that the key risks facing the Authority are considered and covered, where appropriate, by Internal Audit work. In turn the annual work programme is planned indicatively across the year. This enables quarterly monitoring of progress against planned work and the utilisation of Audit resources.
- 7.2 It is however important to recognise and appreciate that whilst a significant proportion of audit work is planned, there are many 'external' factors that can and do impact on precisely when pieces of work are actually undertaken and completed and indeed their detailed scope. For this reason the monitoring of the audit plan in each quarter can only provide an indicative picture of progress overall. Individual jobs are monitored on a job-by-job and week-by-week basis utilising the Division's computerised management system.
- 7.3 Appendix 2 shows the progress of the plan up to the end of December 2015, analysed by Directorate / Service.
- 7.4 Adjustments are made to the days allocated to particular jobs on an on-going basis and so there is naturally only a minor variance between the actual days and those planned. Given the risk basis and responsive nature of audit work, the Audit Committee should be particularly interested in the overall deployment of audit resources rather than necessarily where those resources have been spent.
- 7.5 At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency.
- 7.6 The following audit has been deferred, as agreed in conjunction with management:

Directorate / Service	Audit Assignment Title
Public Health	Contracts with Providers.

- 7.7 The position at the end of the first quarter for the audit days allocated to BMBC shows 36 days above profile (2%). In overall terms there is a shortfall of 187 days which is primarily attributable to more than budgeted days being spent on training and council wide activities. Work is currently on-going to determine priorities for the remainder of the year and the audit work which may be deferred.

8. Internal Audit Function and Performance

- 8.1 The Division uses a range of performance indicators to monitor operational efficiency. A list of the performance indicators (PIs) for 2015/16 is attached at Appendix 3.
- 8.2 The performance indicators for the third quarter are generally satisfactory at this point of the year. The chargeable time indicator is slightly below target but this is due in the main to the profile of annual leave, training days and time required to manage the audit management system during the first part of the year. This position has improved from the first quarter as anticipated.
- 8.3 The analysis of the more detailed feedback received following each audit job is shown in Appendix 4. For the third quarter of the year, at the point of preparing this report 5 feedback sheets have been received out of the 7 final reports issued. All feedback received has been noted as very good.
- 8.4 Two members of the team resigned; a Senior Auditor with effect from 31st July and an Auditor from the 31st August. A recruitment exercise to fill the Senior Auditor position did not identify a suitable replacement. Following advice from HR, a further recruitment exercise is currently being undertaken in order to fill both vacancies on a permanent basis. The closing date for applications was the 8th January 2016. The Committee will be updated as to the current position at the meeting.

9. Local Area Implications

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

10. Consultations

- 10.1 All audit reports are discussed with the main auditee. Individual audit reports are provided to the appropriate Executive Director and/or Service Director to apprise him/her of key issues raised and remedial actions agreed.
- 10.2 No specific consultation has been necessary in the preparation of this quarterly report.

11. Compatibility with European Convention on Human Rights

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

12. Reduction of Crime and Disorder

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

13. Risk Management Considerations

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

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

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

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

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

14. Employee Implications

14.1 There are no employee implications arising from this report.

15. Financial Implications

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

16. Appendices

16.1 Appendix 1 - Key issues arising from completed Internal Audit work

Appendix 2 - Internal Audit Plan 2015/16 – Position as at 31st December 2015

Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 31st December 2015

Appendix 4 - Analysis of Internal Audit feedback for the third quarter of 2015/16

17. Background Papers

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

Officer Contact: Head of Internal Audit

Telephone No: 01226 773241

Date: 8th January 2016

A: Completed Audits / Final Reports Issued During the Quarter Ending 31st December 2015

Appendix 1

KEY – Recommendations - Fundamental ‘F’ Significant ‘S’ Merits Attention ‘MA’

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Other Action
Finance, Assets & Information Services: Procurement Cards	The procurement card process required improvement in order to ensure that it was efficient, excessive bank charges were avoided and VAT was accounted for correctly.	Limited	F - 0 S - 6 MA - 5	20.10.15	To follow-up the significant report recommendations
Finance, Assets & Information Services: Corporate Risk Management	The key issues raised related to the effectiveness of the corporate arrangements for managing risk in that the Governance Assurance Group and Risk Champions had not met for some time. In addition, although risk registers had been realigned to the new Council structure, the actual updating on the Risk Management System had not always been undertaken by the risk owners.	Adequate	F - 0 S - 1 MA - 3	23.11.15	To follow-up the significant report recommendation
Communities / Legal & Governance – Area Council Governance Arrangements	Sample audit testing highlighted that procedures had not been applied consistently. The key areas of non-compliance related to the evidence required to support the decision making process and the completeness of submitted applications.	Adequate	F - 0 S - 3 MA - 5	14.10.15	To follow-up the significant report recommendations
Public Health - Grant Governance Arrangements	The key issue related to the need to ensure staff roles, responsibilities and accountabilities were defined and to ensure that performance management reporting was sufficiently robust and effective.	Adequate	F - 0 S - 2 MA - 9	20.11.15	To follow-up the significant report recommendations
Place: Environment & Transport – Home to School Transport	The key issue related to the adequacy of the contract management arrangements in that one of the three Home to School Transport Contracts had expired. In addition, contract compliance monitoring arrangements had not yet been established. The results of sample audit testing reinforced the need for such checks to be undertaken.	Limited	F - 1 S - 5 MA - 2	27.11.15	To follow-up the fundamental and significant report recommendations
Place: Taxi and Premises Licensing Arrangements	The key issue arising from the review related to the absence of an effective programme of safeguarding training in order to ensure that service users, Members and officers can recognise safeguarding issues and be aware of how to report concerns.	Limited	F - 1 S - 3 MA - 2	17.08.15	To follow-up the fundamental and significant report recommendations

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Other Action
People: Safeguarding - Deprivation of Liberties	The audit identified shortfalls in relation to compliance with the established processes and controls along with a backlog of standard authorisation requests. In addition, DoLS assessments had not been completed within the required timescales and consequently failed to meet its legal responsibilities.	Limited	F - 1 S - 6 MA - 2	21.10.15	To follow-up the fundamental and significant report recommendations

Other Completed Work Not Producing a specific Assurance Opinion	
People: VAT	Advice provided regarding VAT arrangements at Darton College.
HR: Partnership Governance	Advice / comments provided in respect of the draft Partnership Governance Statement of Good Practice.
Communications: Printing	Advice provided to the Printing Team with regard to the design (including paper type i.e. NCR) and use of a single receipt book moving forward.
Finance: Assessed List for Care Providers	Advice provided to Strategic Commissioning and Procurement Unit with regard to the advertising arrangements in respect of the assessed list.
Finance: Procurement Cards	Advice provided to Commercial Services with regard to School's administering their own procurement cards.
Finance: Invoice Processing	Advice provided to the Invoice Processing Team to strengthen the overall control environment following the completion of the Creditor Payments Data Matching Exercise (NFI).
Finance: Procurement	Provided input and advice to the review of the YORtender system implementation plan for Version 3.
Place: Disposal of Assets	Advice provided to the Town Centre Operations Manager re process to be applied for the sale of a redundant asset.
Communities: Blue Badge System	Advice provided in respect of the certification of identity checks.
Finance: Electronic Leave System	Attendance at project group meetings in respect of the implementation of an electronic leave management system.
People: Moorland Plastics	Advice provided in respect of the decommissioning arrangements.
Final Accounts	A total of 8 final accounts submitted by NPS Barnsley Ltd have been audited and returned in order for the final certificates to be issued or with queries that need to be resolved.

Other Work Undertaken	
Follow-up of Recommendations	Regular work undertaken to follow-up recommendations made.
Attendance at Steering / Working Group	Information Governance Board, Contract Procedure Rules Working Group.
Liaison, Planning and Feedback	Meeting and corresponding with Service and Executive Directors and Heads of Service regarding progress of audit work, future planning and general client liaison.
Advice	General advice to services regarding controls, risk or governance matters. Such work often does not require formal reporting but occasionally will escalate into a specific piece of audit work for which a new job will be created.
Audit Committee Support	Time taken in the preparation of audit committee reports, audit committee member training, general support and development.
Corporate Whistleblowing	General time taken in providing advice and the initial consideration of matters raised. Also includes the review of arrangements.
Corporate Matters	Covering time required to meet corporate requirements, i.e. corporate document management, accommodation moves, service business continuity and health and safety.

Summary Activity

All Audit Reports

Assurance Opinion	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Substantial	2 (24%)	0 (0%)	0 (0%)		2 (8%)
Adequate	3 (38%)	4 (40%)	3 (43%)		10 (40%)
Limited	3 (38%)	6 (60%)	4 (57%)		13 (52%)
None	0 (0%)	0 (0%)	0 (0%)		0 (0%)
TOTAL REPORTS	8	10	7		25
Opinion Not Applicable	9	10	12		31

Total Recommendations

Number of Recommendations	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Fundamental	2 (4%)	3 (5%)	3 (5%)		8 (5%)
Significant	29 (58%)	25 (47%)	26 (46%)		80 (50%)
Merits Attention	19 (38%)	26 (48%)	28 (49%)		73 (45%)
TOTAL	50	54	57		161

Table 1B

Recommendations Followed-up by Internal Audit

Quarter 1				
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Not yet completed – Revised date agreed
Fundamental	3	2	0	1
Significant	7	5	2	0
Merits Attention	4	0	3	1
TOTAL	14	7	5	2

Quarter 2				
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Not yet completed – Revised date agreed
Fundamental	1	0	1	0
Significant	15	12	2	1
Merits Attention	5	1	3	1
TOTAL	21	13	6	2

Quarter 3				
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Not yet completed – Revised date agreed
Fundamental	4	0	4	0
Significant	32	12	15	5
Merits Attention	5	2	2	1
TOTAL	41	14	21	6

Trend Analysis – Third Quarter 2015/16

Assurance Opinions

	2014/15				2015/16				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2014/15	2015/16
	%	%	%	%	%	%	%	%	%	%
Substantial	64	13	50	0	24	0	0		44	8
Adequate	36	62	25	100	38	40	43		44	40
Limited	0	25	25	0	38	60	57		12	52
None	0	0	0	0	0	0	0		0	0
	100	100	100	100	100	100	100		100	100

Implementation of Recommendations

	2014/15				2015/16				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2014/15	2015/16
	No.	No.	No.	No.	No.	No.	No.	No.	%	%
Completed by target date	2	2	2	6	7	13	14		27	45
Completed after target date	4	6	4	3	5	6	21		39	42
Not yet completed–Revised date agreed	0	11	4	0	2	2	6		34	13
Total followed up	6	19	10	9	14	21	41		100	100
% Completed by Original Target Date	34%	11%	20%	68%	50%	62%	34%			
% Completed at time of Follow-up	100%	42%	60%	100%	86%	90%	86%			

INTERNAL AUDIT PLAN 2015/16 – Position as at 31st December 2015

Directorate	Original 2015/16 Plan	Revised 2015/16 Plan	Actual Days
Communities	65	51	39
People	175	180	126
Place	112	134	142
Public Health	39	20	20
Corporate Services:			
➤ HR, Performance & Communications	80	57	39
➤ Legal & Governance	77	124	86
➤ Finance, Assets & Information Services	469	461	366
Council Wide	220	285	225
Contingency	80	26	N/A
Berneslai Homes	133	133	82
Sub Total	1,450	1,450	813

Corporate Anti-Fraud Unit	580	559	434
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Sub Total	2,030	2,030	1,559
		Profile	1,523
		Variance	+36

External Clients:-			
South Yorkshire Police Chief Constable	472	472	271
South Yorkshire Police and Crime Commissioner	259	259	81
South Yorkshire Fire and Rescue Authority	284	284	196
Sheffield City Region Combined Authority	60	60	44
South Yorkshire Passenger Transport Executive	200	200	170
South Yorkshire Pensions Authority	273	273	176
Sub Total	1,548	1,548	938

Total Chargeable Planned Days	3,578	3,578	2,497
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INTERNAL AUDIT PERFORMANCE INDICATORS FOR 2015/16

Ref.	Indicator	Frequency of Report	Target 2015/16	This Period	Year to Date
1.	<u>Customer Perspective:</u>				
1.1	Percentage of questionnaire received noted “good” or “very good” relating to work concluding with an audit report. (Cumulative 12 very good, 3 good, 1 acceptable and none poor)	Quarterly	95%	100%	94%
2.	<u>Business Process Perspective:</u>				
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report. (Cumulative 24/25)	Quarterly	80%	100%	96%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	71%	69%
2.3	Average number of days lost through sickness per FTE (Cumulative 15 days in total)	Quarterly	6 days	<1 day	<1 day
3.	<u>Continuous Improvement Perspective:</u>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
4.	<u>Financial Perspective:</u>				
4.1	Total Internal Audit costs v budget.	Quarterly	Within Budget	Within Budget	Within Budget

Performance Indicator Definitions and Supporting Information

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

Analysis of Internal Audit Feedback Received in the Third Quarter of 2015/16

Number of ticks shown against each question

		Very Good	Good	Acceptable	Poor
A	Audit Planning				
1	Relevance of the audit objectives	(9) 4	(7) 1	(0) 0	(0) 0
B	Communication				
1	Consultation on scope and objectives of the audit	(11) 5	(5) 0	(0) 0	(0) 0
2	Communication during all aspects of the audit	(10) 3	(6) 2	(0) 0	(0) 0
3	Helpfulness co-operation of the auditor(s)	(15) 5	(2) 0	(0) 0	(0) 0
4	Professionalism of the auditor(s)	(14) 5	(2) 0	(0) 0	(0) 0
5	The auditor(s) demonstrated an appreciation of any relevant issues concerning equality and diversity	(10) 4	(1) 0	(0) 0	(0) 0
C	Timing				
1	Duration of the audit	(7) 3	(9) 2	(0) 0	(0) 0
2	Timeliness of the audit report	(9) 4	(6) 1	(1) 0	(0) 0
D	Quality of the audit report				
1	Format and clarity of audit report	(11) 4	(5) 1	(0) 0	(0) 0
2	Accuracy of the findings	(8) 3	(7) 2	(0) 0	(0) 0
3	Relevance of recommendations	(7) 3	(6) 2	(1) 0	(0) 0
4	Overall quality of the report	(9) 4	(5) 1	(0) 0	(0) 0
E	Value of the audit				
1	Basic controls assurance the audit has provided	(11) 4	(4) 1	(1) 0	(0) 0
2	Added value given beyond basic controls assurance	(10) 5	(4) 0	(1) 0	(0) 0
3	Overall value of the audit	(12) 5	(3) 0	(1) 0	(0) 0
		100%			
Total Number of 'ticks' (A – E)		153	74	5	0
Percentage		66%	32%	2%	0%
		98%		2%	

Returned Questionnaires:-

Quarter 1	6
Quarter 2	5
Quarter 3	5
Quarter 4	
Total	16

Auditee Comments (where given) received in the quarter:

A very well prepared Audit, but as other issues are highlighted it may need revisiting to ensure best practice and ongoing best value is achieved and the home to school travel is a fit for purpose service.

There was a delay to the audit process due to unforeseen circumstances.

I enjoyed working with (Name of auditor) she was very professional but also very friendly and approachable throughout the audit process.

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Item 5

Report of the Head of Internal Audit

AUDIT COMMITTEE – 20th JANUARY 2016

ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT - PROGRESS REPORT

1. Purpose of the Report

- 1.1 This report provides an update on progress made in addressing the issues arising from the annual review of the effectiveness of the Internal Audit function. This report was presented to the Audit Committee on the 10th June 2015.

2. Recommendation

- 2.1 **It is recommended that the Audit Committee considers the progress made in implementing the actions as contained within the updated Action Plan at Appendix 1 and that this provides good assurance regarding the continuing effectiveness of the Internal Audit function.**

3. Background Information

- 3.1 The annual review of the effectiveness of the Internal Audit function involved the collation and analysis of various forms of feedback received during the year and evaluation of the audit function. The evaluation process was based upon a Quality Assurance Improvement Programme (QAIP), a requirement arising from the implementation of the Public Sector Internal Audit Standards which came into effect on the 1st April 2013.
- 3.2 A key part of the QAIP included a detailed self assessment against the requirements of the new standards. The majority of the actions arising from the review therefore related to the implementation of these standards.
- 3.3 Details of the review and the issues arising were reported to the Audit Committee at the meeting held on the 10th June 2015. Based on the evidence from the various aspects of feedback and evaluation it was concluded that the Internal Audit Service was generally operating effectively.
- 3.4 The report also acknowledged that Audit Committee members would be provided with an update on progress made in implementing actions contained within the Action Plans on a 6 monthly basis.

4. Progress in Implementation of the Actions

- 4.1 The self-assessment against the Standards resulted in an action plan. The priority attached to addressing each action has been based on the value of the outcome added to the client / auditee. The areas for improvement and action along with an update regarding progress in addressing these are summarised at Appendix 1.
- 4.2 Those which remain outstanding predominantly relate to the External Assessment process which has been recently been completed. The

assessment was undertaken by the Head of Internal Audit from Bradford MDC. He will present his report at the March Committee.

- 4.3 As the Internal Audit function has a number of external clients, with the agreement of the Committee, it is proposed to invite representatives from client audit committees to that March meeting.

5. Appendices

- 5.1 Appendix 1 - Action Plan - Internal Audit Self-Assessment against the Public Sector Internal Audit Standards.

6. Background Papers

- 6.1 Annual Review of Internal Audit Effectiveness report presented to the Audit Committee on the 10th June 2015.

Contact Officer: Head of Internal Audit

Telephone: 01226 773241

Date: 8th January 2016

Quality Assurance and Improvement Programme Action Plan

No.	Code Ref.	Standard	Response / Comment	Date to Be Actioned	Responsible Officer
1	1110- Organisational Independence	Does the Chief Audit Executive report to a level within the organisation that allows the internal audit activity to fulfill its responsibilities? (For the Authority, the CAE is the Head of Internal Audit (HoIA)).	<p>The HoIA has a 'dotted' reporting line to the Director of Finance, Assets and Information Services (Section 151 Officer), Chair of the Audit Committee and External Audit. From the 1st April 2014, on a functional basis the HoIA reports to the Service Director - Finance. The organisational (structural) independence of the internal audit activity is therefore reduced and the emphasis and reliance is placed upon the HoIA accessing relevant senior management, the CX, Audit Committee and the External Auditor.</p> <p>Action: Independence is being achieved and managed through dual-reporting relationships, the objectivity of the individual auditor and an effective engagement process. It is therefore concluded that any perceived threat to independence is being effectively managed. No issues have arisen since this structural change. The Audit Charter reflects the structure.</p> <p>No further action is necessary other than monitoring this position.</p>	Now completed	HoIA
2	1311 – Quality Assurance and Improvement Programme Internal Assessments	<p>Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices?</p> <p>Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories etc.</p>	<p>The form and frequency of periodic self assessments needs to be defined.</p> <p>Action: The issue has been discussed with the Director of Finance, Assets & Information Services. It has been proposed that this Officer would be nominated the 'sponsor' for both the periodic self-assessment and the external assessment. In addition, responsibility would be assigned to one or two BMBC Audit Committee Members in order to oversee and 'champion' the periodic self-assessment and external assessment processes. Two Audit Committee Members would therefore be consulted to obtain their agreement to be assigned as 'lead' Audit Committee members in respect of the PSIAS.</p>	31 st March 2016	HoIA

No.	Code Ref.	Standard	Response / Comment	Date to Be Actioned	Responsible Officer
			This is to be considered as part of the review of the terms of reference currently being considered by the Committee.		
3	1312 – Quality Assurance and Improvement Programme External Assessments	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	<p>A member of staff from one of the West & South Yorkshire authorities will undertake the external assessment on the basis of a peer review. A terms of reference outlining the basis of the approach was agreed by each member authority during 2014. A report outlining the approach was subsequently prepared and presented for discussion and agreement to the BMBC Audit Committee meeting on the 5th November 2014.</p> <p>Action: The Head of Internal Audit from Bradford City Council has just completed his assessment. His draft report is to be considered in the next few weeks with the report being presented to the March Committee.</p>	March 2016	HoIA
4	2010 - Planning	Does the risk-based plan take into account the organisation's assurance framework?	<p>The Authority's assurance framework needs to be defined and agreed.</p> <p>Action: This is currently being developed by the Director of Finance, Assets & Information Services with involvement by Internal Audit.</p>	31 st March 2016	HoIA / Director, Finance, Assets & IS

Item 6

Report of the Head of Internal Audit

AUDIT COMMITTEE – 20TH JANUARY 2015

REVIEW OF COUNCIL TAX SINGLE PERSONS DISCOUNT

1. Purpose of the Report

- 1.1 This report provides the Audit Committee with an update on the Council Tax Single Person's Discount review which is being carried out in conjunction with Datatank. The project formed part of the Council's successful counter fraud fund bid to the DCLG.

2. Recommendations

2.1 It is recommended that:-

- i. **The Audit Committee is asked to note the very positive outcomes from the work being undertaken by the Council to reduce the value of incorrectly claimed single person discount.**

3. Background Information

- 3.1 Internal Audit's Corporate Anti-Fraud Team and Benefits, Taxation and Income Section are currently undertaking an intelligence based review of the Council Tax Single Person's Discount (SPD) awarded to residents in the borough. This review is being carried out in conjunction with a third party provider, Datatank.
- 3.2 The Council's Single Person Discount database containing 37,722 records was verified against financial records held by a third party credit reference agency. The data match identified 6,942 (18.4%) discounts that required further follow up due to their classification by Datatank as moderate to high risk. This risk rating is due to a record of more than one person having a recorded financial activity at the property within the last three months.
- 3.3 Datatank issued single person discount review letters to the identified cases between 26th October 2015 and 17th November 2015 asking customers to declare their current household circumstances.
- 3.4 The review letters together with a prepaid and addressed envelope to ease the reply process for residents and a leaflet providing details of adults who may be disregarded for council tax purposes e.g. full-time students and apprentices.
- 3.5 Customers who failed to respond to this initial letter were issued with a reminder letter on 4th January 2016.

4. Outcomes to Date (4th January 2016)

4.1 The review letters issued for each band were:

Tax Band	Non CTR*	CTR*	Total	%
A	2,854	2,285	5,139	74.03
B	642	229	871	12.55
C	444	74	518	7.46
D	217	26	243	3.50
E	92	8	100	1.44
F	55	1	56	0.81
G	14	-	14	0.20
U (unbanded)	1	-	1	0.01
Total	4,319	2,623	6,942	100.00

* Council Tax Reduction

4.2 A total of 4,198 (60%) taxpayers have responded to review as at 4th January. The majority of these responses (41%) have been received via the Royal mail with the remaining 20% responses being received via Eforms.

4.3 Taxpayers have also provided the following information for correspondence purposes:

2,308 e-mail addresses;
3,341 telephone / mobile numbers;

4.4 As at 4th January 2016, a total of 655 taxpayers have requested e-billing and a further 219 have made requests to pay their council tax by direct debit.

4.5 The results from the review as at 4th January are:

- 2,744 (40%) taxpayers have not yet responded to the review letter;
- 4,198 (40%) taxpayers have completed and returned review forms.

Of the returned forms:

- 3,647 taxpayer responses are currently being processed by Datatank;
- 216 responses referred from Datatank for amendment/follow-up are waiting to be processed by the Council;
- 229 single person discounts have been removed following a declaration of a change in household circumstances by the customer;
- 106 accounts have been completed without any effect on the discount e.g. change of name, taxpayer vacated property.

4.6 The cancellations to date have resulted in an additional £65,516 Council Tax income being raised across the identified Council Tax accounts.

4.7 A number of taxpayers who responded to the review indicated that:

- a second person had 'only just' moved in to the property; and/or
- The previous address of the second person wasn't known.

CAFT have started to challenge such responses and twenty two taxpayers have subsequently confirmed that their declared date of change was incorrect. This has resulted in the discounts being removed from earlier dates and an increase of £5,519 Council Tax income being raised across the identified Council Tax accounts.

- 4.8 The review is not yet complete and additional outcomes will continue over the next few months. A further update report will be included in the CAFT Update Report in March 2016.

5. Financial Implications

- 5.1 Although the review is not yet complete, the cancellation of the discount in 229 cases to date has resulted in additional Council Tax payable of £65,516 for 2015/16 across the identified Council Tax accounts.
- 5.2 Reducing the number and value of SPD's has the effect of increasing the Council's Council Tax (CT) Base used in setting the Council Tax. The Council Tax (CT) Base is approved by Members as part of the Council's Annual Revenue Budget and Council Tax setting process in January each year.
- 5.3 The cost of employing Datatank to assist with the review process is £33,655; however the increase in Council Tax revenue as a result of the exercise has already exceeded this figure.

11. Risk Considerations

- 11.1 The Council tax collection rate may initially be adversely affected due to the cancelling of SPD's which will require a higher level of income to be collected by the Council. This risk will be mitigated through prompt and robust recovery action to minimise any potential future bad debts arising.

Contact Officer: Head of Internal Audit
Telephone: 01226 773241
Date: 8th January 2016

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AUDIT COMMITTEE – 20th January 2016

STRATEGIC RISK REGISTER – Full Review October 2015

1. Purpose of the Report

- 1.1 This brief covering note presents the draft Cabinet Report for the latest review of the Strategic Risk Register (SRR), which has been programmed for consideration by Cabinet on the 13th January 2016.
- 1.2 This report forms part of the Audit Committee's assurance process where it was agreed that following the completion of each review of the SRR, the Audit Committee considers the latest iteration of the SRR, and where appropriate, provides comment.

2. Recommendation

2.1 It is recommended that the Audit Committee:

- I. Considers, and comments accordingly on the outcomes of the recent review of the SRR, in relation to the management, challenge and development of the SRR;**
- II. Considers whether any further information regarding the SRR review process is required from the Risk and Governance Manager;**
- III. Considers whether any further information is required from specific Risk Owners, or Risk Mitigation Action Owners regarding the progress towards managing and mitigating SRR risk; and,**
- IV. Confirms whether the Committee wishes to continue to receive periodic updates as to the progress of the actions taken and their impact on the SRR, or whether the Committee requires a deeper level of assurance that could be provided through the provision of a more detailed or focused report.**

Contact Officer: Risk and Governance Manager
Telephone: 01226 77 3119
Date: 7th January 2016

CABINET – 10th February 2016

STRATEGIC RISK REGISTER – Full Review October 2015

1. Purpose of the Report

- 1.1 The Strategic Risk Register (SRR) contains those high level risks which are considered to be significant potential obstacles to the overall achievement of the Council's corporate objectives.
- 1.2 Like all risk registers, it is important that the SRR remains up to date and is reviewed regularly in order to accurately reflect the most significant risks to the achievement of corporate objectives and facilitate timely and effective mitigations of those risks.
- 1.3 Following a review of the SRR in February 2015, a further review of the SRR was undertaken in October 2015. The outcomes of that review are detailed in the body of this report.

2. Recommendation

2.1 It is recommended that:

- i. Cabinet confirms that the high level strategic risks articulated within the SRR fully reflect the current position of the Council; and,**
- ii. Cabinet considers the content of this report, and continues to commit to support the Corporate Risk Management process and the embedding of a Risk Management culture within the organisation.**

3. Introduction and Background

- 3.1 The Introduction and background to the SRR is now included as Appendix One to this report. This details:
- The context of the SRR in relation to the broader governance arrangements in place;
 - The importance of the SRR in relation to embedding Risk Management within the Council;
 - The management of the SRR;
 - The content of the SRR; and,
 - The review process to ensure the SRR remains a vibrant and dynamic document;
- 3.2 During the update meetings with Risk Owners, the consideration of the following areas was also explored where appropriate:
- Child Sexual Exploitation, particularly in light of recent issues within South Yorkshire;
 - The Customer Services Organisation (CSO) programme, which has now moved into delivering Phase Two of the programme; and,
 - The developing city region devolution deal affecting leadership, skills, employment business support, transport and housing.

4. Risk Profile

4.1 The table below sets out the distribution of the SRR risk across the six concern rating classifications:

Risk Concern Rating	Number of Risks (as at Oct 2015)	Percentage (as at Oct 2015)	Number of Risks (as at Feb 2015)	Percentage (as at Feb 2015)
1	0	0%	0	0%
2	2	12%	2	13%
3	6	35%	6	40%
4	8	47%	5	34%
5	1	6%	2	13%
6	0	0%	0	0%
Total	17	100%	15	100%

4.2 The total number of risks logged in the SRR has changed since the last review in February 2015. However, the current review identified one risk (risk 3034 – ‘Failure to deliver the Medium Term Financial Strategy (Failure of the Future Council to be able to deliver the required level of savings)’ that required upgrading. This increase relates directly to the uncertainties that surround the forthcoming Comprehensive Spending Review and Autumn Statement by the Chancellor of the Exchequer in November. The subsequent Local Authority settlement will identify a clearer financial position for the Council.

4.3 The inclusion of the new risk 3699 (‘Failure to ensure the Council’s commercial / trading arm is effective in its operations, and is a well governed organisation’) has influenced the risk profile for the SRR.

4.4 The assessment for risk 3514 (‘Failure to be able to deliver the ambitions and outcomes associated with the Customer Services Organisation Programme (CSO)’ is now included within the Risk Profile for the SRR.

4.5 Details of the average risk category score for the SRR, from the ‘zero-based’ review in March 2013 are detailed below:

	Period					
	Mar 2013	Oct 2013	Feb 2014	Sept 2014	Feb 2015	Oct 2015
Average Risk Concern Rating	3.70 →	3.47 ↓	3.47 →	3.35 ↓	3.5 ↑	3.47 ↓

4.6 The slight variance in the average concern rating is directly attributable to the changes to risk 3034, detailed in section 4.2 of this report and the inclusion of new risks, as detailed in sections 4.3 to 4.4 and 5.3 of this report.

5. Outcomes of the October 2015 Review

5.1 The significant outcomes that are detailed in this document focus on:

- Significant / ‘Red’ Risks; and,
- New / Emerging Risks.

5.2 Significant / 'Red' Risks:

Risk:	Risk Owner:
Risk 3026 – Failure to achieve a reduction in health inequalities within the Borough.	Director of Public Health
Consequences:	
<p>Health inequalities persist. Life expectancy in Barnsley remains well below the national average. Such health inequalities challenge not just the health and social care services but every one interested in the future prosperity and well-being of the borough. <i>For more information, see Appendix Eight.</i></p>	

As per previous reports, this risk is currently logged as have a 'Concern Rating' of 2. It is important to note that despite this risk having been allocated a 'red' concern rating, it is recognised that population based outcome measures are often slow and demanding to change.

The Risk Mitigation Actions for this risk focus on:

- Monitoring of the Public Health distributed Model;
- Development of the Public Health Strategy to ensure Service Directors are held to account for public health outcomes vested with Business Units;
- Development of internal governance and assurances arrangements regarding the use of the Public Health Grant; and,
- Investigation into issues raised by the CCG regarding pooled budgets.

Risk:	Risk Owner:
Risk 3030 – Failure to be prepared for an emergency response or business continuity threat.	Director, Human Resources, Performance and Communications
Consequences:	
<p>The emerging risk environment is increasingly making continuity or 'resilience' a significant focus for all organisations. Reduced employee numbers, service rationalisation, third party service delivery models and on-going budget cuts may challenge the Authority's ability to fulfil its Civil Contingencies Act 'Category One' responder duties to an extent expected by residents and their political representatives. In addition, the transition to Future Council will lead to established emergency response arrangements no longer reflecting the Council's operational structure. <i>For more information see Appendix Eight.</i></p>	

Despite significant activity regarding the development of business continuity and reliance plans, there are concerns regarding the volume of volunteers available to delivery these plans.

The Risk Mitigation Actions for this risk focus on:

- Reviewing the Corporate resilience Plan following the transition to Future Council;
- Seeking assurances from Business Units regarding their business continuity arrangements;
- Testing of plans;
- Development of a business case regarding a new Emergency Resilience role;
- The development of community flood plans; and,
- The development of community resilience plans with Ward Alliances.

Risk:	Risk Owner:
Risk 3022: Inability to direct corporate strategy	Director, Legal and Governance
Consequences:	
The Authority may be challenged by internal friction between Elected Members and appointed leadership, especially with regard to challenging decisions with significant political consequences or local repercussions. <i>For more information see Appendix Eight.</i>	

The Director, Legal and Governance has requested SMT considered the risk concern rating allocated to this risk, in light of particular activities within a Ward Alliances which has required the direct intervention by the Director. The risk was allocated a 'Concern Rating' of 3, and SMT have been asked to consider the upgrading of this risk to a 'Concern Rating' of 2.

For the purposes of reporting within section 6 of this report, this risk has been considered with its original 'Concern Rating' of 3.

The Risk Mitigation Actions for this risk focus on:

- Monitoring and reviewing Area Council activity relating to the Area Council Coordinating Group, the Area Council Commissioning Group and the Area Council Chairpersons Group.

5.3 New / Emerging Risks:

Risk:	Risk Owner:
Risk 3699: Failure to ensure the Council's commercial / trading arm (such as Independent Living at Home Services Ltd.) is effective in its operations, and is a well governed organisation	Director, Legal and Governance

A risk regarding the sustainability and effectiveness of the Council's commercial / trading arm been developed between the Executive Director Legal and Governance and the Risk and Governance Manger, to ensure this significant activity, closely linked to the Future Council programme is considered in terms of the Council's strategic risk profile.

The Risk Mitigation Actions for this risk focus on:

- The availability of commercial skills within the Council's workforce;
- Development of skills to produce and vet Business Cases;
- Development of internal control mechanisms;
- Development of the Shareholders role; and,
- Consideration of opportunities to 'pump-prime' activities to ensure the correct resources and infrastructure is in place.

During the review meeting with the Director (Finance, Property and Information Services), it was suggested that it would be prudent to consider developing a strategic risk regarding the emerging city regional devolution deal, which is envisaged to provide more opportunities to strengthen the sustainability of the organisation, by transferring a number of powers and policy levers from central Government to local leaders, including skills, employment, business support, transport and housing. It is likely this will also have a significant impact on the future of local government financing.

5.4 Details of the risks logged on the SRR that have improved since the last review of the SRR are logged in Appendix Two to this report.

- 5.5 Details of the risks logged on the SRR that have worsened since the last review of the SRR are logged in Appendix Three to this report.
- 5.6 There are no risks logged on the SRR that are proposed to be closed since the last review of the SRR.
- 5.7 Details of all SRR risk concern ratings, including a direction of travel indicator to provide details of the 'trend' of the SRR risk profile are included as Appendix Four to this report.

6. Risk Mitigation Actions

- 6.1 Appendix Five details the completed risk mitigation actions following the October 2015 review.
- 6.2 Appendix Six details those risk mitigation actions that have been allocated a 'red' status following the October 2015 review.
- 6.3 Appendix Seven details those risk mitigation actions that are either new, or have been significantly updated following the October 2015 review.

7. Other Significant Changes to the SRR

- 7.1 Other significant changes to the SRR have been highlighted in bold text, and included within Appendix Eight of this report.

8. Assurance

- 8.1 This report and the SRR (which is attached to this report as Appendix Seven) itself will be submitted to the Audit Committee at their meeting of 9th December 2015, in order to provide assurances that these significant risks are being managed appropriately.
- 8.2 The Audit Committee have expressed a clear interest in receiving assurance from Cabinet that appropriate challenge and scrutiny of corporate risk management arrangements take place, and engagement with significant risks through reports on the SRR will be a key source of assurance. The Audit Committee will be informed of the outcomes of Cabinet's consideration of the SRR.

9. Future Review of the SRR

- 9.1 Future review of the SRR are now programmed with other governance related reports such as those relating to Corporate Finance and Performance Management in order for Cabinet to receive and consider these governance related reports as a broad suite of documents.

10. Delivering Corporate Plan Ambitions

- 10.1 The SRR lists those significant risks which could impact upon the delivery of the Council's priorities and objectives, as set out in the Council's Corporate Plan. Risks within the SRR are directly linked to the Corporate Plan in order to ensure that the register is focused upon those risks which are considered to be significant potential obstacles to the achievement of corporate objectives.

11. Risk Management Issues

- 11.1 The report focuses on the further development of the SRR and the contribution this will make to the embedding of a risk management culture throughout the Council.
- 11.2 Failure to develop the SRR will present a significant risk to the successful implementation of the required Risk Management culture within the Council.

12. Financial Implications

- 12.1 There are no specific financial implications arising directly from this report, although there is often a cost in taking (or not taking) specific action that was identified through the risk management process. Most individual Cabinet Reports have financial implications and so the application of good risk management practices is vital to ensure the most effective use of resources.

13. Appendices

Appendix One:	SRR Introduction and Background
Appendix Two:	Improved SRR Risks
Appendix Three:	Worsened SRR Risks
Appendix Four:	Direction of Travel / Trend Report
Appendix Five:	Completed Risk Mitigation Actions
Appendix Six:	'Red' Risk Mitigation Actions
Appendix Seven:	New / Updated Risk Mitigation Actions
Appendix Eight:	Full SRR as at October 2015

14. Background Papers

- 14.1 Various papers and electronic files and risk registers are available for inspection at the Westgate Plaza One offices of the Council.

Contact Officer: Risk and Governance Manager
Telephone: 01226 77 3119
Date: 7th January 2016

1. Introduction

- 1.1 The embedding of a culture where Risk Management is considered a part of normal business process is crucial to the delivery of the Risk Management Policy and Strategy and the implementation of good governance arrangements.
- 1.2 A robust and dynamic SRR sets the culture and tone for Risk Management across and throughout the Council. The engagement of the Senior Management Team (SMT) in the Risk Management process through their ownership and review of the SRR demonstrates a strong commitment to lead and champion Risk Management 'from the top' and to further reinforce the continuing development of a Risk Management culture.
- 1.3 The risks in the SRR are owned by SMT, with the management of individual risks being allocated to a Risk Manager (a member of SMT) and measures to mitigate risks allocated to Risk Mitigation Action Managers (being those senior managers best placed to take responsibility to drive the implementation of those actions).
- 1.4 SMT is also responsible for ensuring that the SRR continues to express those high level risks which have a significant bearing upon the overall achievement of corporate objectives and that they are being appropriately managed.
- 1.5 In order to provide assurances that the SRR is being appropriately managed, reviews of the register are facilitated by the Risk and Governance Manager on a six monthly cycle. The results of these reviews are then presented to the Council's Directorate Risk Champions, and reported to SMT for further consideration and challenge. The outcomes of these processes are then reported to the Audit Committee, and subsequently, Cabinet.
- 1.6 This report provides a summary to Cabinet of the recent review, and highlights specific issues and actions for consideration. This ensures Senior Elected Members are aware of the SRR and can contribute to its development. The consideration of the SRR by Cabinet also contributes towards the role of Elected Members in assisting in the development of strategy and contributing to the identification of high level strategic risks, rather than simply monitoring the management of the Risk Management process.

2. Background and Context to the October 2015 Review

- 2.1 The review that has recently been completed is the fifth review of the SRR, which was significantly refreshed, following a 'zero-based' review of the SRR in March 2013.
- 2.2 The October 2015 review included:
 - **Consideration of the current expression of the Risk:**
Risk Owners are encouraged to consider risks in terms of Event > Consequence > Impact, and these are logged within the 'Risk Title' and 'Risk Consequences' fields.
 - **Consideration of links between Corporate Priorities, Outcomes and Risks:**
Each Risk is clearly linked to a Corporate Priority, and these are logged in the 'Priority' field.

Clear links between Corporate Outcomes and Risks have been identified and logged in the 'Existing Control Measures' field, to demonstrate the relevance of risks to the Council's performance management framework.

▪ **Consideration of the level of 'Concern' for each Risk:**

Clearly, all risks logged in the SRR are significant. A 'traditional' quantitative risk assessment of all SRR risks has been undertaken, and all of the risks logged in the SRR have been assessed as being 'red' due to their high rating in terms of probability and / or impact.

Whilst risk mitigation actions are in place, and efforts are being made to ensure the intended benefits of such risk mitigation actions are realised, the actual positive impact of these mitigations can often be hard to express in terms of the risk assessment itself, and ultimately, what are contextually small positive impacts on such significant risks may simply result in the *maintenance* of the assessment, rather than actually *improving* it.

As part of the 'zero-based' review of the SRR in March 2013, the use of a 'Concern Rating' was implemented. This qualitative assessment gives the Risk Owner, or SMT collectively, the opportunity to consider the following dynamic elements of the risks, rather than focusing on the traditional probability and impact based assessments:

Concern Rating	Description
1 - Red	Little confidence the Risk can be improved; Unachievable Objective; Difficult to Influence; or, Out of Tolerance.
2 - Red	Concern is between Rating 1 and Rating 3.
3 – Amber	Some confidence the risk can be improved; Moderately achievable Objective; Possible to Influence; or, Barley Tolerable.
4 – Amber	Concern is between Rating 3 and Rating 5.
5 – Green	Confident the Risk can be improved; Achievable Objective; Easily Influenced; or, Tolerable.
6 – Green	Concern Rating is less than 5.

▪ **Consideration regarding *existing* Risk Mitigation Actions, as well as consideration of any *new* Risk Mitigation Actions:**

Each risk mitigation action is allocated a red, amber or green rating, on a similar basis as the Risk Concern rating. Risk mitigation action owners are asked to provide an assessment as to the overall progress and achievement of each of these actions. Of note is the fact that some risks may be logged as being 'amber' or in some circumstances, 'red' in terms of the overall 'Concern Rating', but risk mitigation actions may be logged as 'green'. The implication of this is that the actions being taken are on track, but due to factors such as the 'long-tail' nature of some risks, the action may be something that is aimed at *maintaining* the risk, rather than *improving* it.

Similarly, some risks may be logged as having a 'Concern Rating' of 'green', with actions logged as being 'amber' or in some circumstances, 'red'. This reflects that whilst the risk itself may be acceptable, the actions themselves may be less so. In these circumstances, attention should be given to ensuring the action is resourced to ensure it is able to deliver the intended outcomes. This is in addition to the '% complete' field which is included within the register.

- **Consideration of Future Council Activity:**

As part of the current review, SRR Risk Owners were asked to consider the implications of the transition to the Future Council model, in terms of the ownership and positioning of the risk, along with any issues arising that may affect the delivery of risk mitigation actions.

2.3 Consideration was also given during each update meeting with Risk Owners regarding any new or emerging risks that should be considered, or any risk areas that may be developing that could influence the consideration of exiting risks.

Risk Number	Risk Name	Reason for Improvement
3543	Failure to ensure the adequate supply of land for housing and commercial property growth	<p>This risk was initially identified and developed during the February 2015 review of the SRR in liaison with the Director (Place) and the Risk and Governance Manager. During this initial session, the risk was allocated a concern rating of '3' (amber).</p> <p>Following this initial development, the draft risk was circulated to the Service Director Economic Regeneration, the Head of Economic Development and the Head of Planning, Policy and Building Control. Following their consideration of this risk, it was agreed to allocate the risk a revised concern rating of '4' (amber).</p>

Appendix Three: Worsened SRR Risks

Risk Number	Risk Name	Reason for Improvement
3034	Failure to deliver the medium Term Financial Strategy ('Failure of the Future Council to deliver the required level of savings')	<p>This increase from a concern rating of '5' (green) to '4' (amber) relates directly to the uncertainties that surround the forthcoming Comprehensive Spending Review and Autumn Statement by the Chancellor of the Exchequer in November.</p> <p>The subsequent Local Authority settlement will identify a clearer financial position for the Council.</p>

Appendix Four: Direction of Travel / Trend Report

Risk Number	Risk Title	Sept 2015	Feb 2015	Sept 2014	Feb 2014	Oct 2013	June 2013
3021	Failure to build the Economy of Barnsley	Closed -	Closed -	3 ↕	3 ↕	3 ↕	3 -
3022	Inability to direct Corporate Strategy	3 2	3 ↕	3 ↕	3 ↕	3 ↕	3 -
3023	Failure to engage with Stakeholders	3 ↕	3 ↑	2 ↓	3 ↕	3 ↕	3 -
3024	Lack of Educational Attainment	3 ↓	4 ↕	4 ↕	4 ↕	4 ↑	3 -
3025	Failure to Safeguard Vulnerable Service Users	4 ↕	4 ↕	4 ↕	4 ↕	4 ↕	4 -
3026	Failure to achieve a reduction in health inequalities within the Borough	2 ↕	2 ↕	2 ↕	2 ↕	2 ↕	2 -
3027	Failure to manage Organisational Change ('Risk of destabilisation of the Organisation')	5 ↕	5 ↕	5 ↕	5 ↕	5 ↕	5 -
3028	Workforce planning issues	3 ↕	3 ↕	3 ↕	3 ↕	3 ↓	4 -
3029	Failure to Safeguard Information	4 ↕	4 ↑	3 ↕	3 ↕	3 ↓	4 -
3030	Failure to be prepared for an emergency response or business continuity threat	2 ↕	2 ↕	2 ↓	3 ↕	3 ↓	4 -
3031	Strategic Performance, Governance or Compliance failure	4 ↕	4 ↕	4 ↕	4 ↕	4 ↕	4 -
3032	Failure of Partnership Working / Supply Chains	Closed -	Closed -	4 ↕	4 ↕	4 ↕	4 ↕
3033	Failure to adapt the Authority into a sustainable organisation ('Failure to maintain current Services)	4 ↕	4 ↑	3 ↕	3 ↕	3 ↓	4 -
3034	Failure to deliver the Medium Term Financial Strategy ('Failure of the Future Council to be able to deliver the required level of savings')	4 ↓	5 ↕	5 ↕	5 ↕	5 ↕	5 -
3035	Loss of assets and resources as a result of one-off incident of fraud / corruption / bribery or a sustained or widespread occurrence	3 ↕	3 ↕	3 ↓	4 ↕	4 ↓	5 -
3047	Failure to protect the population from preventable health threats	3 ↕	3 ↕	3 ↕	3 ↕	3 ↕	3 -
1630	Equal Pay Claims	Closed -	3 ↕	3 ↕	3 ↕	3 ↑	2 -
3514	Failure to be able to deliver the ambitions and outcomes associated with the Customer Service Organisation (CSO) Programme	4 ↕	4 -	-	-	-	-
3543	Failure to ensure the adequate supply of land for housing and commercial property growth	4 ↑	3 -	-	-	-	-
3699	Failure to ensure the Council's commercial / trading arm is effective in its operations, and is a well governed organisation	4 -					

Appendix Five: Completed / Closed Risk Mitigation Actions

Risk Number	Risk Name	Risk Mitigation Action
3021	Failure to build the Economy of Barnsley	(1) Jobs and Business Growth Plan – approved by Cabinet April 2014.
		Development of visitor economy approach, including the development of the Visit Barnsley website in partnership with BEP.
		Skills Plan and Worklessness Plan to be amalgamated into the 'More and better Jobs' Plan – resources from People transferred into Place. Plans now being drafted and will be submitted to Cabinet in June 2015.
3025	Failure to safeguard vulnerable service users	Continuous Service Improvement Framework has been developed. It sets out how the partnership will continue to work together to improve the effectiveness of services for vulnerable children, young people and families. The purpose of this framework is to be specific about the key elements of the framework, so that they are collectively understood and effectively used. Good progress continues to be made around Improvement Board Actions.
		Analysis of national guidance issued by College of Social Work includes recommendations regarding key posts and job families which may have consequences on grading, training and wider workforce. Report prepared and awaiting confirmation that it can be released and considered - full review now complete and new operating model is being developed.
3023	Failure to engage with stakeholders	Nesta Programme – development of volunteering capacity and capability in Barnsley.
		Formal review of third sector in Barnsley.
3022	Inability to direct corporate strategy	Area Council Officer Coordinating Group to unpick issues relating to Area Governance - developing Member Protocol to deal with potential tensions within Ward Alliances.
		Area Council Commissioning Group to unpick issues relating to procurement and commissioning.
		Area Council Chairperson Group to encourage cooperation and consensus amongst Area Councils.
3027	Failure to manage organisational change (Risk of destabilisation of the organisation)	(19) Equality Priorities / Groups (including oversight by Corporate Equalities group): SMT to look at the strategic needs of the Corporate Equalities group in order to support and drive progress - looking for greater overall consistency between Directorates; 'Excellence' now achieved.
3033	Failure to adapt the Authority into a sustainable organisation (Failure to maintain current services)	Development of new Corporate Plan
3034	Failure to deliver the Medium Term Financial Strategy	Enhance use of SAP desktop, and associated training (Performance Indicator

Risk Number	Risk Name	Risk Mitigation Action
	(Failure of the Future Council to achieve the required level of savings)	CH22) Financial Monitoring (14/15) to ensure delivery is in line with plan Horizon Scanning with regard to general issues that may impact of LA funding (14/15)

Appendix Six: 'Red' Risk Mitigation Actions

Risk Number	Risk Name	Risk Mitigation Action
3026	Failure to achieve a reduction in health inequalities within the Borough	Investigation into issues raised by CCG regarding pooled budgets and the potential impact on vulnerable groups such as 0-5 services, health visitors and substance misuse services as a result of funding voids
3030	Failure to be prepared for an emergency response or business continuity threat	Review of Corporate Resilience Plan to ensure it remains fit for purpose following FC activity - reinvigoration of Silver Team and options papers being developed for SMT regarding support required to attend and manage incidents

Appendix Seven: New / Updated Risk Mitigation Actions

Risk Number	Risk Name	Risk Mitigation Action
3543	Failure to ensure the adequate supply of land for housing and commercial property growth	Delivery of SCRIF programme 15/16
		Developer Forums 15/16
		Progression of Devolution Deal - development of deal, consideration of impacts, strategic planning and governance issues and the duty to engage constructively, actively and on an ongoing basis in relation to planning of sustainable development
		Consideration of funding opportunities regarding the delivery of the Local Plan
		Development of SCR infrastructure plan - draft due at end of November 2015
3024	Lack of educational attainment	Barnsley Alliance Board in place with representation at chair-person level from Primary and Secondary Schools - strategic view to be taken regarding opportunities to accelerate progress
		Development of a revised approach to assessing performance in schools
3026	Failure to safeguard vulnerable service users	Consolidation of Adults Social Care peer review Action Plan
3026	Failure to achieve a reduction in health inequalities within the Borough	Investigation into issues raised by CCG regarding pooled budgets and the potential impact on vulnerable groups such as 0-5 services, health visitors and substance misuse services as a result of funding voids
3023	Failure to engage with stakeholders	Community Offer now included in Community Wellbeing - to include and bring together Think Family, Anti Poverty and Engagement themes. Need to build infrastructure and governance arrangements.
		Building Community Capacity event in February 2015 - intended to provide support to fledgling companies and assisting in supporting communities to develop. Community Capacity building is part of the VAB contract and this is being reviewed as part of the broader Voluntary Sector Review, which will be undertaken by 'Rocket Science'.
3030	Failure to be prepared for an emergency response or business continuity threat	Development of a business case to recruit to the Humanitarian Assistance Officer role
		Development of Community Flood Plans - due for completion at end of September 2015 for river Dearne and Dove areas which link to EA flood warnings and will comprise escalating/incremental plans. These will be passed to relevant Area Councils for comment and will provoke further consideration regarding resourcing internally (flood liaison roles) and externally (community flood warden roles)
		Encouraging Ward Alliances to consider and develop Community Resilience Plans - Head of H&S visiting Ward Alliances

Risk Number	Risk Name	Risk Mitigation Action
3022	Inability to direct corporate strategy	Monitor and Review Area Council activity (in terms of Area Council Coordinating Group, Area Council Commissioning Group and Area Council Chairperson Group) 15/16
3029	Failure to safeguard information	Consideration of Cloud based infrastructure (on a case by case basis) to progress and enable a proportionate Electronic Content Management System
3034	Failure to deliver the Medium Term Financial Strategy (Failure to of the Future Council to deliver the required level of savings)	Use of BPC Business Objects by Executive and Service Directors (16/17)
		MTFS (16/17) – budget savings agreed, need to refer back to members for final approval
		Financial monitoring (16/17) to ensure delivery is in line with plan
		Full review of MTFS to be undertaken following Autumn Statement - to ensure relevance, materiality and appropriateness, such as the provision for Care Act implementation, Equal Pay claims and the impact of Digital Region along with assumptions regarding the Council's Capital Programme (16/17)

CONCERN RATING 1:
 Little confidence that the risk can be improved;
 OR,
 Unachievable objective;
 OR,
 Difficult to influence;
 OR,
 Out of tolerance

CONCERN RATING 2

CONCERN RATING 3:
 Some confidence that the risk can be improved;
 OR,
 Moderately achievable objective;
 OR,
 Possible to influence
 OR,
 Barely tolerable

CONCERN RATING 4

CONCERN RATING 5:
 Confident that the risk could be improved;
 OR,
 Achievable objective;
 OR,
 Easily influenced;
 OR,
 Tolerable

CONCERN RATING 6

Risk 'Concern' Rating:

The 'assessment' of the risk is based on:

- The confidence the Authority has that the Risk can be improved;
- The ability of the Authority to be able to achieve the objectives that are linked or implicit within the Risk ;
- The ability of the Authority to be able to influence or affect the Risk;
- The speed in which the organisation can change its direction and therefore control the velocity of the Risk; and,
- The willingness of the Authority to accept or tolerate the Risk

Priority	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Feb-14	Sep-14	Feb-15	Oct-15	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
Page 61 THRIVING AND VIBRANT ECONOMY	3543	Failure to ensure the adequate supply of land for housing and commercial property growth	<p>There are some important opportunities that Barnsley needs to exploit in order to ensure that it continues to meet its economic growth aspirations. These include the delivery of good quality and affordable housing and a range of commercial property. Underpinning this includes the potential offered through the delivery of superfast broadband, the use of low carbon technology and the scope to improve the area's visitor economy through better operation of its cultural assets (to attract visitors and spend) which will add to the overall viability of such housing and commercial schemes.</p> <p>In order to address the challenges and to maximise these and other opportunities, it will be essential to work in partnership with a variety of stakeholders to deliver a suite of priorities and key interventions, complete major regeneration projects, target both housing growth and business development and growth, and link new and existing jobs more effectively to local people.</p> <p>There are financial pressures making the delivery of the Local Plan difficult, but the positioning in two city regions (Leeds and Sheffield) provides opportunities to identify and maximise funding from these sources.</p>	SMT SMT	<p>Local Plan Working with Sheffield City Region regarding SCRIF funding to facilitate the development of Strategic Business Park infrastructure; Housing Strategy 2014 - 2033 outlines the Council's ambitions for regeneration and building in the region and relies on the Local Development Plan to identify and obtain land, and SCR and LCR to assist in building developments; SY Superfast Broadband programme which is intended to improve the infrastructure in the Borough, to benefit both commercial and residential stakeholders; Property Investment Fund set up to facilitate the identification of land to build speculative developments to aid commercial growth; Enterprising Barnsley schemes focusing on attracting inward investment, investing in infrastructure, growing existing businesses and encouraging higher activity start ups; Skills Plans completed; Other strategies in place include Jobs and Business, Transport and Employment and Skills that aim to make the Borough a thriving and unique place to live, work, visit and trade; Local Plan consultation extended, due to the inclusion of new development sites, and is due to be reported back to Cabinet in September 2015; Positive approach to planning applications for housing on sustainable non-Green Belt sites that are yet to be allocated;</p> <p>Outcomes: Create more and better jobs and good business growth (GREEN)</p> <p>Increase skills to get more people working (AMBER)</p> <p>Develop a vibrant Town Centre (GREEN)</p> <p>Strengthen our visitor economy (GREEN)</p> <p>Create more and better housing (AMBER)</p> <p>Protecting the Borough for future generations (AMBER)</p>	n/a	n/a	3	4	Delivery of SCRIF programme 15/16	SD Economic Regenerati	0% Green	31/03/2016	
										Developer Forums 15/16	SD Economic Regenerati on	0% Green	31/03/2016	
										Progression of Devolution Deal - development of deal, consideration of impacts, strategic planning and governance issues and the duty to engage constructively, actively and on an ongoing basis in relation to planning of sustainable development	Director Place	0% Amber	31/03/2016	
										Consideration of funding opportunities regarding the delivery fo the Local Plan	Director Place	0% Amber	31/03/2016	
										Development of SCR infrastructure plan - draft due at end of November 2015	Director Place	0% Green	31/03/2016	
	3024	Lack of educational attainment	<p>Negative impact on pupils and parents in terms of health, economic, employment and life choices; Failure to meet DfE targets for educational attainment; Damage to reputation through poor performance in published league tables compared to the national average, and in poor inspection outcomes; Reputational damage from press; Potential adverse Annual Performance Assessment; Intervention by DfE; Potential pressure from DfE for closure of schools or transfer to Trust or Academy status;</p>	SMT SMT	<p>Performance Management Framework; CYPF Policies and Strategies; Close monitoring of Government grade boundaries to ensure the Authority remains aware of changing or improving performance targets; As at April 2013 Primary School results are above average, and increasing; As at April 2013 Secondary School results are improving, and expected to continue improving throughout 2013; As at February 2015, the main risk area relates to secondary educational outcomes; Barnsley Challenge Plan has been refreshed, and presented to the Challenge Board and SMT. The Plan has also been approved by Cabinet. The Challenge Plan is currently feeding into sector-led improvement, which is being led by the Alliance Board; Primary and secondary school attendance and persistent absence has improved in 2013/14. Work with the Barnsley Governors Association to ensure strong governance within schools. Focused recruitment has secured the appointment of suitably qualified head teachers to all maintained schools in the borough, ready to start in September 2014. School Evaluation Team works to monitor, challenge and intervene in schools to improve standards and outcomes The Children, Young People and Families Integrated Inclusion Service, which supports families of children with Special Educational Needs & Disabilities; Children and Younger People's Plan 2013/16 was approved and adopted by TEG and Council Cabinet as the overall vision for improving outcomes for Children, Young People & Families. As at Feb 14, progress is almost at national average. 2014 KS1 and KS2 results at or above national average. KS4 initial results show 2% increase in 5A* - C in English and Maths;</p> <p>Outcomes: Every child attends a good school (AMBER)</p> <p>Early targeted support for those that need it (GREEN)</p>	4	4	4	3	(9) Children and Younger People's Plan: The plan has been presented at Childrens DMT, and was approved and adopted by TEG and Council Cabinet as the overall vision for improving outcomes for Children, Young People & Families. Validated National data due Dec/Jan	Director People	50% Amber	31/03/2016	
										Barnsley Alliance Board in place with representation at chair-person level from Primary and Secondary Schools - strategic view to be taken regarding opportunities to accelerate progress	Director People	0% Green	31/03/2016	
										Development of a revised approach to assessing performance in schools	Director People	0% Green	31/03/2016	

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CITIZENS ACHIEVING THEIR POTENTIAL	3025	Failure to safeguard vulnerable service users	<p>The risk of not safeguarding vulnerable adults who are either known or not known to the service; The risk is greatly enhanced due to a 98% increase in referrals within the Borough in recent years; Changes in demographics mean there are more 'older-older' people which means an increased demand for services; As increased pressure mounts to reduce budgets / spending, there will be a likely increase in demand for assistance, intervention and help from service users who are also under significant financial pressure; Better care at an young age for those with physical or other forms of disability means life expectancy increases which puts further pressure on Adult Services;</p> <p>Arrangements are not sufficient to keep children and young people safe from harm, abuse or neglect; The risk is compounded by whether or not the children at risk are known to the service;</p> <p>Inability to manage and deliver the requirements and impact of the 'Cheshire West' judicial review decision for Adult Social Care in Barnsley;</p> <p>Inability to manage and deliver the requirements and impacts of the Care Bill - additional resources required to meet increasing workloads within Assessment & Care Management Teams and Financial Assessment Teams;</p> <p>The system that delivers to children, young people and families is increasingly complex. Complexity arises from a number of factors; the number of partners with responsibilities for commissioning and/or delivering services to vulnerable children; the changing legislative, policy and financial landscape; the different mechanisms for partnership working to align delivery and test the effectiveness of services; the potential for changes within the workforce at operational levels and strategic levels;</p>	SMT SMT	<p>Council Constitution; Equalities and Diversity Policy; Adults Safeguarding Board; Childrens Safeguarding Board; Service Delivery Plans; Management of Personalisation / Personal Care packages that require less regulated services, makes better use of commissioning resources and ensures opeopel are better placed to look after themselves; Safeguarding Improvement Board set up to manage and drive OFSTED Safeguarding Recommendations; Signposted Universal Information and Advice; Analysis of Ward Alliance activity suggests positive progress is being made - most safeguarding related factors are being achieved; Childrens Services Scrutiny Board up and running as at Feb 2014 with workplan in place; National guidance available regarding Cheshire West judicial review, regional forum attended, DMT briefed and additional resources requested and approved in pricipie, assessors and support staff prioritising the additional assessment requirements, Action Plan in place, liaison with BMBC Legal Section; National Programme Board in place, implementation plan developed, Cabinet briefed, cost implications of Care Bill (esimated to exceed £1 million for Barnsley) included in MTFS as an 'assumption'; The 'Think Family' approach, including the help and support provided to turn around the lives of troubled families, will continue to identify children, young people and families in need of help. The service will intervene early to provide targeted support that will improve outcomes later in their lives. Monitoring of Barnsley Safeguarding Children Board Risk Register Improved Ofsted judgement Review of 'Front door' Work being undertaken by Multi Agency Thresholds Group, Stronger Families Teams, MACs and Family Panels Promotion of use of CAF/Early Help Assessments Safeguarding Board includes CSE Strategic Group which reports directly to the Safeguarding Board; Opportunities to undertake Lessons Learnt reviews are fully exploited by the Safeguarding Board (including regional and joint learning); Action Plan developed using OFSTED inspection framework; Area Council arrangements include the principle of community engagement to assist in supporting vulnerable people in the community; Restructing for Future Council complete; Local Welfare Scheme established; Rationalised Anti Poverty Programmes; Extra resources being applied to CAB - ongoing activity which includes the operation of a local scheme; Stronger Barnsley Together Programme Board in place with Expressions of interest made; Governance arrangements in place which includes the overseeing of the Executive Group being overseen by H&WB Board; Continuous Service Improvement Framework developed; Implementation and management of Personal Budgets programme, including building 'risk-enablement' into services users in place; Analysis of national guidance issued and full review now complete and new operating model is in place; Local Welfare Scheme established; Stronger Barnsley Together Programme Board in place;</p> <p>Outcomes: Children and Adults are safe from harm (AMBER)</p>	4	4	4	4	(11) Anti Poverty: Anticipating significant impacts following CSR in Autumn 2015; development of a Community Supermarket - reports drafted and partners committed to project. Need to unpick issues regarding Community Asset transfer.	Director Communities	60% Green	31/03/2016	
										(8) Stronger Barnsley Together: Programme infrastructure is to be updated, and will include a different approach, standing down and rationalising some structures and rebranding as 'Community Wellbeing', Actions Plan to be considered by OSC prior to Cabinet in September 2015.	Director People	50% Amber	31/03/2016	
										Adults Safeguarding - new development plan in place with revised performance management framework	Director People	30% Amber	31/03/2016	
										Implementation and management of Personal Budgets programme, including building 'risk-enablement' into services users considerations; Programme being reviewed and re-engineered as part of review of Assessment & Care Management; Risk Enablement and Risk Policy being developed; Piloted in 1 locality team. Assessment and Care Management Review has a target of	Director People	85% Green	31/03/2015	
										Consideration of Peer Review recommendations regarding Early Help and Support services	Director People	10% Green	31/03/2016	
										Consideration of IA report regarding Casey improvements	Director People	10% Green	30/09/2015	
										Consolidation of Adults Social Care peer review Action Plan	Director People	0% Green	31/03/2016	

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	3026	Failure to achieve a reduction in Health inequalities within the Borough.	Health inequalities persist. Life expectancy in Barnsley remains well below the national average and varies between different parts of the borough. Although life expectancy has increased, the gap between Barnsley and the rest of the country has continued to widen. Such health inequalities challenge not just the health and social care services but every one interested in the future prosperity and well-being of the borough. It is unacceptable that people's health and quality of life varies so much with the sort of work they do or where they live. The cost of health inequalities is borne not just by health and social care services and, of course, parents, carers and children, but by employers and the local economy. Good health is essential to the borough's economic regeneration. Healthy people are less likely to be socially excluded and more likely to be in work. Healthy children are more likely to do well at school. All the available evidence shows that health is closely associated with people's standard of living, occupation, level of education and where they live - there are significant differences in terms of average life expectancy depending on where in the Borough one resides;	SMT SMT	Director of Public Health in post to provide leadership; Liaison with Clinical Commissioning Group (CCG) and GPs to ensure that the right services are being commissioned; Joint Strategic Needs Assessment (JSNA) undertaken to ensure an appropriate understanding of the requirements of the population of Barnsley; Health and Wellbeing Strategy identifies six key objectives - and within these, it is acknowledged that it is impossible to 'try and do everything' - the objectives and key deliverables identify the significant areas of concern; Oversight of Health and Wellbeing Strategy provided by partnering organisations and agencies that are best placed to deal with the issues (health - hospital, alcohol - police etc); Six-monthly reports to Health and Wellbeing Board; Structure and procedures in place - need to assess impacts / benefits to identify effectiveness; H&WB Board established JSNA undertaken and programme boards now in place; Public Health now intergrated into BMBC - Public Health Development Programme established; Outcomes: People are happier, healthier, independent and active (AMBER)					Development of PH Strategy and Implementation Plan to enable DPH to hold Service Directors to account regarding health outcomes that are now vested with service areas - building leadership team in Core PH, development of sustainable PH Strategy and development of governance arrangements in terms of accountability and assurance. Strategy being developed and due to be presented to SMT, H&WB Board and Cabinet by the end of 2015	Director Public Health	75% Green	31/03/2016	Revisions to policy - liaise with Leader, PH spokesperson and Chief Executive - consideration of 'call to action'
						2	2	2	2	Delivery of Public Health 'distributed model' including the monitoring and reviewing of impacts and outcomes on Future Council - provision of effective leadership within Core PH to ensure the effective delivery of the distributed model - all in place and now being monitored by PH Core	Director Public Health	75% Green	31/03/2016	
										Internal governance and assurance arrangements for the use of the Public Health Grant across the Council are necessary to assure PH England and the Department of Health that the grant is being used to improve public health outcomes - indicators in place and agreed across Directorates	Director Public Health	50% Green	31/03/2016	
										Investigation into issues raised by CCG regarding pooled budgets and the potential impact on vulnerable groups such as 0-5 services, health visitors and substance misuse services as a result of funding voids	Director Public Health	0% Red	31/03/2016	
	3047	Failure to protect the health of the population from preventable health threats.	Failure to protect health and population against preventable disease by ensuring appropriate levels of vaccination, immunisation and screening.	SMT SMT	Liaison with NHS regarding large scale response; Health Protection Agency Framework in place; Maintenance of World Health Organisation targets; Currently Barnsley has above average coverage regarding public health related screening; Use of NHS England website and resources; Health Protection Assurance paper to Cabinet 12/02/2014; Health Protection Board established; Transition into BMBC complete;	3	3	3	3	Monitoring of Health Protection Board (HPB) to ensure any system issues associated with working with CCG and partners are identified and addressed - ongoing discussions with CCG regarding Health Protection arrangements. HPB established - good engagement from partners and proportionate systems are in place. Emerging links with Emergency Planning developing.	Director Public Health	50% Green	31/03/2016	
	3023	Failure to engage with stakeholders	Non ability to explain Authority's position and / or public relations. Failure to communicate effectively with community/stakeholders. Lack of proper engagement with stakeholders, at the right level, and at the right time. Loss of confidence in ability to deliver services or respond to problems. Lack of community support which prevents and / or hinders improvement or effective implementation of change. High expectation of service delivery and resource availability despite budget reductions. Poor engagement with regard to Future Council Activity could result in legal challenge; Need to ensure that the 'right' opportunities for volunteers are available - broader roles and more accessible options;	SMT SMT	Revised Governance Arrangements regarding Area Councils and the changing role of Elected Members; Using lessons learnt and general approach from Deame LIS project as the basis for the implementation of Area Council Arrangements; Use of key partners and LSP to coordinate wider communication activity; Engagement of Clinical Commissioning Groups to assist in ensuring stakeholders receive the services that they require and need; Employer Supported Volunteering (ESV) Scheme in place - work is required to identify take of ESV scheme and also to identify impact of the scheme; Cabinet Report dated 09/10/2013: Deame Approach - Findings of Community Research (Cab.9.10.2013 10.3); Funding that supports Volunteering Strategy is received via Citizaen Advice Bureau (CAB) - their own funding with Transforming Local Infrastructure (TLI) came to and end in November 2013 leaving a gap in funding that Area Councils may be expected to pick up; Volunteering Strategy now in place, including SLA with VAB to deliver core part of Strategy; ESV in place; H&WB Board approved creation of 'Engagement Hub' which is intended to align engagement opportunities across all statutory bodies; Nesta Programme completed and achieved targets in terms of developing volunteering capacity and capability in Barnsley; Love where you Live campaign embedded; Outcomes: People volunteering and contributing towards stronger communities (GREEN)	3	2	3	3	Community Offer now included in Community Wellbeing - to include and bring together Think Family, Anti Poverty and Engagement themes. Need to build infrastructure and governance arrangements.	Director Communities	50% Green	31/03/2016	
										Building Community Capacity event in February 2015 - intended to provide support to fledgling companies and assisting in supporting communities to develop. Community Capacity building is part of the VAB contract and this is being reviewed as part of the broader Voluntary Sector Review, which will be undertaken by 'Rocket Science'.	Director Communities	60% Green	31/03/2016	

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STRO	3030	Failure to be prepared for an emergency response or business continuity threat	Recent emergencies relating to industrial actions and flooding proves there is still an inappropriate reliance on H&S&ERU to manage and lead on the management of emergency events;	SMT SMT	Business Unit/Service Business Continuity Plans developed using the template provided; Corporate Resilience Plan and supporting specific plans; Ongoing liaison with SMT regarding aspirations and expectations during emergency events; Analysis of AGS and sampling of returns; Formal on-call arrangements by the Health, Safety and Emergency Resilience Service (bronze/operational) and BLT (strategic/gold); Analysis of 'leavers' programmed to identify who is left to be able to step up in the event of an emergency event; Public Health now incorporated into Corporate Resilience Plan; Multi-agency working across the Local Resilience Forum; Operational Services role as 'Lead Local Flood Authority'.	3	2	2	2	Review of Corporate Resilience Plan to ensure it remains fit for purpose following FC activity - reinvigoration of Silver Team and options papers being developed for SMT regarding support required to attend and manage incidents	Director HR, Performance and Comms	0% Red	31/03/2016		
			In addition, the transition to Future Council will lead to established emergency response arrangements no longer reflecting the Council's operational structure. Compounding this is a lack of engagement by employees to volunteer for emergency response duties that will mean that currently expected responses in relation to flooding cannot at present be delivered. The extent of the transition to Future Council necessitates in many cases the complete review of Business Unit and Service Business Continuity Plans to reflect revised structures and resources if they are to be able to continue to deliver critical functions in the event of a business interruption.							Corporate emergency plans appear robust and are well delivered - concern raised regarding the management of those incidents that are not 'significant' but cause disruption nevertheless; Residual risk areas, as expressed in correspondence with External Audit in 2011 will be reviewed in 2015, including: • BCPs for Information Systems should be regularly tested; • The Council should perform an annual full test restore for critical systems; and, • The Council should undertake a review of its disaster recovery requirements in conjunction with BULL.	Seek assurances from Business Units regarding their own business continuity planning and resilience arrangements to ensure they are robust and 'fit' with the Corporate Resilience Plan. Revised BCP template issued Jan 15; H&S audit programme supported by Internal Audit who have undertake specific reviews - performance indicator being developed for inclusion in corporate Performance Reports	Director HR, Performance and Comms	0% Amber		31/03/2016
			This risk also acknowledges the residual risk that remains regarding the Authority's own BCP, as expressed in correspondence with External Audit in 2011: • BCPs for Information Systems should be regularly tested; • The Council should perform an annual full test restore for critical systems; and, • The Council should undertake a review of its disaster recovery requirements in conjunction with BULL.							Undertake weekend (minor incident) testing, and undertake annual (major incident) testing of IT resilience - currently mapping priority disaster recovery systems against BMBC Resilience Plans	Director Finance, Assets and IS	10% Amber	31/03/2016		
			Recent emergencies relating to industrial actions and flooding proves there is still an inappropriate reliance on the increasingly limited resources of the HS&ERS to manage and lead on the management of emergency events.							Development of a business case to recruit to the Humanitarian Assistance Officer role	Director HR, Performance and Comms	0% Green	31/03/2016		
			Failing to be able to provide support to lone workers as a result of IT and telephony systems being unavailable for significant lengths of time, leaving over 200 HART support workers and Supported Living workers unable to contact the out of hours office. Without appropriate support mechanisms in place, these lone workers are at serious risk of being unable to escalate serious and significant safety and safeguarding concerns to management. Issues relating to the accessibility of IT and telephony for employees working more traditional, regular patterns mean that there is a significant amount of productive time lost as a result of sporadic outages of the IT and telephony within the Authority's main administration bases in WPO and GP. Issues relating to the accessibility of telephony for the public will mean that Central call will be unable to take calls relating to: • Highways; • Schools; • School Trips / Emergencies; • Dangerous Structures; • Adults Emergency Duty Team; • NPS Repairs and Maintenance; • Bemesei Homes Repairs and Maintenance; and, • Major Incident line.							Development of Community Flood Plans due for completion at end of September 2015 for river Deame and Dove areas which link to EA flood warnings and will comprise escalating/incremental plans. These will be passed to relevant Area Councils for comment and will provoke further consideration regarding resourcing internally (flood liaison roles) and externally (community flood warden roles)	SD Environment and Transport	25% Green	31/03/2016		
										Encouraging Ward Alliances to consider and develop Community Resilience Plans - Head of H&S visiting Ward Alliances	Director HR, Performance and Comms	25% Green	31/03/2016		

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ONE COUNCIL	3022	Inability to direct corporate strategy	The Authority may be challenged by internal friction between Elected Members and appointed leadership, especially with regard to challenging decisions with significant political consequences or local repercussions.	SMT SMT	Council Constitution; Local Code of Corporate Governance; Community Strategy for Barnsley (2011-2015); Corporate Plan; In the event of Constitutional dispute, role of Monitoring Officer to adjudicate as and when tensions arise; Area Council Arrangements in place, with supporting documentation in the form of 'Area Governance Handbook', 'Ward Alliance Governance Handbook', 'Ward Alliance Community Representative Handbook', 'Consulting and Engaging our Communities through Neighbourhood Networks' and 'Working with you to support your Community'; Purple Cabinet meetings used as a forum to discuss sensitive and confidential issues; SMT meetings and processes to ensure leadership is able to keep in touch with regard to pressures; Area Chairs meet each other on a regular basis to ensure cooperation and consensus; Member information session held regarding Conduct and Commissioning; Revisions to Contract Standing Orders (CSOs) to enable flexibility; Officer Working Group in place to support commissioning and procurement activity; Area Council Officer Coordinating Group to unpick issues relating to Area Governance - developing Member Protocol to deal with potential tensions within Ward Alliances in place and working effectively; Area Council Commissioning Group to unpick issues relating to procurement and commissioning in place and working effectively; Area Council Chairperson Group to encourage cooperation and consensus amongst Area Councils in place and working effectively;	3	3	3	2 3	Monitor and Review Area Council activity (in terms of Area Council Coordinating Group, Area Council Commissioning Group and Area Council Chairperson Group) 15/16	Director Legal and Governance	75% Green	31/03/2016	Refer matter to Monitoring Officer for adjudication.
	3027	Failure to manage organisational change - 'Risk of Destabilisation of the Organisation'	Significant budget cuts are driving the 'Future Council' programme. This change programme is dramatically transforming the organisation's business model. For example, delivering services and outcomes through mixed economy partnerships and outsourced contracts. Infrastructure transformation initiatives, process re-engineering and organisational change programme and projects may be challenged by cost overruns and failure to meet expectations.	SMT SMT	HR Policies; Council Constitution; Service and Financial Planning Process; Service Delivery Planning Process; Partnership Governance Framework; Corporate Complaints Policy; Risk Management Policy; New Models of Business - departments and services considering and implementing new Trading Models; Changes to Employee Terms and Conditions; Employee Relations Forum with Trade Unions; Talkabouts Sessions with CX and Middle Manager Conference; BLT and SMT sessions to assist in communication; Restructure of Communications Division now with ACE HR, P&P and Comms; Investor in People accreditation; Future Council Steering Group being led by HR; Future Council Programme Board being led by CX; Programme and Project Management issues now being identified and mitigated at Directorate level; 'Excellence' achieved by Corporate Equalities Group;	5	5	5	5	(13) Employee Engagement: 'Tell US What You Think' month (September 2015) with further Employee Survey - analysis and consideration of results and feedback	Director HR, Performance and Comms	50% Green	31/03/2016	
											(20) Communications: Revised Communications Strategy to be reviewed	Director HR, Performance and Comms	0% Green	30/09/2015
	3028	Workforce planning issues	The Authority is currently undergoing tremendous organisational change. This will create significant workforce issues around having the right skills, people and employee capacity. The Authority will require employees to have different skill sets that underpin a transformed business model. Operationally, risks inherent in organisational down-sizing initiatives will include: - Increasing workforce productivity; - Getting the balance right between cost and benefit; - Need to reduce deficit reductions; - Balancing the impact of reducing the workforce and the economic impact on the community; and, - Maintaining morale in the remaining workforce.	SMT SMT	HR Policies; Council Constitution; Equalities and Diversity Policy; Risk Management Policy; Management and monitoring of 'Future Council' / KLoE activity; PULSE Survey to measure progress in key areas since the last full employee survey in 2011; Development of Adobe Forms to assist management processes; As at October 2013 37% of employees benefit from a current PDR; HR Reorganisation completed; As at 31/03/2015 81% of employees benefit from a current PDR;	3	3	3	3	(12) Organisational Development: Monitoring OD Strategy via Corporate Plan with subsequent reports to Scrutiny and FC Board to ensure managers are promoting the correct message regarding FC to employees	Director HR, Performance and Comms	25% Amber	31/03/2016	

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	3029	Failure to safeguard information	<p>The Council is increasingly managing, storing and maintaining personal data and information as part of the delivery of services. With data held in a vast array of places and transferring between supply chain partners, it becomes susceptible to loss, protection and privacy risks.</p> <p>Loss of personal and financial information held by Council employees and systems;</p> <p>Financial and non-financial penalties from Information Commissioners Office;</p> <p>Loss of public confidence in the ability of the Council to store sensitive information, possibly resulting in a reduction in the use of public self-service facilities;</p> <p>Failure to maintain Government Connects compliance leading to the suspension of the Councils connection to the government secure network;</p> <p>Non compliance with Data Protection Act and Freedom of Information Act;</p> <p>Non compliance with Payment Card Industry Data Security Standards (PCI DSS) leading to the inability to process payment card transactions;</p> <p>Failure to ensure that unwanted data is cleared and disposed of, leading to non-compliance with DPA requirements;</p> <p>Inability to gather data from other agencies to strengthen and benefit the Authority's activities;</p> <p>Failure to have appropriate data sharing agreements with agencies and partners leading to vicarious liability in the event they lose or misplace sensitive information;</p> <p>Inability to ensure that partners that we share data with are in themselves compliant with appropriate guidance and legislation;</p>	SMT SMT	<p>Information Management and Governance Policies;</p> <p>ACX (Legal and Governance) has taken on the role of Senior Information Risk Officer (SIRO);</p> <p>Information Security and Computer Usage Policy in place;</p> <p>Information Governance Team in place to provide advice, guidance and training;</p> <p>Government Connects Code of Connection compliant;</p> <p>Records Management Team in place to provide advice, guidance and training;</p> <p>Information Governance Board refreshed and re-established and engaged in corporate risk management arrangements;</p> <p>Technical Architect role filled by consultant;</p> <p>Some initial actions have been taken as a result of IT Health Check to control, and restrict access:</p> <ul style="list-style-type: none"> Reduced permissions Deactivated USB ports Deactivated removable media options Implemented temporary changes to homeworking solutions. <p>The Authority's core infrastructure has benefitted from:</p> <ul style="list-style-type: none"> Patching Protection. <p>Significant restructure of Information Services complete;</p> <p>Caldicott guardians in place within A&C and CYPF;</p> <p>A&C and Public Health have IG Steering Groups in place;</p> <p>IT Action Plan (2013) completed and delivered;</p> <p>Phase 1 of IG awareness training (via BOLD) completed;</p> <p>Review of technical architecture completed and action plan identified;</p> <p>BMBC Cabinet agreed to endorse the requirement to achieve Baseline Personnel Security Standard (BPSS);</p> <p>IT business plan been through 'Check and Challenge' process;</p> <p>Technical refresh for those officers using third party equipment to enable them to use BMBC apparatus to connect with BMBC network;</p> <p>Information Governance Board confirmed engagement will be undertaken with DMTs to ensure actions arising from the IG Toolkit are completed;</p> <p>IT Business Plan produced and presented to 'check and challenge' session - analysis of other business plans to identify IT requirements and resourcing complete;</p> <p>Passed first phase of PSN compliance;</p> <p>Implementation of EGRESS secure email solution completed;</p>					<p>Develop, update and implement new Information Technology / Information Security Policies - once complete will be checked by Information Governance Board and SMT and then will be reviewed as part of AGR process (high level elements complete, low level elements outstanding)</p> <p>Phase 2 of Information Security Programme - roll out of guidance and training to partners such as BH, Bull, NPS etc - BH and Bull completed, NPS and Norse in development</p> <p>Programme of activity to assist in achieving Baseline Personnel Security Standard (BPSS) - 2015 round of BPSS compliance included 1500 employees - 547 now complete, and 377 in hand / in progress - 576 not initiated</p> <p>Risk based Action Plan developed (following review of IT architecture)being delivered (all 'red' actions complete)</p> <p>Consideration of Cloud based infrastructure (on a case by case basis) to progress and enable a proportionate Electronic Content Management System</p>	<p>Director Finance, Assets and IS</p> <p>Director Finance, Assets and IS</p> <p>Director Finance, Assets and IS</p> <p>Director Finance, Assets and IS</p> <p>SD Information Services</p>	<p>90% Green</p> <p>66% Green</p> <p>62% Amber</p> <p>50% Green</p> <p>10% Green</p>	<p>31/03/2016</p> <p>31/03/2016</p> <p>31/03/2016</p> <p>31/03/2016</p> <p>31/03/2016</p>	<p>Enable revisions to infrastructure that will allow limited communications.</p>
	3031	Strategic Performance, governance or compliance failure	<p>Budgetary pressures to minimise back office functions may drive the Authority to downgrade the focus on meeting proper governance standards and ultimately, remaining 'safe'.</p> <p>The implementation of the Area Council Arrangements has required the Council's Constitution to have been significantly reviewed to ensure Area Council governance and Ward Alliance governance issues are included.</p>	SMT SMT	<p>Council Constitution;</p> <p>Local Code of Corporate Governance;</p> <p>Information Management and Governance Policies;</p> <p>ToR for Audit Committee;</p> <p>ToR for Scrutiny Committee;</p> <p>Internal Audit;</p> <p>Risk Management Policy;</p> <p>Performance Management Arrangements including revised Corporate Plan Performance Report and 'We Will Statements';</p> <p>Terms of reference for all Overview and Scrutiny Committees reviewed;</p> <p>Scrutiny Committee workplans are now aligned to Corporate Priorities;</p> <p>Briefing for Elected Members relating to Performance Management of Area Council activity;</p> <p>Revised AGR process for 14/15;</p> <p>Analysis of Casey Rotherham Safeguarding Report undertaken - report to SMT in February 2015 including recommendations for Internal Audit activity;</p>					<p>(4) Revised Governance / Neighbourhood Working (including the increased resources available within the Governance team) - further review in June 2014 identified positive activity regarding commissioning but at Ward Alliance level, some members are still doing things in the 'old' way - monitor and review for further 6 months</p> <p>SMT to review processes relating to approvals and decision making to improve efficiencies - new processes implemented including raising of Officer and Delegated limits and a less rigid process in terms of delegated reports - need to review outcomes in light of new statutory requirement for the recording of Officer decisions which is now included in the 15/16 Internal Audit Plan and AGS Action Plan for 15/16</p>	<p>Director Legal and Governance</p> <p>Director Legal and Governance</p>	<p>75% Green</p> <p>75% Amber</p>	<p>31/03/2016</p> <p>31/03/2016</p>	<p>Refer matter to Audit Committee / External Audit for consideration.</p>
	3033	Failure to adapt the Authority into a sustainable organisation - 'Failure to maintain current services'	<p>The need to balance the books, gain efficiencies and meet new demands could lead the Authority into drastic measures that could increase long-term risks and costs, both to the organisation as well as to the community. The Authority runs the risk of moving away from addressing problems with long-term solutions, such as capital investment projects essential to meet social and area-based economic challenges. 'Short-termism' could potentially lead to decaying infrastructure and an inability to develop long-term economic vitality.</p> <p>Need to ensure that the Authority has the right people to ensure sustainable opportunities are being exploited to their maximum.</p> <p>Development of City Region Devolution Deal which while fiscally neutral, will provide more opportunities to strengthen the sustainability of the organisation by transferring a number of powers and policy levers from central Government to local leaders, including skills, employment, business support, transport and housing;</p>	SMT SMT	<p>Council Constitution</p> <p>Performance Management Framework</p> <p>Community Strategy for Barnsley (2011 -2015)</p> <p>Growing Barnsley's Economy (2012-2033) - Economic Strategy</p> <p>Customer Services Organisation project;</p> <p>Integrating areas of work and consideration of new Service Delivery models such as traded services or social enterprise;</p> <p>Consideration of joint commissioning opportunities;</p> <p>First £15 million savings identified, and approved by Cabinet (need to monitor delivery);</p> <p>As at September 2014, all Service Director are in post (other than DPH and Education, Early Start and Prevention);</p> <p>Characteristics of Business Units have been included in 15/16 budget consideration;</p> <p>Savings of £28m identified and agreed by Cabinet - awaiting approval from Full Council in February 2015;</p> <p>Contract for Leadership and Management training for all 4th tier and above officers agreed with IDDA</p> <p>Training - other employee training offers currently outstanding;</p> <p>New Corporate Plan being developed which will not identify any new priorities, but will reflect Business Units, and provide milestones for delivery;</p> <p>Corporate Plan developed;</p>					<p>Delivery of new Corporate Plan 2015 - 2018</p> <p>Member Talkabout events to assist in improving the understanding of the role of an Elected Member to ensure there is a strong and positive relationship with Officers and a better understanding of community facilitation</p>	<p>Chief Executive</p> <p>Chief Executive</p>	<p>0% Green</p> <p>0% Green</p>	<p>31/03/2016</p> <p>31/03/2016</p>	

Priority	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Feb-14	Sep-14	Feb-15	Oct-15	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
	3034	Failure to deliver the MTFS - 'Failure of Future Council to achieve the required level of savings'	<p>Risks relating to the MTFS fall into two main areas:</p> <ul style="list-style-type: none"> - Agreeing a three year plan with Directorates and Members; and, - Ensuring delivery against the agreed plan, managing variances and areas of over / under spend to enable the budget to be balanced. <p>Adverse effect on the Council's reserves / prudential borrowing / Treasury Management activities;</p> <p>Council's reserves falling below minimum working balance levels;</p> <p>Impact on service delivery and council policies;</p> <p>Adverse External Audit report / opinion;</p> <p>Government intervention;</p> <p>Inability to undertake robust planning in terms of Future Council activity;</p> <p>Non-achievement of KLoE savings and consequences on future years programmed or planned savings;</p> <p>Inability to develop and implement a 'Plan B' or contingency plan in the event of further savings being required;</p>	SMT SMT	<p>Budget Monitoring and Reporting;</p> <p>Financial Regulations;</p> <p>Corporate Debt Strategy;</p> <p>SAP / EBP / Financial Systems Procedures;</p> <p>Treasury Management Policy;</p> <p>Forecasting of expenditure and resources;</p> <p>Service Delivery Planning and Service and Financial Planning Processes;</p> <p>Prudential Borrowing Strategy and Indicators;</p> <p>Budgetary Control / Budget Monitoring Processes;</p> <p>Annual Governance Review Framework;</p> <p>Ongoing development of SAP;</p> <p>Management of Assumptions and Constraints within MTFS;</p> <p>Horizon Scanning in terms of changing legislation and policy that may affect MTFS;</p> <p>A range of budget saving options (KLoEs) have been developed and agreed to enable Future Council scenarios for 13/14 and 14/15 to be reflected in 15/16 budget;</p> <p>Asset Management Disposal Report approved by Cabinet;</p> <p>First £15 million of budget savings identified, and agreed by Cabinet (now need to monitor delivery);</p> <p>2 year financial plan now set - now need to monitor delivery against this;</p> <p>Monitoring of political situation following Election 2015 - Comprehensive Spending Review and Autumn Statement;</p>	5	5	5	4	<p>Use of BPC Business Objects by Executive Directors and Service Directors (16/17)</p> <p>MTFS (16/17) - budget savings agreed, need to refer back to Members for final approval</p> <p>Financial Monitoring (15/16) to ensure delivery is in line with plan</p> <p>Financial Monitoring (16/17) to ensure delivery is in line with plan</p> <p>Full review of MTFS to be undertaken following Autumn Statement - to ensure relevance, materiality and appropriateness, such as the provision for Care Act implementation, Equal Pay claims and the impact of Digital Region (16/17)</p>	<p>Director Finance, Assets and IS</p> <p>Director Finance, Assets and IS</p> <p>Director Finance, Assets and IS</p> <p>Director Finance, Assets and IS</p> <p>Director Finance, Assets and IS</p>	<p>0% Amber</p> <p>0% Amber</p> <p>75% Green</p> <p>0% Amber</p> <p>0% Amber</p>	<p>31/03/2016</p> <p>31/03/2016</p> <p>31/03/2016</p> <p>31/03/2016</p> <p>31/03/2016</p>	Re-negotiate with Cabinet to seek an agreed budget.
	3035	Loss of assets and resources as a result of a one-off incident of fraud / corruption / bribery or sustained or widespread occurrences.	<p>Occurrence or incidents of sustained and / or widespread and / or one off / big bang occurrence of Fraud and Corruption leading to financial loss, loss of income, property and other assets;</p> <p>Fraudulent transactions, contracts / payments and the like perpetrated by employees and / or third parties;</p> <p>External Audit public interest report;</p> <p>Loss of management time in undertaking investigations, be they 'real' incidents, or vexatious claims;</p> <p>The consequences of this risk will greatly depend on the context of the individual incidents, and will be greatly influenced by both the scale of the incident, and the position of the perpetrator within the Organisation;</p> <p>Negative impact on employee morale either through actual incidents, or suspicions of incidents being perpetrated;</p> <p>Tensions and issues with morale within groups / teams as a result of changes within and to the organisation;</p> <p>Increased opportunities to commit fraud due to management attention being distracted by change programmes and increased workloads;</p> <p>Losses arising from officers not doing their jobs properly, or not expending the amount of effort that may have been normal previously, due to morale and motivation issues;</p> <p>Increased risk of third party IT attacks on BMBC systems such as hacking for personal data, general mischief and disruption or to facilitate the transacting or processing of false documents;</p>	SMT SMT	<p>Anti Fraud, Corruption and Bribery Policy which is developed and refined following analysis of the Annual Fraud Risk Self Assessment (FRSA);</p> <p>Anti Money Laundering Policy which is developed and refined following analysis of the FRSA;</p> <p>Whistleblowing Policy which is developed and refined following analysis of the FRSA;</p> <p>Prosecutions Policy in place to ensure the Authority is open regarding censure relating to inappropriate behaviour;</p> <p>Council Constitution;</p> <p>Local Code of Corporate Governance;</p> <p>Member and Officer Codes of Conduct;</p> <p>Police involvement / criminal investigations;</p> <p>Annual Fraud Self Risk Assessment;</p> <p>NFI Data Matching;</p> <p>Membership of NAFN;</p> <p>IT usage policies and procedures (to be listed);</p>	4	3	3	3	<p>A) Develop governance arrangements around Area Councils and Ward Alliances (13/14): Raised at Member briefings and Member information sessions. Further review undertaken in June 2014 - appropriate controls are in place and the understanding and awareness of these controls appears robust - need to monitor their application</p> <p>B) Ensure there is an adequate and appropriate relationship between IA, HR, Legal and the Police to respond to any incident - to be refreshed as part of the establishment of the new BMBC Anti Fraud Team, led by the Corporate Anti-Fraud Team within IA</p> <p>C) Review corporate training programme utilising corporate PDR information and further development of BOLD training</p> <p>D) Contribute towards the development of a revised Annual Governance Review to assist in identifying areas of weakness within the Council (15/16) in relation to fraud, corruption and bribery - this area is likely to be included in AGR for 15/16</p> <p>E) BLT awareness of increased risks 15/16 - to be undertaken to feed into consideration of Fraud and Corruption as part of 15/16 AGR</p> <p>F) Creation of Corporate Fraud Team within Internal Audit from April 2015. Undertake mid-year review of progress / success</p> <p>G) Fundamental review of all corporate anti-fraud and corruption policies, procedures and guidance as part of the work of the Corporate Fraud Team</p>	<p>Director Legal and Governance</p> <p>Head of Internal Audit</p> <p>Head of Internal Audit</p> <p>Head of Internal Audit</p> <p>Director Finance, Assets and IS</p> <p>Head of Internal Audit</p> <p>Head of Internal Audit</p>	<p>75% Green</p> <p>0% Green</p> <p>25% Green</p> <p>0% Green</p> <p>75% Green</p> <p>75% Green</p> <p>25% Green</p>	<p>31/03/2016</p> <p>31/03/2016</p> <p>31/03/2016</p> <p>31/03/16</p> <p>31/03/2016</p> <p>31/03/2016</p> <p>31/03/2016</p>	Escalate matter to HR, Police etc. Undertake full systems review of affected area(s).

Priority	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Feb-14	Sep-14	Feb-15	Oct-15	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
	3514	Failure to be able to deliver the ambitions and outcomes associated with the Customer Services Organisation Programme (CSO)	Leading to... Failure to ensure customers are at the heart of the organisation; Lack of growth regarding our digital service which will be unable to encourage a channel shift in terms of customers interact with the Council resulting in customers not changing their behaviour and not undertaking greater levels of self-service; Unable to resource certain elements of the programme such as ICT technical development to deliver smarter and more efficient processes; Lack of efficient and effective services; Services becoming unsustainable following the Council's journey to Future Council and future financial pressures facing local government; Savings target of £450K to be delivered in 2016/17 (£400K delivered 2015/16 by BensTax service improvements); Directorates / Business Units not embracing the objectives of the agreed Customer Services Design Principles and associated objectives; No 'changing relationship' between the Council and its stakeholders; Issues regarding the capacity and time frame to deliver and concern regarding over promising and under delivering leading to 'work-around' arrangements that are unsustainable;	Director Communities	Responsibility for Programme delivery now aligned to SD Customer Services; BU7 - new structure and resources; Head of Customer Support and Development in place; Business design, IT technical resources agreed; Lessons Learnt from other significant change programmes such as SAP; Phase One: Overdue to to issues regarding Kana (see SMT report 17/02/2015) - phase delivered with successful implementation of new CRM system and refreshed Eforms 13/07/2015 - lessons learnt review of Phase One to be completed to inform next phase delivery; Phase Two: Service priorities agreed with SMT, detailed discussions and planning for delivery currently in train. Detailed programme in place for Phase Two to be in place by end of September 2015; Assessment of capacity within Council (particularly IT) to deliver CSO outcomes undertaken (in light of changes to relationship with Bull) - all priorities have been considered and a revised IT strategy had been developed - paper to SMT for consideration; Note that speed and scope of delivery of future phases will be developed in conjunction with Directorates and ICT to ensure resource requirements and capacity are not overestimated; Phase One completed and signed off; New website in place; Outcomes: Customers can contact us easily and use more services online (AMBER)	n/a	n/a	4	4	Customer Care / Customer Contact training to be provided to employees who have a high level of contact with the public linking to organisational-wide OD training. HR Workforce development have developed 'customer offer' training programme to begin roll-out in September 2015. Focus on customer facing staff and range of options available from on-line course (BOLD) to accredited qualifications. Take up to be promoted through P&DR process. (NEW) Restructure and consolidation of programme resources into permanent structure completed 01/04/2015 as part of Future Council implementation. Two year fixed term Programme Management resource agreed at Board - to be recruited to support delivery of next phases. IT Projects support to be committed from within wider ICT envelope of resources following transfer of TCL staff back to the Council. (NEW) Lessons Learned session for Phase One delivery to be arranged to include all relevant stakeholders. Findings will inform plans for delivery of Phase Two and later Phases. Planning for this session is in progress. Board have agreed and are proposing attendees and contributors	Director Communities Director Communities	50% Green 80% Green	31/03/2016 31/03/2016	
	1630	Failure to manage and make appropriate budgetary flexibility for Equal Pay Claims.	Significant financial/budget consequences of successful claims; Changing working practices in one service, such as moving to traded services may result in employees within other services feeling that they may be due compensation;	SMT SMT	Payment of compensation to reduce risk of successful claims as appropriate, engagement of specialist legal advice to defend claims. A number of local claims relating to 'female to male' parity have been settled, on budget; Settlements being negotiated on best terms; 13/14 claims completed - no further claims emerging; Consideration of 'living wage' issues, and potential for further claims; No further claims currently outstanding; No further claims on horizon relating to legislation; Claims under minimum wage may emerge;	3	3	3	n/a	Monitor and review 15/16	Director HR, Performance and Comms	0% Green	30/09/2015	
Page 68	3699	Failure to ensure the Council's commercial / trading arm is effective in its operations, and is a well governed organisation	Reputational damage if the BMBC is not seen as a good business to trade with; Lost time and wasted resource in setting up the organisation, completing tenders, submissions and other commercial activities; Lost income which may have been used to avoid service cuts in future years resulting in lost jobs and employment opportunities; Legal / compliance failures if commercial / trading arm is not well controlled and governed;	SMT SMT	Trading organisations to date: - HR Services; - ILAHS; - Financial Services / Audit Services BMBC Legal Services providing oversight and advice regarding company constitution; In terms of the availability of commercial and trading skills, it is acknowledged the Council is working from a low starting point; Consideration of new skills in terms of commerciality, trading and innovation within the Future Council structure;	n/a	n/a	n/a	4	Increase the availability of commercial skills and awareness withing BMBC Workforce Development of skills and organisational discipline within BMBC to vet Business Cases Development of internal control mechanisms to ensure that the correct roles are filled by appropriate employees, that good quality company governance is in place, that information is able to properly flow throughout the organisation and that commercial and financial reporting structures are in place Development of shareholder role (SMT and Member / Cabinet level) to ensure the appropriate oversight of the trading / commercial activities is in place Consideration of pump-priming opportunities to ensure the right resources and infrastructure is in place to sustain meaningful	Director HR, Performance and Director HR, Performance and Board of Directors Director HR, Performance and Comms Director Finance, Assets and IS		31/03/2016 31/03/2016 31/03/2016 31/03/2016	

Item 9

Joint Report of the Chief Executive,
Director of Finance, Assets and Information Services and
Director of Legal and Governance

AUDIT COMMITTEE 20th January 2016

ANNUAL GOVERNANCE STATEMENT 2015/16 ACTION PLAN UPDATE ARISING FROM 14/15 AGR

1. Purpose of the Report

1.1 This brief report supports the updated action plan relating to the issues identified following the Annual Governance Review (AGR) for 2014/15. The action plan is attached as an Appendix to this report, and was originally considered with the Annual Governance Statement (AGS) by the Audit Committee at their meeting dated 18th September 2015.

2. Recommendation

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

3. Action Plan Update

3.1 An action plan is used to track the progress of the actions necessary to deal with the issues raised through the AGS process. The action plan for 2014/15 was developed in May and June 2015 when the AGS was first drafted. It was subsequently reviewed by the Audit Committee as a draft document in July 2015, and again in September 2015, when the AGS was accepted by the Audit Committee, and passed to Full Council for approval.

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

4. List of Appendices

4.1 Appendix One: AGS Action Plan as at December 2015.

5. Background Papers

5.1 Previous Audit Committee reports covering the development of the AGR process for 2014/15 and the approval of the 2014/15 AGS.

Contact Officer: Risk and Governance Manager
Telephone: 01226 77 3119
Date: 7th January 2016

BARNSELEY METROPOLITAN BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2015/16

Ref	Annual Governance Statement Action	Responsible Director	Timescales	Current Position – Action Taken / Planned
1	To further develop and embed a practical framework to assist in the effective governance and control of the Council's partnerships, contracts and general relationships with external organisations. This has increased significance in the context of the Future Council programme.	Executive Director, Legal and Governance	31 st March 2016	<p><u>June 2015</u> A Working Group has been convened and is due to meet in August 2015, with representatives from all Directorates who will identify a suitable organisational approach. The nature and scope of the Partnership Governance Framework has been significantly influenced by the transition towards the Future Council, and this has also had a bearing on overall timescales and progress. Now individual Business Unit characteristics are clearer, the identification of their significant partnerships and relationships will also be clearer. A single framework approach will be in place by December 15.</p> <p><u>November 2015</u> Partnership Governance Working Group convened August 2015. Proportionate approach to Partnership Governance developed and 'Statement of Good Practice' to be presented to SMT on 15th December 2015.</p> <p>As part of a recent review of Partnership Governance arrangements undertaken by Internal Audit, it is likely a recommendation will be made to develop a practical checklist to assist Partnership lead officers.</p>
2	To continue to develop a corporate Information Governance framework and associated policies / procedures and guidance for implementation across the Council.	Executive Director, Finance, Assets and Information Services	31 st March 2016	<p><u>June 2015</u> SD (Information Services) has developed the IT Framework. This includes Information Governance elements particularly around information security although a fully dated policy on systems access is still outstanding. The policy will require alignment against relevant Customer Services policies.</p> <p><u>November 2015</u> The ICT Systems Access Policy has now been written, and approved by the Information Governance Board and SMT.</p>

Ref	Annual Governance Statement Action	Responsible Director	Timescales	Current Position – Action Taken / Planned
				However, there are a number of actions that are required to be completed. As some of these actions relate to Public Sector Network and Information Governance Toolkit compliance / requirements it is expected these will be completed by 31/03/2015.
3	Improving Performance and Development Review (P&DR) compliance across the Council in 2015/16.	Executive Director, Human Resources, Performance and Communications	31 st March 2016	<p><u>June 2015</u> The compliance with the P&DR process for 2015/16 will be monitored on a monthly basis by SMT. A target of 85% compliance across the Council has been agreed.</p> <p><u>November 2015</u> The corporate completion rate for P&DRs is: 11/06/2015 – 82.5% 16/07/2015 – 80.3% 01/10/2015 – 74.6%</p> <p>Whilst the target for 2015/16 remains at 85% compliance, monthly reports are no longer being sent to SMT, who now receive reports when they are produced as part of the quarterly Performance Management reporting cycle. Compliance rates are being monitored within the Organisation and Workforce Improvement Team, who are looking to improve the process and systems by working collaboratively with Services.</p>
4	Improving the use of financial management and monitoring application in 2015/16.	Executive Director, Finance, Assets and Information Services	31 st March 2016	<p><u>June 2015</u> New system went live April 2015. Initial training with all Service Managers completed April 2015. Follow up training on forecasting and reporting functionality commenced July 2015. Usage tracked through standard budgetary procedures.</p> <p><u>November 2015</u> The current usage statistics for the BPC system, as at the end of quarter two (30/09/2015) confirm that 78% of Budget Managers are engaging with the BPC system appropriately. Of the remaining 22%, it is important to note that the availability of Service Directors and Budget Holders during the reporting period will have influenced their ability to engage with the system.</p> <p>This is a significant improvement on the previous average, which was included as part of the AGR process for last year, which was</p>

Ref	Annual Governance Statement Action	Responsible Director	Timescales	Current Position – Action Taken / Planned
				<p>recorded as being at 16% compliance.</p> <p>A final 15/16 year end statistic will be provided when this becomes available.</p>
5	<p>Improve the Council's Business Continuity Planning (BCP) arrangements in accordance with the 2014/15 Themed Internal Audit findings.</p>	<p>Executive Director, Human Resources, Performance and Communications</p>	<p>31st December 2015</p>	<p><u>June 2015</u> Internal Audit report issued 17/06/2015. Agreed management actions being implemented.</p> <p><u>November 2015</u> SMT agreed to complete the outstanding corporate BCP and the majority of BCPs for Business Units/Services have been returned. The Corporate Health, Safety and Emergency Resilience Service have sent back comments where necessary and are now drafting a revised corporate plan. A review of how BCP can be included in the general business planning process is being undertaken. Templates have been revised based on feedback and the Internal Audit Report. A final deadline for the completion of Service BCPs has been set for 27th November 2015 and the corporate plan will be ready in early December 2015 for presentation to SMT.</p>
6	<p>Review the recording of officer delegated decisions to ensure this in line with legislation.</p>	<p>Executive Director, Legal and Governance</p>	<p>31st December 2015</p>	<p><u>June 2015</u> Review the process for recording officer delegated decisions to ensure it is appropriate and robust.</p> <p><u>November 2015</u> Draft guidance prepared by the Service Director (Council Governance) and passed to the Director, Legal and Governance for consideration.</p> <p>Following receipt of feedback, it is envisaged this guidance will be considered by SMT, and finally, circulated to BLT.</p>

AUDIT COMMITTEE – 20th January 2016

RISK MANAGEMENT UPDATE REPORT 2015 / 16

Executive Summary:

Key Issues:

- I. The Risk Management Framework was reviewed in April 2015, and was subsequently endorsed by the Cabinet Spokesperson for Corporate Services and the Chief Executive in June 2015 (section 3);
- II. The Council's Strategic Risk Register has been updated in October 2015, and is to be reported to the Audit Committee at their meeting 20th January 2016 (section 5.1);
- III. The Council's Operational Risk Registers are now aligned to the Future Council operating model (section 5.3)
- IV. The Risk and Governance Manager has supported the development of risk management arrangements for the South Yorkshire Fire Authority as well as the Sheffield City Region / Combined Authority (section 9);
- V. The Annual Governance Review (AGR) process was significantly reviewed during the early part of 2015 / 16, which resulted in a streamlined AGR process, and the production of an evidence based Annual Governance Statement, which was approved by full Council in September 2015 (section 11.3);
- VI. The Outcomes of the recent ALARM / CIPFA Benchmarking exercise suggests the outputs and overall maturity of the Council's Risk Management arrangements are broadly in line with similar Councils and Peers (section 11.7 and Appendix Three);
- VII. The Risk Management Workplan for 2015 / 16 is being regularly monitored and reviewed to ensure the delivery of the identified actions within this document (section 12.1 and Appendix One).

AUDIT COMMITTEE – 20th January 2015

RISK MANAGEMENT UPDATE REPORT 2015 / 16

1. Purpose of Report

- 1.1 The purpose of this report is to outline the progress made to date in 2015 / 16 towards the achievement of the goals set out in the Council's Risk Management Policy, and to signpost further work to be undertaken in the year.
- 1.2 This report seeks to provide suitable assurances that the Risk Management Framework remains fit for purpose.

2. Recommendations

2.1 It is recommended that the Audit Committee:

- i. Considers the Risk Management Update Report, and the robustness of assurances provided;**
- ii. Considers whether any aspect of this report requires a more detailed report or briefing at a subsequent meeting; and,**
- iii. Continues to receive periodic reports during the year to monitor the progress in achieving the actions identified for 2015 / 16.**

3. Risk Management Framework

- 3.1 The Risk Management Framework was comprehensively reviewed and updated, and presented to the Audit Committee at their meeting dated 22nd April 2015. A brief précis of the significant elements of that review are detailed in the sections below:

3.2 Risk Management Policy

- 3.3 The requirement to embed risk management arrangements into Business Units as part of the Future Council Programme was maintained following the review of the Risk Management Policy in April 2014.

- 3.4 The Risk Management Policy was subsequently endorsed by the Chief Executive and the Cabinet Spokesperson for Corporate Services in June 2015.

3.5 Risk Management Strategy

- 3.6 The Risk Management Strategy was revised in 2015 to include the consideration of opportunity Risk Management. The 'Roles and Responsibilities' section of the Strategy was also revised to reflect significant changes to the structure of the Risk Management Section. The Strategic Plan which signposts future risk management activity within the Council has also been updated to provide assurances regarding the progress against these actions.

4. Roles and Responsibilities

4.1 Risk Champions

4.2 The Risk Champions Group last formally met in March 2015. The hiatus in meetings has been a direct result of the move to the Future Council structure, along with developments relating to the Corporate Assurance Group (CAG), detailed in section 11.5 of this report.

4.3 Risk and Governance Section

4.4 The Risk and Governance Section now comprises of one officer, and now holds responsibility for leading on the development and review of Risk Management arrangements within the Council, along with responsibility for the Annual Governance Review, and production of the Council's statutory Annual Governance Statement.

5. Risk Management Process

5.1 Strategic Risk Register (SRR)

5.1.1 A robust and dynamic SRR sets the tone and culture for Risk Management across, and throughout the Council. The engagement of the Senior Management Team (SMT) in the Risk Management process, through the ownership and review of the SRR demonstrates a strong commitment to lead and champion Risk Management 'from the top' and to further reinforce the continuing development of a Risk Management culture.

5.1.2 A full review of the SRR was last undertaken in October 2015, and is to be reported to the Audit Committee at their meeting dated 20th January 2016 and subsequently to Cabinet at their meeting dated 10th February 2016.

5.1.3 The main outcomes of this review were as follows:

SRR Risks that have got worse since the last review:

- 3034 – Failure to deliver the Medium Term Financial Strategy ('Failure of the Future Council to deliver the required level of savings') – this is due to the uncertainties that surround the forthcoming Comprehensive Spending Review and Autumn Statement by the Chancellor of the Exchequer in November. The subsequent Local Authority settlement will identify a clearer financial position for the Council.

SRR Risks logged as being 'Red':

- Risk 3026 – Failure to achieve a reduction in health inequalities within the Borough;
- Risk 3030 – Failure to be prepared for an emergency response or business continuity threat; and,
- Risk 3022 – Inability to direct corporate strategy (The Director, Legal and Governance has requested SMT consider the risk concern rating allocated to this risk, in light of particular activities within Ward Alliances which have required the direct intervention by the Director. The risk was allocated a 'Concern Rating' of 3, and SMT has been asked to re-consider the grading of this risk. For the purposes of reporting within section 6 of this report, this risk has been retained with its original 'Concern Rating' of 3).

5.2 Key SRR Risks

5.2.1 The table below sets out the distribution of SRR risks across the six 'Concern Rating' classifications, as at October 2015, along with a further table, detailing the overall direction of travel for SRR risks during the last six reviews:

Concern Rating	Number of Risks (as at Oct 2015)	Percentage (as at Oct 2015)	Number of Risks (as at Feb 2015)	Percentage (as at Feb 2015)
1	0	0%	0	0%
2	2	12%	2	13%
3	6	35%	6	40%
4	8	47%	5	34%
5	1	6%	2	13%
6	0	0%	0	0%
Total	17	100%	15	100%
Average Risk Category Score	3.47		3.5	

(Note: SRR Risks are reported on the 'Concern Rating' applied to each risk, rather than the traditional risk assessment)

5.2.2 The above table demonstrates a very slight worsening of the SRR risk profile which is directly attributable to:

- The identification of a new risk regarding the Council's trading and commercial arm (risk 3699 'Failure to ensure the Council's commercial / trading arm is effective in its operations and is a well governed organisation');
- The inclusion within the SRR risk profile of the risk regarding the Customer Services Organisation Programme (risk 3514 'Failure to be able to deliver the ambitions and outcomes associated with the CSO programme'); and,
- A worsening of the risk associated with the delivery of the Council's Medium term Financial Strategy (risk 3034 'Failure to deliver the Medium Term Financial Strategy ('Failure of the Future Council to deliver the required level of savings'))).

	Period					
	Mar 2013	Oct 2013	Feb 2014	Sept 2014	Feb 2015	Oct 2015
Average Risk Concern Rating	3.70 →	3.47 ↓	3.47 →	3.35 ↓	3.5 ↑	3.47 ↓

5.2.3 The above table provides a trend analysis of the average 'Concern Rating' for all SRR risks since the 'zero-based' review in March 2013. The overall direction of travel suggests a slight worsening of strategic risks over the period.

5.3 Operational Risk Registers (ORRs)

5.3.1 These risk registers relate to the key risks to the provision of Council services. During the latter part of 2014 / 15, and the early part of 2015 / 2016, a significant amount of effort has been applied to aligning these risk registers to the new Future Council Structure. Alongside the realignment of risks, Business Units have been requested to update these risk registers on a bi-annual basis, to ensure that risks remain relevant, and that appropriate progress is being made towards the effective mitigation of them. The risks logged within ORRs are aligned to corporate priorities and Service Delivery Planning and Business Unit plans.

5.3.2 Following the completion of each review, there is a requirement to ensure 'red' risks are reported to Directorate Management Teams in accordance with the Risk Acceptance Model.

5.4 Project and Partnership Risk Registers

5.4.1 The Council continues to use the project and programme management system, P2.net, to record and manage a significant number of project and programme related risks.

5.4.2 Direct liaison with a number of significant projects and programmes by the Risk and Governance Manager continues, and includes:

- Cooper Gallery redevelopment;
- Better Barnsley Programme;
- Superfast South Yorkshire Broadband programme;
- Strategic Business Parks; and,
- Property Investment Fund.

5.4.3 Assurance continues to be sought from the Council's key partners regarding their own Risk Management arrangements. The details of identified partners are included within the Risk Management workplan, attached as Appendix One to this report.

6. Risk Profile and Statistics

6.1 The Risk Management database, Morgan Kai Insight (MKI) allocates a category score to each risk, based on a combination of likelihood and impact. Category One (red) is the most severe risk category score, and Category Six (green) being the least.

6.2 SRR and ORR Statistics

6.2.1 A breakdown of SRR and ORR risks by Category, as at the 5th November 2015 is detailed below:

SRR and ORR Statistics								
Risk Category	Nov 2015		May 2015		Nov 2014		May 2014	
	No.	%	No.	%	No.	%	No.	%
1	21	7	28	9	50	14	67	18
2	47	16	49	16	46	13	71	19
3	69	23	55	18	59	17	55	13
4	86	29	77	25	85	24	81	22
5	73	24	93	31	108	25	99	26
6	2	1	2	1	2	1	3	1
Total	298	100	304	100	350	100	373	100
Ave. Risk Category	3.5		3.54		3.46		3.25	

(Note: SRR Risks are reported on the 'Concern Rating' applied to each risk, rather than the traditional risk assessment)

6.2.2 The latest statistics demonstrate a continuation of the trend evident from previous years, which shows a continuing reduction in the overall number of active risks logged in MKI, which is mainly attributable to the impact of significant restructuring activity, following the transition to the Future Council operating model.

6.2.3 The proportional split between category scores continues to evolve. A slight decrease in the percentage split of category one risks (9% as at May 2015 compared to 7% as at November 2015) has resulted in slight increases of risks logged as being category three and four (18% and 25% as at May 2015, compared with 23% and 29% as at November 2015). Similarly, a slight decrease in category five risks (31% as at May 2015 compared to 24% as at November 2015) has also contributed to the increase in amber risks.

6.2.4 The average risk category score metric (included at the bottom of the table), details the average risk score for all SRR and ORR risks logged in MKI within the defined period. The principle behind reporting this metric is to identify, and where possible influence any trend in terms of the overall risk category score being more 'acceptable'. The closer this metric aligns to category six (being the most 'acceptable' risk category score), the more assured the Council can be in ensuring risks are being managed to acceptable levels.

6.2.5 Within the period (from May 2014 to November 2015) the average risk category score has moved from 3.25 to 3.5, i.e. lowering the risk profile of the risks included within the SRR and ORRs.

6.3 Project and Partnership Statistics

6.3.1 A breakdown of Project and Partnership risks by Category, as at the 5th November 2015 is detailed below:

Project and Partnership Statistics								
Risk Category	Nov 2015		May 2015		Nov 2014		May 2014	
	No.	%	No.	%	No.	%	No.	%
1	8	3	11	5	12	9	6	5
2	34	15	32	16	18	13	22	18
3	52	22	49	24	32	24	23	19
4	65	28	53	26	31	23	36	29
5	72	31	57	28	38	29	35	28
6	2	1	1	1	2	2	1	1
Total	233	100	203	100	133	100	123	100
Ave. Risk Category	3.71		3.57		3.53		3.61	

6.3.2 The overall number of project and partnership risks has again seen a slight increase compared to May 2015, which is mainly attributable to several new project and partnership risks being logged in MKI, as per section 5.4.2 of this report.

6.3.3 The profile between May 2015 and November 2015 shows slight decreases in the percentage split of red risks, and corresponding increases in the percentage split of amber and green risks.

6.2.4 Within the period (from May 2014 to November 2015) the average risk category score has moved from 3.57 to 3.71, i.e. lowering the risk profile of the risks included within the Project and Partnership risk registers.

7. Risk Acceptance

7.1 The Council's Risk Acceptance model was revised as part of the overall refresh of the Council's Risk Management Framework, and was considered by the Audit Committee at their meeting dated 22nd April 2015.

8. Risk Recording

8.1 The Council's Risk Management database, MKI was successfully updated to version 9.1 in March 2015. The roll out of this new version of the system has been complemented by the production of a revised user guide produced by the Risk and Governance Manager.

9. Guidance, Training and Facilitation

9.1 A Risk Management Learning and Development awareness session was delivered to Members of the South Yorkshire Fire Authority in November 2015, with positive feedback having been received from that event.

9.2 A detailed Risk Management Workshop has also been delivered to members of the Sheffield City Region (SCR) Executive Team to assist in the strengthening of their own internal control and governance arrangements.

9.3 Other Risk Management training and support has been provided in respect of:

- Millhouse Primary – developing risk management arrangements;
- The Dearne ALC – supporting the review of risk management arrangements and risk register; and,
- Athersley South - developing risk management arrangements including training to School Governing Body.

9.4 A review of the E-Learning offer available to Elected Members via the Barnsley Online Learning Development platform (BOLD) has been undertaken in 2015, and the revised offer to members is being prepared by colleagues within the Organisation and Workforce Development business unit.

9.5 The Risk and Governance Manager has also been involved in a series of risk based surveys at Cannon Hall and Elsecar Heritage Centre, with surveys to the remaining cultural sites programmed for the latter part of 2015.

9.6 The Risk and Governance Manger was elected as a Fellow of the Institute of Risk Management in July 2015.

10. Assurance and Performance Management

10.1 Integration with other Processes

10.2 The Risk and Governance Manager meets with members of the Internal Audit function on a regular basis to provide information that may influence and affect the Internal Audit plan for the year. During these meetings, consideration is given to key issues arising from operational risk register reviews, strategic risk register updates and the developing Corporate Assurance Framework.

10.3 Annual Governance Review and Annual Governance Statement

10.4 During 2014 / 15, the Risk and Governance Manager has led on the development of the revised Annual Governance Review (AGR) process, and the subsequent production of the Council's statutory Annual Governance Statement (AGS). The revised AGR process was reported to the Audit Committee at their meeting dated 25th March 2015, and the AGS itself at their meetings dated 22nd July 2015 (draft AGS) and 18th September 2015 (final AGS).

10.5 It is envisaged that the AGR process will be further strengthened in 2015 / 16 with the re-convening of the Corporate Assurance Group (CAG) with revised terms of reference to include assisting in the development, implementation and maintenance of the Council's corporate governance and control framework.

10.6 Performance Management

10.7 Details of performance as at quarter three is attached as Appendix Two to this report.

10.8 Benchmarking

10.9 The Council subscribed to the CIPFA / ALARM Local Authority Risks Management benchmarking club for 2015 / 16.

10.10 An initial analysis of the benchmarking results has been undertaken, and these now contribute towards the measurement of performance for Risk Management activities. An Executive Summary of the benchmarking outcomes is attached as Appendix Three to this report.

11. Culture

11.1 The prime objective of the Council's Risk Management framework is to facilitate the management of risks (and benefits or opportunities arising) in accordance with best practice, through a culture where responsible, informed and controlled risk taking is encouraged. In order to achieve this objective, activities designed to meet this ambition are included in the Risk Management Workplan (attached as Appendix One to this report).

12. Risk Management Considerations

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

13. Financial Implications

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

14. Employee Implications

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

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

15. Appendices

Appendix One: Risk Management Workplan 15 / 16
Appendix Two: Risk Management Performance Indicators (as at Q3)
Appendix Three: Risk Management Benchmarking Executive Summary 15 / 16

16. Background Information

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

Contact Officer: Risk and Governance Manager
Telephone: 01226 77 3119
Date: 7th January 2016

Objective	Action	Date for Completion	Status	Comment / Update
Develop, implement and improve the Risk Management Framework	Review of Strategy	22/04/2015	Completed	Considered and approved at AC 22/04/2015;
	Review of Policy Objective Statement			Considered and approved at AC 22/04/2015;
	Review of Risk Acceptance Model			Considered and approved at AC 22/04/2015;
	Review of Risk Champion Role			Not updated – no need at this stage;
	Review of Risk Challenge process			Not updated – no need at this stage;
	Review of Project Risk Protocol			Not updated – no need at this stage;
	Review of Cabinet Report Writing guidance			Updated and passed to SD Governance 25/08/2015;
	Review of Risk Training Strategy			Not updated – no need at this stage;
Provision of Assurance in relation to corporate Governance and Internal Control responsibilities	Risk Management Framework Report to AC	22/04/2015	Completed	AC considered and approved report 22/04/2015;
	Risk Management Framework Report to Cabinet	20/05/2015	Completed	Considered and approved at Cabinet 20/05/2015;
	Risk Management Annual Report to AC	10/06/2015	Completed	Considered and approved at AC 10/06/2015;
	AGS (Draft) to SMT	31/05/2015	Completed	Approved;
	AGS (Draft) to AC	30/06/2015	Completed	Approved;
	AGS Update to BLT	31/08/2015	Completed	Presentation delivered 20/10/2015;
	AGS Update to AC	31/12/2015		
	SRR Review (Oct 15) Report to SMT	24/11/2015		
	SRR Review (Oct 15) Report to AC	09/12/2015		
	SRR Review (Oct 15) Report to Cabinet	13/01/2016		
	Risk Management Update Report to AC	09/12/2015		Due at AC meeting 09/12/2015 – due to Council Governance 27/11/2015;
	SRR Review (Feb 16) Report to SMT	28/02/2016		
	SRR Review (Feb 16) Report to AC	31/03/2016		
SRR Review (Feb 16) Report to Cabinet	31/04/2016			
Integration of Risk Management into Corporate business processes	ORR Q1	01/04/2015		ORR Q1 opened 10/04/2015;
	QA ORR Q1	31/07/2015		Complete;
	ORR Q2	01/06/2015		ORR Q2 opened 02/07/2015;
	QA ORR Q2	31/10/2015		Complete;
	ORR Q3	01/09/2015		SRR Q3 opened 15/10/2015;
	QA ORR Q3	31/01/2016		
	ORR Q4	01/01/2016		
	QA ORR Q4	31/04/2016		

Objective	Action	Date for Completion	Status	Comment / Update
	Risk Register Challenges	31/03/2016		No challenges booked; Detailed review of BU 17 completed;
	SRR Review (Oct 15)	01/10/2015		Complete;
	SRR Review (Feb 16)	01/02/2016		
	Provision of Risk information to feed Audit Planning	31/12/2015		
	Analysis of Internal Audit Reports	31/03/2016		<p><u>2014/15 Internal Audit Reports:</u></p> <ul style="list-style-type: none"> ▪ IT Security Controls (including SAP and Civica Icon) – 14/04/2015; ▪ Cash Receipting and Banking Core System – 07/05/2015; ▪ Pay and Employee Admin – 15/05/2015; ▪ SYMAS – 20/05/2015; ▪ TPT – 26/05/2015; ▪ Purchase to Pay Core System – 04/06/2015; ▪ Income Core System – 03/06/2015; ▪ Business Continuity Planning (Themed) – 17/06/2015; <p><u>2015/16 Internal Audit Reports:</u></p> <ul style="list-style-type: none"> ▪ Communities – CSO Programme – 23/07/2015; ▪ Finance – Deferred Payment Scheme – 23/07/2015; ▪ Place – Assets – 31/07/2015; ▪ Legal and Governance – Delegated Decisions – 12/08/2015; ▪ Place – Cannon Hall Unannounced Cash Count – 17/08/2015; ▪ Legal and Governance – Contract Procedure Rules – 17/08/2015; ▪ Spring Lane Children’s Home – 24/08/2015; ▪ Schools Forum – High Needs Block – 10/09/2015; ▪ Benefits and Taxation – E-Forms – 17/09/2015; ▪ Unannounced Cash Audit – Cannon Hall and Cooper Gallery – 12/10/2015; ▪ DOLS – 21/10/2015;

Objective	Action	Date for Completion	Status	Comment / Update
				<ul style="list-style-type: none"> ▪ Area Council Governance – 14/10/2015; ▪ Procurement Cards – 20/10/2015;
Support and encourage Risk Management activity throughout the Council, and its partners	Support to Project and Programme Managers	31/03/2016		
	Review of Berneslai Homes Risk Management arrangements	31/12/2015		Email to BH requesting register and strategy 11/11/2015;
	Review of Barnsley Premier Leisure Risk Management arrangements	31/12/2015		Email to BPL requesting register and strategy 11/11/2015;
	Review of Norfolk Property Services (Barnsley) Risk Management arrangements	31/12/2015		Email to NPS requesting register and strategy 11/11/2015;
	Review of Barnsley Norse Risk Management arrangements	31/12/2015		Email to Norse requesting register and strategy 11/11/2015;
	Review of other partners Risk Management arrangements	31/12/2015		Partnership Governance Protocol drafted – due to be presented to SMT 15/12/2015 with ED Legal and Governance;
	Risk Champion meeting June 2015	30/06/2015		Corporate Assurance Group to supersede Risk Champions;
	Risk Champion meeting September 2015	30/09/2015		
	Risk Champion meeting December 2015	31/12/2015		
	Risk Champion meeting March 2016	31/03/2016		
Support to external Clients (Fire, Pensions etc.)	31/03/2016			Fire Audit Committee Training delivered 03/11/2015; CA Risk Workshop delivered 19/10/2015; CA follow up workshop 16/11/2015;
Development and delivery of training schemes to improve core competencies in Risk Management	Development of 'Think Risk 5' – Officers	31/12/2015		Part presentation prepared for IR to consider August 2015;
	Delivery of 'Think Risk 5' – Officers	31/03/2016		
	Development of 'Think Risk 5' – Elected Members	31/12/2015		
	Delivery of 'Think Risk 5' – Elected Members	31/03/2016		
	Development of E-Learning packages	31/03/2016		No E-Learning Packages planned; Review of E-Learning packages undertaken with Workforce Development Officers;
	Review of intranet site – June 2015	30/06/2015	Completed	
	Review of intranet site – September 2015	30/09/2015	Completed	
Review of intranet site – December 2015	31/12/2015			

Objective	Action	Date for Completion	Status	Comment / Update
	Review of intranet site – March 2016	31/03/2016		
Provision of an effective platform for the consistent recording and management of Risk	Implementation of new versions of MKI as they become available	31/03/2016		
	Provision of user-guides and support to MKI users	31/03/2016		
	Provision of assurance regarding risk information contained in other systems	31/03/2016		
	Alignment of other systems that have the ability to record risk to MKI process	31/03/2016		Meeting with Programme Office re P2 25/08/2015; Email to PO 25/08/2015; Chased 23/10/2015; Chased 11/11/2015;
Delivery of a revised and proportionate Corporate Governance Framework for the Council	Development of Part One – IA recommendations	30/03/2015	Completed	Information received from IA and checked in MKI – OK;
	Development of Part Two – themed IA recommendations	30/03/2015	Completed	Information received from IA and checked in MKI – OK;
	Development of Part Three – ‘other areas of assurance’	30/03/2015	Completed	Majority of information received from ICGF Leads – draft of BU13 AGR correspondence passed to HoFS 21/04/2015;
	Development of individual AGR Action Plans	30/03/2015	Completed	Draft Action Plan for AGS;
	Update report to AC	25/03/2015	Completed	Presented to AC 25/03/2015;
	AGR emails out to SD’s / ED’s	01/05/2015	Completed	
	Development of AGS (Draft) and submission to AC	01/07/2015	Completed	Approved by Full Council 24/09/2015;
	Development of AGS (Final) and inclusion in Final Accounts	01/09/2015	Completed	
	Development of Corporate Assurance Framework and Map	31/03/2016		Map drafted; Corporate Assurance Group ToR’s drafted and circulated to BLT 21/10/2015;
Effective sectional management to ensure a well governed and quality service	Regular review of the RMS Workplan and escalation to Head of Financial Services	31/03/2015		Draft of 15/16 Workplan passed to Head of Financial Services 13/04/2015;
	Delivery of Internal Audit recommendations following Internal Audit of Risk Management 14/15	31/12/2015		Draft report received and recommendations drafted;
	Delivery of Benchmarking recommendations following participation in ALARM / CIPFA	31/12/2015		Benchmarking completed - HoFS to approve before sending;

Objective	Action	Date for Completion	Status	Comment / Update
	Benchmarking Club 15 / 16			Sent 17/09/2015; Comparators sent 13/11/2015; Draft Exec Summary passed to HoFS;
	Annual PDR Process, and bi-annual review	30/09/2015		PDR completed 27/04/2015; Update meeting due Nov / Dec 2015;
	Review of filing / Shortwood	31/12/2015		
	Review of RMD E&D Action Plan	31/12/2015		

Appendix Two: Risk Management Performance Indicators (as at Q3)

Indicator	Quarter One: 01/04/2015 – 30/06/2015	Quarter Two: 01/07/2015 – 30/09/2015	Quarter Three: 01/10/2015 – 31/12/2015	Quarter Four: 01/01/2016 – 31/03/2016
Process:				
% of Business Units completing Operational Risk Register Reviews on time	36% (4/11) Completed within timescale 46% (5/11) Completed outside of timescale 18% (2/11) Incomplete	22% (2/9) Completed within Timescale 56% (5/9) Completed outside of Timescale 11% (1/9) Incomplete 11% (1/9) Deferred	-	-
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to Leadership and Management	2014 / 15: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 81) ↑ 2015 / 16: Assessed Level – ‘5 – Driving’ (Actual Score 85)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to Policy and Strategy	2014 / 15: Assessed Level – ‘5 – Driving’ (Actual Score 88) → 2015 / 16: Assessed Level – ‘5 – Driving’ (Actual Score 82)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to People	2014 / 15: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 75) → 2015 / 16: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 79)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to Partnerships and Resources	2014 / 15: Assessed Level – ‘3 – Working’ (Actual Score 63) → 2015 / 16: Assessed Level – ‘3 – Working’ (Actual Score 64)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to Processes	2014 / 15: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 71) → 2015 / 16: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 71)			
Changes to Risk Profile:				
Deviance from previous Average Risk Category Score (ALL REGISTERS)	3.55 <i>(no deviance)</i>	3.6 <i>(.05 improvement)</i>	-	-
Outcomes:				
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to Risk Handling	2014 / 15: Assessed Level – ‘3 – Working’ (Actual Score 64) → 2015 / 16: Assessed Level – ‘3 – Working’ (Actual Score 68)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to Outcomes and Delivery	2014 / 15: Assessed Level – ‘3 – Working’ (Actual Score 60) ↑ 2015 / 16: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 71)			

**Risk Management Benchmarking 2015 / 16
Summary Report November 2014**

1. Introduction

1.1 A risk management benchmarking exercise was carried out in August 2015 in liaison with the Association of Local Authority Risk Managers (ALARM) and CIPFA. The results of this exercise have been received and are detailed below.

2. Benchmarking Process

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

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

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

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

3. Benchmarking Results

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

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

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

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

Area		BMBC Results	Average Results	Deviance
Enablers	Leadership and Management	85%	83%	- 2%
	Policy and Strategy	91%	82%	+ 9%
	People	79%	77%	+ 2%
	Partnerships and Resources	64%	70%	- 6%
	Processes	79%	81%	- 2%
Results	Risk Handling and Assurance	68%	75%	- 7%
	Outcomes and Delivery	71%	68%	+ 3%

4. Benchmarking Outcomes

4.1 Any direct comparison between the current benchmarking results for 2015 / 16 with the results from previous years must be undertaken with a degree of caution, in so far as the question sets and scoring methodology for each year reflect an increasing awareness and maturity in terms of risk management arrangements. It is therefore impossible to provide an accurate analysis against previous years benchmarking results.

4.2 However, analysis of the benchmarking results for 2015 / 16 has enabled an action plan to be developed that is specific to the Council. This plan takes into account particular areas of weakness, and identifies proportionate opportunities to improve various elements of the Risk Management Framework. A copy of this action plan is attached as Appendix One to this report. Elements of this plan will be built into the existing Risk Management Workplan for 2015 / 16, which is monitored by, and regularly reported to the Council's Audit Committee.

4.3 Due to the subjective nature of the benchmarking exercise, the benchmarking outcomes should be used as a guide only, and therefore whilst an action plan has been developed, only those actions that will add a tangible value will be pursued.

5. Actions Required / Recommendations

5.1 It is recommended that the outcomes of the benchmarking exercise are approved, and the Risk and Governance Manager is authorised to amend the existing Risk Management Workplan to include appropriate benchmarking actions.

6. Appendices

Appendix One: Risk Management Benchmarking Action Plan 2015 / 16

7. Background Information

ALARM / CIPFA Benchmarking Action Plan
BMBC Benchmarking Return 2015 / 16

Officer Contact: Risk and Governance Manager
Telephone: 01226 77 3119
Date: 12/11/2015

Appendix One: Benchmarking Action Plan 2015 / 16

Ref.	Action	Comment	To Include in RM Workplan?
4	As part of the annual Internal Audit review of Corporate Risk Management, Internal Audit could consider: <ul style="list-style-type: none"> ▪ Effectiveness of Controls; and, ▪ Systems of Internal Control / Mitigations 	These issues are being considered as part of the developing Corporate Assurance Framework.	No – the development of the Council’s Corporate Assurance Framework is already included.
6	Outstanding area of ‘challenge’ relates to the reporting of ‘critical controls and control weaknesses’		
7	Outstanding area relates to the Risk and Governance Manager’s job profile regarding ‘ensuring adequate resources are allocated to Risk Management’	This responsibility lies with the Head of Financial Services (Acting).	No - this responsibility lies with the Head of Financial Services (Acting).
14	Outstanding area relates to the identification of Internal Control ‘owners’ Some weakness identified regarding the ownership and accuracy of Business Continuity Plans (BCPs) following the transition to Future Council	This issue is being considered as part of the developing Corporate Assurance Framework. The issue of BCP’s is included within the SRR (Risk 3030) and the AGS Action Plan for 2015 / 16.	No – the development of the Council’s Corporate Assurance Framework is already included. No – already included in SRR and AGS Action Plan.
20	Outstanding areas relate to the development of a Partnership Governance Framework	The development of a Partnership Governance Framework is included in the AGS Action Plan for 2015 / 16.	No – already included in AGS Action Plan.
21			
28	Outstanding area relates to the auditing of key Internal Controls	This issue is being considered as part of the developing Corporate Assurance Framework.	No – the development of the Council’s Corporate Assurance Framework is already included.
35	Outstanding area relates to the assurances provided by key Internal Controls		

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Annual Audit Letter 2014/15

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arnsley Metropolitan Borough Council

October 2015



Item 11

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Report sections

- Headlines

Appendices

2. Summary of reports issued
3. Audit fees

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies* summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.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 John Cornett, 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, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@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, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This report summarises the key findings from our 2014/15 audit of Barnsley Metropolitan Borough Council (the Authority).

Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Page 95
The audit covers the audit of the Authority's 2014/15 financial statements and the 2014/15 VFM conclusion.

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 29 September 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.</p>
VFM risk areas	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>Our work identified the following significant matters:</p> <ul style="list-style-type: none"> ■ The Authority currently estimates that by 2017 it will need to save a further £28 million, on top of the £59 million it has saved over the past four years. The Authority has already identified a number of areas where savings can be made, such as reducing printing, and making it easier for members of the public to complete things online. However, it is likely further savings are likely to have to be made in future years. We have assessed the controls the Authority has in place to ensure sound financial standing. The Medium Term Financial Plan has taken into consideration the potential funding reductions and is sufficiently robust to ensure that the Authority can continue to provide services effectively. The introduction of Future Council shows the Authority is looking at innovative ways of securing VFM. <p>We are satisfied that the Council has satisfactory arrangements in place to ensure its finances are managed and controlled to ensure sound financial standing and value for money.</p>
Audit opinion	<p>We issued an unqualified opinion on the Authority's financial statements on 29 September 2015. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.</p>
Financial statements audit	<p>The Authority has good processes in place for the production of the accounts and good quality supporting working papers.</p> <p>We identified one areas of audit focus when we developed the Audit Plan in February 2015. This related to Local Authority Maintained Schools. LAAP Bulletin 101 <i>Accounting for School Assets used by Local Authority Maintained Schools</i> issued in December 2014 required authorities to review the accounting arrangements for Voluntary-Aided (VA), Voluntary Controlled (VC) and Foundation Schools. They were required to apply tests of control to assets owned by third parties such as church bodies which are made available to school governing bodies under a variety of arrangements. This is a key area of judgement and there is a risk that Authorities could omit school assets from, or include school assets in, their balance sheet.</p>

All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Our fee for the 2014/15 external audit was £183,321, excluding VAT. This is the £1,900 more than the planned fee that was included in our Audit Plan; this relates to additional work we carried out in response to a whistleblowing allegation.

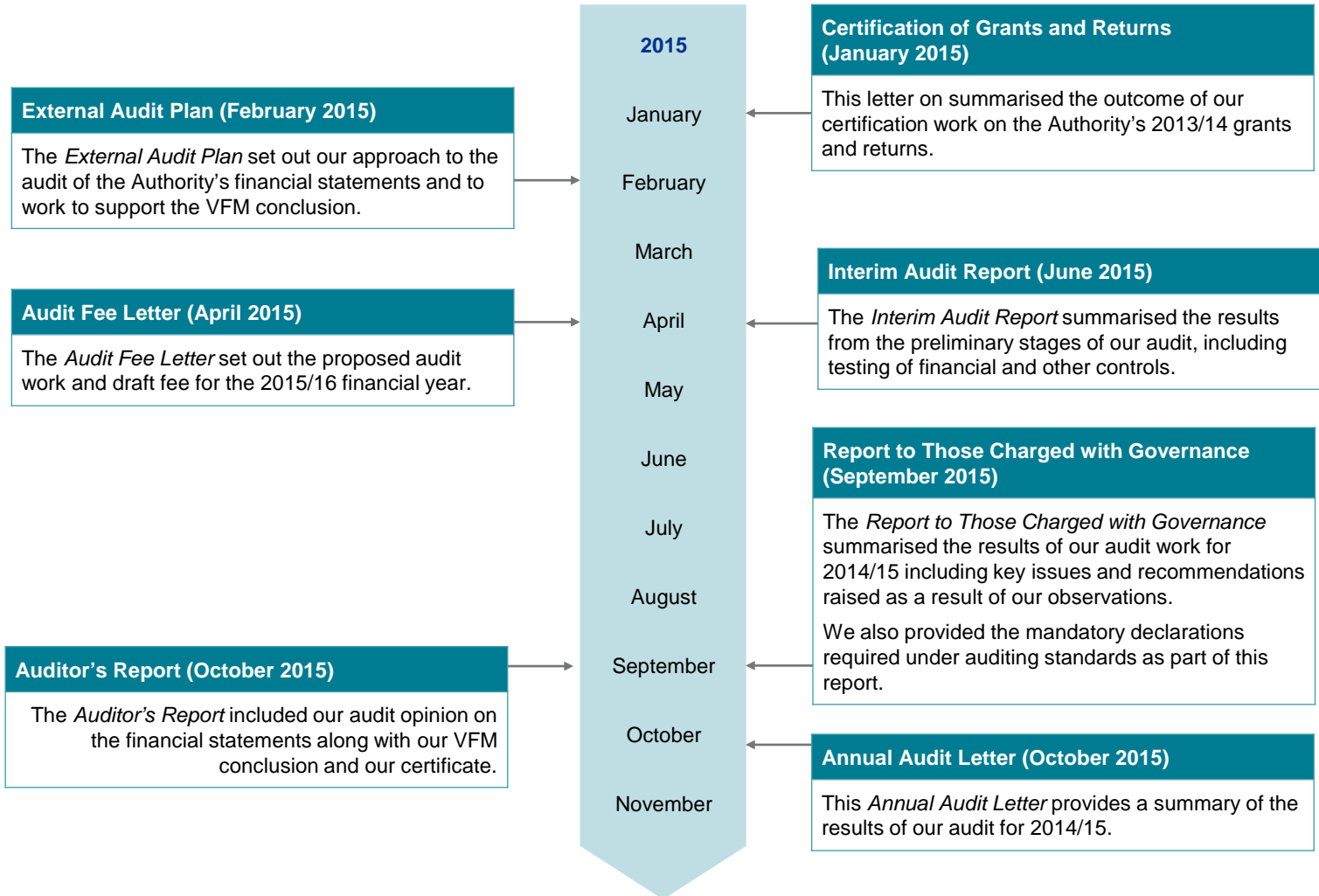
We also carried out some additional work for you in 2014/15, totalling £14,500 (excluding VAT). This relates to two pieces of grant certification work (one at £3,500 and one at £4,250, both excluding VAT) and consideration of tax issues relating to the Bull Contract, £6,750 excluding VAT).

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Financial statements audit (continued)	<p>We reviewed the Authority's approach to identifying relevant maintained schools and the assessment of the use of school assets by VA, VC and Foundation Schools. The Authority identified 13 schools which were either VA or VC schools. All of these were already being accounted for in line with LAAP Bulletin 101. No additional schools were identified which should have been on balance sheet.</p> <p>We were therefore satisfied that the approach taken was in line with LAAP Bulletin 101.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding of your governance arrangements.</p>
Whole of Government Accounts	<p>We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.</p>
Recommendations	<p>No recommendations were raised as a result of our 2014/15 audit work.</p>
Certificate	<p>We issued our certificate on 29 September 2015. The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i>.</p>
Audit fee	<p>Our fee for the 2014/15 external audit was £183,321, excluding VAT. This is the £1,900 more than the planned fee that was included in our Audit Plan; this relates to additional work we carried out in response to a whistleblowing allegation.</p> <p>We also carried out some additional work for you in 2014/15, totalling £14,500 (excluding VAT). This relates to two pieces of grant certification work (one at £3,500 and one at £4,250, both excluding VAT) and consideration of tax issues relating to the Bull Contract, £6,750 excluding VAT).</p> <p>Further detail is contained in Appendix 2.</p>

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.



This appendix provides information on our final fees for the 2014/15 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our final fee for the 2014/15 audit of the Authority was £183,231 (excluding VAT). This compares to a planned fee of £181,331 (excluding VAT). The variance of £1,900 relates to some additional work that was required in response to a whistleblowing allegation.

Certification of grants and returns

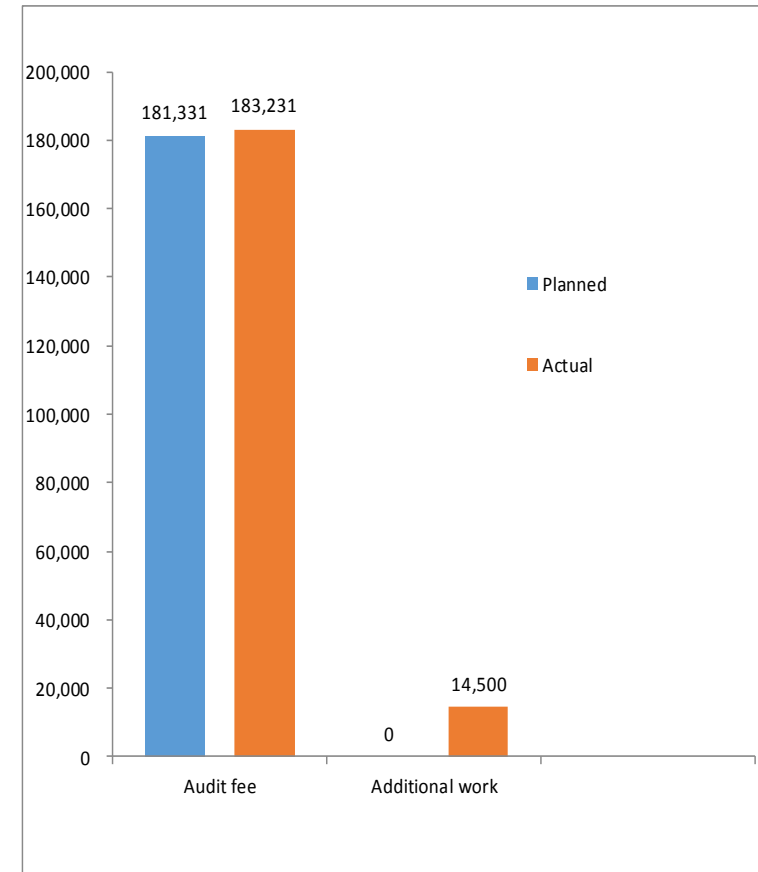
Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2016.

Other services

We charged £14,500 (excluding VAT) for additional audit and non-audit related services, this was made up of the following items:

- additional work relating to the consideration of tax issues relating to the Bull contract (£6,750 excluding VAT); and
- certification of the two grant claims and returns that sit outside of Public Sector Audit Appointment's certification regime (£3,500 and £4,250 respectively, excluding VAT).

External audit fees 2014/15 (£'000)





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External audit progress report and technical update

Item 12

**Barnsley Metropolitan
Borough Council**

January 2016

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 info

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External audit progress report					3
KPMG RESOURCES					
Local Government Technical Update– February 2016					5
TECHNICAL UPDATE					
New local audit framework	●	7	NAO report – Devolving responsibilities to cities in England: Wave 1 City Deals	●	11
The Local Government Association’s 2015 Spending Review submission	●	8	Care Act first-phase reforms – local experience of implementation	●	12
Accounts and Audit Regulations 2015 – Narrative statements	●	9	Proposed changes to business rates and core grant	●	12
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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 deliverables is provided in Appendix 1 of this report.

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Area of responsibility	Commentary
Planning	<i>Our planning for 2015/16 has commenced. We will discuss our Audit Plan with officers in January/February.</i>
Financial statements	<i>We will update this section as we progress the 2015/16 Interim Audit, planned for February/March 2016.</i>
Value for Money	<i>We will update this section as we progress the 2015/16 Interim Audit, planned for February/March 2016.</i>
Certification of claims and returns	<p><i>We have completed or work on the Council's 2014/15 Housing Benefit and Subsidy Claim. This is the only grant claim to remain under the PSAA regime.</i></p> <p><i>We have also completed the audit of the following grant claims and returns which fall outside of the PSAA regime:</i></p> <ul style="list-style-type: none"> <i>• Teacher's Pensions Agency Return; and</i> <i>• Pooling Housing Capital Receipts.</i> <p><i>We will issue a report on the certification of grant claims and returns and will present this to the next Audit Committee meeting.</i></p> <p><i>Our work on the Council's 2015/16 Housing Benefit and Subsidy Claim will commence in the Summer of 2015 and will be completed before the deadline of 30th November 2016.</i></p>
Other work	<i>No additional work has been requested that we have not already brought to the Audit Committee's attention.</i>



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KPMG resources

Area	Comments
<p data-bbox="64 315 250 472">Local Government Technical Update – February 2016</p> <p data-bbox="58 522 105 701">Page 106</p>	<p data-bbox="292 315 1993 408">We are pleased to confirm that we will once again be running a series of local government accounts workshops for key members of your finance team. The workshops are focussed at Chief Accountants and similar staff who will be involved in and responsible for the 2015/16 close down and statement of accounts.</p> <p data-bbox="292 425 2003 458">The workshops will be led by our regional local government audit teams supported by our national local government technical lead Greg McIntosh.</p> <p data-bbox="292 475 582 508">The agenda will include:</p> <ul data-bbox="292 525 835 694" style="list-style-type: none"> <li data-bbox="292 525 555 558">■ Review of 2014/15; <li data-bbox="292 575 835 608">■ Key Issues and developments for 2015/16; <li data-bbox="292 625 706 658">■ Longer term developments; and <li data-bbox="292 675 679 708">■ Tax and Pensions specialists. <p data-bbox="292 725 810 758">The events are due to take place as follows:</p> <ul data-bbox="292 775 851 1029" style="list-style-type: none"> <li data-bbox="292 775 623 808">■ Leeds – 4 February 2016 <li data-bbox="292 825 665 858">■ Leicester – 5 February 2016 <li data-bbox="292 875 644 908">■ Preston – 8 February 2016 <li data-bbox="292 925 706 958">■ Birmingham – 12 February 2016 <li data-bbox="292 975 851 1008">■ London (Canary Wharf) – 22 February 2016 <li data-bbox="292 1025 644 1058">■ Bristol – 24 February 2016 <p data-bbox="292 1046 1570 1079">For more information, please contact Linda Wild on 0113 2313512 / 07717 483538 or linda.wild@kpmg.co.uk</p>



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Technical update

Area	Level of impact	Comments	KPMG perspective
<p>New local audit framework</p> <p>Page 108</p>	<p>● Medium</p>	<p>The Local Audit and Accountability Act 2014 included transitional arrangements covering the audit contracts originally let by the Audit Commission in 2012 and 2014. These contracts covered the audit of accounts up to 2016/17, and gave the Department for Communities and Local Government (DCLG) the power to extend these contracts to 2019/20.</p> <p>DCLG have now announced that the audit contracts for large local government bodies (including district, unitary and county councils, police and fire bodies, transport bodies, combined authorities and national parks) will be extended to include the audit of the 2017/18 financial statements. From 2018/19, local government bodies will need to appoint their own auditors; it is not yet clear whether there will be a sector-led body that is able to undertake this role on behalf of bodies.</p> <p>NHS and smaller local government bodies (town and parish councils, and internal drainage boards), will not have their contracts extended, and will have to appoint their own auditors for 2017/18, one year earlier than for larger local government bodies.</p>	<p><i>We understand guidance is being prepared by CIPFA on the request of the NAO.</i></p> <p><i>We will also be preparing a briefing note for clients.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>The Local Government Association's 2015 Spending Review submission</p>	<p>● Medium</p>	<p>In June 2015, the Local Government Association (LGA) set out proposals for the Government to consider as part of the Spending Review, aimed at streamlining public services, growth generating investment and social care and health – all while saving the public purse almost £2 billion a year by the end of the Parliament.</p> <p>The submission focusses on five core issues originally highlighted in <i>A Shared Commitment</i> (www.local.gov.uk/documents/10180/6869714/L15-252+Spending+Review_WEB_new.pdf/3101e509-1e22-4c26-91ac-8fd8a953aba5), published in early 2015. The LGA hopes that local government can work with central government to balance the nation's books while improving public services and the local economic environment by delivering new, transformed and high-quality local services while at the same time reducing costs to the public sector.</p> <p>The LGA believes the Spending Review should:</p> <ul style="list-style-type: none"> ■ enable wider integration of social care and health services to deliver savings and improve outcomes This requires the annual £700 million funding gap in social care services to be closed and a transformation fund worth £2 billion in each year of the Spending Review period be created to allow new ways of working to become commonplace. The Spending Review should also implement a single place-based budget for delivering all local services through a Local Public Services Fund as part of at least five devolution deals; ■ promote growth and productivity by accepting the case for further devolution of powers and funding that stretches beyond 25 November. The LGA is calling for devolution of, or local influence over, more than £60 billion of growth, skills and infrastructure funding over the Spending Review period, including: <ul style="list-style-type: none"> – the components for an ambitious and effective Local Growth Fund with agreed settlements in devolution deals that last until 2020/21 – a central-local partnership to deliver effective and targeted skills and employment initiatives – unlocking the ability of councils to contribute to the Government's target of 275,000 affordable homes built over the lifetime of the Parliament. ■ help councils adequately resource and deliver high quality public services by transforming the business rate mechanism and providing a four year local government finance settlement; and ■ help councils focus on driving efficiency and value for money through an assessment of the impact of unfunded cost burdens that core council budgets are going to face over the Spending Review period. 	<p><i>The Committee may wish to seek assurances that the impact for their Authority is understood.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>Accounts and Audit Regulations 2015 – Narrative statements</p> <p>Page 110</p>	<p>● Low</p>	<p>Authorities will need to be aware that the <i>Accounts and Audit Regulations 2015</i> require local authorities to produce and publish a narrative statement. Section 8 of the Regulations, which apply first from the 2015/16 financial year, states:</p> <p><i>Narrative statements</i></p> <ol style="list-style-type: none"> 1) A Category 1 authority must prepare a narrative statement in accordance with paragraph (2) in respect of each financial year. 2) A narrative statement prepared under paragraph (1) must include comment by the authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year. <p>Authorities will need to publish the narrative statement along with the financial statements. The narrative statement does not form part of the financial statements and is therefore not subject to audit. As part of their audit work however, auditors will need to review the statement for consistency with their knowledge.</p> <p>The narrative statement replaces the explanatory foreword and will need to be prepared in accordance with CIPFA/LASAAC's <i>Code of Practice on Local Authority Accounting</i> (the accounting code). The 2016/17 accounting code will contain high level principles for authorities to follow when preparing their narrative statements. The principles set out in the accounting code will also be relevant to 2015/16 and we understand that CIPFA/LASAAC is likely to publish an update to the 2015/16 accounting code to clarify this.</p>	<p><i>The Committee may wish to seek assurances that their authorities have arrangements in place to meet the new requirements</i></p>
<p>Accounts and Audit Regulations 2015 – Exercise of public rights</p>	<p>● Low</p>	<p>Authorities will be aware that the Accounts and Audit Regulations 2015 (the Regulations) set out new arrangements for the exercise of public rights from 2015/16 onwards.</p> <p>Paragraph 9(1) of the Regulations requires the responsible financial officer to commence the period for the exercise of public rights and to notify the local auditor of the date on which that period was commenced.</p> <p>Paragraph 9(2) is clear that the final approval of the statement of accounts by the authority prior to publication cannot take place <i>until after the conclusion of the period for the exercise of public rights</i>.</p> <p>As the thirty working day period for the exercise of public rights must include the first ten working days of July, this means that authorities will not be able to approve their audited accounts or publish before 15 July 2016.</p>	<p><i>The Committee may wish to seek assurances that the necessary arrangements are in place for their Authority.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>Consultation on 2016/17 audit work programme and scales of fees</p>	<p>● Low</p>	<p>Public Sector Audit Appointments Ltd (PSAA) has published its consultation on the 2016/17 proposed work programme and scales of fees.</p> <p>The consultation sets out the work that auditors will undertake at principal audited bodies for 2016/17, with the associated scales of fees. The consultation documents, and list of individual proposed scale fees, are available on the PSAA website at www.psa.co.uk/audit-and-certification-fees/consultation-on-201617-proposed-fee-scales/</p> <p>There are no planned changes to the overall work programme for 2016/17. It is proposed that scale fees are set at the same level as the scale fees applicable for 2015/16, set by the Audit Commission before it closed in March 2015. The Commission reduced scale fees from 2015/16 by 25 per cent, in addition to the reduction of up to 40 per cent made from 2012/13.</p> <p>Following completion of the Audit Commission's 2014/15 accounts, PSAA has received a payment in respect of the Audit Commission's retained earnings.</p> <p>PSAA will redistribute this and any other surpluses from audit fees to audited bodies, on a timetable to be established shortly.</p> <p>The work that auditors will carry out on the 2016/17 accounts will be completed based on the requirements set out in the Local Audit and Accountability Act 2014 and under the Code of Audit Practice published by the National Audit Office.</p> <p>The consultation closes on Friday 15 January 2016. PSAA will publish the final work programme and scales of fees for 2016/17 in March 2016.</p>	<p><i>The Committee may wish to seek assurances on how their Authority have responded to the consultation.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>NAO report – Devolving responsibilities to cities in England: Wave 1 City Deals</p> <p>Page 112</p>	<p>● Low</p>	<p>Wave 1 City Deals encouraged cities to develop capacity to manage devolved funding and increased responsibility. The report finds it is too early to tell whether the deals will have any overall impact on growth, and that the government and the cities could have worked together in a more structured way to agree a consistent approach to evaluating the deals’ impact. There have been early impacts from some of the individual programmes agreed in the deals. It has, however, taken longer for cities and departments to implement some of the programmes that required more innovative funding or assurance mechanisms.</p> <p>The government has set out its ambition to continue devolving responsibility for local growth to cities and other local places. The report highlights that both the government and local places can learn from the experience of Wave 1 City Deals to manage devolution to local places effectively.</p> <p>The report is available on the NAO website www.nao.org.uk/report/devolving-responsibilities-to-cities-in-england-wave-1-city-deals/</p>	<p><i>The Committee may wish to seek assurances how their Authority fit into the emerging City Deals.</i></p>

Area	Level of Impact	Comments
Care Act first-phase reforms – local experience of implementation	<p style="text-align: center;">●</p> <p style="text-align: center;">For Information</p>	<p>This report has been published by the National Audit Office and complements its earlier report on central government’s approach to the Care Act first-phase reforms.</p> <p>This further report provides examples from local case study areas which show how different authorities are addressing risks arising from uncertainty in demand from carers and self-funders.</p> <p>The report was published on 3 August and is available from the NAO website at www.nao.org.uk/report/care-act-first-phase-reforms-local-experience-of-implementation/</p>
Proposed changes to business rates and core grant	<p style="text-align: center;">●</p> <p style="text-align: center;">For Information</p>	<p>The Chancellor of the Exchequer has proposed some radical reforms of local government finance. The proposals are that by the end of the decade, councils will retain all locally raised business rates but will cease to receive core grant from Whitehall.</p> <p>The Chancellor set out the landmark changes in a speech to the Conservative party conference in Manchester, saying it was time to face up to the fact that “the way this country is run is broken”.</p> <p>Under the proposals, authorities will be able to keep all the business rates that they collect from local businesses, meaning that power over £26 billion of revenue from business rates will be devolved, he said</p> <p>The uniform national business rate will be abolished, although only to allow all authorities the power to cut rates. Cities that choose to move to systems of combined authorities with directly elected city wide mayors will be able to increase rates for specific major infrastructure projects, up to a cap, likely to be set at £0.02 on the rate.</p> <p>The system of tariffs and top-ups designed to support areas with lower levels of business activity will be maintained in its present state.</p>

Area	Level of Impact	Comments
<p>Public Sector Audit Appointments Ltd (PSAA) – VFM profiles update</p>	<p>● For Information</p>	<p>Public Sector Audit Appointments Ltd (PSAA) maintain the Value for Money profiles tool (VFM profiles) initially developed by the Audit Commission. The profiles were updated on 1 October 2015.</p> <p>The VFM profiles planned budget section now contains the 2015/16 data sourced from the Department for Communities and Local Government – General Fund Revenue Account Budget (RA). The values are adjusted with gross domestic product (GDP) deflators from the HM Treasury's publication in June 2015. The profiles can be accessed through the PSAA's homepage at http://www.psa.co.uk/</p> <p>Other sections of the VFM profiles have also been updated with the latest data values for the following data sources:</p> <ul style="list-style-type: none"> ■ Inequality gap (2012/13) ■ Fuel poverty (2013) ■ Climate change (2013) ■ Alcohol related admissions (2013/14) ■ Mid-year population estimates (2014) ■ Chlamydia testing (2014) ■ Participation in education or work-based learning (2014) ■ Housing benefit speed of processing (2014/15) ■ CT and NNDR collection rates (2014/15) ■ NHS health checks (2014/15) ■ Planning applications (Quarter 4 2014/15) ■ Delayed transfers of care (Quarter 1 2015) ■ Under 5 provision (2015)

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Appendix

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	April 2015	Complete
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	January 2016	TBC
Interim			
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.	March 2016	TBC
Substantive procedures			
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.	September 2016	TBC
Completion			
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).	September 2016	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2016	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2016	TBC
Certification of claims and returns			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	December 2016	TBC



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Appointing your external auditor

Considerations for the local government sector

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November 2015



Appointing your external auditor

Background

In August 2010 the then Secretary of State for Communities and Local Government, Eric Pickles, announced that he intended to close the Audit Commission, the body that appointed external auditors to Local Government and NHS organisations (excluding Foundation Trusts). As part of this announcement, he also stated that organisations whose appointments were previously controlled by the Audit Commission should have the freedom to appoint their own external auditors.

The Audit Commission closed on 31 March 2015. At that time contracts were already in place for local government and NHS external audit appointments that covered audits up to and including the financial year 2015/17. Within these contracts there is an option to extend for a maximum of three further years, i.e. up to and including the financial year 2019/20.

A consultation exercise with key stakeholder groups has recently been concluded on whether, and if so for how long, to extend these contracts. The Government decided that for local government bodies the contracts will be extended by one year, so incorporating the audit of the 2017/18 financial year. Contracts for NHS bodies will not be extended.

What does this mean for your organisation?

This decision means that you will assume the power to appoint your external auditor from the 2018/19 financial year onwards. This will be the first time you have made such an appointment. External auditors provide an important professional service and play a critical role in the stewardship of public spending, so it is vital that this new decision making power is exercised after careful consideration on how to proceed. Whilst you have different options open to you on how to approach this new power, you will need to comply with some specific requirements.

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What should local authorities be considering?

In deciding what to do there are a number of considerations.

Do your current external auditors provide you with a good service?	If yes, do you need to change? If no, now you have an opportunity to do something about it.
How could we procure an external audit service to ensure we get best value?	You will have a number of options on how and when to procure your external audit service – these are summarised later in this document. Given the range of options it will be important to consider the best approach for your organisation.
What do we need to do before we start a procurement process?	The new regulations require you to have an Audit Panel, which will be responsible for recommending who your external auditor should be. This Panel must include a majority of independent (i.e. not elected) members and an independent chair. It makes sense for the Panel to have links with your audit committee.
When do we need to undertake a procurement exercise?	The regulations require you to have appointed your external auditor by 31 December in the year preceding the year of audit. As 2018/19 is the first year of these new arrangements, you will need to have appointed your auditor by 31 December 2017. You will need to undertake whatever procurement process you follow in good time – sometime between the Spring and Autumn of 2017. And before doing that you will need to have established your Audit Panel – by early 2017 would be sensible.
Who can I appoint to be our external auditor?	You will only be able to appoint an audit firm that has been authorised by the ICAEW to undertake ‘local audit work’. Local government auditing is highly specialised and you will need to ensure that your auditor has the necessary capability, experience and capacity to fulfil the statutory duties of a local government auditor.

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Procurement options

Although local government bodies will all assume the same power to appoint their external auditor, it is likely that various options will be followed on how they go about doing this. The main options are set out below.

Re-appoint incumbent auditor	One option might be to continue with your current audit provider for a short period, say between one and three years. This would delay testing the market, although you could benchmark proposed fees for reasonableness against published data or by comparing to similar bodies. This would provide stability of service in the short term and also avoid the 'rush to market' as large numbers of local authorities undertake procurement exercises within a short period of time, allowing you to procure later in a more settled audit market.
Stand-alone tendering	As with any other service, you could run your own procurement process. This allows complete autonomy over how and when you want this to be done, although you will need to ensure you follow the Regulations and consider any guidance issued by DCLG or other relevant bodies. However, you should consider whether you will have sufficient purchasing power on your own to obtain best value.
Combined procurement	You could join together with one or more neighbouring authorities to undertake a collective procurement exercise. This would enhance your purchasing power, but would diminish your autonomy over the process and you would need to consider how to retain sufficient sovereignty over decision making and whether this might complicate auditor independence considerations.
Existing frameworks	You could use one of the many existing government or public sector frameworks. These list firms who have already been shortlisted and therefore might speed up the process. You will need to ensure that the firms on any framework have been authorised by the ICAEW for local audit work, however.
Sector led procurement	The new audit legislation allows for a sector-led body (referred to as a 'specified person' in the Regulations) to undertake a bulk procurement process. If such an organisation emerges then this option provides an administratively easy route and would most likely have the greatest element of specialist audit procurement expertise. It would also provide good purchasing power, although with less autonomy than some other options, and might afford easier management of potential auditor independence issues than other combined procurements approaches. It will be the most similar option to the current arrangements.

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What other factors should you consider?

When you are deciding who to appoint as your external auditor you will need to consider a range of factors. Key areas to consider are as follows:

- **Quality:** This is a vital consideration and should be appropriately weighted in any scoring methodology for assessing tenders. Relevant considerations include audit methodologies, systems and processes, staff training and expertise, and quality monitoring arrangements.
- **Experience:** Local government auditing is a specialist business and your auditor must have the necessary skills and sector experience. This is not just about understanding local authority financial reporting, but extends into auditors' value for money audit responsibilities and 'challenge' work.
- **Independence:** You will need to consider possible relationships with audit firms via non-audit work such as consultancy and tax advice. Independence is also an important mind-set for auditors to adopt, where you should be satisfied that your future auditor will be sufficiently challenging (and your current auditor should not be constrained in exercising their duties by any tendering process).
- **Organisational fit:** As with any service it is important to consider how the people you see in the audit team fit with your own organisational culture – i.e. can you work with these people.
- **Price:** Like any other out-sourced service you need to obtain good value through a competitive audit fee. However, best value does not mean the cheapest quote. The fee must be sufficient to provide a good quality service taking account of the scale, nature and risk profile of your organisation, and also the requirement for your external auditor to comply with auditing standards and other statutory duties.
- **Other services:** Although ethical standards provide limitations, you should consider what other services you might want your auditor to perform, whether that is other assurance services (e.g. certifying grant claims) or more added-value services.

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What next?

There is still plenty of time before you appoint your external auditor for the first time, but there will be a long lead up to that decision. It is therefore important to think about how your organisation should approach this in good time. We would suggest that you should be developing your procurement strategy and selecting your preferred approach during 2016.

It is likely that further guidance and support will be issued by DCLG, and potentially other organisations such as IPFA, to help you with the decisions you need to make and how you proceed. We will continue to update you on key developments.

If you want to discuss this further please contact your audit Engagement Lead (John Cornett) or Manager (Linda Wild).

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cutting through complexity

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BARNSELY MBC AUDIT COMMITTEE – INDICATIVE WORK PROGRAMME

	Mtg. No.	6	7	8	1	2	3	4	5
Committee Work Area	Contact / Author	20.01.16	23.03.16	20.04.16	8.06.16	20.07.16	23.09.16	2.11.16	7.12.16
Committee Arrangements									
Committee Work Programme	WW	X	X	X	X	X	X	X	X
Minutes/Actions Arising	WW	X	X	X	X	X	X	X	X
Review of Terms of Reference and Self Assessment	RW/CHAIR			X	X				
Training Review and Skills Assessment	RW/CHAIR			X	X				
Review of Terms of Reference & Working Arrangements	FF	X							
Draft Audit Committee Annual Report	RW/CHAIR			X					
Audit Committee Annual Report	RW/CHAIR				X				
Internal Control and Governance Environment									
Local Code of Corporate Governance	AF/AH		X						
Annual Governance Review Process and Timescales	AF/AH		X						
Draft Annual Governance Statement & Action Plan	AF/AH					X			
Final Annual Governance Statement	AF/AH						X		
AGS Action Plan Update	AF/AH	X							X
Corporate Whistleblowing Update & Annual Report	RW			X					
Annual Fraud Report	RW				X				
Fraud Management Update / SPD Review	RW	X							X
RIPA Update Report	AF/GK		X						
Review of Ombudsman Complaints	AF		X From 20.01.16						X
Corporate Risk Management									
Risk Management Policy & Strategy	AH			X					
Risk Management Update	AH	X							
Annual Report	AH				X				
Strategic Risk Register Review	AH	X		X				X	
Update on risk 3030 & business continuity for IT	FF/AH	X							
Internal Audit									

	Mtg. No.	6	7	8	1	2	3	4	5
Committee Work Area	Contact / Author	20.01.16	23.03.16	20.04.16	8.06.16	20.07.16	23.09.16	2.11.16	7.12.16
Internal Audit Charter & Strategy	RW		X						
Internal Audit Plan	RW		X						
Internal Audit Quarterly Report Benchmarking performance	RW	X	X	X		X		X	
Annual Review of the Effectiveness of Internal Audit	RW				X				
Review of the Effectiveness of Int. Audit - Update	RW	X							X
External Assessment of the Internal Audit Function	RW		X		X				
Internal Audit Annual Report	RW				X				
Corporate Fraud Team - Report	RW		X				X		
External Audit (KPMG)									
Annual Governance Report (ISA260 Report)	KPMG						X		
Audit Plan	KPMG		X						
Annual Fees Letter	KPMG		X		X				
Annual Audit Letter	KPMG	X						X	
Grants Letter	KPMG					X			
Claims & Returns Annual Report	KPMG		X (from 20.01.16)						
External Audit Progress report & Technical Update	KPMG	X	X	X		X	X	X	X
Financial Reporting and Accounts									
Budget Proposal Section 25 Report	FF/NC		X						
Draft Statement of Accounts Percentage of debt on year by year basis	FF/NC FF/NC		X			X			
Corporate Finance Summary	FF/NC						X		
Corporate Finance and Performance Management & Capital Programme Update	NC	X	X				X	X	
Treasury Management Annual Report	IR						X		
Treasury Mgt. Policy & Strategy Statement	IR		X						
MRP Options/rationale	IR		X						