

MEETING:	Audit Committee
DATE:	Wednesday, 22 March 2017
TIME:	4.00 pm
VENUE:	Council Chamber, Barnsley Town Hall

AGENDA

Procedural/Administrative Items

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Minutes (*Pages 3 - 12*)

To receive the minutes of the meeting held on 18th January, 2017

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

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

Items for Discussion/Decision

4. Local Code of Corporate Governance/Annual Governance Review Process 2016/17 (*Pages 15 - 28*)

The Service Director Finance will submit a report providing an update regarding the Annual Governance Review process that has been determined for 2016/17 and which will be used to influence and assist in the preparation of the Council's statutory Annual Governance Statement for 2016/17.

5. Corporate Anti-Fraud Team 2017/18 Plan and Strategy (*Pages 29 - 44*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report on the Corporate Anti-Fraud Team Plan for 2017/18 which supports the Corporate Anti-Fraud Strategy.

6. Corporate Anti-Fraud and Corruption Policies (*Pages 45 - 68*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report presenting the revised Corporate Anti-Fraud and Corruption Policy and Corporate Anti-Fraud and Corruption Strategy together with a draft version of the Council's new Corporate Anti-Bribery Policy.

Items for Information

7. External Audit Plan 2016/17 (*Pages 69 - 86*)

The Committee will receive a report supplementing the External Audit Fee Letter 2016/17 describing how Internal Audit will deliver the financial statements and audit work for the Council and setting out the approach to Value for Money Work for 2016/17.

8. External Audit - Technical Update Incorporating the External Audit Progress Report (*Pages 87 - 104*)

The Committee will receive the External Audit Technical Update which incorporates the External Audit Progress Report for March, 2017.

9. Audit Committee Work Plan 2016/17 and 2017/18 (*Pages 105 - 106*)

The Committee will receive the indicative Audit Committee Work Plan for 2016/17 and 2017/18.

To: Chair and Members of Audit Committee:-

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

Diana Terris, Chief Executive
All Executive Directors
Andrew Frosdick, Director Legal and Governance
Frances Foster, Director Finance, Assets and Information Services
Rob Winter, Head of Internal Audit
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, 14 March 2017

MEETING:	Audit Committee
DATE:	Wednesday, 18 January 2017
TIME:	4.00 pm
VENUE:	Reception Room, Barnsley Town Hall

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

40. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

41. MINUTES

The minutes of the meeting held on the 7th December, 2015 were taken as read and signed by the Chair as a correct record.

42. ACTIONS ARISING FROM THE PREVIOUS MEETINGS

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

It was noted that one of the items relating to the submission of a report on the multi-agency approach to safeguarding and the creation by the Police of multi-agency hubs had been delayed for some time and questions were asked as to when a report was likely to be submitted.

The Director of Legal and Governance responded by stating that the delay was due to the logistics of collating the information together. The multi-agency hubs had now been established and were working well and it was now a question of determining which meeting was best to submit this report to. It was also proposed that the Executive Director (People) or her representative be invited to that meeting on the basis that they were in the operation of the hubs.

The Director also stated that information on recent Ombudsman complaints and the use by the Council of the Regulation of Investigatory Powers Act 2000 would be circulated to all Members of the Committee.

RESOLVED that the report be noted.

43. APPOINTMENT OF EXTERNAL AUDITOR

The Director of Finance, Assets and IT submitted a report on the various options available for the appointment of external audit services from 2018/19 onwards and seeking approval to recommend to Council the preferred option.

The report provided an appraisal of the three main options available as follows:

- Option 1 – a Standalone Tender
- Option2 – Combined Tender

- Option 3 – a sector led procurement scheme whereby an Appointed Person appoints the external auditor on the Authority’s behalf

The preferred option was Option 3 on the basis that this provided the potential economies of scale and, more importantly, a high probability of securing auditors with the necessary experience and knowledge to effectively audit the Authority. If the Authority approved this option during the compulsory appointing period it would need to give notice to the Appointing Person of the decision to become an opted authority.

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

- The Service Director Finance outlined the process to be adopted in the appointment of External Auditor in relation to all three options and also made reference to the role of the Public Sector Audit Appointments Ltd in this process
- It was noted that the Local Government Association supported the approach outlined in Option 3
- The rationale for recommending Option 3 was outlined as it was particularly felt that the more Authorities which opted for this approach would provide certainty about the volume of work included in the procurement exercise and would secure the best possible prices
- The Authority could, as it currently did, procure additional services over and above those included within the original ‘contract’
- The new regulation required the rotation of auditors every five years, although a waiver could be sought if required. In addition, the lead auditor was required to rotate every two years
- In response to detailed questioning, it was noted that the majority of Authorities appeared to be recommending Option 3
- Whilst the exact audit fees were uncertain at the moment, it was thought that any other option would be likely to be more expensive
- The External Auditor referred to and there was a discussion of the ways in which quality assurance would be maintained. Arising out of this discussion, the Director of Legal and Governance commented on the statutory processes for the appointment of External Auditor and to the ways in which quality would be ensured. He suggested that some form of client panel would be established to oversee the process but it was acknowledged that further information was required on the selection process to be adopted
- The Service Director Finance assured the Committee that under the current regulations there could be no one firm monopoly for undertaking External Audit Services for Local Authorities

RECOMMENDED TO COUNCIL:

- (i) That the options available for the procurement of external audit services from 2018/19 onwards be noted; and

- (ii) That the Council opt in to the sector led scheme for appointing auditors as outlined in Option 3 within the report now submitted.

44. RISK MANAGEMENT UPDATE REPORT 2016/17

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

The following matters were highlighted:

- The report sought to provide suitable assurances that the Risk Management Framework remained fit for purpose
- The Committee was reminded that the Register had been updated in October 2016 and the outcomes reported to the meeting on the 7th December, 2016 and to Cabinet on the 11th January, 2017
- The Council's Operational Risk Registers remained aligned to the Future Council operating model and the Risk Management Framework had been reviewed in April 2016
- The Risk and Governance Manager also reported that he continued to support the development of risk management arrangement for a number of organisations in the area. Arising out of this the Manager reported that the Learning and Development Awareness sessions could be delivered to Member of this Committee
- The Annual Governance Review process had been delivered during the early part of 2016/17 and this had resulted in the production of an evidence based Annual Governance Statement which had been approved by the Council in September 2016
- The outcomes of the recent Association of Local Authority Risk Managers (ALARM) and CIPFA benchmarking exercises suggested that the outputs and overall maturity of the Council's Risk Management arrangements were broadly in line with similar Councils and peer organisations
- The Risk Management Workplan for 2016/17 was being regularly monitored and reviewed to ensure the delivery of the identified actions outlined
- There was a discussion of the Benchmarking Outcomes in relation to the difficulties of providing accurate analysis against previous years. It was anticipated that benchmarking results for 2016/17 would see improvements going forward
- It was noted that there had been a reduction in the percentage of Operational Risk Register Reviews being completed on time between quarter one and quarter 2. This was thought to be a blip due to holidays. Arising out of this discussion, the Risk and Governance Manager reported that his service was in the process of being audited and this was likely to be an area of focus for the auditors. Any issues identified or any non-compliance would be reported to a future meeting

RESOLVED

- (i) that the Risk Management Update report and the robustness of the assurances provided be noted; and
- (ii) that the Committee continue to receive periodic reports during the year in order to monitor the progress in achieving the actions identified for 2016/17.

45. INTERNAL AUDIT QUARTERLY REPORT 2016/17 - QUARTER ENDED 31ST DECEMBER, 2016

The Head of Internal Audit and Corporate Anti-Fraud submitted a report providing a comprehensive overview of the key activities and findings of Internal Audit based on the Division's work covering the whole of the third quarter with additional details of audits completed up to the end of December 2016.

The report covered:

- The issues arising from completed Internal Audit work in the period
- Matters that had required investigation
- An opinion on the ongoing overall assurance Internal Audit was able to provide based on the work undertaken regarding the adequacy and effectiveness of the Authority's internal control environment
- Progress on the delivery of the Internal Audit Plan for the period to the end of the third quarter of 2016/17
- Details of Internal Audit's performance for the quarter utilising performance indicators

Reports issued and the Internal Audit work completed during the period had raised two fundamental recommendations relating to a Human resource Governance issue regarding absence management information and a financial management issue concerning the management of service budgets.

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

Of the 25 recommendations followed up, 64% had been implemented by the original target date with a further 24% implemented after the original target date and 12% not implemented with revised implementation dates being agreed by management

In relation to the Audit Plan, actual dates days delivered were broadly in line with the profiled days at the end of the third quarter.

Overall, Divisional performance remained satisfactory and all Performance Indicators were either on or exceeding target levels.

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

- It was pleasing to see an increase in the percentage of recommendations followed up within the originally agreed timescales
- It was noted that the first three quarters of the year, audit resources had been directed and prioritised to undertake work for the Council and the reasons for this were outlined. It was also noted that there would have to be a reprioritisation to deliver more work for non-Council clients. Work was being undertaken with Executive Directors to review the final quarter activities and to determine which work would slip into the first quarter of the next financial year
- The Head of Internal Audit and Corporate Anti-Fraud commended that his Annual report would include work undertaken in April and May which, in part, was because of the number of vacant posts within the service. He stressed, however, that he was satisfied that the work undertaken would still be sufficient to justify his opinion
- There was a detailed discussion of the limited assurance given in relation to Budget Monitoring and Reporting and Service and Financial Planning and the reasons for this particularly in the light of the reducing number of staff employed within the various service areas. It was noted that the review had concluded that Budget Managers sometimes did not proactively monitor and performance manage budgets for which they were accountable in line with the Future Council arrangements. The Service Director Finance stated that he had requested this audit and commented that the issues raised were not in relation to the budget monitoring processes themselves but were about roles and responsibilities of managers and what they did with the information they had/received. It was noted that work was being undertaken to address the issues raised
- Reference was made to the feedback sheets and to the way in which suggestion for improvements were addressed. In relation to the specific issue raised, this was something which the 'client' thought audit had missed. However, the fact that this matter had been raised by the client suggested that they were aware of those issues identified
- Reference was made to the audits that had been deferred together the reasons for this which were largely in relation to the need to implement revised/new policies and procedures in particular service areas. It was noted that as the Head of Internal Audit and Corporate Anti-Fraud was jointly responsible with the Director of Legal and Governance, for the Corporate Whistleblowing Policy this audit was likely to be undertaken by the Service Director Finance. The policy was to be revised in the light of legislative changes
- It was noted that there were currently two vacancies within the service and arrangements were in hand to recruit to the posts
- In relation to HR E-Procedures and the limited assurance given, in relation to E-Enabled leave, it was noted that these arrangements had been in place less than a year.
- There was a discussion of the limited assurance in relation to cash and banking arrangements and to the action being taken to address those issues.

In response to specific questioning, however, it was reported that there had been no identified losses or fraud occurring

RESOLVED

- (i) that the issues arising from the completed internal audit work for the period along with the responses received from management be noted;
- (ii) that the assurance opinion on the adequacy and effectiveness of the Authority's Internal Control Framework based on the work of Internal Audit in the period to the end of December 2016 be noted; and
- (iii) that the performance of the Internal Audit Division for the third quarter be noted.

46. CORPORATE ANTI-FRAUD AND CORRUPTION POLICIES

The Head of Internal Audit and Corporate Anti-Fraud submitted a report presenting draft versions of the revised Corporate Anti-Fraud and Corruption Policy and the Corporate Anti-Fraud and Corruption Strategy together with a draft version of the Council's new Corporate Anti-Bribery Policy and requesting the Committee to forward any observations and amendments to Cabinet which be requested to approve those policies.

The need for the revision of the policies had been identified following the creation of the Corporate Anti-Fraud Team within Internal Audit and, in addition, the Anti-Bribery Policy had been written in order to meet the legal obligations in relation to anti-bribery legislation. Copies of these documents were appended to the report.

The report also outlined how these policies and strategy fit within the overall counter fraud framework of the authority. It was also noted that a number of other policies including the Fraud Response Plan, Prosecutions Policy, Whistleblowing Policy and Anti-Money Laundering Policy were also being reviewed and would be presented to Committee in due course.

In the ensuing discussion, the following matters were raised:

- The valuable contribution of the Corporate Anti-Fraud Team in this process was noted. It had been a number of years since some of these policies had been reviewed and all submitted today had been previously submitted to the Employee Forum, SMT and to Service Directors. The recommendations of this Committee would then be submitted to Cabinet for approval
- The benefits of limiting cash payments had had a significant impact on reducing the opportunity for fraud. In those areas where cash payment was retained, the service undertook unannounced visits in order to minimise the opportunity for theft
- Referring to the Corporate Anti-Fraud and Corruption Strategy, the Head of Internal Audit and Corporate Anti-Fraud outlined the instances in which the

Police would become involved in issues and the procedures which were followed. It was noted that the burden of proof to ensure a successful prosecution was higher than that required by the authority which could take appropriate disciplinary action irrespective of whether or not a case was taken to prosecution

- There was a discussion of the language used throughout the policies. It was suggested that actions required to be taken by officers/Members should be prescriptive rather than advisory. The Director of Legal and Governance and Head of Internal Audit and Corporate Anti-Fraud stated that these policies should be read alongside the Code of Conduct policies which detailed the actions required to be taken in relation to suspected fraud. The points made by members of the Committee were, however, well made and it was agreed that the wording of the policies would be reviewed and re submitted to the next meeting. Also, given that the Committee had not had sight of the Codes of Conduct, these would also be submitted to the next meeting so that members could see the correlation and interrelationship between all policies
- Arising out of the above, there was a discussion of the requirements of the procedure for the declaration by staff and Elected Members of gifts and hospitality
- There was a discussion of the action which could be taken against both an Elected Member and officers who through their actions in their 'non work' life, brought the Authority into disrepute
- Reference was made to training. It was noted that anti-fraud awareness training had not yet been made mandatory but the Service was looking to include this as part of a wider suite of awareness training. Arising out of the discussion, it was reported that a log of all online training undertaken

RESOLVED that the report and draft policies be received and amended as indicated and that they be submitted to the next meeting together with copies of the Employee and Elected Member Codes of Conduct

47. EXTERNAL AUDIT - ANNUAL REPORT ON GRANTS AND RETURNS 2015/16

The Committee received a report of the External Auditor summarising the work undertaken on the Council's 2015/16 grant claims and returns including the work completed under the Public Sector Audit appointment certification arrangements, on the work undertaken on other grants/returns under separate engagement terms, detailing the certification work on the Housing Subsidy Benefit claim and outlining the fees for undertaking this work.

Mr M Moore, representing the External Auditor, commented that the only qualification had been in relation to the Housing Subsidy Benefit claim and the issues identified had been minor. No adjustments had been necessary to the other Council's grants and returns as a result of the certification work, which was the same as in previous years. In addition, it was noted that the fees were approximately half those charged in the previous year. He also asked to place on record his thanks to the Finance Team for all their help and support throughout the process.

In the ensuing discussion the following matters were highlighted:

- There was a discussion of the background to the qualification of the Housing Subsidy Benefit Claims and the reasons for it. It was noted that only 6 areas had been identified and that similar errors had not been seen in the last two years.
- It was noted that Barnsley was in no different situation to most other Authorities in relation to the qualification of Housing Subsidy Benefit Claims. Mr Moore commented that he had never issued an unqualified opinion on such claims. The Service Director Finance commented that the wording of the Statutory Instrument meant that there was little chance of getting a clean bill of health, however, the areas identified were very minor compared to the overall value of the claims

RESOLVED that the Annual Report on grants and returns 2015/16 be received.

48. EXTERNAL AUDIT - TECHNICAL UPDATE INCORPORATING THE EXTERNAL AUDIT PROGRESS REPORT

The Committee received the External Audit progress report and technical update giving a high level overview of progress in the delivery of the External Auditor's responsibilities.

The planning for 2016/176 had already started and the audit plan would be submitted to the March meeting. The interim audit visit was scheduled for March and the review of the draft financial statements would commence in July.

As previously reported, the audit of the Housing Benefit and Council Tax Benefit Claim had been completed as had those which fell outside the PSAA regime, namely:

- The Teacher's Pension Agency Return; and
- The Pooling of Housing Capital receipts

In relation to KPMG resources details of the first edition of the @gov digital magazine were outlined which focused on Transforming government in the age of technology. In addition, a series of local government accounts workshops were to be run again for key members of the finance team and would focus on the 2016/17 closedown and the statement of accounts.

Details of the Technical Developments including the likely level of impact were outlined particularly in relation to:

- PSSA Value for Money Profiles tool
- Local Government Licensing fees – following a referral from the Supreme Court of the UK in relation to the lawfulness of licensing fees in a case involving Westminster City Council with regard to the grant or renewal of a sex establishment licence

- CIPFA publication – Understanding Local Authority Financial Statements
- National Audit Office activities
 - The publication of a report entitled – Children in need of help or protection
 - A speech made at the Institute for Government on the need for greater prioritisation in governments and the case for recognising and addressing the skills gap in the civil service particularly in digital skills

An appendix to the Report gave details of the 2016/17 deliverables together with the timing and status of those deliverables.

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

49. AUDIT COMMITTEE WORK PLAN 2016/17 AND 2017/18

The Committee received a report providing the indicative work plan for the Committee for its proposed scheduled meetings for the remainder of the 2016/17 municipal year and for 2017/18.

The Director of Legal and Governance reported that at the workshop meeting held in November, 2016 there had been a discussion about the future terms of reference of this Committee. The Work Programme had anticipated that this would be a matter considered at this meeting, however, he had written to the Chair to explain why this was not currently possible. He reported that further work on this matter had been undertaken following the discussion at the workshop but it had been concluded that it would be advantageous to take account for the proposed reconfiguration of the Core Services for which he was to be the Executive Director from 1st April, 2017 following his appointment by the Council.

It was the intention to bring other areas of core governance into the scope of the terms of reference of this Committee such as Information Governance, Performance Management, Workforce Development, and Health and Safety and to establish clear responsibility for reporting these into the Committee from amongst the Service Directors who would be reporting to him in the new Directorate after April. To this end, therefore, it was proposed to bring a report to the April meeting on the revised terms of reference for discussion so that a revised work plan could be developed for implementation from the new municipal year. The new terms of reference would be reported for approval at the Annual Council meeting.

In relation to the reorganisation, the Director of Legal and Governance informed the Committee that the Service Director Finance would be the Section 151 officer following the departure of the Director of Finance, Assets and IT in March and he also reported that Director of HR, Performance and Communications had left the Authority in December, 2016.

Finally, he expressed the hope that these proposed changes reflect Members aspiration for the developing role of this Committee.

RESOLVED

- (i) that the core work plan for 2015/16 meetings of the Audit Committee be approved and reviewed on a regular basis; and
- (ii) that the proposals of the Director of Legal and Governance for the revised Terms of Reference and the developing role of this Committee be supported.

.....
Chair

AUDIT COMMITTEE – 22nd March, 2017

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	To be built into the Future Work Plan when invitations are sent to ‘external witnesses/speakers’ (possibly programmed for April 2017)
7 th December, 2016	4	Internal Audit Quarterly Report	To receive a report tracking the size of the Audit Service against the size and reduction of the Council as an organisation.	Head of Internal Audit and Corporate Anti-Fraud	To be included with the Internal Audit Plan report to be submitted in March 2017
7 th December, 2016	7	Annual Governance Statement Action Plan 2016/17	To receive a report on issues around business continuity and the need to close the gap in certain areas	Director of Legal & Governance	Possibly programmed for April 2017
18 th January, 2017	7	Corporate Anti-Fraud & Corruption Strategies	To receive a report on the amended draft policies together with copies of the Employee and Elected Member Codes of Conduce	Head of Internal Audit and Corporate Anti-Fraud	22 nd March, 2017

AUDIT COMMITTEE – 22nd March, 2017

ACTIONS ARISING FROM MEETINGS OF THE AUDIT COMMITTEE

Date of Meeting	Agenda Ref	Subject	Details of Actions Arising	Person Responsible	Status / Response
18 th January, 2017	10	Audit Committee Work Plan 2016/6 and 2017/18	To receive a report on the revised Terms of Reference to enable a revised Work Plan to be developed for implementation from the 2017/18 Municipal Year	Director of Legal and Governance	19 th April, 2017

Item 4

BARNSELY METROPOLITAN BOROUGH COUNCIL

Report of the Service Director – Finance

Audit Committee – 22nd March 2017

ANNUAL GOVERNANCE REVIEW PROCESS 2016/17

1. Purpose of Report

- 1.1 The purpose of this report is to provide the Audit Committee with an update regarding the Annual Governance Review (AGR) process that has been determined for 2016/17, which will be used to influence and assist in the preparation of the Council's statutory Annual Governance Statement (AGS) for 2016/17.
- 1.2 The consideration of the Council's governance and assurance framework and the preparation of the AGS are key responsibilities of the Audit Committee.

2. Recommendations

2.1 It is recommended that the Audit Committee notes:

- (i) **The Annual Governance Review process for 2016/17;**
- (ii) **The revised Local Code of Corporate Governance; and,**
- (iii) **Outputs from the Annual Governance Review process for 2016/17 will be reported to the Audit Committee later in 2017, where consideration can be given as to whether the process provides sufficient and suitable evidence and assurances upon which the Audit Committee can refer the Annual Governance Statement for Full Council approval in September 2017.**

3. Background – Annual Governance Review Process

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

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

- 3.3 Each Service Director will then be asked to confirm receipt of this information to the Risk and Governance Manager. By doing so, each Service Director will be accepting the content of the assurance information, and providing assurances themselves that the actions detailed will be implemented within the documented timescales.
- 3.4 The responses from each Service Director will then be collated, and an overarching assurance opinion can be prepared. This will be included within the Annual Governance Statement (AGS) itself.
- 3.5 The AGS will then be developed along with the associated AGS Action Plan. This will be presented to SMT, before being passed to the Audit Committee, and subsequently Full Council in September 2017.
- 3.6 A process map detailing the AGR process is attached as Appendix One to this report.

4. Background – Local Code of Corporate Governance

- 4.1 The Local Code of Corporate Governance stands as the overall statement of the Council's corporate governance principles and commitments. It follows the recommended format and largely reflects the suggested wording, given that all Local Authorities have the same or very similar governance responsibilities and should therefore share similar principles and commitments.
- 4.2 There is no specific duty for a local authority to prepare a local code of corporate governance, changes in Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published Statement of Accounts. This is discharged through the Annual Governance Review (See section 3). There is no legal or statutory requirement for a Council to have a Local Code of Corporate Governance, and it is therefore discretionary if a Council has one, and what status it is given. The underlying purpose of the Code is to demonstrate the Council's commitment to high standards of corporate governance, and that through the AGR process, provide assurances that these arrangements are effective.
- 4.3 The preparation and publication of BMBC's Annual Governance Statement is undertaken in accordance with the 'Delivering Good Governance in Local Government Framework 2016' guide, published by CIPFA. The main principles underpinning this guidance from CIPFA continues to be that local government is developing and shaping its own approach to corporate governance, taking into account the environment in which it operates. The framework is intended to assist authorities in ensuring their own governance arrangements are suitably resourced, there is sound and inclusive decision making and there is clear accountability for the use of resources to achieve the desired outcomes for stakeholders. The framework defines the principles that should underpin the governance structures of the organisation, and provides an opportunity to test existing governance structures and principles against those set out in the framework by:
- Reviewing existing governance arrangements;
 - Developing and maintaining a Local Code of Corporate Governance; and,
 - Reporting publically on our compliance with our own Local Code of Corporate Governance.

4.4 The revised evidence framework, sourced from the CIPFA 'Delivering Good Governance in Local Government Framework 2016' is attached as Appendix Two to this report. This will form the basis of the Council's Annual Governance Statement, which will be prepared during the summer of 2017, and subsequently presented to the Audit Committee.

5. Appendices

Appendix One – Annual Governance Review Process Map 2017

Appendix Two – BMBC Local Code of Corporate Governance Evidence Framework 2016 / 17

6. Background Information

Previous Audit Committee Reports

Annual Governance Review Papers

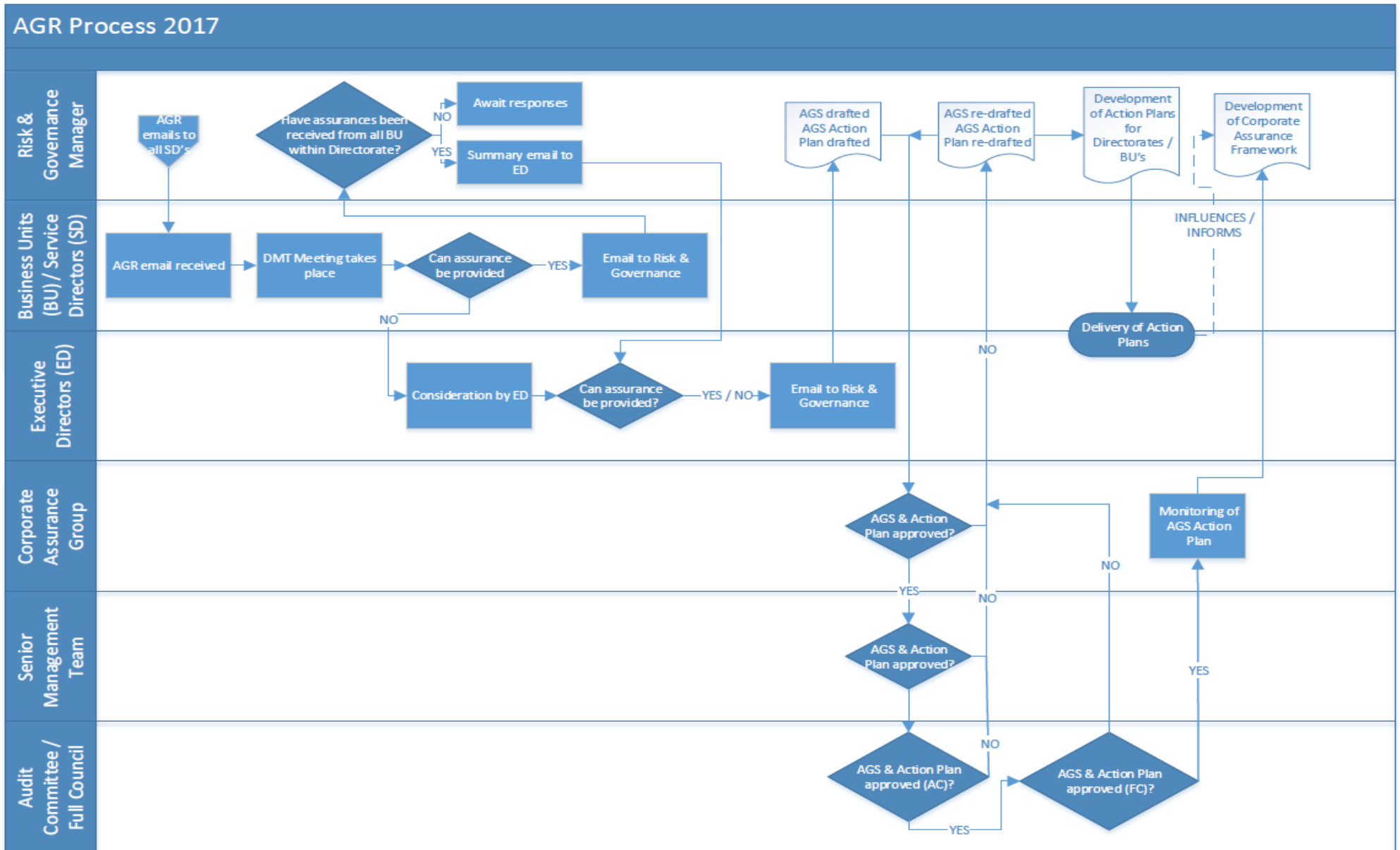
Previous Annual Governance Statements

CIPFA Delivering Good Governance in Local Government Framework 2016

Contact Officer: Risk and Governance Manager

Telephone: 01226 77 3119

Date: 23rd February 2017



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

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

ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

We will do this by:

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

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

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

We will do this by:

Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and	Corporate Plan 2017 - 2020 Future Council Strategy 2017 – 2020 Workforce Planning Strategy 2017 - 2020
---	--

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

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

We will do this by:

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

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

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

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

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

We will do this by:

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

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

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

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

Item 5

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

AUDIT COMMITTEE – 22nd MARCH 2017

CORPORATE ANTI-FRAUD TEAM 2017/18 PLAN AND STRATEGY

Executive Summary

1. The Corporate Anti-Fraud Team supports the Council in its statutory obligation under Section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption.
2. This report provides the Audit Committee with an updated Corporate Anti-Fraud Team Strategy and outlines a summary of the proposed counter fraud plan for 2017/18.
3. The Corporate Anti-Fraud Team Strategy, prepared by the Head of Internal Audit and Corporate Anti-Fraud is intended to give the Audit Committee assurances regarding how the corporate counter fraud function is resourced, managed, organised and will deliver its responsibilities.

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

AUDIT COMMITTEE – 22nd MARCH 2017

CORPORATE ANTI-FRAUD TEAM 2017/18 PLAN

1. Purpose of Report

1.1 This report informs the Audit Committee of the Corporate Anti-Fraud Team's plan for 2017/18. The plan is supported by the Corporate Anti-Fraud Strategy.

2. Recommendations

2.1 It is recommended that:-

- i. **The Corporate Anti-Fraud Team (CAFT) plan 2017/18 and supporting strategy is agreed, acknowledging the need for the Head of Internal Audit to exercise his professional judgement during the year to apply the plan flexibly, allowing for planned proactive/detective days to be diverted to reactive investigation work as required; and**
- ii. **the Audit Committee receive regular monitoring reports from the Head of Internal Audit to demonstrate progress against the plan including information where the plan has materially varied from the original plan.**

3. Introduction and Background

3.1 The Corporate Anti-Fraud Team is responsible for co-ordinating all counter fraud activities across the Council of both a proactive and reactive nature.

3.2 In compiling the Corporate Anti-Fraud Team's Strategy the Head of Internal Audit (HoIA) has taken into consideration the recent publication Fighting Fraud and Corruption Locally (published March 2016). This document sets out a 3 year strategy (2016-19) to assist council leaders, chief executives, finance directors and all those with governance responsibilities undertake their responsibilities.

3.3 The vision of the strategy is that by 2019:

- There is a culture in which fraud and corruption are unacceptable and everyone plays a part in eradicating them;
- By better understanding of risk and using technology local authorities will shut the door to fraudsters who try to access their systems or services;
- Local authorities will have invested in sustainable systems to tackle fraud and corruption and will see the results of recovery;
- Local authorities will be sharing information more effectively and by using data technology will prevent and detect losses;
- Fraudsters will be brought to account quickly and efficiently and losses will be recovered.

3.2 CAFT's strategic approach to countering fraud is to:

- Promote a counter-fraud culture and engage employees, members and external clients in combating fraud and error collectively;

- Investigate and report on identified fraud, error and debt, seeking appropriate sanctions and redress where fraud is proven;
- Assess fraud risk, identifying the areas most vulnerable to fraud and assisting management to develop effective counter fraud controls; and,
- Share good practice and develop effective internal and external relationships to combat fraud.

3.3 In compiling the counter fraud plan the HoIA has taken into consideration a number of factors including:

- The Cabinet Office’s National Fraud Initiatives;
- The extent and scope of counter fraud activity in previous years, including previous investigations;
- Emerging national and local fraud risks

4. Corporate Anti-Fraud Team Strategy

4.1 The Corporate Anti-Fraud Team Strategy has been revised to reflect emerging corporate risks and to target investigative resources efficiently and effectively.

4.2 The key aim of the Strategy is to ensure that public funds entrusted to the Council are protected against fraud and loss. To do these the key objectives of this strategy are:

Acknowledge / Deter	Continued development of the ‘anti-fraud’ culture which highlights the Council’s zero tolerance of fraud, corruption and theft, defines roles and responsibilities and actively engages everyone including service users, the public, Members, staff, schools, contractors and partners.
---------------------	--

Prevent / Detect	Provide a centralised best practice counter fraud service within Internal Audit Services which: <ul style="list-style-type: none"> • Proactively detects error, loss, fraud, corruption and theft; • Works with services across the Council and with partners to support counter fraud activity; • Advises policy, system and control improvements, thereby reducing the Council’s exposure to fraudulent activity.
------------------	--

Investigate / Pursue	<ul style="list-style-type: none"> • Investigates suspected or detected fraud, corruption and theft; • Enables the Council to apply appropriate sanctions and recover losses wherever possible;
----------------------	---

4.3 The Corporate Anti-Fraud Team comprises 3 counter fraud officers. These counter fraud resources remain at the same level to the previous year.

4.4 A detailed operational work programme has also been developed to ensure the resources of the CAFT are utilised in an efficient, effective and accountable way.

This work programme will be reviewed on an on-going basis to reflect fraud trends, emerging risks and the general workload.

- 4.5 Whilst the primary focus for the CAFT is the Council, opportunities will be explored to offer services to Internal Audit's external clients. This will further increase income to the Council. External work will be undertaken where this is considered to be in the best interests of both the external client and the Council in respect of competing priorities and resources.
- 4.6 The CAFT and the Internal Audit Team will continue to work closely together to ensure the maximum benefit is achieved to improve the control risk and governance framework of the Council.

5. Key Aspects of the Plan

5.1 The key features of the 2017/18 Corporate Anti-Fraud plan are as follows:-

Area of Activity	2017/18 Days	%
Acknowledge / Deter		26
Review and update of counter fraud policy framework	50	
Provide counter fraud advice to management	36	
Increase corporate fraud awareness / publicity / benchmarking / transparency	58	
Prevent / Detect		30
Verification of Right to Buy applications	15	
Co-ordination of the 2016/17 National Fraud Initiative and investigation of subsequent data matches.	95	
Council Tax Single Person Discount credit reference data matching exercise	35	
Referrals to DWP / fraud hotline referrals	23	
Investigate / Pursue		38
Investigation of allegations of direct payment fraud. Applying appropriate sanctions on identified fraudulent claims	49	
Investigation of allegations of council tax discount, exemption and liability fraud. Applying appropriate sanctions on identified fraudulent claims	70	
Investigation of allegations of council tax support fraud. Applying appropriate sanctions on identified fraudulent claims	50	
Investigation (and prosecution where appropriate) of allegations of tenancy fraud including the recovery of properties where tenancy fraud is proven	30	
Investigation of Right to Buy irregularities	15	

Area of Activity	2017/18 Days	%
Investigation Contingency	35	6
Total Chargeable Planned Days	561	100

5.2 CAFT resources will be available to undertake ethical anti-fraud work.

5.3 The level of proactive anti-fraud work will be dependent on the volume of reactive work received by CAFT. As a result not all areas may be reviewed in 2017/18. Any areas that are still relevant will be carried forward to 2018/19.

6. Performance Measures

6.1 CAFT's success will be measured by:

- Monitoring the quality of corporate fraud referrals (inputs) on a quarterly basis;
- Measure the results (outputs) and success rate of corporate investigations on a quarterly basis;
- Production of six monthly and annual reports to the Audit Committee

7. Risk Considerations

7.1 Failure to have robust counter fraud arrangements will increase the Council's susceptibility to fraud and will result in loss of public money.

7.2 The loss of assets and resources as a result of fraud is included within the Strategic Risk Register

8. Local Area Implications

8.1 There are no local area implications arising from this report.

9. Reduction of Crime and Disorder

9.1 An inherent aspect of counter fraud work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from investigations are always considered to ensure improvements in overall controls. Additionally, the Corporate Anti-Fraud Team will ensure that in specific instances, management takes appropriate action to minimise the risks of fraud and corruption occurring.

9.2 Counter fraud work is carried out in compliance with criminal and civil law and criminal investigation procedures relevant to investigation work including: the Police and Criminal Evidence Act (PACE) 1984, the Criminal Procedure and Investigations Act (CPIA) 1996, the Regulation of Investigatory Powers Act (RIPA) 2000, the Public Interest Disclosure Act 1998 and relevant Employment Law, Fraud Act 2006, Proceeds of Crime Act 2002 and Prevention of Social Housing Fraud Act 2013.

9.3 Where an investigation occurs that identifies a potential criminal offence, the matter is always referred to the police.

10. Compatibility with European Convention on Human Rights

10.1 The Corporate Anti-Fraud Team will undertake all investigations in accordance with the provisions of the Data Protection Act 1998, the Human Rights Acts 1998 and the Regulation of Investigatory Powers Act 2000.

11. Employee Implications

11.1 There are no employee implications arising from this report. The staffing resources of the Corporate Anti-Fraud Team are established in the approved structure and budget of the Section.

12. Financial Implications

12.1 The full cost of the Corporate Anti-Fraud Team has been budgeted for and included in the overall costs of the Corporate Services Directorate.

13. List of Appendices

14.1 Appendix 1 – Corporate Anti-Fraud Team Strategy

Office Contact: Head of Internal Audit and Corporate Anti-Fraud
Telephone No: 01226 773241
Date: 13th March 2017

CORPORATE ANTI-FRAUD TEAM STRATEGY 2017/18

INTRODUCTION

This document sets out the Council's Corporate Anti-Fraud Team Strategy, which is the basis for the Team's plan of work for the 2017-18 financial year. The Corporate Anti-Fraud Team will support the Council in its statutory obligations under Section 151 of the Local Government Act 1972 to ensure the protection of public funds.

Minimising fraud and irregularity is vital in ensuring resources intended to provide essential services to Barnsley residents are used for that purpose. Fraud committed against the Council is a theft of taxpayers' money, can cause reputational damage for the Council, a loss of confidence amongst the public or stakeholders, and have an adverse effect on staff morale. Through effective counter-fraud measures the Council can reduce the risk of error, loss and fraud. These include arrangements to acknowledge, deter, prevent, detect, investigate and prosecute wrongdoing.

The Council has recognised the risk of fraud in the Strategic Risk Register:

Reference 3035: Loss of assets and resources as a result of a one-off incident of fraud / corruption / bribery or a sustained or widespread occurrence.

The work of the Corporate Anti-Fraud Team (CAFT) supports the protection of public funds by providing a value for money counter fraud function for the Council. The team investigates allegations of frauds and irregularities, detects frauds and identifies losses enabling the recovery of Council funds. In addition, the team supports the application of appropriate sanctions including: prosecution, caution, administrative penalty and disciplinary action.

Ensuring that fraud and irregularity is kept to a minimum is a continual process. Whilst practical arrangements will evolve over time to reflect changes both internal and external to the Council, there is a constant requirement to be alert to emerging fraud risks and to take appropriate actions to address these risks. Changes arising from financial pressures and new methods of service delivery require the approach to be regularly reviewed and refreshed.

The team will offer support, advice and assistance on matters of fraud risk including prevention and detection. All of the CAFT's work will be carried out in accordance with Council policies and relevant legislation.

This strategy outlines the approach the Council will take to combat fraud and corruption and applies to its Members, Officers, suppliers, contractors, customers or any third parties who attempt to commit crime against the Council.

OBJECTIVES OF THE CORPORATE ANTI-FRAUD TEAM STRATEGY

The objectives of this strategy are to:

- Promote a robust anti-fraud & bribery culture;
- Encourage individuals to report fraud and provide them with an effective means of doing so;
- Protect the public purse and minimise the extent of losses through fraud;
- Enable the Council to apply appropriate sanctions and recover any financial loss, using the Proceeds of Crime Act 2002 or, when it is not feasible, to recover the money through civil proceedings;
- Seek to increase the Council's resilience to fraud through the raising of fraud and bribery awareness and working with partners and other bodies to encourage collaborative working;
- Proactively deter, prevent and detect fraud across the Council;
- Ensure prompt and professional investigation of identified fraud.

APPROACH TO COUNTERING FRAUD

This counter fraud strategy is aligned to 'Fighting Fraud & Corruption Locally', the Local Government Counter Fraud and Corruption Strategy 2016-2019, which provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities.

Whilst the CAFT will continue to investigate non-benefit and local taxation fraud the team will also have responsibilities for:

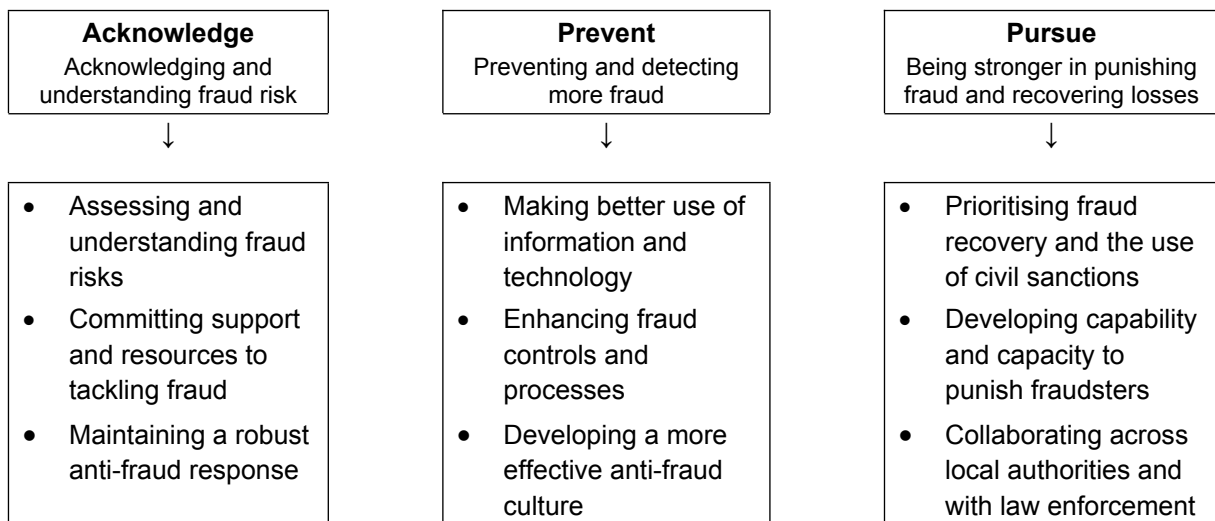
- Reviewing and updating the documents which form the Council's Counter Fraud Policy Framework;
- Co-ordinating and undertaking National Fraud Initiative investigations;
- Investigation of irregularities which appear to stem from errors or system weaknesses;

- Investigation of irregularities which appear to stem from fraud, theft, deception, bribery and corruption or collusion. To include internal and external cases and any surveillance requiring RIPA authorisation;
- Systems based anti-fraud reviews in high risk areas;
- Systems advice on fraud prevention and detection;
- Advice, guidance and training to managers on fraud investigation, awareness raising activities;
- Reporting to Audit Committee on irregularities arising from systems weaknesses;
- Reporting to Audit Committee on cases of fraud, theft, deception, bribery and corruption or collusion;
- Undertaking, reporting and improving the function through benchmarking and trend analysis;
- Assisting External Audit in their annual review of anti-fraud arrangements;
- National Anti-Fraud Network liaison, fraud/scam alerts, police liaison/protocols, bulletins, newsletters;
- Provide relevant and appropriate advice to external clients as requested.

COUNTER FRAUD WORK PROGRAMME

The 'Fighting Fraud & Corruption Locally' 2016-2019 strategy calls for the adoption of a tougher approach to tackling fraud against and within Local Authorities and recommends a three strand approach to countering fraud

The CAFT's strategy and work programme is based upon these three key themes: Acknowledge, Prevent and Pursue.



ACKNOWLEDGE

Counter Fraud Framework

A number of the key documents which form the Council's Counter Fraud Policy Framework have been reviewed and revised. Other key policy documents are in various stages of the review process. The current stage of each document being reviewed is listed below:

- Corporate Anti-Fraud and Corruption Policy and Strategy (awaiting approval);
- Anti-Bribery Policy (awaiting approval);
- CTRS Anti-Fraud and Sanctions Policy (with management for final comments prior to Members approval);
- Prosecutions Policy (draft version to be forwarded to SMT for comments);
- Corporate Fraud Response Plan (draft format to be reviewed by HoIA);
- Corporate Whistleblowing Policy (to review in 2017/18);
- Anti-Money Laundering Policy (to review in 2017/18)

Fraud Risks

The creation of a Corporate Anti-Fraud Group, with agreed Terms of Reference, which will meet at intervals agreed by the group members. The group will consist of representatives from departments of the council responsible for investigations.

The key aims of the group will be to:

- Promote good practice with regard to investigation work;
- Discuss current/future legislative issues, relevant to investigation work;
- Share local/national counter fraud intelligence to identify other potential areas for investigation and ensure an effective use of Council resources;
- Compile an inventory of investigative / surveillance equipment for corporate use;
- Establish the need for a financial investigator with a view to agreeing a SLA with a neighbouring authority or South Yorkshire Police

The Fighting Fraud & Corruption Locally' 2016-2019 strategy details the following areas as significant risk to Local Authorities:

Known Fraud Risks Remaining Significant	Emerging / Increasing Fraud Risks
<p>Tenancy – Fraudulent applications for housing or successions of tenancy, and subletting of the property</p>	<p>Business rates – Fraudulent applications for exemptions and reliefs, unlisted properties</p>
<p>Procurement – Tendering issues, split contracts, double invoicing</p>	<p>Right to buy – Fraudulent applications under the right to buy/acquire</p>
<p>Payroll – False employees, overtime claims, expenses</p>	<p>Money laundering – Exposure to suspect transactions</p>
<p>Council tax – Discounts and exemptions, council tax support</p>	<p>Insurance Fraud – False claims including slips and trips</p>
<p>Blue Badge – Use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of a deceased person’s Blue Badge, badges issued to institutions being misused by employees.</p>	<p>Disabled Facility Grants – Fraudulent applications for adaptations to homes aimed at the disabled</p>
<p>Grants – Work not carried out, funds diverted, ineligibility not declared</p>	<p>Concessionary travel schemes – Use of concession by ineligible person, including Freedom Passes</p>
<p>Pensions – Deceased pensioner, overpayments, entitlement overstated</p>	<p>No recourse to public funds – Fraudulent claim of eligibility</p>
<p>Schools – Procurement fraud, payroll fraud, internal fraud</p>	<p>New Responsibilities – Areas that have transferred to local authority responsibility e.g. Public Health grants, contracts.</p>
<p>Personal budgets – Overstatement of needs through false declaration, multiple claims across authorities, third party abuse, posthumous continuation of claim</p>	<p>Commissioning of services – Including joint commissioning, third sector partnerships – conflicts of interest, collusion</p>
<p>Internal fraud – Diverting council monies to a personal account; accepting bribes; stealing cash; misallocating social housing for personal gain; working elsewhere while claiming to be off sick; false overtime claims; selling council property for personal gain; wrongfully claiming benefit while working</p>	<p>Local Enterprise Partnerships – Voluntary partnerships between local authorities and businesses. Procurement fraud, grant fraud.</p>
<p>Identity fraud – False identity / fictitious persons applying for services / payments</p>	<p>Immigration – Including sham marriages. False entitlement to services and payments.</p>
	<p>Cyber dependent crime and cyber enabled fraud – Enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.</p>

The CAFT will provide advice, knowledge and support to the Council in managing these risks. The Team will also review fraud risks at a national and local level. The fraud landscape is always changing and the CAFT will keep up to date with these changes through training, attendance at relevant fraud conferences and by keeping up to date with best practice and legislative changes.

The team will use internal newsletters e.g. InBrief and the Council’s website to publicise the work of the CAFT and the fact that the Council takes combatting fraud and corruption seriously. This will raise the profile of the CAFT, fraud hotline and online fraud reporting forms.

PREVENT

Training and Fraud Awareness

All members of the Corporate Anti-Fraud Team are now trained and qualified Accredited Counter Fraud Specialists.

The CAFT will continue to work in a professional manner in order to ensure we prevent fraud occurring. This will reduce losses across the Council, which in turn will ensure the CAFT are value for money and cost effective.

A general Fraud Awareness E-Learning programme has been prepared and is currently being uploaded to the Corporate E-Learning platform by the Human Resources department. It is anticipated that the new version will be available for use in May.

The learning will reinforce messages about the standards of behaviour expected from BMBC employees, ways to consider fraud risks and how/when to report suspicions of fraud. The aim of the training will be stop fraud at the outset and emphasis will be shifted to stopping and preventing economic crime at the point of origin.

The CAFT will develop the BOLD Fraud Awareness E-Learning further in 2017/18 to include specific guidance relating to The Bribery Act and money laundering.

Publicity

A deterrent effect can be achieved by publicising criminal investigation work and all successful prosecutions via the Communications Team as press releases. This may deter some members of the community from attempting to commit fraud against the Council and will evidence the Authority's commitment to investigating fraud and corruption.

It is the CAFT's medium-term aim to undertake a publicity campaign within the community to raise the profile of the Council' Corporate Anti-Fraud Team and the fact that the Council takes combatting fraud and corruption seriously.

Right To Buy

Since the implementation of the £75,000 discount in April 2012, Right to Buy sales and frauds have increased nationally. The CAFT will continue to work with the Right to Buy team to

conduct a detailed check into applicants who have, or are in the process of purchasing their council property in order to provide assurance that applications are genuine and bona fide.

Council Tax SPD Review

The majority of the pro-active data matching exercise to identify council tax payers fraudulently claiming a single person discount is now complete.

The CAFT are in the process of reviewing returned documents where the taxpayers have indicated a continued entitlement to a single person discount but third party data matching suggests a second person may be resident.

Procurement

In 2013 it was estimated that £2.1 billion of fraud was perpetrated against local government nationally of which £876m related to procurement fraud (National Fraud Authority 2013 Annual Fraud Indicator).

A recent Home Office pilot has explored the threat from Serious and Organised Crime posed to publicly procured services in Local Government.

The exercise concluded that public procurement is attractive to, and is therefore at risk of infiltration by organised criminals (particularly in areas such as waste, taxi and transport services, and lower-level spend).

The report recommended raising awareness, protecting and reducing vulnerability, and taking action collaboratively.

The HoIA and Principal Auditor (Corporate Anti-Fraud) are to meet with a senior Detective within South Yorkshire Police with a view to identifying this type of fraud against the Council.

Blue Badge Abuse / Misuse

An 'Enforcement of the Blue Badge Scheme of Parking Concessions Policy' was introduced by the Council following recommendations made during a blue badge anti-fraud audit in 2013. The Policy was enforced by the Council's Community Safety and Enforcement Unit.

However, following a Future Council restructure of the department the Community Safety and Enforcement Unit will cease to investigate blue badge abuse / misuse with effect from 1st April 2017.

Investigation of blue badge abuse / misuse will be transferred to the CAFT in 2017/18. The team will liaise with Parking Enforcement and the Blue Badge Team to develop a new approach to countering blue badge abuse / misuse.

PURSUE

Data Matching

The CAFT co-ordinate and manage the National Fraud Initiative (NFI) data matching exercise. The NFI is the Cabinet Office's biennial data matching exercise designed to detect fraud, error and overpayments across the public sector.

Data matches appearing in BMBC's NFI reports will be prioritised and investigated by the CAFT and any overpayments identified and savings made will be recorded.

The 2016/17 datamatches were received in January 2017. Investigations into these matches have now commenced and checks to a report matching residential care home payments to DWP deceased records have identified £20K overpayments. These overpayments have already been recovered and the CAFT are intending to repeat this specific datamatch exercise in six months time using the NFI recheck facility.

Council Tax Fraud

The CAFT team will investigate allegations of fraud and abuse of council tax, including council tax support, exemptions, discounts and reliefs, and apply appropriate sanctions on identified fraudulent claims.

Direct Payment / Personal Budget Fraud

The National Fraud Authority have identified that social care fraud is an emerging fraud risk area for local authorities. Social care fraud can take many forms but the areas of greatest concern are the misuse of personal budgets, and people with no recourse to public funds deceiving local authorities into providing services to them.

The team will provide an investigative support across all aspects of social care fraud including fictitious carers, exaggeration of carer's hours, and misappropriation of direct payment funds.

The CAFT will undertake criminal prosecutions where appropriate having regard for the Fraud Act 2006.

Social Housing Fraud

The team will provide an investigative support across all aspects of tenancy fraud including sub-letting and false succession applications.

The CAFT will undertake criminal prosecutions where appropriate having regard for the Fraud Act 2006 and the Prevention of Social Housing Fraud Act 2013.

Investigative Support

To CAFT will provide an investigative support across all aspects of the Council's service and functions (and external clients as deemed appropriate) and/or specifically lead in investigations regarding allegations or suspicions of fraud, theft, bribery or corruption.

This page is intentionally left blank

Item 6

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

AUDIT COMMITTEE – 22nd March 2017

CORPORATE ANTI-FRAUD AND CORRUPTION POLICIES

1. Purpose of the Report

- 1.1 To present amended draft versions of the revised Corporate Anti-Fraud and Corruption Policy and Corporate Anti-Fraud and Corruption Strategy together with a draft version of the Council's new Corporate Anti-Bribery Policy.

2. Recommendation

- 2.1 **It is recommended that the Audit Committee consider the amended policies and commend for Cabinet approval.**

3. Background Information

- 3.1 Draft versions of the revised Corporate Anti-Fraud and Corruption Policy, Corporate Anti-Fraud and Corruption Strategy and new Corporate Anti-Bribery Policy were presented to the Audit Committee in January 2017.
- 3.2 Suggested amendments to the policies were made by Audit Committee members to evidence clear links to other relevant corporate policies including the Register of Employee Interests and Gifts and Hospitality. These amended policies are attached for members comment.

Appendix A – Corporate Anti-Fraud and Corruption Policy
Appendix B – Corporate Anti-Fraud and Corruption Strategy
Appendix C – Corporate Anti-Bribery Policy

4. Financial Implications

- 4.1 None directly arising from this report.

5. Risk Considerations

- 5.1 A corporate counter fraud framework sets a high level commitment to ensuring that appropriate safeguards are in place for mitigating the risk of fraud and corruption within the Council.

Contact Officer: Head of Internal Audit and Corporate Anti-Fraud
Telephone: 01226 773241
Date: 13th March 2017

This page is intentionally left blank

CORPORATE ANTI-FRAUD AND CORRUPTION POLICY

DRAFT

1. POLICY STATEMENT

- 1.1 Barnsley Metropolitan Borough Council is committed to protecting the public funds that it administers, and consequently the Council will not tolerate any abuse of its services. The Council is determined to prevent, deter and detect all forms of fraud, bribery and corruption committed against it, whether that be internal or from outside the Council.
- 1.2 The Council is determined that the culture and tone of the organisation is one of honesty and rigorous opposition to fraud, bribery and corruption. Thus, the Council is committed to ensuring all of its business is conducted in an open, honest, equitable and fair manner, and is accountable to all the people within the borough of Barnsley.
- 1.3 The Council will not tolerate fraud or corruption committed, or attempted, by its councillors, employees, suppliers, contractors or service users and will take all necessary steps to investigate allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, dismissal and/or prosecution and the recovery of Council assets and funds.
- 1.4 The measures adopted by the Council in its commitment to the prevention, deterrence and detection of fraud, bribery and corruption are set out in detail in the Council's:
- Corporate Anti-Bribery Policy;
 - Corporate Anti-Fraud and Corruption Strategy;
 - Corporate Prosecutions Policy;
 - Benefits and Taxation Sanction and Penalty Policy;

2. FRAUD

- 2.1 The **Fraud Act 2006** is used for the criminal prosecution of fraud offences. The Council also deals with fraud in non-criminal disciplinary matters.
- 2.2 The Fraud Act created a general offence of fraud which might be committed in three ways:
- Fraud by false representation,
 - Fraud by failing to disclose information, and
 - Fraud by abuse of position.
- 2.3 For the purposes of this document fraud is defined as; the dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the Borough or the wider national community.
- 2.4 'Fraud' has moved away from the concept of the deceit of another to the dishonest intent of the fraudster to make a gain or cause a loss or risk of a loss. Thus, the arena of fraud is far more reaching than the simple crime of theft.

3. THEFT

- 3.1 Theft is the act of stealing any property belonging to the Council or which has been entrusted to it (i.e. client funds), including cash, equipment, vehicles, data.
- 3.2 Theft does not necessarily require fraud to be committed. Theft can also include the stealing of property belonging to another whilst on Council property.

4. BRIBERY AND CORRUPTION

- 4.1 The Bribery Act 2010 came into force on 1st July 2011 and creates offences of:

- Accepting a bribe,
- Bribery of another person,
- Bribing a foreign official, and
- Failure to prevent bribery

- 4.2 The Council defines corruption as:

The offering, giving, soliciting or acceptance of an inducement or reward for performing an act, or failing to perform an act, designed to influence official action or decision making.

These inducements can take many forms including for examples cash, holidays, event tickets, meals.

- 4.3 The Council's **Corporate Anti-Bribery Policy** provides guidance to staff on action to be taken to prevent bribery and how to report concerns of alleged bribery or corruption.

5. REPORTING FRAUD, BRIBERY AND CORRUPTION

- 5.1 The Council encourages and expects its employees and Elected Members to report incidents of suspected fraud, bribery and corruption. A **Whistleblowing Policy** is in place to facilitate the reporting of concerns by employees and Elected Members where the normal reporting to a line manager is not appropriate. The public are able to utilise the corporate complaints procedure to raise a concern about wrongdoing.

6. INVESTIGATING ALLEGATIONS OF FRAUD, BRIBERY AND CORRUPTION

- 6.1 A **Fraud Response Plan** has been prepared to guide managers on action to be taken should they receive an allegation of fraud or corruption.
- 6.2 In normal cases it will be the Council's Internal Audit Services Corporate Anti-Fraud Team that will undertake or direct the investigation. Matters of a criminal nature will be referred to the Police. A reporting and liaison protocol is in place with South Yorkshire Police.

7. MONITORING FRAUD, BRIBERY AND CORRUPTION

- 7.1 The Audit Committee will have responsibility for monitoring the performance and effectiveness of the Corporate Anti-Fraud and Corruption Policy and Strategy through the annual Internal Control Framework review process.
- 7.2 The Audit Committee will make recommendations to the Council to make any necessary changes to the Anti-Fraud and Corruption Policy or Strategy.

8. OTHER RELEVANT POLICIES

- 8.1 Further information on relevant Council policy and practice can be found in the following internal documents:
- Members Code of Conduct;
 - Employee Code of Conduct;
 - Employee Code of Conduct – Insider Dealing;
 - Employee Code of Conduct – Register of Employees Interests;
 - Register of Hospitality, Gifts and Legacies
 - Anti-Money Laundering Policy;
 - Whistleblowing Policy;
 - Information Security and Computer Usage Policy

CORPORATE ANTI-FRAUD AND CORRUPTION STRATEGY

DRAFT

CONTENTS

<u>Section</u>		<u>Page</u>
1	Introduction	3
2	Definition of Fraud	3
3	Standards	4
4	Corporate Framework and Culture	4
5	Roles and Responsibilities	5
6	Prevention	7
7	Detection and Investigation	9
8	Raising Concerns and the Whistleblowing Policy	9

1. INTRODUCTION

1.1 Fraud against Local Government nationally is estimated to cost £2.1 billion per year. This is a significant loss to the public purse. To reduce these losses Barnsley Metropolitan Borough Council (the Council) is committed to:

- The highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets;
- The prevention of fraud and the promotion of an anti-fraud culture;
- A zero-tolerance attitude to fraud requiring staff and Members to act honestly and with integrity at all times, and to report all suspicions of fraud;
- The investigation of all instances of actual, attempted or suspected fraud. The Council will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions;
- The Fighting Fraud and Corruption Locally Strategy 2016-2019. This national counter fraud and corruption strategy for local government provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities including:
 - Acknowledging the threat of fraud and the opportunities for savings that exist.
 - Preventing and detecting all forms of fraud.
 - Pursuing appropriate sanctions and recovery of any losses.

2. DEFINITION OF FRAUD

2.1 The Fraud Act 2006 came into force on 15th January 2007. The Act repeals the deception offences enshrined in the 1968 and 1978 Theft Acts and replaces them with a single offence of fraud which can be committed in three separate ways:

- Fraud by false representation;
- Fraud by failing to disclose information;
- Fraud by abuse of position

2.2 Fraud by false representation: - Examples include providing false information on a grant or Blue Badge application, staff claiming to be sick when they are in fact fit and well, or submitting time sheets or expenses with exaggerated or entirely false hours and/or expenses.

2.3 Fraud by failing to disclose information:- Examples include failing to disclose a financial interest in a company BMBC is trading with, or failing to disclose a personal relationship with someone who is applying for a job at the council.

2.4 Fraud by abuse of position:- Examples include a carer who steals money from the person they are caring for, or staff who order goods and services through the Council's accounts for their own use.

2.5 The Council defines fraud as "any 'irregularity or illegal act characterised by intentional deception with the intent to make a personal gain or to cause a loss, or to expose another to a risk of loss'".

CORPORATE ANTI-FRAUD & CORRUPTION STRATEGY

- 2.6 While fraud is often seen as a complex financial crime, in its simplest form, fraud is lying. Some people will lie, or withhold information, or generally abuse their position to try to trick someone else into believing something that isn't true.

3. STANDARDS

- 3.1 The Council wishes to promote a culture of honesty and opposition to fraud and corruption based on the seven principles of public life. The Council will ensure probity in local administration and governance and expects the following from all employees, agency workers, volunteers, suppliers and those providing services under a contract with BMBC.

- Selflessness - Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families, or their friends.
- Integrity - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
- Objectivity – Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- Accountability - Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- Openness - Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands. Openness requires an inclusive approach, an outward focus and a commitment to partnership working.
- Honesty - Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- Leadership - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

4. CORPORATE FRAMEWORK AND CULTURE

- 4.1 The Council's endorsement of this strategy sends a clear message that fraud against the Council will not be tolerated and where reported or identified will be dealt with in a professional and timely manner using all the sanctions available. Through the creation and enhancement of a strong Anti-Fraud Culture the Council aims to deter potential perpetrators from targeting its finances, assets and services.

- 4.2 In addition to this strategy there are a range of policies and procedures that help reduce the Council's fraud risks. These have been formulated in line with appropriate legislative requirements and professional best practice, and include:

- An Anti-Fraud and Corruption Policy;
- Anti-Bribery Policy;
- Anti-Money Laundering Policy;
- Whistleblowing Policy and Procedure;

CORPORATE ANTI-FRAUD & CORRUPTION STRATEGY

- Disciplinary Policy and Procedures;
- Fraud Response Plan;
- Financial Regulations and Standing Orders;
- Code of Member Conduct;
- Employee Code of Conduct;
- Employee Code of Conduct – Insider Dealing;
- Employee Code of Conduct – Register of Employees Interests;
- Declaration of interest and gifts and hospitality procedures for Members and Officers;
- An established Audit Committee;
- An online Fraud Awareness training tool available for staff through BOLD;
- Relevant documents, including invoices over £500, being made available to the public, partners, staff and members;
- Participation in the Audit Commission’s National Fraud Initiative and membership to the National Anti-Fraud Network.

4.3 The expectation is that elected Members and employees of all levels will adopt the highest standards of propriety and accountability and demonstrate that the Council is acting in a transparent and honest manner. Consequently, any Member / co-opted Member of the Council who commits a fraudulent act against the Council or is involved with bribery in the performance of their duties will be subjected to the Council’s procedures for dealing with complaints of misconduct against Members operated via the Council’s Monitoring Officer / Standards Committee and may be reported to the Police.

4.4 Any Council employee committing a fraudulent act against the Authority or found to be involved with bribery in the performance of their duties will be subjected to the Council’s disciplinary procedures and may be reported to the Police (whether or not the act is outside of their direct employee role). For instance benefit fraud, the misuse of a blue badge, submitting a false insurance claim against the Council, Council Tax evasion, Council Tax Support fraud or falsely claiming single person’s discount are all offences against the Council that can be committed by employees outside of their direct role and which are likely to be subject to investigation under the Council’s Disciplinary Procedure. Whilst the internal action in relation to both Members and employees will be entirely separate to any criminal sanction and the intrinsic link to the employment relationship can be considered by the Council.

4.5 When fraud and / or bribery has occurred due to lack of internal control or an identified breakdown in controls, the relevant Executive Director will be responsible for ensuring appropriate improvements in systems of control are implemented in order to minimise the risk of recurrence. Where investigations are undertaken by CAFT, an audit report will be produced on any control weaknesses and follow up action undertaken as appropriate to ensure the implementation of improvements.

5. ROLES AND RESPONSIBILITIES

The Role of Elected Members

5.1 As elected representatives, all Members of the Council have a duty to act in the public interest and to do whatever they can to ensure that the Council uses its resources in accordance with statute.

Barnsley Metropolitan Borough Council

CORPORATE ANTI-FRAUD & CORRUPTION STRATEGY

- 5.2 This is achieved through Members operating within the Constitution which includes the Code of Member Conduct and Financial Regulations.

The Role of Employees

- 5.3 The Council expects its employees to be alert to the possibility of fraud and corruption and to report any suspected fraud or other irregularities to the Head of Internal Audit.
- 5.4 Employees are expected to comply with the Employee Code of Conduct and the Council's policies and procedures.
- 5.5 Employees are responsible for complying with the Council's policies and procedures and it is their responsibility to ensure that they are aware of them. Where employees are also members of professional bodies they should also follow the standards of conduct laid down by them.
- 5.6 Employees should follow instructions given to them by management. They are under a duty to properly account for and safeguard the money and assets under their control/charge.
- 5.7 Employees are required to provide a written declaration of any financial and nonfinancial interests or commitments, which may conflict with BMBC's interests (Employee Code of Conduct – Register of Employees Interests). Section 117 of the Local Government Act 1972 requires any officer with an interest in a contract which has been, or proposed to be, entered into by the Council to declare that interest. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration.
- 5.8 Failure to disclose an interest or the acceptance of an inappropriate reward may result in disciplinary action or criminal liability. Staff must also ensure that they make appropriate disclosures of gifts and hospitality (Register of Hospitality, Gifts and Legacies).
- 5.9 Managers at all levels are responsible for familiarising themselves with the types of fraud that might occur within their directorates and the communication and implementation of this strategy.
- 5.10 Managers are expected to create an environment in which their staff feel able to approach them with any concerns that they may have about suspected fraud or any other financial irregularities.

The Public and external organisations

- 5.11 Members of the public receive financial assistance and benefits from the Council through a variety of services. These include Council Tenancies, Temporary Accommodation, Renovation and other housing related grants, Housing and Council Tax Support, Council Tax discounts, Right to Buy discounts, Direct care payments and Parking concessions. At some time or another these areas have been subject to attack by those intent on committing fraud which means that there is less money and resources available for those in genuine need.
- 5.12 The same principles of investigations will apply across all areas where fraud and corruption is alleged.
- 5.13 All applications for financial or other assistance will be verified to the highest standard, and all data available to the Council will be used to corroborate information provided by

Barnsley Metropolitan Borough Council

CORPORATE ANTI-FRAUD & CORRUPTION STRATEGY

applicants for the purposes of preventing and detecting fraud. All staff involved in assessing applications for assistance and/or verifying identification documentation submitted in support of applications will be provided with ongoing fraud awareness training through an e-learning package hosted by Learning Pool.

- 5.14 Information exchange will be conducted where allegations are received within the framework of the Data Protection Act 1998 for the purposes of preventing and detecting crime or under statutory legislation where it exists.
- 5.15 We will apply appropriate sanctions in all cases where it is felt that fraud or attempted fraud has been perpetrated against the authority. These will range from official warnings to Crown Court prosecution. We will also seek to recover any monies obtained fraudulently, including freezing assets, utilising the Proceeds of Crime Act 2002, confiscation orders, civil recovery and general debt recovery.
- 5.16 We will use the Council's Legal Services Department and the Crown Prosecution Service to bring offenders to justice. Prosecutions will not be limited to Council Tax Reduction Scheme cases but will include any area within the Council where there is evidence to indicate a fraud related offence has been committed and the case meets the standards required in the Corporate Prosecutions Policy and The Code for Crown Prosecutors.
- 5.17 As a deterrent, we will publicise our successful sanctions through the Council's Communications Team and in the local and national media where the law allows us to do so and periodically run targeted anti-fraud campaigns within the borough to raise fraud awareness.

Barnsley Metropolitan Borough Council's Commitment

- 5.18 Fraud and corruption are serious offences and employees and Members will face disciplinary action if there is evidence that they have been involved in these activities. Where criminal offences are suspected consideration will be given to pursuing criminal sanctions which may involve referring the matter to the police.
- 5.19 In all cases where the Council has suffered a financial loss, appropriate action will be taken to recover the loss.
- 5.20 In order to make employees, Members, the public and other organisations aware of the Council's continued commitment for taking action on fraud and corruption, details of completed investigations, including sanctions applied, will be publicised where it is deemed appropriate.

6. PREVENTION

Responsibilities of management

- 6.1 The primary responsibility for the prevention and detection of fraud is with management. They must ensure that they have the appropriate internal controls in place, that they are operating as expected and being complied with. They must ensure that adequate levels of internal checks are included in working practices, particularly financial. It is important that duties are organised in such a way that no one person can carry out a complete transaction without some form of checking or intervention process being built into the system.

CORPORATE ANTI-FRAUD & CORRUPTION STRATEGY

Corporate Anti-Fraud Team and Internal Audit

- 6.2 The CAFT and IA provide the Council's Anti-Fraud function. IA will ensure that an effective audit is undertaken of the Council systems and processes. CAFT will utilise all methods to detect, prevent, investigate and pursue fraud. This includes data-matching, data mining, open source research, surveillance and intelligence led investigations. The two branches of the operation will work to assist management to implement appropriate controls and provide solutions to control failures.
- 6.3 CAFT and IA are empowered to:
- Enter any Council premises or land;
 - Have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary;
 - Require and receive information or explanation of council employees as are regarded necessary concerning any matter under examination;
 - Require any employee of the Council to account for cash, stores or any other Council property under their control or possession.
- 6.4 The Council actively encourages employees to whistleblow on colleagues who are suspected of committing fraud. The Whistleblowing Policy provides further details on how employees can utilise the protection offered by the Public Interest Disclosure Act 1998. All employees, the public and members are encouraged to contact the CAFT or IA with any suspicion of fraud, corruption, financial malpractice or the abuse of official position.
- 6.5 CAFT is responsible for assessing the authority's counter fraud arrangements and performance against professional guidance and findings of internal reviews and investigations.
- 6.6 The CAFT is authorised to investigate allegations of fraud and corruption under Section 222 of the Local Government Act 1972.

Working with others and sharing information

- 6.7 The Council is committed to working and co-operating with other organisations to prevent fraud and corruption and protect public funds. The Council may use personal information and data-matching techniques to detect and prevent fraud, and ensure public money is targeted and spent in the most appropriate and cost-effective way. In order to achieve this, information may be shared with other bodies responsible for auditing or administering public funds including the Cabinet Office, the Department for Work and Pensions, other local authorities, HM Revenue and Customs, and the Police.

National Fraud Initiative

- 6.8 The Council participates in the National Fraud Initiative (NFI). The Serious Crime Act 2007 gave the Audit Commission new statutory powers to conduct data matching exercises by inserting a new Part 2A into the Audit Commission Act 1998. The Authority provides data from its computer systems, which is matched with that of other authorities and agencies, to identify possible fraud. Details of matches are returned to the Authority where further internal investigations are undertaken to identify and pursue cases of fraud and irregularity. CAFT act as key contact for the authority in co-ordinating this exercise and ensuring that data subjects are informed in a timely manner when the exercise is

CORPORATE ANTI-FRAUD & CORRUPTION STRATEGY

undertaken as per best practice guidance from the Audit Commission and Information Commissioner.

- 6.9 Responsibility for the NFI exercise transferred to the Cabinet Office on 1st April 2015 following the closure of the Audit Commission. The data matching exercise is now completed in accordance with Part 6 of the Local Audit and Accountability Act 2014.

Training and awareness

- 6.10 The successful prevention of fraud is dependent on risk awareness, the effectiveness of training (including induction) and the responsiveness of staff throughout the Council.
- 6.11 Management will provide induction and ongoing training to staff, particularly those involved in financial processes and systems to ensure that their duties and responsibilities are regularly highlighted and reinforced.
- 6.12 Internal Audit will provide fraud awareness training on request and will publish its successes to raise awareness.

7. DETECTION AND INVESTIGATION

- 7.1 The Council is committed to the investigation of all instances of actual, attempted and suspected fraud committed by staff, Members, consultants, suppliers and other third parties and the recovery of funds and assets lost through fraud.
- 7.2 Any suspected fraud, corruption or other irregularity should be reported to the Head of Internal Audit. The Head of Internal Audit will decide on the appropriate course of action to ensure that any investigation is carried out in accordance with Council policy and procedures, key investigation legislation and best practice. This will ensure that investigations do not jeopardise any potential disciplinary action or criminal sanctions.
- 7.3 Action could include:
- Investigation carried out by the CAFT;
 - Joint investigation with Internal Audit, CAFT and relevant directorate management;
 - Directorate staff carry out investigation and CAFT provide advice and guidance;
 - Referral to the Police.
- 7.4 The responsibility for investigating potential fraud, corruption and other financial irregularities within BMBC lies mainly (although not exclusively) with the CAFT. Staff involved in this work will therefore be appropriately trained, and this will be reflected in training plans.

8. RAISING CONCERNS AND THE WHISTLEBLOWING POLICY

Suspicions of fraud or financial irregularity

- 8.1 All suspected or apparent fraud or financial irregularities must be brought to the attention of the Head of Internal Audit in accordance with Financial Regulations. Where the irregularities relate to an elected Member, there should be an immediate notification to the Head of Paid Service or the Monitoring Officer.

- 8.2 If a member of the public suspects fraud or corruption they should contact the Corporate Anti-Fraud Team in the first instance. They may also contact the Council's External Auditor, who may be contacted in confidence.
- 8.3 The Council's Corporate Anti-Fraud Team can be contacted by telephone on 0800 1382940 or by mail to corporatefraudinvestigations@barnsley.gov.uk

Whistleblowing Policy

- 8.4 Employees (including Managers) wishing to raise concerns should refer to the Council's Whistleblowing Policy and associated procedures.
- 8.5 The Council's Whistleblowing Policy encourages individuals to raise serious concerns internally within the Council, without fear of reprisal or victimisation, rather than overlooking a problem or raising the matter outside. All concerns raised will be treated in confidence and every effort will be made not to reveal the individual's identity if this is their wish. However, in certain cases, it may not be possible to maintain confidentiality if the individual is required to come forward as a witness.
- 8.6 Employees wishing to raise concerns can obtain a copy of the Whistleblowing policy and procedure on the Corporate Intranet

CORPORATE ANTI-BRIBERY POLICY

DRAFT

CONTENTS

<u>Section</u>		<u>Page No</u>
1	Introduction	3
2	Objective of the Policy	3
3	Scope of the Policy	3
4	The Council's Commitment	3
5	Definition of Bribery	4
6	The Bribery Act 2010	4
7	Adequate Procedures	4
8	Penalties	5
9	Bribery is Not Tolerated	6
10	Facilitation Payments	6
11	Gifts and Hospitality	6
12	Public Contracts and Failure to Prevent Bribery	6
13	Staff Responsibilities	6
14	Raising a Concern	7
15	Other Relevant Policies	7

1. INTRODUCTION

- 1.1 Bribery is a criminal offence. Barnsley MBC does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we or will we, accept bribes or improper inducements.
- 1.2 To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in or otherwise encourage bribery.
- 1.3 We are committed to the prevention, deterrence and detection of bribery. We have zero-tolerance towards bribery. We aim to maintain anti-bribery compliance “business as usual”, rather than as a one-off exercise.

2. OBJECTIVE OF THIS POLICY

- 2.1 This policy provides a coherent and consistent framework to enable the Council’s employees to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.
- 2.2 We require that all personnel, including those permanently employed, temporary agency staff and contractors:
 - act honestly and with integrity at all times and to safeguard the Council’s resources for which they are responsible;
 - comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the Council operates, in respect of the lawful and responsible conduct of activities.

3. SCOPE OF THIS POLICY

- 3.1 This policy applies to all of the Council’s activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.
- 3.2 Within the Council, the responsibility to control the risk of bribery occurring resides at all levels of the Council. It does not rest solely within assurance functions, but in all business units and corporate functions.
- 3.3 This policy covers all personnel, including all levels and grades, those permanently employed, temporary agency staff, contractors, non-executives, agents, Members (including independent members), volunteers and consultants.

4. THE COUNCIL’S COMMITMENT TO ACTION

- 4.1 The Council commits to:
 - Setting out a clear Anti-Bribery Policy and keeping it up to date
 - Making employees aware of their responsibilities to adhere strictly to this policy at all times

- Encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately
- Rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- Taking firm and vigorous action against any individual(s) involved in bribery
- Provide information to employees to report breaches and suspected breaches of this policy
- Include appropriate clauses in contracts to prevent bribery.

5. BRIBERY

5.1 The Council defines bribery as:

An inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

6. THE BRIBERY ACT 2010

6.1 There are four key offences under the Act:

- Bribery of another person (section 1)
- Accepting a bribe (section 2)
- Bribing a foreign official (section 6)
- Failing to prevent bribery (section 7)

6.2 The Bribery Act 2010 makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. There is also a corporate offence under Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place **adequate procedures** designed to prevent bribery by or of persons associated with the organisation.

7. WHAT ARE “ADEQUATE PROCEDURES”?

7.1 Whether the procedures are adequate will ultimately be a matter for the courts to decide on a case-by-case basis. Adequate procedures need to be applied proportionately, based on the level of risk of bribery in the organisation. It is for individual organisations to determine proportionate procedures in the recommended areas of six principles. The principles are not prescriptive and are intended to be flexible and outcome focussed e.g. small organisations will face different challenges to those faced by large multi-national enterprises.

7.2 Proportionate procedures

The Council's procedures to prevent bribery by persons associated with it are proportionate to the bribery risks it faces and to the nature, scale and complexity of its activities. They are also clear, practical, accessible, effectively implemented and enforced.

7.3 Top level commitment

The top-level management are committed to preventing bribery by persons associated with the Council. They foster a culture within the council in which bribery is never acceptable.

7.4 Risk Assessment

The Council assesses the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.

7.5 Due diligence

The Council applies due diligence procedures, taking a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks.

7.6 Communication

The Council seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training that is proportionate to the risks it faces.

7.7 Monitoring and review

The Council monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary.

The Council is committed to proportional implementation of the above principles.

8. **PENALTIES**

8.1 An individual guilty of an offence under sections 1, 2 or 6 is liable:

- On conviction in a magistrates court, to imprisonment for a maximum term of 12 months or to a fine not exceeding £5,000, or to both
- On conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both

8.2 Organisations are liable for these fines and if guilty of an offence under section 7 are liable to an unlimited fine.

9. BRIBERY IS NOT TOLERATED

9.1 It is unacceptable to:

- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy;
- engage in activity in breach of this policy.

10. FACILITATION PAYMENTS

10.1 Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

11. GIFTS AND HOSPITALITY

11.1 This policy is not meant to change the requirements of the Council's Register of Hospitality and Gifts.

11.2 Paragraph 3.1 of the Code of Conduct for Employees states

Public confidence, and that of the Council, would be damaged if the least suspicion, however ill-founded, that an employee could in any way be influenced by improper motives were to arise. It is therefore not enough to avoid actual impropriety but employees should at all times also avoid any occasion for suspicion of the appearance of improper conduct. Accordingly, employees must not accept gifts, entertainment, hospitality or any benefits of any kind from organisations or people connected with those organisations with who the Council may, whether directly or indirectly, be in actual or potential contractual or business relationships. This applies to those benefits which are for the employee(s) themselves and those connected with the employee(s) and whether received in connection with official duties or not.

11.3 Furthermore, paragraph 3.3.1 of the Code of Conduct for Employees states that gifts may only be accepted in the Following Circumstances

Those gifts which are of a modest kind (i.e. under £10 retail value), such as a calendar, diary, pen or other inexpensive item of office equipment, and which can be regarded as in the nature of advertising matter, can be accepted. Such gifts must bear the name or insignia of the organisation concerned. All other gifts must be politely but firmly refused. If gifts are received through the post they must be returned immediately to the donor with a suitably worded covering letter.

11.4 In general terms, however, an employee must:

- Treat any offer of a gift or hospitality if it is made to them personally with extreme caution;

- Not receive any reward or fee other than their salary;
- Never accept monetary gifts of any kind;
- Always refuse offers of gifts or services to them (or their family members) from organisations or persons who do, or might, provide work, goods or services, to the County Council or who require a decision from the County Council;
- Always report any such offer to their line manager.

12. PUBLIC CONTRACTS AND FAILURE TO PREVENT BRIBERY

- 12.1 Under the Public Contracts Regulations 2006 (which gives effect to EU law in the UK), a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. The Council has the discretion to exclude organisations convicted of this offence.

13. STAFF RESPONSIBILITIES

- 13.1 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the organisation or under its control. All appropriate staff are required to avoid activity that breaches this policy.
- 13.2 You must:
- ensure that you read, understand and comply with this policy;
 - raise concerns as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.
- 13.3 As well as the possibility of civil and criminal prosecution, staff breaching this policy will face disciplinary action, which could result in dismissal for gross misconduct.

14. RAISING A CONCERN

- 14.1 The Council is committed to ensuring that all of us have a safe, reliable, and confidential way of reporting any suspicious activity. We want each and every member of staff to know how they can raise concerns.
- 14.2 We all have a responsibility to help detect, prevent and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help.
- 14.3 There are multiple channels to help you raise concerns (please refer to the Whistleblowing Policy). Preferably the disclosure will be made and resolved internally e.g. to your line manager, head of department or Internal Audit. Alternatively, where internal disclosure proves inappropriate, concerns can be raised with the Council's external auditor. Raising concerns in these ways may be more likely to be considered reasonable than making disclosures publicly e.g. to the media.
- 14.4 Concerns can be anonymous. In the event that an incident of bribery, corruption, or wrongdoing is reported, we will act as soon as possible to evaluate the situation. We have clearly defined procedures for investigating fraud, misconduct and non-

compliance issues and these will be followed in any investigation of this kind. This is easier and quicker if concerns raised are not anonymous.

- 14.5 Staff who refuse to accept or offer a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. The Council aims to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.
- 14.6 We are committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith.
- 14.7 If you have any questions about these procedures, please contact Internal Audit.

15. OTHER RELEVANT POLICIES

- 15.1 Further information on relevant Council policy and practice can be found in the following internal documents:
- Anti-Fraud and Corruption Policy;
 - Anti-Fraud and Corruption Strategy;
 - Members Code of Conduct;
 - Employee Code of Conduct (including gifts and hospitality);
 - Anti-Money Laundering Policy;
 - Whistleblowing Policy.



External Audit Plan 2016/2017



Barnsley Metropolitan Borough Council

DRAFT February 2017

The Local Government Landscape



Financial Statement Audit



There are no significant changes to the Code of Practice on Local Authority Accounting for 2016/17, which provides stability in terms of the accounting standards the Authority needs to comply with.

Materiality

Materiality for planning purposes has been based on last year's expenditure and set at **£12 million**.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance; this figure has been set at **£0.6 million**.

Significant risks

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

- Significant changes in the pension liability due to LGPS Triennial Valuation; and
- PPE valuation in relation to PFI;

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error, but which are nevertheless worthy of audit understanding, have been identified as:

- Disclosure around retrospective restatement of Comprehensive Income and Expenditure (CIES), Movement in Reserves Statement (MiRS) and Expenditure and Funding Analysis (EFA) note from 1 April 2016.

See pages 4 to 7 for more details.

Value for Money Arrangements work



Our risk assessment is ongoing and we will report VFM significant risks during our audit.

See pages 8 to 11 for more details.

Logistics



Our team consists of:

- Clare Partridge – Partner
- Amy Warner - Manager
- Matthew Moore – Assistant manager

More details are on **page 14**.

Our work will be completed in four phases from December to September; our key deliverables are this Audit Plan and a Report to those charged with Governance, as outlined on **page 13**.

Our fee for the audit is £135,988 (£135,988 2015/2016) see **page 12**.

Introduction

Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2016/17 presented to you in April 2016, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.

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

- *Financial statements (including the Annual Governance Statement):* Providing an opinion on your accounts; and
- *Use of resources:* Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the Value for Money (VFM) conclusion).

audit planning process and risk assessment is an on-going process. Consequently, assessment and fees in this plan will be kept under review and updated if necessary.

Acknowledgements

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

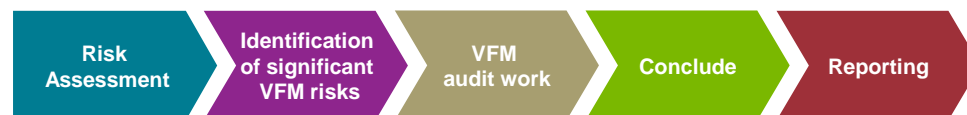
Financial Statements Audit

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



Value for Money (VFM) Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a five stage process which is identified below. Page 8 provides more detail on the activities that this includes. This report concentrates on explaining the VFM approach for the 2016/17 audit and the findings of our VFM risk assessment.





Financial Statements Audit Planning

Our planning work takes place during December 2016 to February 2017. This involves the following key aspects:

- Risk assessment;
- Determining our materiality level; and
- Issuing this audit plan to communicate our audit strategy.

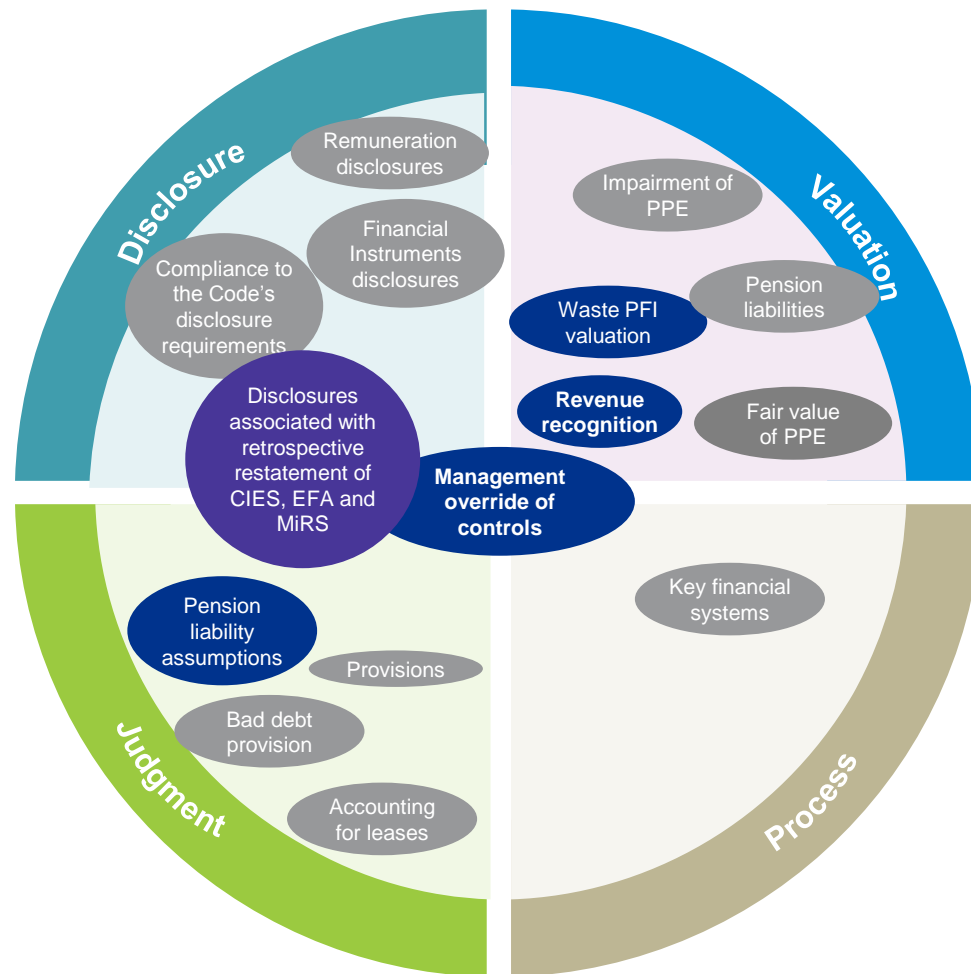
Risk assessment

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

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

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

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



Keys: ● Significant risk ● Other area of audit focus ● Example other areas considered by our approach



Significant Audit Risks

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

Risk: Significant changes in the pension liability due to LGPS Triennial Valuation

During the year, the Local Government Pension Scheme for South Yorkshire Pension Fund (the Pension Fund) has undergone a triennial valuation with an effective date of 31 March 2016 in line with the Local Government Pension Scheme (Administration) Regulations 2013. The Authority's share of pensions assets and liabilities is determined in detail, and a large volume of data is provided to the actuary in order to carry out this triennial valuation.

The pension liability numbers to be included in the financial statements for 2016/17 will be based on the output of the triennial valuation rolled forward to 31 March 2017. For 2017/18 and 2018/19 the actuary will then roll forward the valuation for accounting purposes based on more limited data.

There is a risk that the data provided to the actuary for the valuation exercise is inaccurate and that these inaccuracies affect the actuarial figures in the accounts. Most of the data is provided to the actuary by South Yorkshire Pension Authority, who administer the Pension Fund.

Approach: As part of our audit, we will agree any data provided by the Authority to the actuary, back to the relevant systems and reports from which it was derived, in addition to checking the accuracy of this data.

We will also liaise with the Pension Fund Audit Team (the Pension Fund's Auditors) where this data was provided by the Pension Fund on the Authority's behalf to check the completeness and accuracy such data.

Risk: Valuation of Waste Management PFI

The Council recognised the Waste Management PFI asset on the balance sheet for the first time as it came into use during 2015/16. The value of this was based on the original PFI model with no up-to-date valuation completed. This does not meet the requirements of the CIPFA Code. Management completed a valuation of the asset during our final audit visit and confirmed that the value of the asset at £19.2m was not materially misstated.

Management agreed that they would reflect the revised valuation in the 2016/17 financial statements.

There is a risk that the asset is not included in the Council's accounts at the appropriate value.

Approach: We will work with KPMG's valuation team and the Authority's internal valuer to understand the assumptions used in relation to the value of the Waste Management PFI, and assess whether these are appropriate.

We will confirm that any revisions in the valuation have been appropriately accounted for.



Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Disclosures associated with retrospective restatement of CIES, EFA and MiRS

Over previous years, CIPFA has been working with stakeholders to develop better accountability through the financial statements as part of its 'Telling the Whole Story' project. The key objective of this project was to make Local Government accounts more understandable and transparent for the reader in terms of how the Councils are funded and how they use the funding to serve the local population. The outcome of this project resulted in two main changes in respect of the 2016-17 Local Government Accounting Code (Code) as follows:

- Allowing local authorities to report on the same basis as they are organised by removing the requirement for the Service Reporting Code of Practice (SeRCOP) to be applied to the Comprehensive Income and Expenditure Statement (CIES); and
- Introducing an Expenditure and Funding Analysis (EFA) which provides a direct reconciliation between the way local authorities are funded, prepare their budget and the CIES. This analysis is supported by a streamlined Movement in Reserves Statement (MIRS) which replaces the current segmental reporting note

As a result of these changes, retrospective restatement of CIES (cost of services), EFA and MiRS is required from 1 April 2016 in the Statement of Accounts.

New disclosure requirements and restatement of accounts require compliance with relevant guidance and the correct application of applicable Accounting Standards.

Although less likely to give rise to a material error in the financial statements, this is an important material disclosure change in this year's accounts that is worthy of audit understanding.

Approach:

As part of our audit we will:

- Assess how the Authority has actioned the revised disclosure requirements for the CIES, MiRS and the new EFA statement as required by the Code; and
- Check the restated numbers and associated disclosures for accuracy, correct presentation and compliance with applicable Accounting Standards and Code guidance.



Materiality

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

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

Materiality for planning purposes has been set at £12 million, which equates to 1.6% of gross expenditure.

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

Reporting to the Audit Committee

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

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

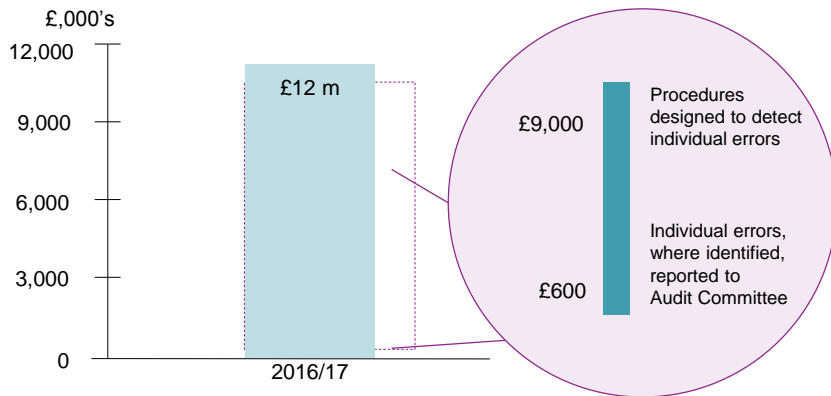
In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £600k.

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

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

- Any deficiencies in the system of internal controls or instances of fraud which the subsidiary auditors identify;
- Any limitations on the group audit, for example, where our access to information may have been restricted; and
- Any instances where our evaluation of the subsidiary auditor's work gives rise to concern about the quality of that auditor's work.

Materiality for the Authority based on prior year gross expenditure



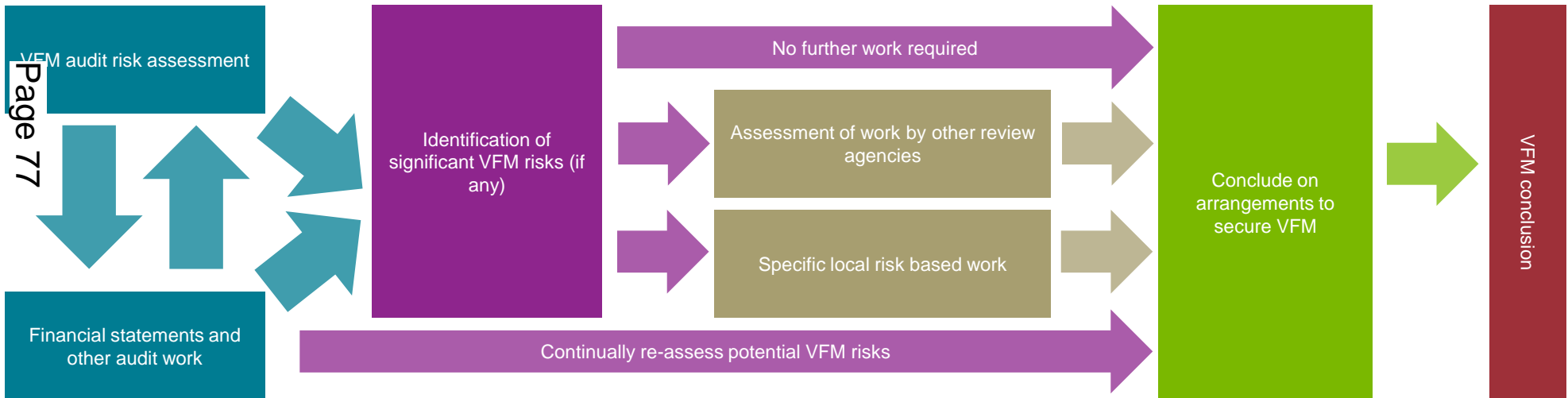


Background to approach to VFM work

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

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

The VFM approach is fundamentally unchanged from that adopted in 2015/2016 and the process is shown in the diagram below. The diagram overleaf shows the details of the criteria for our VFM work.



Page 77



Overall criterion

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

Informed decision making

Proper arrangements:

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

Sustainable resource deployment

Proper arrangements:

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

Working with partners and third parties

Proper arrangements:

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



VFM audit stage	Audit approach
VFM audit risk assessment	<p>We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the <i>Code of Audit Practice</i>.</p> <p>In doing so we consider:</p> <ul style="list-style-type: none"> ■ The Authority's own assessment of the risks it faces, and its arrangements to manage and address these risks; ■ Information from the Public Sector Auditor Appointments Limited VFM profile tool; ■ Evidence gained from previous audit work, including the response to that work; and ■ The work of other inspectorates and review agencies.
<p>Page 79</p> <p>packages with financial statements and other audit work</p>	<p>There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.</p> <p>We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.</p>
Identification of significant risks	<p>The Code identifies a matter as significant <i>'if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.'</i></p> <p>If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:</p> <ul style="list-style-type: none"> ■ Considering the results of work by the Authority, inspectorates and other review agencies; and ■ Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Value for money arrangements work (cont.)



VFM audit stage	Audit approach
<p>Assessment of work by other review agencies</p> <p>and</p> <p>Delivery of local risk based work</p>	<p>Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.</p> <p>If such evidence is not available, we will instead need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:</p> <ul style="list-style-type: none"> ■ Meeting with senior managers across the Authority; ■ Review of minutes and internal reports; ■ Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.
<p>Concluding on VFM arrangements</p>	<p>At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.</p>
<p>Reporting</p>	<p>We are still concluding our initial risk assessment and will report any significant risks to the audit committee</p> <p>We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.</p> <p>The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.</p>

Page 80

Whole of Government Accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2016/17 have not yet been confirmed.

Electors challenge

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

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

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

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

Our audit team

Our audit team will continue to be led by Clare Partridge. Appendix 2 provides more details on specific roles within the team, along with contact details.

Reporting and communication

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

Independence and Objectivity

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

Audit fee

Our Audit Fee Letter 2016/2017, presented to you in April 2016, first set out our fees for the 2016/2017 audit. This letter also set out our assumptions.

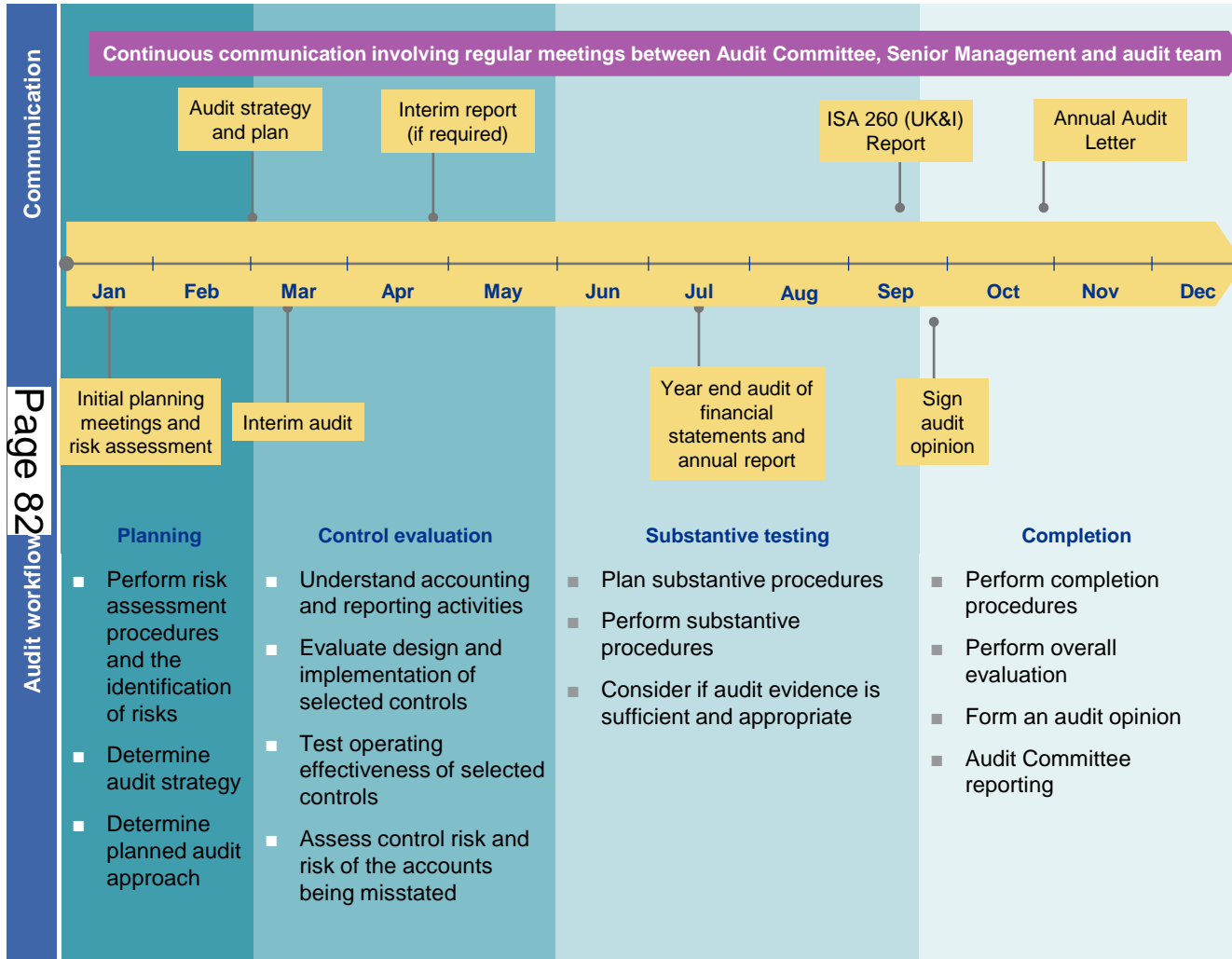
We have not considered it necessary to make any changes to the agreed fees at this stage.

Our audit fee may alter later, subject to agreement with PSAA, for changes in the Code, specifically this year the changes in relation to the disclosure associated with retrospective restatement of CIES, EFA and MiRS. If such a variation is agreed with PSAA, we will report that to you in the due course.

The planned audit fee for 2016/17 is £135,988. This is consistent with the 2015/16 fee.

Our audit fee includes our work on the VFM conclusion and our audit of the Authority's financial statements.

Appendix 1: Key elements of our financial statements audit approach



Driving greater audit value through Data and Analytics

Technology is embedded throughout our audit approach to deliver a high quality audit opinion. Our use of Data and Analytics (D&A) to analyse large populations of transactions in order to identify key areas for our audit focus is just one element. We strive to deliver new quality insight into your operations that enhances both parties' preparedness and improves your collective 'business intelligence'. Data and Analytics allows us to:

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

We anticipate using Data and Analytics in our work around key areas such as payroll and journals. We also expect to provide insights from our analysis of these tranches of data in our reporting to add further value from our audit.



Your audit team has been drawn from our specialist public sector assurance department.



Name	Clare Partridge
Position	Partner
	<p>'My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion.</p> <p>I will be the main point of contact for the Audit Committee and Chief Executive.'</p>

Clare Partridge

Partner

Telephone: 0113 231 3922

Email: clare.partridge@kpmg.co.uk



Name	Amy Warner
Position	Manager
	<p>'I will work closely with the Finance Team to ensure the smooth running of the audit. I will be the first point of contact for any technical queries.'</p>

Amy Warner

Manager

Telephone: 0113 231 3089

Email: amy.warner@kpmg.co.uk



Name	Matthew Moore
Position	Assistant Manager
	<p>'I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.'</p>

Matthew Moore

Assistant Manager

Telephone: 0113 231 3663

Email: matthew.moore@kpmg.co.uk

Appendix 3: Independence and objectivity requirements

Independence and objectivity

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, this is the Audit Committee.

KPMG LLP is committed to being and being seen to be independent. APB Ethical Standards require us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Further to this, the National Audit Office's Code of Audit Practice requires auditors to:

- Carry out their work with integrity, independence and objectivity;
- Be transparent and report publicly as required;
- Be professional and proportional in conducting work;
- Be mindful of the activities of inspectorates to prevent duplication;
- Take a constructive and positive approach to their work;
- Comply with data statutory and other relevant requirements relating to the security, transfer, holding, disclosure and disposal of information.

PSAA's Terms of Appointment include several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Auditors and senior members of their staff who are directly involved in the management, supervision or delivery of PSAA audit work should not take part in political activity.

- No member or employee of the firm should accept or hold an appointment as a member of an audited body whose auditor is, or is proposed to be, from the same firm. In addition, no member or employee of the firm should accept or hold such appointments at related bodies, such as those linked to the audited body through a strategic partnership.
- Audit staff are expected not to accept appointments as Governors at certain types of schools within the local authority.
- Auditors and their staff should not be employed in any capacity (whether paid or unpaid) by an audited body or other organisation providing services to an audited body whilst being employed by the firm.
- Auditors appointed by the PSAA should not accept engagements which involve commenting on the performance of other PSAA auditors on PSAA work without first consulting PSAA.
- Auditors are expected to comply with the Terms of Appointment policy for the Engagement Lead to be changed on a periodic basis.
- Audit suppliers are required to obtain the PSAA's written approval prior to changing any Engagement Lead in respect of each audited body.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the Terms of Appointment.

Confirmation statement

As of February 2017, in our professional judgement we can confirm that KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.



© 2017 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment’s website (www.psaa.co.uk).

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

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG’s work, in the first instance you should contact Clare Partridge, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG’s work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to Andrew.Sayers@kpmg.co.uk. 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 page is intentionally left blank



Technical update

Incorporating the External Audit Progress Report

Barnsley Metropolitan Borough Council

March 2017

Contents

The contacts at KPMG in connection with this report are:

Clare Partridge
Partner
KPMG LLP (UK)
Tel: 0113 231 3922
clare.partridge@kpmg.co.uk

Amy Warner
Manager
KPMG LLP (UK)
Tel: 0113 231 3019
amy.warner@kpmg.co.uk

External audit progress report

KPMG resources

Technical developments

Appendices

1. 2016/17 audit deliverables

Page

3

5


9

14

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

 High impact

 Medium impact

 Low impact

 For information



External audit progress report

External audit progress report

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

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

Page 90

Area of responsibility	Commentary
Financial statements	<p><i>Planning for 2016/17 has already commenced. Our audit plan will be taken to the March audit committee.</i></p> <p><i>Our interim audit visit is scheduled for week commencing 27th March, and our review of the draft financial statements will commence in July 2017.</i></p>
Value for Money	<p><i>We consider value for money throughout our audit process. Details of our planned work will be included within our audit plan.</i></p>
Certification of claims and returns	<p><i>We have not yet started our audit of the 2016/17 Housing Benefit & Council Tax Benefit Claim in line with the Public Sector Audit Appointments (PSAA) guidance.</i></p>
Other work	<p><i>No additional work has been requested that we have not already brought to the Audit Committee's attention.</i></p>



KPMG resources

Publication 'Value of Audit - Perspectives for Government'

What does this report address?

This report builds on the Global Audit campaign – *Value of Audit: Shaping the future of Corporate Reporting* – to look more closely at the issue of public trust in national governments and how the audit profession needs to adapt to rebuild this trust. Our objective is to articulate a clear opinion on the challenges and concepts critical to the value of audit in government today and in the future and how governments must respond in order to succeed.

Through interviews with KPMG partners from nine countries (Australia, Canada, France, Germany, Japan, the Netherlands, South Africa, the UK and the US) as well as some of our senior government audit clients from Canada, the Netherlands and the US, we have identified a number of challenges and concepts that are critical to the value of audit in government today and in the future.

What are the key issues?

- The lack of consistent accounting standards around the world and the impacts on the usefulness of government financial statements.
- The importance of trust and independence of government across different markets.
- How government audits can provide accountability thereby enhancing the government's controls and instigating decision-making.
- The importance of technology integration and the issues that need to be addressed for successful implementation
- The degree of reliance on government financial reports as a result of differing approaches to conducting government audits

The *Value of Audit: Perspectives for Government* report can be found on the KPMG website at <https://home.kpmg.com/xx/en/home/insights.html>

The *Value of Audit: Shaping the Future of Corporate Reporting* can be found on the KPMG website at www.kpmg.com/sg/en/topics/value-of-audit/Pages/default.aspx

Publication 'Reimagine - Local Government'

KPMG have published a number of reports under the headline of *Reimagine – Local Government*. These are summarised below:

Council cash crunch: New approach needed to find fresh income

- By 2020, councils must generate all revenue locally.
- More and more are looking towards diversifying income streams as an integral part of this.
- Councils have significant advantages in becoming a trusted, independent supplier.
- To succeed, they must invest in developing commercial capability and capacity.

Councils can save more than cash by sharing data

- Better data sharing in the public sector can save lives and money.
- The duty to share information can be as important as the duty to protect it.
- Local authorities are yet to realise the full value of their data and are wary of sharing information.
- Cross-sector structures and the right leadership is the first step to combating the problem.

English devolution: Chancellor aims for faster and more radical change

- Experience of Greater Manchester has shown importance of strong leadership.
- Devolution in areas like criminal justice will help address complex social problems.
- Making councils responsible for raising budgets locally shows the radical nature of these changes.
- Cuts to business rates will stiffen the funding challenge, even for the most dynamic councils.

Senior public sector pensions

- Recent changes to pensions taxation have particularly affected the public sector, with fears senior staff may quit as pension allowances bite.
- 'Analyse, control, engage' is the bedrock of an effective strategy.

Time for the *Care Act* to deliver

- Momentum behind last year's *Care Act* risks stalling.
- Councils are struggling to create an accessible care market with well-informed consumers.
- Local authorities must improve digital presence and engage providers.
- Austerity need not be an impediment to progress. It could be an enabler.

The publications can be found on the KPMG website <https://home.kpmg.com/uk/en/home/insights/2016/04/reimagine-local-government.html>

Publication 'The future of cities'

We are delighted to share *The future of cities*, a report that helps local government leaders build and evaluate sustainable cities for their current and future generations.

What is *The future of cities*?

The future of cities is a global report that follows from the UK firm's thought leadership partnership with the City of Bristol and the work surrounding its European Green Capital 2015 designation. The report is broken into two modules that draw on the expertise of KPMG practitioners around the world and includes a range of case studies to ensure you find approaches relevant to your context.

The first module, *The future of cities: creating a vision*, explains the central role of vision in the success of second cities, identifying seven guiding principles to make cities more attractive. Examples are provided of various cities around the globe that are putting some of these principles into action.

The second, *The future of cities: measuring sustainability*, discusses some of the ways in which cities are being measured and how these metrics could evolve. More important, it provides practical examples of what leading cities are doing, the lessons to be learned and how these can be applied to other cities.

This content is now featured on kpmg.com/futurecities where readers can access a broader collection of reports and shorter opinion pieces from KPMG's leading thinkers on different aspects on how to create better, more sustainable places to live and work.



Technical developments

PSAA's Value For Money Tool

Level of impact: ● (Low)

KPMG perspective

The PSAA's Value for Money Profiles tool (VFM Profiles) was updated on 3 October 2016.

The VFM profiles have been updated with the latest available data. The adult social care section has been re-designed based on the new adult social care financial return (ASC-FR). Data is available from 2014/15 onwards with no comparable data from earlier years.

The VFM profiles have also been updated with the latest available data from the following sources:

- General fund revenue account budget (RA) (2016/17)
- Child and working tax credit statistics (2014/15)
- Children in low-income families local measure (2015)
- Chlamydia testing activity dataset (CTAD) (2015)
- Climate change statistics: CO2 emissions (2014)
- Collection rates for council tax and non-domestic rates in England (2015/ 16)
- Council tax demands and precepts statistics (2016/17)
- Fuel poverty sub-regional statistics (2014)
- Homelessness statistical release (P1E) (2015/16)
- Housing benefit speed of processing (2015/16)
- Mid-year population estimates (2015)
- NHS health check data (2015/16)
- Planning applications (2015/16)
- Schools, pupils and their characteristics (2015/16)
- Young people from low income backgrounds progressing to higher education (2013/14)

The Value For Money Profiles can be accessed via the PSAA website at http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing

The Committee may wish to seek further understanding for areas where their Authority appears to be an outlier.

NAO report: Children in need of help or protection

Level of impact: ● (For Information)

The NAO has recently published a report entitled *Children in need of help or protection*.

The report finds that the actions taken by the Department for Education since 2010 to improve the quality of help and protection services delivered by local authorities for children have not yet resulted in services being of good enough quality. NAO analysis found that spending on children's social work, including on child protection, varies widely across England and is not related to quality.

Neither the Department for Education nor authorities understand why spending varies.

The report finds that nationally the quality of help and protection for children is unsatisfactory and inconsistent, suggesting systemic rather than just local failure. Ofsted has found that almost 80% of authorities it has inspected since 2013 are not yet providing services rated as Good to help or protect children. Good performance is not related to levels of deprivation, region, numbers of children or the amount spent on children in need. Ofsted will not complete the current inspection cycle until the end of 2017, a year later than originally planned. The Department does not therefore have up-to-date assurance on the quality of services for 32% of local authorities.

The report also notes that children in different parts of the country do not get the same access to help or protection, finding that thresholds for accessing services were not always well understood or applied by local partners such as the police and health services. In Ofsted's view some local thresholds were set too high or low, leading to inappropriate referrals or children left at risk. In the year ending 31 March 2015 there were very wide variations between local authorities in the rates of referrals accepted, re-referrals, children in need and repeat child protection plans.

The report is available from the NAO website at www.nao.org.uk/report/children-in-need-of-help-or-protection

Consultation on 2017/18 work programme and scales of fees

Level of impact: ● (For Information)

Public Sector Audit Appointments Ltd (PSAA) has published its consultation on the 2017/18 work programme and scales of fees.

The consultation sets out the work that auditors will undertake at principal local government and police bodies for 2017/18, with the associated scales of fees. The consultation document, and the lists of individual scale fees, are available on the 2017/18 work programme and scales of fees consultation page of the PSAA website: www.psa.co.uk/audit-and-certification-fees/201718-work-programme-and-scales-of-fees

There are no planned changes to the overall work programme for 2017/18. It is therefore proposed that scale fees are set at the same level as the scale fees applicable for 2016/17.

The work that auditors will carry out on the 2017/18 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*.

The consultation closed on Thursday 12 January 2017. PSAA will publish the final work programme and scales of fees for 2017/18 in March 2017.

This is the final year for which PSAA will set fees under the current transitional arrangements. The Secretary of State for Communities and Local Government has specified PSAA as an appointing person for principal local government and police bodies, under the provisions of the *Local Audit and Accountability Act 2014* and the requirements of the *Local Audit (Appointing Person) Regulations 2015*.

This means that PSAA will make auditor appointments under new audit contracts to bodies that choose to opt into the national scheme the company is developing, for audits of the accounts from 2018/19.

Further information is available on the appointing person page of the PSAA website: www.psa.co.uk/supporting-the-transition/appointing-person

Overview of Local Government

Level of impact: ● (For Information)

The NAO has recently published an Overview of Local Government

The overview looks at the local government landscape and summarises both matters of likely interest to Parliament and the National Audit Office's (NAO's) work with local authorities. These include Local Government Responsibilities, Funding and Service Spending and the findings from the NAOs work on Local Government.

The overview is available from the NAO website at www.nao.org.uk/report/overview-local-government



Appendix

Appendix 1

2016/17 audit deliverables

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	April 2017	TBC
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	March 2017	completed
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.	May 2017	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 2017	TBC

Page 101

Appendix 1

2016/17 audit deliverables (cont.)

Deliverable	Purpose	Timing	Status
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 2017	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2017	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2017	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 2017	TBC



© 2017 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

This page is intentionally left blank

BARNSELY MBC AUDIT COMMITTEE – INDICATIVE WORK PROGRAMME

	Mtg. No.	6	7	1	2	3	4	5	6
Committee Work Area	Contact / Author	22.3.17	19.4.17	7.06.17*	19.07.17*	22.09.17*	6.11.17*	17.1.18*	21.3.18*
Committee Arrangements									
Committee Work Programme	WW	X	X	X	X	X	WORKSHOP MEETING/TRAINING EVENT	X	X
Minutes/Actions Arising	WW	X	X	X	X	X		X	X
Review of Terms of Reference and Self-Assessment	RW/CHAIR		X						
Training Review and Skills Assessment	RW/CHAIR		X						
Review of Terms of Reference & Working Arrangements	FF		X					X	
Draft Audit Committee Annual Report	RW/CHAIR		X						
Audit Committee Annual Report (Council 1/12/16)	RW/CHAIR			X	X				
Internal Control and Governance Environment									
Local Code of Corporate Governance	AF/AH	X							X
Annual Governance Review Process and Timescales	AF/AH								
Draft Annual Governance Statement & Action Plan	AF/AH				X				
Final Annual Governance Statement	AF/AH					X			
AGS Action Plan Update	AF/AH								
Corporate Whistleblowing Update & Annual Report	RW		X						
Annual Fraud Report	RW			X					
RIPA Update Report	AF/GK								
Review of Ombudsman Complaints	AF								
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		
Internal Audit									
Internal Audit Charter & Strategy	RW		X					X	
Internal Audit Plan	RW	X						X	
Internal Audit Quarterly Report	RW		X		X		X		

	Mtg. No.	6	7	1	2	3	4	5	6
Committee Work Area	Contact / Author	22.3.17	19.4.17	7.06.17*	19.07.17*	22.09.17*	6.11.17*	17.1.18*	21.3.18*
Annual Review of the Effectiveness of Internal Audit	RW				X				
Review of the Effectiveness of Int. Audit - Update	RW							X	
Internal Audit Annual Report	RW			X					
Corporate Fraud Team - Report	RW	X							X
External Audit (KPMG)									
Annual Governance Report (ISA260 Report)	KPMG					X			
Audit Plan	KPMG	X							X
Annual Fees Letter	KPMG								X
Annual Audit Letter	KPMG								
Grants Letter	KPMG								
Claims & Returns Annual Report	KPMG							X	
External Audit Progress report & Technical Update	KPMG	X	X	X	X	X		X	X
Financial Reporting and Accounts									
Budget Proposal Section 25 Report	FF/NC	X							X
Draft Statement of Accounts	FF/NC				X				
Corporate Finance Summary	FF/NC					X			
Corporate Finance and Performance Management & Capital Programme Update	NC	X				X			X
Treasury Management Annual Report	IR	X							X
Treasury Mgt. Policy & Strategy Statement	IR	X							X

* provisional dates subject to approval at the Annual Council meeting to be held on the 19th May, 2017