

MEETING:	Audit Committee
DATE:	Wednesday, 19 July 2017
TIME:	4.00 pm
VENUE:	Reception Room, Barnsley Town Hall

AGENDA

Procedural/Administrative Items

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Minutes (*Pages 3 - 14*)

To receive the minutes of the meeting held on 14th June, 2017.

3. Actions Arising From the Previous Meetings (*Pages 15 - 16*)

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

Items for Discussion/Decision

4. Draft Annual Governance Statement 2016/17 (*Pages 17 - 46*)

The Chief Executive and Director of Core Services will submit a joint report on the Draft Annual Governance Statement 2016/17.

5. Risk Management Annual Report 2016/17 (*Pages 47 - 56*)

The Committee will receive a report summarising the risk management activity in 2016 / 17 towards the achievement of the goals and objectives set out in the Council's Risk Management Policy and to signpost further work to be undertaken in 2017/18.

6. Internal Audit Quarterly Report 2017/18 - Quarter ended 30th June, 2017 (*Pages 57 - 72*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report presenting a comprehensive overview of the key activities and findings of Internal Audit based on the Division's work for the whole of the final quarter and to the end of June, 2017 being the first quarter of the 2017/18 audit year.

7. Review of the Effectiveness of Internal Audit (*Pages 73 - 82*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report presenting information and evidence in support of the review of the effectiveness of the Audit Function.

Items for Information

8. Business Improvement and Communications - Progress Report (*Pages 83 - 86*)

The Service Director Business Improvement and Communications will submit a

report giving an overview of the functions of the Business Improvement and Communications Business Unit and related elements of the Annual Governance Statement process in accordance with the recently revised Audit Committee Terms of Reference and Work Programme.

9. External Audit - Interim Audit Report 2016/17 (*Pages 87 - 100*)

The Council's External Auditor (KPMG) will submit their Interim Audit Report 2016/17 summarising the key findings arising from the work undertaken to date in relation to the audit of the Authority's 2016/17 Financial Statements, the 2016 Value for Money Conclusion, detailing the headline messages arising from that work and indicating that the Authority has implemented all the recommendations raised through previous audit work.

10. Audit Committee Work Plan 2017/18 - 2018/19 (*Pages 101 - 102*)

The Committee will receive the indicative Audit Committee Work Plan for 2017/18 and 2018/19.

To: Chair and Members of Audit Committee:-

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

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

Council Governance Unit – 3 copies

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

Tuesday, 11 July 2017

MEETING:	Audit Committee
DATE:	Wednesday, 14 June 2017
TIME:	4.00 pm
VENUE:	Boardroom - SY Joint Authorities Building

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

1. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

2. APPOINTMENT OF VICE CHAIR

RESOLVED that Mr S. Gill be appointed as Vice Chair of the Committee for the municipal year 2017/18.

3. INFORMATION GOVERNANCE PERFORMANCE - QUARTER 4 2016/17

The Executive Director Communities and ICT Manager submitted a joint report providing details of the Authority's position in relation to information security breaches and cyber incidents reported and investigated in quarter four of the 2016/17 financial year with comparisons for the whole of the 2016/17 financial year and the previous financial year 2015/16.

Mr D Robinson (Head of ICT) and Ms M John-Ross (Service Director Children's Social Care and Safeguarding) attended the meeting to present the report and to answer Members questions.

The report indicated that there were three reporting regimes; reporting to the Information Commissioner's Office for the most serious incidents; reporting via the information governance toolkit for adults' social care and public health most serious incidents; and internal reporting and investigation. Detailed guidance on the reporting regimes was outlined within an appendix to the report.

In relation to Information Security:

- there had been 46 incidents (both actuals and weaknesses and third party incidents) which had required investigation. This represented a significant increase compared to previous years which was attributable, in part, to the fact that increased awareness had been raised through policies, via SMT and through staff communications and training
- the fourth quarter actual incidents and weaknesses, subject to internal investigation were also detailed by Directorate, Business Unit and type
- the highest number of actual incidents (12) related to 'disclosure in error' and in the main related to the use of emails which had been sent to the wrong recipient/contact group, where incorrect recipients had been copied in or were not encrypted.

- the report also gave details of where such incidents breached the various principles of the Data Protection Act
- no incidents had been reported to the Information Commissioner in Quarter 4 but in the 2016/17 financial year four incidents had been reported. In addition, in April 2017 two further incidents had been reported. These were not to be investigated as arrangements had been put in place for the Council to review its handling of personal data
- a summary of lessons learned and action taken was provided
- there had been 9 third party incidents in relation to schools, foster carers, Berneslai homes and members of the public. These had been reported to Information Governance and investigated by relevant parties

In relation to cyber incidents:

- a summary of the 'attempts' and 'attacks' was provided by quarter for the 2016/17 financial year together with a definition for each type of 'incident'
- there had been a decrease in the number of phishing email calls being processed some of which was due to internal staff levels. In the current quarter there had been a significant increase which was attributable to the catching up of the backlog. In addition, there had been a marked increase in the amount of phishing and malicious emails being received
- the Council was actively blocking and preventing access to more links, email addresses and websites as part of a proactive approach with regular updates appearing in the weekly staff newsletter. This was also partly in response to advice from government about the increased risk around election time
- phishing software was being used and allowed the service to offer training to staff immediately and automatically. This should further raise awareness and was seen as the next step forwards in terms of training, with this being more focused than the general Information Security Training that had to be completed by all staff and Elected Members

In response to questioning, the following matters were raised:

- It was noted that the Executive Director Core Services acted as the senior risk officer for the Authority and was also chair of the Information Governance Board which was a high level group of senior officers which had oversight of all Information Governance Issues. It was also noted that the Service Director Children's Social Care and Safeguarding was the Caldicott Guardian with responsibility for Information Governance and for ensuring privacy and confidentiality in this area
- Specific reference was made to the work of the Information Governance Board in raising awareness of Information Governance issues and of the action to be taken to a potential data breach/weakness
- The Service Director Children's Social Care and Safeguarding made specific reference to the breaches that had occurred within her service and to the robust action that had been taken to address issues identified
- The Head of ICT reported that this was the first year that the Authority had captured details about cyber-attack and, therefore, there was no comparative

date available. He commented, however, that the number of incidents reported throughout the year was increasing largely as a result of improved staff awareness. In relation to cyber-attacks, those that had been 'successful' were as a result of staff clicking on links in emails but these had been picked up quickly

- The Director of Core Services together with the Service Director gave a brief explanation of which parties were informed (and why) following breach of Information Security. Information about breaches came from a variety of sources; from staff, who were generally quite open about reporting incidents; or from third parties who had received information in error. The authority then took appropriate action to minimise any ensuing risks and raise awareness of issues in order to prevent further breaches. It was important to take a proportionate response and for lessons to be learned from weaknesses identified
- There was no evidence that any of the Authority' data bases had been penetrated although this was always a danger
- The Director of Core Services reported on the current criteria for reporting incidents to the Information Commissioner and to the fact that new arrangements were being introduced which would, if future, require all breaches to be reported. Appropriate guidance was available on the Commissioner's website
- The Service Director reported that her service was looking to send all reports etc. via email rather than by post. Such emails would be encrypted and support would be provided to those who required it to open such emails
- It was noted that whilst the number of staff employed had reduced, this did not necessarily mean that this was the reason for an increase in the number of Information Security breaches or that this would result in a greater number of breaches in the future. Staff within each service was responsible for ensuring that contact information was correct and kept up to date. There had been increased investment in IT equipment so that staff could work in a more mobile way, could quickly update information and thereby improve efficiency

RESOLVED that the report be received and Ms M John-Ross and Mr D Robinson be thanked for attending the meeting and for answering Members questions.

4. MINUTES

The minutes of the meeting held on the 19th April, 2017 were taken as read and signed by the Chair as a correct record.

5. ACTIONS ARISING FROM THE PREVIOUS MEETINGS

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

RESOLVED that the report be noted.

6. AUDIT COMMITTEE TERMS OF REFERENCE

The Chair reported on the approval by the Annual Council on the 19th May, 2017 of the revised Terms of Reference of the Committee and on proposals to enhance the work of the Committee in order to meet the requirements of those Terms of Reference.

If any member of the Committee wished to raise any items or issues for future discussion, they were encouraged to contact the Chair direct.

The Executive Director Core Services reminded Members that the first substantive item on the agenda today on Information Governance Performance was the first of the new subject areas being submitted for consideration. Another item later on the agenda on the work of the Governance and Member Support Business Unit was the second. Future reports would be submitted throughout the year.

7. ANNUAL FRAUD REPORT 2016/17

The Head of Internal Audit and Corporate Anti-Fraud submitted a report providing his Annual Report on the counter fraud related activity undertaken by the Internal Audit Corporate Anti-Fraud Team for the period 1st April, 2016 to 31st March, 2017. It provided information and assurance to the Committee regarding key aspects of the Authority's risk management, control and governance framework.

In addition to himself, the following members of the Corporate Anti-Fraud Team were in attendance to answer any detailed technical questions raised:

- Ms J Race – Principal Auditor, Internal Audit, Corporate Anti-Fraud
- Ms C Evans – Senior Corporate Anti-Fraud Officer
- Ms R Lancaster – Corporate Anti-Fraud Officer

The report indicated that as a Local Authority responsible for the administration for large amounts of assets and finance, Barnsley MBC was a target for fraudsters. It was, therefore, important for the Authority to maintain a robust framework of policies and procedures to safeguard the Council's integrity against potential fraud.

From April 2015, all counter fraud functions had been centralised within the Corporate Anti-Fraud Team and this had enabled the Council to focus its preventative and investigative resources to tackle different types of fraud that may occur. The report gave details of the wide range of tasks undertaken including:

- Implementing the Anti-Fraud and Corruption Policy across the Authority
- Providing a comprehensive counter-fraud service for all directorates
- Co-ordinating and managing the Council's participation in the National Fraud Initiative
- The introduction of Council wide Fraud Awareness Training and the prevention
- The detection of all types of fraud

The report, in outlining the performance of the Team, gave details of both the proactive and reactive work undertaken including Council Tax Support Investigations, Fraudulent Council Tax liability claims, and Right to Buy and Housing/Tenancy Fraud work. It also then highlighted the key priorities for the Team for 2017/18 and an Appendix to the report provided case examples of the Corporate Anti-Fraud Activity for 2016/17.

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

- The Team attempted, where possible, to have an even spread of workload over the three main areas of focus, prevention, detection and investigation
- The Cabinet in May, 2017 had received reports on the Corporate Anti-Fraud and Corruption Policy, the Corporate Anti-Fraud and Corruption Strategy and the Corporate Anti-Bribery Policy, all of which had been approved and, in addition, the Council's overall 'zero tolerance' approach had been endorsed. This Committee was charged with monitoring the effectiveness of these policies. It was pleasing to note that these documents had received favourable reports within the local press. Arising out of this, reference was made to the work programme and to the fact that part of this included the consolidation of work in this area and the organisation of a publicity campaign. It was accepted that such a campaign could have implications for the workload of the Team
- Meetings with the South Yorkshire Police were progressing to refresh protocols
- In relation to the work on the National Fraud Initiative, it was noted that a significant sum was to be recovered in relation to both Private Residential Care Homes and Personal Budgets. These cases generally linked to overpayments and did not indicate any systematic weaknesses. This exercise had been so successful that it was intended that it would be repeated
- Progress was continuing in relation to the in house e-learning modules which were to be rolled out shortly
- It was noted that the Authority was no longer responsible for Housing Benefit Fraud
- It was noted that in relation to Council tax, 141 cases showed no evidence of fraud. Information was provided on the type of issues investigated and particular reference was made to single person discount investigations. Arising out of this discussion reference was made to the ways in which referrals were received and particular mention was made to online and telephone referrals. It was noted that an answerphone service was now provided due to the number of calls received about Housing Benefit issues which the Team could no longer investigate. Queries in relation to such issues were referred to the DWP
- The service was always looking to improve ways of reporting potential fraud and to improve the quality of the information captured
- In response to detailed questioning, Ms Race outlined to background to a suspected money laundering case which had been investigated.

- The Head of Internal Audit and Corporate Anti-Fraud commented that the Council's investment in the Team was vindicated by the success it had achieved
- It was suggested that the Team target, at some time in the future, the Council's business/commercial activities for any potential areas of fraud
- The Principal Auditor referred to an article in the Barnsley Chronicle which highlighted a tenant who had sub let his house. The individual concerned had been sentenced to 26 weeks and was required to pay approximately £6,000 in fines. The Council was the first to bring successful case under the provisions of the Prevention of Social Housing Fraud Act 2013.

RESOLVED

- (i) That the Annual Fraud Report be received as part of the framework of assurance to support the Annual Governance Statement;
- (ii) That the embedding of a culture of zero tolerance and high levels of awareness regarding fraud and corruption be supported; and
- (iii) That the Committee place on record its thanks to the staff of the Corporate Anti-Fraud Team for their hard work and dedication during the year.

8. INTERIM INTERNAL AUDIT ANNUAL REPORT 2016/17

The Committee received a report providing the Head of Internal Audit and Corporate Anti-Fraud's interim Annual Report on the adequacy and effectiveness of the Authority's internal control arrangements based on the work of Internal Audit during 2016/17 which had been prepared in accordance with the Public Sector Internal Audit Standards.

The report contained:

- (i) An opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control
- (ii) A summary of the audit work undertaken to formulate the opinion
- (iii) Details of key control issues identified, particularly in the context of the Annual Governance Statement
- (iv) The extent to which the work of other review or audit bodies had been relied upon

In order to align the annual Internal Audit Report to the Annual Governance Statement and the signing of the Statement of Accounts, it was more appropriate that the Head of Internal Audit and Corporate Anti-Fraud's opinion was provided reflecting all the work undertaken at the point of the approval of the AGS and the Accounts and for this reason the Committee was encouraged to consider this as an interim report.

The meeting noted that the Head of Internal Audit and Corporate Anti-Fraud was able to provide an adequate assurance opinion. This opinion was based upon the work

undertaken to date together with management's implementation of recommendations and the agreed annual programme of risk based audit coverage.

Whilst the overall indicative opinion was positive, there were some key issues arising that Senior Management were required to consider relating to the continued impact of Future Council, the implications of changed structures, new and changing systems and an increased workload for many managers which impacted upon the ability to maintain reasonable and effective controls in some areas of activity. It was accepted that the Future Council arrangements had required a change in the risk appetite and the next stage was to ensure that the new arrangements were embedded. This had been acknowledged and discussed with Senior Management during the year but it was nevertheless important for officers to remain alert to and focussed on maintaining an appropriate, risk based and effective framework of controls.

Key issues arising from all completed audits had been reported throughout the year within the quarterly Internal Audit reports and these were summarised within the report now submitted.

The implementation of audit report recommendations remained an issue. Overall, at the point of follow up, and over the year, only 45% of recommendations had been implemented by the date agreed by management and monitoring of report recommendations would continue to be a priority for the Service.

The current audit plan was focussed on supporting management to consider the approach to controls in the context of reduced resources.

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

- Any changes in assurance opinion would be reported to the meeting in September when the AGS and Accounts were considered. It was not, however, anticipated that there would be any changes
- It was acknowledged that there had been massive changes within the Authority and these had contributed, in part, to the delay in implementing audit recommendations. It was hoped that in 2017/18 and subsequent years, there would be a change programme within the Council which would show improvements in terms of the control framework and a better implementation of recommendations
- The Service Director Finance, the Executive Director Core Services and the Head of Internal Audit and Corporate Anti-Fraud presented regular reports on outstanding recommendations to the Senior Management Team and they were confident that a more rigorous approach to the escalation issues was being promoted. Arising out of this reference was made to the following:
 - Members were still, nevertheless, concerned about the failure to address recommendations within the agreed timescales and in response the Head of Internal Audit and Corporate Anti-Fraud briefly commented on the action taken to address these issues including the consideration about moving away from 'recommendations' to 'agreed

- management actions' on the basis that this enforced management ownership of such actions
 - Concern was expressed that the delay in implementing recommendations could be further exacerbated by the significant financial challenges facing the authority.
- It was noted that not all the audit days allocated within the plan had been achieved largely as a result of vacancies within the service and the overrun of other work but this was not sufficient to jeopardise the ability to give a reasonable opinion. All staff were now in place and the Head of Internal Audit and Corporate Anti-Fraud was confident that the service could deliver the plan for the Council and for clients. Arising out of this discussion he made reference to
 - the adoption of a new Indicator to measure the performance of the service
 - The completion of a relatively small number of pieces of work (and the reasons for that) and to the fact that other work undertaken still contributed to the overall picture of assurance
 - The changing nature of audit particularly in relation to challenge, consultancy and critical friend role
- Referring to Appendix 3 'Details and Outcome of other Audit Activities not producing a specific Assurance Opinion', the Head of Internal Audit commented on the expertise in balancing activities detailed within the Internal Audit Plan with the requirements of the Senior Management Team. Some activities were clearly at the 'margins' of core audit activity but still contributed to the ability to issue adequate assurance. The Service was, of course, cognisant of the need to ensure that the priorities were correct
- It was noted that in relation to Core System Reviews, the outcome of risk assessments was discussed and agreed with the Section 151 Officer. External Audit was also consulted on the risk assessment and the proposed coverage. A fundamental review of the risk assessment process was to be undertaken in the future as some areas had not been reviewed for some time. Arising out of the discussion and concern expressed, the Service Director Finance, in his capacity as Section 151 Officer, stated that any issues would have been flagged up via exception and compliance reports and by other checks and balances in place. Ms A Warner (KPMG) outlined the way in which issues would be highlighted via the External Audit role. She commented that Barnsley's approach was similar to that adopted by many other Local Authorities

RESOLVED:-

- (i) that the assurance opinion provided by the Head of Internal Audit and Corporate Anti-Fraud on the adequacy and effectiveness of the Authority's framework of governance, risk management and control be noted;
- (ii) that the key issues arising from the work of Internal Audit on the context of the Annual Governance Statement be noted; and

- (iii) that the satisfactory performance of the Internal Audit functions for 2016/17 be noted.

9. GOVERNANCE AND MEMBER SUPPORT BUSINESS UNIT PROGRESS REPORT

The Service Director Governance and Member Support submitted a report providing an overview of the functions of the Governance and Member Support Business Unit and related elements of the Annual Governance Statement process in line with the Audit Committee work programme. The report also gave details of other issues affecting Elected Members.

It was noted that this was the second report submitted to this meeting in accordance with the revised Terms of Reference following approval at the Annual Council meeting held on the 19th May, 2017.

Particular reference was made to the following:

- Compliance with regulations introduced in 2012 in relation to the recording and publication of the exercise of executive functions by officers – officer decision-making under delegated powers. It was noted that these regulation had then been extended in 2014 to include non-executive functions. It was noted that greater compliance was being achieved and was evidenced by the increased number of decision records coming forward for publication
- The implications of the need for Elected Members to be individually registered as Data Controllers under the Data Protection Act
- The greater emphasis and support provided in relation to Elected Members move towards the Digital Council approach

There was a discussion of the way in which the Unit sought to achieve its outcomes. In relation to the recording of officer decisions, it was noted that the Unit merely provided the structure whereby such decisions could be made, recorded and monitored.

It was important to ensure that decisions were made in the correct manner and that reports submitted to the various meetings, including Cabinet, met the legislative requirements. It was stressed that report writers should ideally seek any legal advice before they were submitted to the Unit but that the Unit gave an opportunity for additional oversight prior to the publication of reports.

RESOLVED that the report be received and the Service Director Governance and Member Support be thanked for attending the meeting and for answering Members questions.

10. EXTERNAL AUDIT - TECHNICAL UPDATE INCORPORATING EXTERNAL AUDIT PROGRESS REPORT

Ms A Warner (KPMG) presented the Technical Update and External Audit progress report.

The Committee was informed that work had started on interim audit work and details were outlined. Any issues identified would be discussed with management and would be reported to the July meeting.

Detailed planning had been undertaken to determine whether or not there were any significant risks to the opinion on the arrangements to deliver Value for Money. Although there were a number of significant issues and pressures facing the Council, following this planning work no issues had been identified. A further report including work on Housing Benefits would be submitted in September/October

Work had also started on planning work required in relation to the Certification of claims and returns.

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

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

There was a discussion of the paper circulated following the previous meeting on the need for Council's to achieve a cultural shift by 2020 as revenue streams were reduced and reliance on business rates became more important. Questions were asked as to the potential implications of this for both the Council and for External Audit. Ms Warner was not able to comment on this but would give an update to a future meeting. Arising out of this, the Service Director Finance commented on the development of a Commercial Strategy within the context of Value for Money, procurement, income generation and the change of culture of the organisation. Discussions were ongoing within the Senior Management Team and investigations were progressing on how to take such a strategy forward.

The Executive Director Core Services commented that one of the elements the Authority had to consider was the change in risk appetite. Some Councils were, for example, purchasing commercial properties as rental yields were attractive. This could, however, pose a potential issue in the event of a change in the economic climate.

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

11. AUDIT COMMITTEE WORK PLAN 2017/18

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

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

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Chair

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AUDIT COMMITTEE – 19th July, 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 March, 2017	4	Local Code of Corporate Governance/ Annual Governance Review Process 2016/17	To receive a report on the outputs from the Annual Governance Review Process as to whether they provide sufficient and suitable evidence and assurances in relation to the Annual Governance Statement to be submitted to Full Council in September, 2017	Director of Finance/Risk and Governance Manager	22 nd September, 2017

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AUDIT COMMITTEE – 19th July 2016

ANNUAL GOVERNANCE STATEMENT 2016 / 17

1. Purpose of the Report

1.1 To consider the draft Annual Governance Statement for 2016 / 17, attached as Appendix One to this report.

2. Recommendations

2.1 The Committee is asked to consider the Draft Annual Governance Statement for 2016 / 17.

3. Background

3.1 The process and guidance that underpins the Annual Governance Review (AGR) for 2016 / 17 was considered by the Committee on 22nd March 2017, and members were given the opportunity to comment on these arrangements prior to the AGR commencing with officers.

4. The Draft Annual Governance Statement 2016 / 17

4.1 The draft AGS is attached as Appendix One to this report. The statement outlines the following:

- i. The purpose of the Governance Framework;
- ii. The Governance and Internal Control Framework;
- iii. The process of annually reviewing the effectiveness of the Governance and Internal Control Framework; and,
- iv. Identifying development and improvement opportunities arising from the Annual Governance Review, to be addressed in 2017 / 18.

5. Review Process

5.1 The AGS is an important document as it is one form of providing assurances to residents and other stakeholders, including the Council's partners, that its decision making processes and procedures have integrity.

5.2 An action plan has been prepared to capture the issues raised throughout the review process. This document will form the basis for Audit Committee monitoring throughout the year. The action plan is provided to the Audit Committee as Appendix One to the AGS itself. An update of the action plan will be reported to the Audit Committee in December 2017.

6. Financial Implications

6.1 There are no direct financial implications arising through the preparation and publication of the Council's Annual Governance Statement.

6.2 However, the draft statement includes an assessment as to the extent to which the Council's financial and other internal control related procedures are being complied with.

7. Risk Management Considerations

- 7.1 The Council's Risk Management Strategy forms one of the key elements of the Council's Internal Control Framework.

8. Consultations

- 8.1 The draft statement was developed through a comprehensive evaluation process which has included input from the Council's Corporate Assurance Group and the Council's Senior Management Team (SMT).

9. List of Appendices

- 9.1 Appendix One: Draft Annual Governance Statement 2016 / 17 plus 2017 / 18 Action Plan

10. Background Papers

- 10.1 Previous Audit Committee reports covering the monitoring of the 2015 / 16 AGS Action Plan, the Council's Local Code of Corporate Governance and the Council's Annual Governance Review Process 2016 / 17.

Contact Officer: Risk and Governance Manager
Telephone: 01226 77 3119
Date: 11th July 2017

BARNSELY METROPOLITAN BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2016 / 2017

1. Scope of Responsibility

- 1.1 Barnsley Metropolitan Borough Council is responsible for ensuring that its business is conducted in accordance with the law and all relevant standards, and that public money is safeguarded and properly accounted for.
- 1.2 The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, effectiveness and efficiency.
- 1.3 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.4 The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE framework detailed in their report 'Delivering Good Governance in Local Government (2016 Edition)', in so far as the Council will:

Principle A. Behave with integrity, demonstrating strong commitment to ethical values and respect the rule of law;

Principle B. Ensure openness and comprehensive stakeholder engagement;

Principle C. Define outcomes in terms of sustainable economic, social and environmental benefits;

Principle D. Determine the interventions necessary to optimise the achievement of intended outcomes;

Principle E. Develop the entity's capacity, including the capability of its leadership and the individual's within it;

Principle F. Manage risk and performance through robust internal controls and strong public financial management; and,

Principle G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

- 1.5 A copy of the Council's recently revised Local Code of Corporate Governance can be found on the [Council's Document Store](#). This document was considered, and approved by the Council's Audit Committee on 22nd March 2017.

2. Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled. It also includes the activities through which it is accountable to,

engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

- 2.2 The system of governance and internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurances regarding overall effectiveness. The system of governance and internal control is based on an ongoing process of risk review, designed to identify and prioritise risks to the achievement of the Council's policies, aims and objectives and to evaluate the likelihood and potential impact of those risks being realised. It is then a case of managing and mitigating them to reasonable levels in an efficient, effective and economic manner.

3. The Governance Framework

- 3.1 The scope of the governance and internal control framework spans the whole range of the Council's activities. The following sections consider the various main components of the Council's governance framework and the activities within each of them. Within the Annual Governance Statement, job roles, titles and organisational structures reflect the Council's arrangements during 2016 / 17.

4. Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

4.1 Behaving with Integrity

4.1.1 Barnsley Metropolitan Borough Council (BMBC) has developed an organisational culture that is based on the principle of the 'Future Council'. The journey towards the Future Council began in 2013, and is intended to shape the organisation into a customer focused, modern, efficient and business minded Council.

4.1.2 The Council's four main values, detailed in the [Council's Performance Management Arrangements](#) are as follows:

- We are Proud;
- We are Honest;
- We will be Excellent; and,
- We are a Team.

4.1.3 The Council's Senior Management Team (SMT) and the Barnsley Leadership Team (BLT) are committed to the delivery of the above values, and acknowledge the challenges that will face the effective delivery our priorities and outcomes. This is particularly challenging, given the pressures the Council is facing. However, there is a robust commitment to continuously improve and ultimately make a difference to stakeholders lives. We will do this by:

- Making sure our plans, programmes and projects have the resources they need;
- Monitoring, managing and challenging our progress and performance;
- Publishing our performance report; and,
- Asking stakeholders to tell us how we are performing.

4.1.4 There are also a number of activities that the Council has focused on to assist in changing the way we work:

- **Clear vision and values** – we have developed these together and they define what we are trying to achieve in our communities and for our customers, as well as how we do what we do.
- **Customer focus** – we will understand all our customers and put them at the centre of everything we do.
- **Commercial and business acumen** – we will focus on outcomes and making every penny count, removing bureaucracy and running our organisation really well for our customers and residents.
- **Efficient delivery of projects and programmes** – we will strengthen and standardise our approach. Working together to ensure accountability and value for money.
- **Innovative and managed risk taking** – we will remove barriers to change, encourage, support and empower our employees to develop great new ideas and implement improvements.
- **Learning organisation** – we will invest in our employees, recognise success and achievement, and become stronger from our mistakes.

- **Leaders at every level** – we will have leaders at every level of the organisation who are highly skilled, and able to inspire and empower their teams to respond effectively to local needs.
- **Flexible workforce** – we will ensure our employees are healthy, agile, skilled, and flexible so that we can continue to meet our customers' changing needs.
- **Working with our partners, communities and residents** – we will work better together to identify and meet local needs by joining up our work, and playing to our different strengths.
- **Enabling organisation** – we will enable our partners, communities and residents to do more for themselves, rather than stepping in when we are not needed or where others can do something better than we can.

4.1.5 BMBC has a Whistleblowing Policy which is supported by two senior managers as designated contact officers. The Council's [Audit Committee](#) oversees the effectiveness of the Whistleblowing arrangements on an annual basis. The Council's Internal Audit Section, as well as having a role in investigating matters brought to its attention also takes the lead in promoting preventative measures.

4.2 Demonstrating strong commitment to Ethical Values

4.2.1 BMBC has established a Member Panel to consider any allegations of misconduct, where the Monitoring Officer determines the need to undertake formal investigation. The Monitoring Officer exercises their judgement in consultation with three designated Independent Persons who have been appointed as a requirement of the Localism Act. This panel comprises three Elected Members chosen from those members comprising the [Appeals Awards and Standards Panel](#) by the Monitoring Officer in consultation with the Chairperson of the Panel. A majority of the members are selected from a political group different to that of the member who is the subject of the complaint.

4.2.2 The Council has developed and adopted formal [Codes of Conduct](#) which define standards for both personal and professional behaviour for Elected Members and officers. Formal induction training packages have been developed for Members and officers that include mandatory training regarding information governance, financial and procurement responsibilities and anti-fraud and corruption arrangements. Both Elected Members and officers are required to register relevant interests as required by law, and by the relevant Code of Conduct. The Council maintains a [register of Councillors Interests](#), as Councillors are obliged by law to keep their registration up to date and inform the Monitoring Officer of any changes within 28 days of the relevant event. The need for disclosure of any conflicts of interest is a standard agenda item at all Council meetings. [Standing Orders](#) have been amended to require a member to withdraw where they have a Disclosable Pecuniary Interest, as defined by law.

4.3 Respecting the Rule of Law

4.3.1 The Council has designated the Executive Director of Core Services as Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations and to oversee its arrangements in relation to ethical standards complaints.

4.3.2 The Executive Director of Core Services attends, or is represented by a senior lawyer at all meetings of the Cabinet and Council. A senior lawyer is always in attendance at meetings of the [Planning Regulatory Board](#) and the [Licensing Regulatory Board](#) and as clerk to any Appeals panels.

4.3.3 All decision making reports take account of a range of control factors, including risks, legal and financial implications and policy or performance implications. The Council's SMT reviews all significant reports prior to them being included on the Cabinet agenda and discusses forthcoming Cabinet agendas a week prior to the meeting to address any particular issues arising or outstanding

in respect of the specific report on the agenda. Any decisions taken by Cabinet members under their delegated powers are subject to prior scrutiny by SMT.

- 4.3.4 All Cabinet decisions are subject to oversight by the [Overview and Scrutiny Committee](#).
- 4.3.5 All documents that require execution by the Executive Director of Core Services require evidence of Member or delegated officer approval prior to being executed.
- 4.3.6 Legal implications in particular with regard to consultation and statutory quality obligations are addressed specifically as part of the Council's budget setting process. The Monitoring Officer and Section 151 Officer are aware of their statutory duties to report in respect of concerns of unauthorised activity or expenditure and consult with each other periodically in relation to their ongoing and complementary statutory roles.
- 4.3.7 There is a periodic review of decision making and 'authority to act' through the role of Internal Audit and where appropriate by external regulators such as the [Information Commissioner](#), the [Surveillance Commissioner](#) and the [Local Government Ombudsman](#).

5. Principle B: Ensuring openness and comprehensive stakeholder engagement

5.1 Openess

- 5.1.1 The [Council's Constitution](#) sets out how the Council operates regarding how decisions are made and the procedures that are followed to ensure that these rules are efficient, transparent and accountable to local people. The constitution sets out rules governing the manner in which the Council conducts its business.
- 5.1.2 The Constitution includes the [Scheme of Delegation](#) whereby functions and decision making responsibilities are allocated between the full Council, the Cabinet, individual Cabinet Members, regulatory boards, committees and officers.
- 5.1.3 The [Council's Officer Code of Conduct and Member Code of Conduct](#) encourages the effective transaction of business by setting out the respective roles of Members and officers and provides guidelines for good working relationships between them. The Elected Members Code of Conduct was updated and approved by Cabinet in May 2015 to ensure they reflected the Future Council's vision, values and behaviours.
- 5.1.4 A limited number of items of business, such as approving the level of Council Tax must be considered by the [Full Council](#). For other decisions, the Leader and [Cabinet](#) Members hold decision making powers through the Cabinet – each member of the Cabinet holds a portfolio which supports the priorities and [structures of the Future Council](#).
- 5.1.5 In order to comply with the Governments [Local Government Transparency Code](#) we make sure that local people can now see and access data about:
- How we spend our money
 - How we use council assets
 - How we make decisions
 - Issues important to local people

5.2 Engaging comprehensively with institutional stakeholders

- 5.2.1 When working in partnership with others, the existence of sound governance arrangements helps to ensure that shared goals are achieved and resources are controlled in an effective manner.
- 5.2.2 A review of the partnership arrangements for the [Local Strategic Partnership](#) has provided greater clarity by reducing the number of partnership bodies and sub-groups. The LSP now benefits from two key partnership bodies, the Health and Wellbeing Board (focusing on delivering health and wellbeing strategies) and the Barnsley Economic Partnership (which focuses on the delivery of economic strategies), with the One Barnsley Board providing strategic oversight. The emphasis is on each partner agency contributing towards, and being responsible for the delivery of shared outcomes for Barnsley, rather than servicing and attending partnership meetings.
- 5.2.3. Council officers and Councillors are nominated as Council representatives within or when dealing with significant partnering organisations. Partners are encouraged where appropriate to align their objectives with the Council's policies and deliver high quality, efficient and effective services which are in accordance with their agreements with the Council.
- 5.2.4 A practical Partnership Governance Framework is in development, which has been designed to assist Partnership Lead Officers provide suitable assurances that the partnership is making a

valuable contribution to the Council's objectives and priorities, and is a well governed and controlled relationship.

5.2.5 The [Sheffield City Region](#) benefits from its own emerging governance arrangements, the Council is in a strong position to influence these through the support provided to the City Region by BMBC relating to internal control support functions such as human resourcing, risk management, health and safety, information governance and internal audit that are delivered via a service level agreement.

5.3 Engaging with individual citizens and services users more effectively

5.3.1 All Councillors must account to their communities for the decisions that they have taken and the rationale behind them. Barnsley Council is subject to external review through external auditing of financial statements and performance managing outcomes against national standards and targets.

5.3.2 Councillors and officers are both subject to code of conducts. Additionally, where maladministration may have occurred, the aggrieved person may wish to appeal either through their local Councillor or directly to the Local Government Ombudsman.

5.3.3 The Council has numerous arrangements in place to communicate with its customers and wider stakeholders, including the use of social media such as 'Facebook' and 'Twitter'. The [Area Council and Ward Alliance](#) arrangements also encourage community involvement, engagement and participation.

5.3.4 Whilst the journey to becoming a customer focused, modern, efficient and business minded 'Future Council' started in 2013 there have been a number of new, improved ways of working. Some of these are detailed within the Council's [Corporate Plan 2017 - 2020](#):

- A genuine focus on you; our customers, putting you at the heart of what we do;
- A reshaped organisation, designed to deliver what we've promised;
- New, innovative ways of delivering sustainable services; and,
- More people getting involved locally, making their communities stronger.

6. Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

6.1 Defining outcomes

6.1.1 The Council has identified the following priorities or outcomes, which are detailed in the [Corporate Plan 2017 – 2020](#):

- **Thriving and Vibrant Economy:**

We're investing to build Barnsley's economy to achieve the following outcomes:

- ✓ Create more and better jobs and good business growth;
- ✓ Increase skills to get more people working;
- ✓ Develop a vibrant town centre;
- ✓ Strengthen our visitor economy; and,
- ✓ Create more and better housing.

- **People Achieving their Potential:**

We're creating a healthier, safer and better educated population to achieve the following outcomes:

- ✓ Every child attends a good school and is successful in learning and work;
- ✓ Reducing demand through access to early help;
- ✓ Children and adults are safe from harm; and,
- ✓ People are healthier, happier, independent and active.

- **Strong and Resilient Communities:**

We're helping people to get the most out of where they live now and in the future to achieve the following outcomes:

- ✓ People volunteering and contributing towards stronger communities;
- ✓ Protecting the borough for future generations by recycling and using renewable energy; and,
- ✓ Customers can contact us easily and use more services online.

6.1.2 The progress made towards these outcomes are detailed in the [Council's Performance Management arrangements](#), which includes a rag rating against each outcomes, and detailed narratives for each individual area of activity.

6.1.3 The [Medium Term Financial Strategy](#) supports the delivery of the Councils key outcomes and underpins the development of individual business and service delivery plans, and is currently designed to ensure the delivery of sustainable services to 2020. The MTFs identifies a number of key assumptions and constraints which are regularly tested to ensure they are robust and accurate. Each business plan also considers issues such as finances, workforce and equality to ensure appropriate risks are identified and mitigated to acceptable levels.

6.1.4 The MTFs includes a section which considers the implications relating to relationships with key partners and the Devolution Deal for the Sheffield City region.

6.2 Sustainable Economic, Social and Environmental Benefits

6.2.1 The Council ensures that it considers the impact of its decision in terms of economic, social and environmental consequences and requires all [decision making reports](#) to include an appropriate analysis of issues such as Financial Implications, Health and Safety, Consultations undertaken, Implications for local people / service users, Risk Management, Equality, Diversity and Social

Inclusion and the impact on the Corporate Plan and the Council's Performance Management Framework.

- 6.2.2 The Council has an [Equality and Diversity Policy](#) which sets out the Council's commitment, together with the specific responsibilities of employees, managers and elected members in implementing the policy and in meeting our public sector equality duty.
- 6.2.3 Furthermore, the Council's [Equality Scheme](#) explains how the policy and public sector equality duty is put into practice.

7. Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes

7.1 Determining Interventions

7.1.1 The Council ensures its decision makers are able to make informed and defensible evidence-based decisions through the development of objective decision making reports that includes an analysis of available options (including a 'preferred option') and considers the potential financial, resources and risk implications of any decisions that are to be made.

7.1.2 In order to honour its commitment to seek feedback and opinion from its stakeholders, the Council has a dedicated '[Tell us what you think](#)' campaign, which is designed to elicit feedback relating to a number of Council services. The Council values feedback from our stakeholders and considers all comments or suggestions that have been made.

7.2 Planning Interventions

7.2.1 The Council plans in consultation with the [Local Strategic Partnership](#), One Barnsley. This partnership benefits from two thematic Boards, comprised of partners from across the Borough who have an interest in delivering the outcomes associated with the thematic board:

- [Health and Wellbeing Board](#) – Terms of reference include agreeing the Health and Wellbeing Strategy and working with all organisations to join up health and social care for the Borough. It is made up of Elected Members and officers of the Council, representatives of Barnsley's Clinical Commissioning Group of GPs and other health providers, and the local HealthWatch, which represents the interests of patients and service users. People from other organisations that have an impact on health and wellbeing, such as the District Police Commander, also attend the meetings; and,
- [Barnsley Economic Partnership](#) – The Barnsley Economic Partnership (BEP) brings together a group of high level influential individuals from the public and private sectors with the skills and experience to assist with the delivery of the Jobs and Business Plan for Barnsley. The BEP seeks to rebalance the economy by stimulating private sector job growth through enterprise, business growth and inward investment.

7.2.2 The effectiveness of interventions is considered and assessed as part of the Councils Performance management arrangements. Performance Reports include a brief narrative relating to the activities and outputs of the Health and Wellbeing Board and the Barnsley Economic Partnership.

7.3 Optimising the achievement of intended outcomes

7.3.1 The Councils activities are considered at a strategic level through the development of the Councils MTFs and complementary [Service and Financial planning arrangements](#). This document sets out the context, in which the Council operates in terms of significant financial pressures arising from ongoing austerity measures and changes to local government funding arrangements. This also ensures that the activities of the Council and its key partners are aligned, and appropriate resources are in place to enable the delivery of intended outcomes.

7.3.2 The Council has developed an Efficiency Plan which seeks to outline the framework that the Council has in place to ensure that it is a self-sustainable, evolving organisation that will deliver against the four year MTFs, in spite of the reducing resources it faces. This is complemented by the Councils '[Future Council 2020](#)' plan which set out the journey towards a more modern, efficient and business minded organisation through planned change. improvement and growth.

- 7.3.3 The Council procures a variety of goods, services in accordance with EU, UK and local regulations which are set out within the [Councils Procurement Policies](#).
- 7.3.4 In terms of Social value, the Council has begun to consider the evaluation of social value (or social return on investment) in a number of Area Council led activities including those within the [South Area Council](#) and the [North Area Council](#).

8. Principle E: Developing the entity's capacity, including the capability of its leadership and individuals within it

8.1 Developing organisational capacity

8.1.1 There is ongoing monitoring of the Councils staffing structures to ensure there is adequate resource and support in place to deliver the intended outcomes for stakeholders. The Councils [Workforce Strategy 2014 – 2017](#) is designed to ensure that the transition to the new 'Future Council' business model is successful by identifying, supporting and addressing the organisations current and future learning and development requirements. This will enable the Council to have a high performing, motivated, flexible and diverse workforce in place, with leaders at every level. It will also ensure that employees and Elected Members have the right skills, knowledge and behaviours to perform effectively in their role and to deliver Council priorities and Future Council outcomes.

8.1.2 A number of service areas make use of benchmarking opportunities to measure performance and consider and compare outputs and outcomes against resource inputs such as financial resources and human resources to ensure the Council is delivering efficient and effective value for money services.

8.2 Developing the capability of the organisations leadership and other individuals

8.2.1 The Councils [Committee Structures and details of the role of Leader of the Council](#) are published on the Councils internet site, as are the [roles and functions of the Councils statutory officers](#). Within the Councils Committee Structure, the [Scheme of Delegation](#) sets out the delegated decision making powers and functions of each Committee or officer. The Councils [Constitution](#) sets out Elected Member and Officer roles and enables a shared understanding of their respective roles.

8.2.2 Performance is measured against the key priorities and outcomes included in our [Corporate Plan](#). To assess progress and performance against these priorities and outcomes, along with performance against individual service objectives, there is a performance management framework that consists of three elements:

- Corporate plan priorities
- Corporate health of the organisation; and,
- Directorate performance

8.2.3 It is expected that though the employee Performance and Development Reviews (P&DR) links are made between broad corporate or organisational wide objectives, Business Unit Plans, Team Plans and individual personal performance objectives. As part of the P&DR process, consideration is given to any development requirements arising from the allocation of individual objectives.

8.2.4 The Council operates an annual personal canvass of the Register of Electors, which last took place in October 2016. Electoral Services recruit a team of people to carry out the final stages of this process by obtaining Household Enquiry Forms from properties that have not registered online or returned a completed registration form.

8.2.5 A Leadership and Development Programme aimed at managers and leaders within the Council is providing over 450 managers with the opportunity to formalise their leadership and management skills into a professional, accredited Leadership and management qualification.

8.2.6 The Council successfully secured 'gold' Investors in People (IIP) which recognises the hard work, effort and commitment that has been put into transforming BMBC. Staff Surveys are used to understand employee views and feelings and the outcomes of this exercise are fed into employees briefing ('Talkabout') events, facilitated by the Councils Senior Leadership Team.

8.2.7 A Corporate Health and Safety Committee, chaired by the Head of Corporate Health, Safety and Emergency Resilience Service is in place and includes membership from a number of employee representatives. This Committee meets on a regular basis, and includes within its terms of reference the following activities:

- Consideration of accident and incident statistics;
- Consideration of occupational health statistics;
- Health and safety audit reports;
- The development, introduction and monitoring of health and safety management systems;
- The effectiveness of health and safety training; and,
- The adequacy of safety and health communication and publicity in the workplace.

9. Principle F: Managing risks and performance through robust internal control and strong public financial management

9.1 Managing Risk

- 9.1.1 The Councils Risk Management Framework aims to underpin one of the Councils key activities in terms of being 'innovative and taking managed risks'. The Risk Management Framework positions Risk Management as not being about eliminating risk or being risk averse, but about being aware of and managing acceptable risk in the pursuit of agreed objectives. The Risk Management Framework includes the Risk Management Policy Objective Statement and Risk Management Strategy, which sets out how the Council will seek to embed this approach to risk into its normal activities through the ongoing development of a risk management culture. The Risk Management Framework, including the Risk Management Policy Objective Statement and Risk Management Strategy are also key elements in the implementation of good governance arrangements and form key elements of the Council's Annual Governance Review process.
- 9.1.2 The Councils Strategic Risk Register (SRR) is intended to be a robust and dynamic document that sets the culture and tone for Risk Management across and throughout the Council. The engagement of the Senior Management Team (SMT) in the Risk Management process through their ownership and review of the SRR demonstrates a strong commitment to lead and champion Risk Management 'from the top' and to further reinforce the continuing development of a Risk Management culture. The risks in the SRR are owned by SMT, with the management of individual risks being allocated to a Risk Manager (a member of SMT) and measures to mitigate risks allocated to Risk Mitigation Action Managers (being those senior managers best placed to take responsibility to drive the implementation of those actions). The register is subject to regular six-monthly reviews, the outcomes of which are reported to the Councils Audit Committee, and subsequently, Cabinet.
- 9.1.3 Individual Business Units benefit from maintaining an Operational Risk Register (ORR) which relates to the key risks to the provision of Council services. These risk registers were formally reviewed on a half yearly basis, to ensure risk remained relevant and that identified risk mitigation actions were being implemented. The risks contained within the ORRs are aligned to individual Business Unit Business Plans. Following the completion of each review, there is an expectation that 'red' risks (in terms of the 'current' and 'target' risk assessments) are escalated to Business Unit Management Teams for further consideration.
- 9.1.4 Risk Management is an essential element of the Councils decision making report structure and every report of this nature is expected to contain a section detailing the risk management implications of any decision that is to be made.

9.2 Managing Performance

- 9.2.1 The Council measures its performance against the key priorities and outcomes included in the [Corporate Plan](#). To assess progress and performance against these priorities and outcomes, along with performance against individual service objectives, a performance management framework has been developed that consists of three elements:

- Corporate plan priorities
- Corporate health of the organisation
- Directorate performance

- 9.2.2 Each quarter, the Council produces a [performance report](#) summarising our performance against the priorities and outcomes and how well it is performing.
- 9.2.3 Through effective contract management, the Council is able to identify and assess the performance of its partners and contractual relationships.

9.3 Effective overview and scrutiny

- 9.3.1 The Overview and Scrutiny Committee (OSC) is responsible for reviewing and challenging the decisions made by the Council's Cabinet and Executive Officers. The Committee meets once per month and consists of 26 Councillors, 4 members of the public called Co-opted Members, and a Parent Governor Representative. It monitors the work and performance of the Council as well as other organisations such as local healthcare providers to ensure the effective delivery of local services and safeguarding of adults and children in the Borough. The Committee also sets up smaller 'Task and Finish Groups' (TFGs) to support the work of the Committee by undertaking more detailed investigations on specific topics.

9.4 Robust Internal Control

- 9.4.1 The Councils system of internal controls are designed to support the achievement of corporate objectives and outcomes whilst ensuring there is an appropriate level of compliance against laws and regulations and internal arrangements. The internal control framework acts as a robust control measure against risks such as loss of assets, fraud, misuse of equipment, data protection and information governance.
- 9.4.2 The Council benefits from a suite of policies in respect of counter fraud and corruption activities, including a Whistleblowing policy, anti-Money Laundering policy and an anti-Bribery policy.
- 9.4.3 The Councils Audit Committee is made up of four elected councillors and five independent people, who are not councillors. It ensures that the council is complying with its rules and regulations for governance and finance, including the value for money of Council services.

9.5 Managing Data

- 9.5.1 The Council has information governance accountabilities that are required to be in place in accordance with legislation and accreditation standards such as the Information Governance toolkit and Public Services Network accreditation. The Information Governance Toolkit is in use by the Council and is an online self-assessment tool used for publishing the standards of practice organisations must comply with regarding information governance.
- 9.5.2 Information Governance arrangements within the Council are based on the [8 Data Protection Principles](#) and these are overseen by the Councils Senior Information Risk Owner (SIRO), which is a role undertaken by the Executive Director of Core Services. The SIRO also chairs the Councils Information Governance Board, who takes the lead in the development of policies, procedures, training arrangements and lessons learnt from previous information governance incidents.
- 9.5.3 The Council is increasingly managing, storing and maintaining personal data and information as part of the delivery of services. With data held in a vast array of places and transferring between supply chain partners, it becomes susceptible to loss, protection and privacy risks. As a result, the Council has in place information sharing protocols that partners are required to endorse prior to any information being shared with them.

9.5.4 The Council responds to a significant number of information access requests as a result of the Freedom of Information Act 2000 and the Environmental Information regulation 2004. Furthermore, a number of requests for information are received as a result of subject access requests as part of the Data Protection Act 1998.

9.6 Strong public financial management

9.6.1 The Council has a pragmatic approach to the management of finances that endeavours to ensure that value for money outcomes are obtained through the spending of public money. This approach is intended to support the achievement of short term operational performance, alongside longer term, strategic outcomes. Strategies including the Council's Value for Money and Commercial Strategy underpins both short and long term objectives.

9.6.2 The Councils Service Director (Finance) acts as the section 151 officer, and ensures that the Council benefits from robust financial advice and is compliant in terms of its accounting and fiduciary responsibilities. This includes ensuring that financial management is embedded within the Business and Service Planning processes, including the control and mitigation of financial risks.

10. Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

10.1 Implementing Good Practice in Transparency

10.1.1 The Councils commitment to be a customer focused organisation that puts customers at the centre of everything we do is underpinned by the publishing of information to stakeholders in a manner that is accessible and transparent. Information published on the Councils website conforms with branding and [accessibility guidelines](#).

10.1.2 The Council benefits from a [Social Media Policy](#) which aims to maximise positive engagement with stakeholders by the Council and individual officers, whilst protecting its own reputation and ensuring compliance with relevant standards and regulations.

10.2 Implementing Good Practice in Reporting

10.2.1 It is important for the Council to be able to demonstrate that it has been able to deliver on its priorities and outcomes and that it has been delivery value for money outcomes. This is achieved through the publication of [Performance Reports](#), including a 'year-end' report at the end of each financial year.

10.2.2 Performance Reporting is complemented by the Councils [Annual Statement of Accounts](#) report, which is published and prepared in accordance with legislative requirements and the [Code of Practice on Local Authority Accounting in the United Kingdom](#). The Annual Statement of Accounts is available for local electors. Stakeholders and other interested parties to inspect.

10.2.3 There is legal responsibility to undertake, at least annually, a full review of the Councils own internal control and corporate governance arrangements, and detail the outcomes and findings of that review in its [Annual Governance Statement](#). This is complemented by an [improvement action plan](#) that is monitored by the Councils Audit Committee.

10.3 Assurance and Effective Accountability

10.3.1 It is important that the Council is challenged, audited and reviewed both internally and externally to ensure that Council services, priorities and outcomes are making a direct impact on the Borough. Following such reviews, the Council ensures recommendations and improvements that have been identified are translated into operational actions that are achievable, measurable and have appropriate accountability built into them. Where appropriate, Elected Member engagement provides clear oversight on the recommended actions, and their consequential outcomes or outputs.

10.3.2 In order to deliver the Councils own vision and values, it is important that partnership working is carried out in a way that ensures robust governance arrangements are in place in terms of the management of finances, resources and risks. A practical Partnership Governance Framework is in development, which has been designed to assist Partnership Lead Officers provide suitable assurances that the partnership is making a valuable contribution to the Council's objectives and priorities, and is a well governed and controlled relationship.

11. Review of Effectiveness

Barnsley Metropolitan Borough Council has responsibility for conducting (at least annually), a review of the effectiveness of its governance framework, including systems of internal control and risk management arrangements. The review of effectiveness is informed by the work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the HoIA's annual report and also by comments made by external auditors and other regulators or inspectorates.

11.1 Senior Management Team (SMT) – Annual Assurance Statements

11.1.1 The Council's SMT is responsible for ensuring compliance with, as well as improvement against the governance, risk and internal control framework. As part of this function, each member of SMT is provided with details of their services assurance information for the year. This assurance information contains:

- Significant and Fundamental Internal Audit recommendations that have been made to individual business units;
- Significant and Fundamental themed Internal Audit recommendations that are relevant to specific business units; and,
- Other Sources of Assurance information sourced from Internal Control and Governance lead officers.

11.1.2 Following receipt of the above information by each individual Service Director, each SMT member is then asked to provide assurances regarding the overall governance arrangements for their Directorate.

11.1.3 This information has then been evaluated, and where appropriate, included in the Annual Governance Statement Action Plan.

11.2 Annual Review Statements and the developing Corporate Assurance Framework

11.2.1 The Council has adopted a comprehensive set of internal policies and procedures that govern key aspects of its operations as part of the drive to develop high quality local public services. Collectively, these are referred to as the Internal Control Framework.

11.2.2 Each of these key policies, plans and procedures has a senior lead officer with overall responsibility for their maintenance and review. The previous Annual Governance Review process provided an opportunity for each designated lead officer to prepare an annual review statement on their respective areas of responsibility.

11.2.3 The developing Corporate Assurance Framework (CAF) aims to collate these discrete elements of the Council's Internal Control Framework into an overarching assurance document, which will allow for the mapping of risks, systems, processes and assurances against the controls in place. This will also include an evaluation of the adequacy, in terms of the breadth and depth of assurance coverage provided to ensure there is sufficient evidence available to ascertain whether the controls are effective, efficient and comprehensive. This is combined with an assessment of current assurances on the effectiveness of current controls in the mitigation of risk to ensure they are also adequate, efficient and comprehensive. This work is due for completion in 2017, and it is envisaged the outcomes of the CAF will be used to inform and influence the development of future Internal Audit Plans.

11.2.4 Policies included within the Council's Internal Control Framework are also subject to cyclical, risk based review by the Council's Internal Audit division.

11.3 Internal Audit

11.3.1 The HoIA is responsible for providing assurances on the robustness of the Council's internal control arrangements to the Audit Committee. An annual report on audit activity and the performance of the Internal Audit division is also presented to the Audit Committee. In terms of the 2016 / 17 report, which the Committee considered at its meeting on 14th June 2017, the HoIA gave a controls assurance opinion which reflected that systems concerning internal controls were **adequate** and that no fundamental breakdown of any such systems had occurred. Whilst the overall opinion is positive, there are some key issues arising from the work of Internal Audit that senior management should consider. In general terms these relate to the continued impact of Future Council and the implications of changed structures, new and changed systems and an increase in workloads for many managers, which has impacted upon their ability to maintain reasonable and effective controls in some areas of activity.

11.3.2 The results of Internal Audit's work during 2016 / 17 has recognised that the Future Council approach requires a change in risk appetite and that there is a natural period during which new operational arrangements will embed. However, with regard to the progress of audit report recommendations, at the point of follow up and throughout the year only 45% of recommendations had been implemented by the agreed date by management (which represents an increase of 10% from the previous year's analysis). The monitoring of report recommendations will no doubt continue to be a priority for the Audit Committee, and the Internal Audit Service itself.

11.3.3 The role of Internal Audit within the governance, risk and internal control framework is to operate both independently and objectively in reviewing and reporting on the effectiveness of the Annual Governance Review process and the corporate Risk Management framework. This work has been undertaken by a Principal Auditor reporting directly to Executive Director of Core Services in order to preserve that independence.

11.4 Strategic Risk Management

11.4.1 Work undertaken by the Risk Management Section during 2016 / 17 included support and challenge in the management and development of the Council's SRR and the preparation of reports to SMT, Cabinet and the Audit Committee. Work has also included promoting and embedding good risk management practices throughout the Council, and its partners, as well as preparing both annual and periodic update reports to the Audit Committee.

11.5 External Audit, Assessment and Inspection

11.5.1 Barnsley Metropolitan Borough Council is subject to external assessment and regulation by auditors and service inspectorates such as OFSTED and the Care Quality Commission (CQC). Services, in conjunction with the Corporate Assurance Group are responsible for ensuring that the relevant findings from external audit or other assessment activity informs the annual evaluation process, which underpins the production of the Annual Governance Statement.

11.5.2 In summary, the following principal sources of evidence were considered when carrying out this evaluation:

- Assurances provided by Service Directors and Executive Directors regarding the overall governance arrangements for Business Units, and Directorates;
- Internal Audit Annual Report;

- Risk Management Annual Report;
- The Annual Audit letter;
- Key issues arising from the Annual Corporate Health and Safety Annual Report;
- The Local Government Ombudsman's Annual Monitoring Report on BMBC's complaints;
- The independent Internal Audit Annual Review of the Annual Governance Review and Statement process and Corporate Risk Management arrangements; and,
- A review of the action taken and progress made in relation to the issues raised in the 2016 / 17 Annual Governance Statement and associated Action Plan;

11.6 Corporate Assurance Group (CAG)

11.6.1 Although no formal meetings of the CAG have taken place in 2017, the Risk and Governance Manager has met individual internal control lead officers on a regular basis to further develop the CAG, and the AGR itself. Further meetings will be programmed in 2017 / 18 to further develop these arrangements.

11.6.2 The development of the revised Annual Governance Review process was presented to the Barnsley Leadership Team (BLT) and SMT in 2015. This process has been somewhat refined, following a greater level of involvement with the internal control and governance lead officers, via the CAG. Furthermore, the Audit Committee were updated regarding the revised Annual Governance Review process at their meeting on 22nd March 2017.

12. Significant Governance Issues

12.1 The annual review of the Council's governance, risk and internal control arrangements in 2016 / 17 has not identified any fundamental issues and has confirmed that the general level of compliance with the Council's governance and internal control framework remains robust and effective.

12.2 The review process has taken into account the action taken against the control issues raised on previous Annual Governance Statements.

12.3 The Action Plan to be monitored during 2017 / 18 is comprised of the issues that have been carried forward from previous years, along with issues that arose from the 2016 / 17 review.

13. Statement by the Leader of the Council and the Chief Executive

13.1 We are satisfied that the comprehensive review process undertaken has identified the relevant areas for attention over the forthcoming year. The Action Plan put in place will be monitored by the Council's Audit Committee will (when implemented) further enhance the Council's governance, risk and internal control framework.

.....
Councillor Sir Stephen Houghton CBE
Leader of Barnsley MBC

Date:

.....
Diana Terris
Chief Executive of Barnsley MBC

Date:

Appendix One: Annual Governance Statement Action Plan 2017 / 18

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
1	<p>To further develop and embed a practical framework to assist on the effective governance and control of the Council's partnerships, contracts and general relationships with external organisations. This has increased significance in the context of the Future Council programme. <i>(Carried forward from 2016 / 17)</i></p>	<p align="center">Executive Director, Core Services</p>	<p align="center">30/09/2017</p>	<p><u>July 2016:</u> A presentation to BLT was delivered by the Executive Director of Core Services on 31/05/2016, seeking endorsement of the developing Partnership Governance Framework, which entails:</p> <ul style="list-style-type: none"> ▪ Developing a Register of significant partnerships; ▪ Logging Partnership risks in the appropriate Risk Register; and, ▪ Ensuring suitable assurances (including the consideration of exit strategies) are included when logging Partnership risks in the appropriate Risk Register. <p>The Executive Director of Core Services and the Risk and Governance Manager met in July 2016 to develop arrangements to roll this framework out to all Directorates in 2016 / 17 via the Operational Risk Register review process.</p> <p><u>July 2017:</u> Having allowed Business Units the opportunity to reflect Partnership arrangements in Operational Risk Registers during 2016 and early 2017, an update is to be provided to BLT later in 2017 which will include providing a position statement in terms of the use of the Framework by Directorates and Business Units.</p>
2	<p>Improving the quality of performance reviews undertaken across the Council in 2016/17.</p> <p>Particular areas of non-compliance or concern will be considered as part of Internal Audit's Themed Assurance Audit on the Performance and Development Framework, the recommendations of which will be used to identify areas of development and support for managers and to inform changes required to the process for the future.</p>	<p align="center">Executive Director, Core Services</p>	<p align="center">CLOSED</p>	<p><u>July 2016:</u> Terms of reference for Internal Audit's Themed Assurance Audit on the Performance and Development Framework have now been agreed between the Organisation Development Manager and Internal Audit Manager</p> <p><u>December 2016:</u> The P&DR audit has taken place and Internal Audit will be providing a written report of findings in November 2016.</p> <p><u>July 2017:</u> Through a process of selected interviews, feedback received was analysed and conclusions drawn in respect of the current</p>

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
	<i>(Carried forward from 2016 / 17)</i>			<p>corporate personal development and review process. The work contributes to assurance in respect of human resource management.</p> <p>CLOSED.</p>
3	<p>The development of a Commercial Toolkit that covers all aspects of business and financial acumen is currently in the process of being developed and prepared.</p> <p>This Toolkit will be rolled out via a series of modules across the entire organisation and it is envisaged this will assist in fundamentally changing the culture of the Council to a more commercial and business like organisation, with the right commercial and financial capabilities to deliver the Council's 2020 Outcomes</p> <p>The first module is expected to have been prepared by December 2016.</p>	Executive Director, Core Services	31/12/2017	<p><u>July 2016:</u> Action agreed by Service Director Finance.</p> <p><u>December 2016:</u> The initial framework for the commercial toolkit has been established and the approach has been agreed with SMT. The toolkit will be developed and implemented across the organisation as a modular approach and will be released on a phased basis as the modules are developed. The first 3 modules will be rolled out in the new year comprising of Commercial Awareness, Charging v Trading and the CIPFA Financial Management model. Associated training will also be developed and rolled out alongside the modules in conjunction with Workforce Development.</p> <p><u>July 2017:</u> Since work begun on the Commercial Toolkit a wider Commercial Strategy has developed and launched in July, an element of which includes developing a toolkit that will provide people with the tools / training to support their commercial responsibilities. Elements of the toolkit have already been rolled out e.g. finance budget training. Further modules of the toolkit will be rolled out over the late summer / autumn on the back of the wider Commercial Strategy launch.</p>
4	<p>Improve the implementation by Business Units of the Council's Business Continuity Planning (BCP) arrangements.</p> <p>There remain gaps in the necessary BCPs in services which now form one of the appendices of Business Unit</p>	Executive Director, Core Services	CLOSED	<p><u>July 2016:</u> Action agreed by Head of Corporate Health, Safety and Emergency Resilience.</p> <p><u>July 2017:</u> The corporate business continuity priorities were reissued in April 2017. All Business Units submitted returns for inclusion – this represents the first 'complete picture' for a number of years.</p>

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
	<p>Business Plans. The Corporate BCP will be revised in 2016 and any outstanding plans highlighted to the relevant Executive Director and Service Director. This remains an implementation issue rather than a lack of suitable and sufficient process. (Carried forward from 2016 / 17)</p>			<p>Feedback was provided to Heads of Service as necessary. In the event of an emergency event, the Council is now able to consider all services when considering how to prioritise the recovery of the Council should the need arise.</p> <p>CLOSED.</p>
5	<p>Review the recording of officer delegated decisions to ensure this is in line with legislation. (Carried forward from 2016 / 17)</p>	Executive Director, Core Services	CLOSED	<p><u>July 2016:</u> Draft guidance prepared by the Service Director (Council Governance) and passed to the Executive Director of Core Services</p> <p>Following receipt of feedback, it is envisaged this guidance will be considered by SMT, and finally, circulated to BLT in late July 2016.</p> <p><u>December 2016:</u> Updated guidance on recording of officer decisions was finalised in June 2016. A presentation given to BLT on 26th July 2016 on the rationale for the new guidance, with the offer of further sessions to discuss this in detail with DMTs / Service meetings. The guidance has now been published in the Modern.gov document library, accessible via the Intranet Homepage. Microsoft Word versions of the record pro forma will be made available through SharePoint in due course, subject to further developments of that system.</p> <p>CLOSED.</p>
6	<p>Internal Audit Annual Report: A corporate issue relating to non-compliance with Contract Procedure Rules and the overall adequacy of Contract Management Arrangements</p>	Executive Director, Core Services	31/12/2017	<p><u>July 2016:</u> Identified via Internal Audit's Annual Report – Significant Governance Issues.</p> <p>Agreed by SMT this action is to be included on the 2015/16 AGS Actions Plan.</p> <p>Action agreed by Head of Strategic Procurement.</p>

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
				<p data-bbox="1305 204 1525 233"><u>December 2016:</u></p> <ul data-bbox="1352 240 2148 1490" style="list-style-type: none"> <li data-bbox="1352 240 2148 778">• Non-compliance with CPR – Strategic Procurement Team now centrally recording and tracking waivers for the current financial year. There has been 69 waivers this year with an annual contract value of £2.84m which equates to circa £45k per waiver. The Strategic Procurement Team continues to challenge any waiver that does not appear to be robust in its rationale. In terms of our procurement plan the Strategic Procurement Team are looking at future contract expiry dates in the 16/17 programme with a view to proactively putting in place any tactical waivers which would be actioned as part of a longer term sourcing strategy. In addition the 'Document review' is about 60% done and once completed will generate a new set of processes, documents and guidance for people to utilise when procuring at the various levels of expenditure. <li data-bbox="1352 786 2148 1490">• Contract Management – it is recognised that within BMBC's approach to both contract and supplier management arrangement there is scope for improvement. To tackle this the Strategic Procurement Team are specifically progressing three things as follows: <ul style="list-style-type: none"> <li data-bbox="1451 986 2148 1219">○ Toolkit Review –conducting a review of the systems, processes, data and reporting that we use/need in order to do effective Strategic Procurement (which includes Contract Management), this will serve to help inform how the Council develops contract management over the next 3 to 6 months and beyond <li data-bbox="1451 1227 2148 1490">○ Leadership programme – as part of the leadership programme there is an option for participants to get involved in a procurement project and having met with some of those individuals we have decided that contract and supplier management is an area where they could help develop our future approach. This kills two birds with one stone in that it supports the

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
				<p>individuals in the programme whilst getting something done that is really relevant to the council and its performance and not just a tick box exercise</p> <ul style="list-style-type: none"> ○ Category Plans – each Category manager is tasked with developing a category strategy for their areas of expenditure for 17/18. This should include sections on how specific contract and supplier management issues will be tackled going forward. <p><u>July 2017:</u></p> <ul style="list-style-type: none"> ● Non Compliance with CPR – the Strategic Procurement Team continue to record and track waivers on an ongoing basis. The 16/17 year-end position was 141 waivers with an annual contract value of £5.4m which equates to £38.5k per waiver. The end Q1 figures for 17/18 are 59 waivers with an annual contract value of £1.8m which equates to £30.5k per waiver. The Strategic Procurement Team continues to challenge any waiver that does not appear to be robust in its rationale. Whilst the longer term plan is to decrease the numbers of waivers via improved strategy and planning it is recognised that in the short term the number of waivers will probably increase as we drive compliance and due process. In addition the 'Document review' is about 90% done and once completed will generate a new set of processes, documents and guidance for people to utilise when procuring at the various levels of expenditure. These documents are available to users now via the Procurement intranet/SharePoint pages. It is also our intention to initiate a review of the current CPR as part of our wider 17/18 annual delivery plan ● Contract Management – it is recognised that within BMBC's approach to both contract and supplier management arrangement there is scope for improvement. To tackle this the Strategic Procurement Team are specifically progressing three things as follows:

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

Item 5

Report of the Service Director
(Financial Services)

AUDIT COMMITTEE – 19th July 2017

RISK MANAGEMENT ANNUAL REPORT 2016 / 17 AND FORWARD LOOK 2017 / 18

Executive Summary:

Key Issues:

- I. The Risk Management Framework has been reviewed in 2017, and considered by the Audit Committee at their meeting dated 19th April 2017 (section 3.2);

- II. The Risk and Governance Manager continues to lead on the provision of Risk Management, Insurance and Corporate Governance activities within the Council (section 5);

- III. All risk logged on the Council's Strategic Risk Register have been updated during 2016 / 17 (section 6);

- IV. The Council's Risk Profile has slightly decreased (section 7);

- V. The Risk Management database, Morgan Kai Insight is no longer in use for the recording of risks (section 9); and,

- VI. The Annual Governance Review for 2016 / 17 was completed and the subsequent Annual Governance Statement was signed by the Leader and Chief Executive in 2016 (section 11.3).

AUDIT COMMITTEE – 19th July 2017

RISK MANAGEMENT ANNUAL REPORT 2016 / 17 AND FORWARD LOOK 2017 / 18

1. Purpose of the Report

- 1.1 The purpose of this report is to summarise the activity in 2016 / 17 towards the achievement of the goals and objectives set out in the Council's Risk Management Policy, and to signpost further work to be undertaken in 2017 / 18.
- 1.2 This report seeks to provide suitable assurances that the significant risks to the achievement of corporate objectives have been identified and are being appropriately managed within the comprehensive Risk Management Framework.

2. Recommendations

2.1 It is recommended that the Audit Committee:

- I. Considers the Risk Management Annual Report, and the assurances provided, as part of its overall consideration of the Council's control framework for the purposes of the Annual Governance Statement;**
- II. Considers whether any aspect of this report requires a more detailed report at a subsequent meetings; and,**
- III. Continues to receive periodic reports during the year to monitor the progress in achieving the actions identified for 2017 / 18.**

3. Risk Management Framework

2016 / 17:

- 3.1 The revised Risk Management Framework was presented to the Audit Committee at their meeting dated 20th April 2016. The revised Risk Management Framework was subsequently approved by Cabinet at their meeting dated 1st June 2016.

2017 / 18:

- 3.2 A review of the Risk Management Framework was undertaken in April 2017. A report to the Audit Committee, presented on 19th April 2017 detailed the material changes to the Risk Management Framework. This report was subsequently approved by Cabinet at their meeting dated 3rd May 2017.
- 3.3 The positioning of Risk Management as an enabler for change has been beneficial to the service, in terms of being perceived as a management tool that provides the opportunity to consider and understand the risks in doing something differently, and to provide assurances that positive outcomes can be realised by doing things in a different way.

4. Roles and Responsibilities

2016 / 17:

- 4.1 The inaugural meeting of the CAG took place on 5th April 2016. As part of the first meeting, the terms of reference for the group were considered and approved.
- 4.2 Meetings of the CAG have focused on the provision of information regarding the Annual Governance Review, which underpins the production of the Council's Annual Governance Statement.

2017 / 18

- 4.3 A number of meetings have taken place between the Risk and Governance Manager and internal Control lead officers which have contributed to the development of the Council's Annual Governance Review for 2017 / 18.

5. Risk Management Section

2016 / 17:

- 5.1 The RMS led the recent insurance tendering exercise for the Council, which was completed in September 2016. It was pleasing to note a number of insurers tendered for various elements of the Council's required insurances, and for the majority of 'lots' there was adequate competition in place. Key outcomes for the exercise included ensuring all required insurances were in place for 1st October 2016, with around £115K of savings realised.

2017 / 18:

- 5.2 The Council will be tendering for a new Insurance Broker, the procurement of which will commence in August 2017.

6. Risk Management Process

Strategic Risk Register 2016 / 17:

- 6.1 A robust and dynamic Strategic Risk Register (SRR) sets the culture and tone for Risk Management across and throughout the Council. The engagement of SMT in the Risk Management process through the ownership and review of the SRR demonstrates a strong commitment to lead and champion Risk Management 'from the top' and to further reinforce the continuing development of a Risk Management culture.
- 6.2 The SRR was reviewed in March 2016, and was considered by the Audit Committee at their meeting dated 20th April 2016, and was subsequently approved by Cabinet at their meeting dated 1st June 2016.
- 6.3 A further review of the SRR took place in October 2016, and this was considered by the Audit Committee at their meeting dated 7th December 2016, and was subsequently approved by Cabinet at their meeting dated 3rd May 2017.

Strategic Risk Register 2017 / 18:

- 6.4 Key issues either logged on the SRR, or being considered as part of the forthcoming review of the SRR (programmed for September 2017) includes:
- Emergency Planning and Business Continuity arrangements;
 - Governance arrangements surrounding the emerging City Region Devolution Deal;
 - Implications of 'Brexit' on Local Authorities; and,
 - Financial risk associated with the management of the Barnsley, Doncaster and Rotherham Waste PFI plant.
- 6.5 As with previous reviews of the SRR, the outcomes of future reviews will be reported to, and considered by the Audit Committee.

Operational Risk Registers 2016 / 17:

- 6.6 The Operational Risk Registers (ORRs) relate to the key risks to the provision of Council services. During 2016 / 17 these risk registers were formally reviewed on a half yearly basis, to ensure risk remained relevant and that identified risk mitigation actions were being implemented. The risks contained within the ORRs are aligned to individual Business Unit Business Plans.
- 6.7 Following the completion of each review, there is an expectation that 'red' risks (in terms of the 'current' and 'target' risk assessments) are escalated to Business Unit Management Teams for further consideration.

Operational Risk Registers 2017 / 18:

- 6.8 The RMS will continue to ensure that ORRs are reviewed and updated on a half yearly basis.
- 6.9 The compliance against the requirements of the ORR review programme will be reported as part of the Annual Governance Review, which is currently underway. The compliance with the ORR process is also included within the Risk Management Performance Indicators, detailed in section 11.6, and Appendix One of this report.
- 6.10 The Financial Services 'Core Offer' is pitched at Service Directors and senior managers, and aims to set out the depth and breadth of support available in terms of general financial management and associated control. The document details how the Financial Services Business Unit has had to adapt in order to operate within a much reduced resource envelope. As a result, the services now on offer are more focussed on enablement, and designed to provide Service Directors and senior managers with the tools, training, support and advice necessary to help them make more informed business decisions and subsequently be more effective in the management of Operational risk.

Project Risk Management 2016 / 17:

- 6.11 Direct liaison with a number of significant projects by the RMS continued, and included:
- 'Better Barnsley' Programme / 'Glassworks' Programme;
 - Property Investment Fund / Speculative Developments;
 - Strategic Business Parks (including Junction 36 and 37 developments);
 - Wentworth Trust.
- 6.12 A detailed review of the Council's project and programme management requirements has been undertaken, led by the Corporate Projects and Programmes Manager within the Business

Improvement and Communications Business Unit. Liaison between the Corporate Projects and Programmes Manager and the RMS was undertaken throughout the review, resulting in the Councils Corporate Project Management Approach being launched in 2017.

Project Risk Management 2017 / 18:

- 6.13 The RMS will continue to support project managers in the robust management of project and programme related risks, on a needs basis. In a similar manner to Operational Risk Register, it is envisaged that Service Directors and senior managers will be provided with the tools, training, support and advice necessary to help them make more informed business decisions and subsequently be more effective in the management of Project and Programme risk.

Partnership Risk Management 2016 / 17:

- 6.14 Liaison with the following key partners during 2016 / 17 allowed for the sharing of risk information, which was analysed, and fed back to both the partnering organisation, and the lead officer within the Council, responsible for the specific partnership:
- Barnsley Norse;
 - Barnsley NPS;
 - Barnsley Premier Leisure; and,
 - Berneslai Homes.

- 6.15 Although not strictly a 'partnership', the RMS supports both the Barnsley Safeguarding Adults Board (SAB) and the Barnsley Children Safeguarding Board (BCSB) in their risk management arrangements.

Partnership Risk Management 2017 / 18:

- 6.16 It is envisaged that assurances will be sought from those partners detailed in section 6.14 during 2017 / 18, and the outcomes of any analysis undertaken by the RMS will be provided to the partnering organisation itself, as well as the lead officer within the Council, responsible for the specific partnership.
- 6.17 The issue of Partnership Governance was a key issue identified in previous Annual Governance Reviews, and a Partnership Governance Framework update is due to be presented to BLT in 2017.

7. Risk Profile / Statistics

- 7.1 The corporate Risk Management process allocates a Category Score to each risk, based upon a combination of likelihood and the highest scoring impact; Category One (red) being the most severe, and Category Six (green) being the least.

SRR and ORR Statistics:

- 7.2 A breakdown of SRR and ORR risks, by Category, as at 4th July 2017 is shown below. This includes all Business Unit Risk Registers, along with the Councils Strategic Risk Register:

Risk Category	July 2017		June 2016		May 2015		May 2014	
	No.	%	No.	%	No.	%	No.	%
1	46	14	51	16	28	9	67	18
2	61	18	59	18	49	16	71	19
3	67	20	62	19	55	18	55	15
4	90	26	82	25	77	25	81	22
5	72	21	68	21	93	31	99	26
6	2	1	2	1	2	1	3	1
Total	318	100	324	100	304	100	373	100
Average Risk Category Score	3.22		3.19		3.53		3.24	

- 7.3 The latest statistics demonstrate a slight decrease in the overall risk profile for the Council for the current period (3.22) compared to the profile as at June 2016 (3.19). This is clearly attributable to the decrease in red risks (14% as at July 2017) compared to 16% as at June 2016.

The average Risk Category score metric details the average score for all risks of relevance logged for the period in question. The principle behind this metric is to identify and manage any trend in terms of the overall Risk Category score becoming more 'acceptable'. The closer this metric aligns to Category Six (being the most acceptable Risk Category score possible) the more assured the Council can be in ensuring risks are being managed down to acceptable levels.

Project and Partnership Statistics:

- 7.4 A breakdown of Project and Partnership risks, by Category, as at 4th July 2017 is shown below. This includes (by way of example) the Better Barnsley and Glassworks Risk Registers, and partnership registers relating to the Adult and Children Safeguarding Boards and the Health and Wellbeing Partnership:

Risk Category	July 2017		June 2016		May 2015		May 2014	
	No.	%	No.	%	No.	%	No.	%
1	5	2	4	2	11	5	6	5
2	23	11	28	12	32	16	22	18
3	46	21	51	22	49	24	23	19
4	63	28	71	30	53	26	36	29
5	85	38	81	33	57	28	35	28
6	0	0	1	1	1	1	1	1
Total	222	100	236	100	203	100	123	100
Average Risk Category Score	3.9		3.84		3.57		3.61	

- 7.5 Whilst the overall number of partnership and project risks has seen a slight decrease compared to June 2016, there has been no detrimental impact on the Council's risk profile in this area.

8. Risk Acceptance, Escalation and Reporting

2016 / 17:

- 8.1 The Council's Risk Acceptance model was revised as part of the overall refresh of the Risk Management Framework in April 2016. This document is intended to provide assurances to owners of risk, that as the Council becomes more willing to consider, and exploit opportunities there is an increased likelihood the Council will, at times, have to accept a higher level of risk.

2017 / 18:

- 8.2 As detailed in section 3.2, the Risk Management Framework benefitted from a further review in early 2017 / 18, which was considered by the Audit Committee on 19th April 2017.

9. Risk Recording

2016 / 17:

- 9.1 The application and use of Morgan Kai Insight (MKI) was considered by Internal Audit when they conducted their annual review of the Council's Risk Management arrangements, and suggested that consideration is given to the future use of MKI regarding the recording of risks and risk mitigation actions within the Council. As a result, the Council no longer uses MKI for the logging of risks, and has reverted to a Microsoft Excel based system.

2017 / 18:

- 9.2 The recording of risks continues to be done via Microsoft Excel based system. It is likely that Operational Risk Registers will be 'published' within the Councils document management system; SharePoint to assist in disseminating and sharing information.

10. Guidance, Training and Facilitation

2016 / 17:

- 10.1 A training session was delivered to colleagues within Business Unit 5 (Housing and Energy) relating to Project and Programme Risk Management.

2017 / 18:

- 10.2 It is envisaged that training requests from Services and Business Units will be received throughout the year ahead, and appropriate training offers will be developed to ensure that Council employees have the correct capabilities and skills to effectively manage risk. This is envisaged to support the Financial Services 'Core Offer' which is underpinned by high quality tools, training, support and advice.

11. Assurance and Performance Management

Integration with Other Processes 2016 / 17:

- 11.1 Details of all significant risks logged in MKI have been passed to the Internal Audit section to maximise opportunities to link Audit Planning with risk issues. This assists in ensuring that the annual Internal Audit plan is risk based, and focuses on the significant threats to effective service delivery.

Integration with Other Processes 2017 / 18:

- 11.2 To complement the above, it is envisaged the developing Corporate Assurance Framework will also contribute to risk informed auditing.

Annual Governance Review (AGR) / Annual Governance Statement (AGS) 2016 / 17:

- 11.3 Following the Annual Governance Review (AGR) in the summer of 2016, the RMS was able to produce the Council's statutory Annual Governance Statement (AGS), which was considered by the Audit Committee at their meeting dated 23rd September 2016, and subsequently approved by Full Council at their meeting dated 29th September 2016.
- 11.4 The AGS benefitted from a detail improvement action plan, which the RMS has managed for the period. Updates from lead officers have been received on a regular basis, and an update to this Action Plan was presented to the Audit Committee at their meeting dated 7th December 2016.

Annual Governance Review (AGR) / Annual Governance Statement (AGS) 2017 / 18:

- 11.5 The RMS has initiated the AGR process, and has used the CAG to agree elements of the review, and embed these within Business Units. This AGR commenced in July, with the outcomes of the AGR being considered later in July to enable the production of the draft AGS for consideration by the Audit Committee, at their meeting programmed for 19th July 2017.

Performance Management 2016 / 17:

- 11.6 It is important that the success of the Risk Management Strategy can be measured, and in order to do so, a series of performance indicators for 2016 / 17 are attached as Appendix One to this report.
- 11.7 The annual independent review of Risk Management arrangements in 2016 / 17 by Internal Audit was undertaken in September 2015. The results of this audit provided the RMS with an 'adequate' assurance opinion for the year.

Performance Management 2017 / 18:

- 11.8 Revised performance indicators for 2017 / 18 have been developed to ensure that the Council's decision not to participate in the Association of Local Authority Risk Managers (ALARM) and CIPFA Benchmarking Club for Risk Management does not affect the ability to measure performance.
- 11.9 It is envisaged that Internal Audit will undertake their annual review of Risk Management arrangements later in 2017.

12. Culture

- 12.1 The prime objective of the Risk Management Policy is to facilitate the management of risks (and benefits and opportunities arising) in accordance with best practice, through a culture where responsible, informed and controlled risk taking is encouraged.

13. Risk Management Considerations

- 13.1 Clearly the most significant and obvious risk to the Council is failing to embrace Risk Management as a vehicle to help process and deliver objectives in a cost effective and efficient manner. Adopting and constantly improving the Risk Management arrangements for the Council is a clear mitigation against this corporate risk.

14. Financial Implications

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

15. Employee Implications

15.1 Whilst there are no direct employee implications arising from this report, the Risk Management process relies entirely on all employees having a good awareness of their responsibilities for Risk Management and for those employees specifically tasked with Risk Management functions, it is essential that they are trained and supported to fulfil that role.

16. Appendices


Appendix One: 2016 / 17 Performance Indicators

18. Background Information

Previous Audit Committee Reports
Risk Management Framework
MKInsight / Microsoft Excel – Risk Registers
Training Records and feedback

Contact Officer: Risk and Governance Manager
Telephone: 01226 77 3119
Date: 4th July 2017

Appendix One: 2016 / 17 Performance Indicators

Indicator	Quarter One (01/04/2016 – 30/06/2016)	Quarter Two (01/07/2016 – 30/09/2016)	Quarter Three (01/10/2016 – 31/12/2016)	Quarter Four (01/01/2017 – 31/03/2017)
Process:				
% of Business Units completing Operational Risk Register Reviews on time	81%	44%	36%	55%
% of Business Units completing Operational Risk Register Reviews	100%	66.6%	100%	55.5%
Changes to Risk Profile:				
Deviance from Average Risk Category Score	2015 / 16: Average Risk Score: 3.19		2016 / 17: Average Risk Score: 3.22	
	Direction of Travel 			

Item 6

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

AUDIT COMMITTEE – 19TH JULY 2017

**INTERNAL AUDIT QUARTERLY REPORT 2017/18
QUARTER ENDED 30th JUNE 2017**

Executive Summary

1. Internal Audit work undertaken during the period did not identify any fundamental recommendations. (Para. 4.1).
2. The internal control assurance opinion overall is considered to be adequate, based upon the results of the work undertaken during the quarter (Para. 6.1 / Appendix 1).
3. Of the 10 recommendations followed-up, 3 (30%) had been implemented by the original target date, 3 (30%) had been implemented after the original target date and 4 (40%) had not been implemented, with revised implementation dates agreed by management (Para. 4.4).
4. In relation to the Barnsley MBC audit plan, actual days delivered were 33 (8%) below that planned days of 400 days at the end of the quarter (Para.7.7 & Appendix 2).
5. Quarterly performance of the function is generally satisfactory. The Performance Indicators relating to chargeable time is slightly below profile. This was mainly due to the bedding in of the newly appointed Audit Manager and Principal Auditor, parameter issues with the audit system, MKI, and additional training not previously programmed into the plan. (Para. 8.2 and 8.3 & Appendices 3 & 4).

AUDIT COMMITTEE – 19TH JULY 2017

**INTERNAL AUDIT QUARTERLY REPORT 2017/18
QUARTER ENDED 30TH JUNE 2017**

1. Purpose of Report

- 1.1 This report provides the Audit Committee with a comprehensive overview of the key activities and findings of Internal Audit based on the Division's work covering the whole of the final quarter to ensure that the Audit Committee is provided with the most up to date position. This report provides the Audit Committee with information relevant to its responsibilities within its terms of reference (terms of reference items (a), (b), (h), (i) and (k)).
- 1.2 The report covers:-
- i. The issues arising from completed Internal Audit work in the period (section 4 and Appendix 1);
 - ii. Matters that have required investigation (section 5);
 - iii. An opinion on the ongoing overall assurance Internal Audit is able to provide based on the work undertaken regarding the adequacy and effectiveness of the Authority's internal control environment (section 6);
 - iv. Progress on the delivery of the Internal Audit Plan for the period up to the end of the first quarter of 2017/18 year (section 7 and Appendix 2);
 - v. Details of Internal Audit's performance for the quarter utilising Performance Indicators (PIs) (section 8 and Appendices 3 and 4).

2. Recommendations

2.1 It is recommended that the Audit Committee:-

- i. consider the issues arising from completed Internal Audit work in the period along with the responses received from management;**
- ii. note the assurance opinion on the adequacy and effectiveness of the Authority's internal control framework based on the work of Internal Audit in the period to the end of June 2017;**
- iii. note the progress against the Internal Audit plan for 2017/18 for the period to the end of June 2017; and**
- iv. Consider the performance of the Internal Audit Division for the first quarter.**

3. Introduction / Background

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

4. Key Issues Arising From Internal Audit Work in the Period Ended 30th June 2017

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

Follow-Up of Report Recommendations

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

Table 1B shows the number of recommendations followed-up in the quarter. Of the 10 recommendations followed-up, 3 (30%) had been implemented by the original target date, 3 (30%) had been implemented after the original target date

and 4 (40%) had not been implemented, with revised implementation dates agreed by management.

- 4.5 Internal Audit continues to get very good co-operation from management including the Senior Management Team (SMT) and as such is able to closely monitor any implications that may arise from a delay in the implementation of management action. However, it should be noted that nearly half (40%) of recommendations followed-up had not been implemented and required a revised implementation date. Internal Audit is working closely with management to monitor this situation and will report to the Audit Committee should any concerns be raised due to any change of implementation date. The SMT receive a quarterly performance report to highlight outstanding audit recommendations.

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

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

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

- 6.1 Based on the audits reported in the period, an overall **adequate** assurance opinion is considered to be appropriate.
- 6.2 As referred to above, the percentage of audit report recommendations not implemented, and requiring a revised implementation is relatively high at 40%. The implementation of recommendations is monitored closely to ensure that there are no serious issues or concerns regarding the effectiveness of the control, risk and governance framework arising from the delay or non-implementation of recommendations.
- 6.3 Where control weaknesses have been identified within procedures, or in the provision of advice or 'consultancy' services, these have been resolved less formally with management through discussions at the time of the audit, and/or via emails and memos.
- 6.4 It does however need to be recognised that Internal Audit coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly only reasonable and not absolute assurance is given.
- 6.5 The assurance opinion is supported by the knowledge that the underlying framework of financial and other controls, encompassing the Council's Financial Regulations, various codes of practice, procedures and other financial governance arrangements, periodically reviewed by both Internal and External Audit, are appropriate and working satisfactorily.

6.6 The general context and impact of the significant savings and service changes that have been implemented arising from Future Council form a core element of Internal Audit work planning to ensure that the control, risk and governance framework remains adequate and effective.

7. Internal Audit Plan 2017/18 - Progress to the end of June 2017

7.1 Internal Audit utilise a risk-informed approach to planning and delivering its work. This approach seeks to ensure that the key risks facing the Authority are considered and covered, where appropriate, by Internal Audit work. In turn the annual work programme is planned indicatively across the year. This enables quarterly monitoring of progress against planned work and the utilisation of Audit resources.

7.2 It is however important to recognise and appreciate that whilst a significant proportion of audit work is planned, there are many ‘external’ factors that can and do impact on precisely when pieces of work are actually undertaken and completed and indeed their detailed scope. For this reason the monitoring of the audit plan in each quarter can only provide an indicative picture of progress overall. Individual jobs are monitored on a job-by-job and week-by-week basis utilising the audit management system.

7.3 Appendix 2 shows the progress of the plan up to the end of June 2017, analysed by Directorate / Service.

7.4 Adjustments are made to the days allocated to particular jobs on an on-going basis and so there is naturally only a minor variance between the actual days and those planned. Given the risk basis and responsive nature of audit work, the Audit Committee should be particularly interested in the overall deployment of audit resources rather than necessarily where those resources have been spent.

7.5 At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency.

7.6 The following audits have been deferred, added to or deleted from the audit plan, as agreed in conjunction with management:

Directorate / Service	Audit Assignment Title	Deferred / Added / Deleted
Place / Environment & Transport	Highways Construction Services Review	Added – Request by SMT and Service Director Finance to provide assurance on the governance, controls and risk management arrangements within the service
Northern College	New External Client	Added – successful competitive tender bid, May 2017. Risk based Internal Audit service covering the academic years 2017 – 2020.

7.7 The position at the end of the first quarter for the audit days allocated to BMBC shows 33 days (8%) below the 400 planned days.

8. Internal Audit Function and Performance

8.1 The Division uses a range of performance indicators to monitor operational efficiency. A list of the PIs for 2017/18 is attached at Appendix 3.

8.2 Quarterly performance of the function is generally satisfactory at this early stage in the year. The chargeable time indicator is slightly below target, but this is due in the main to the newly appointed Audit Manager and Principal Auditor, parameter issues with the audit system, MKI, and additional training not previously programmed into the plan.

8.3 The analysis of more detailed feedback received following each audit job is generally shown in an appendix within this report. However, at the point of preparing this report, a feedback sheet has not yet been completed and returned for the final report issued. This will be included within the second quarterly report due to be presented to Members in December 2017.

8.4 The new structure for the Internal Audit and Corporate Anti-Fraud Team came into effect on 1st April 2017. The restructure resulted in two vacancies, one at Audit Manager and the other at Principal Auditor. New members of staff to these posts started on 2nd May 2017.

9. Local Area Implications

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

10. Consultations

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

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

11. Compatibility with European Convention on Human Rights

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

12. Reduction of Crime and Disorder

12.1 An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from audit investigations have been considered to ensure improvements in overall controls are made.

Additionally, Internal Audit ensures that in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

13. Risk Management Considerations

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

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

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

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

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

14. Employee Implications

14.1 There are no employee implications arising from this report.

15. Financial Implications

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

16. Appendices

16.1 Appendix 1 - Key issues arising from completed Internal Audit work
Appendix 2 - Internal Audit Plan 2017/18 – Position as at 30th June 2017
Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 30th June 2017

17. Background Papers

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

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

Telephone No: 01226 773241

Date: 7th July 2017

A: Completed Audits / Final Reports Issued During the Period Ending 30th June 2017

Appendix 1

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

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Other Action
Finance: Treasury Management	The main issue arising from this audit was in regards to Annual Treasury Policy, Strategy Statements and the Annual Report on Treasury Management activities not being presented to Audit Committee for scrutiny.	Adequate	F - 0 S - 1 MA - 5	23.06.2017	To follow-up all report recommendations.

Details and Outcome of other Audit Activities Not Producing a specific Assurance Opinion		
Audit Work Completed	Details	Contribution to Assurance
People: Early Education Funding Operational Guidance Review	The Early Education & Prevention Service requested Internal Audit to review the Operational Guidance for the Early Education Funding being circulated to all Early Education Providers from 1st September 2017. In particular the Service requested that a review of Internal Audit's responsibilities was to be undertaken and agreed.	The work contributes to assurance in respect of performance management & data quality.
Communities : Principle Towns Project – Governance Arrangements	Advice was provided to the Communities Directorate for the development of governance arrangements of the Principle Towns Project initiative.	The work contributed to assurance in respect of partnership and relationship management.

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

Summary Activity

All Audit Reports

Assurance Opinion	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Substantial	0 (0%)				0 (0%)
Adequate	1 (100%)				1 (100%)
Limited	0 (0%)				0 (0%)
None	0 (0%)				0 (0%)
TOTAL REPORTS	1				1
Opinion Not Applicable	0				0

Total Recommendations

Number of Recommendations	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Fundamental	0 (0%)				0 (0%)
Significant	1 (17%)				1 (17%)
Merits Attention	5 (83%)				5 (83%)
TOTAL	6				6

Recommendations Followed-up by Internal Audit

Quarter 1				
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Not yet completed – Revised date agreed
Fundamental	0	0	0	0
Significant	9	2	3	4
Merits Attention	1	1	0	0
TOTAL	10	3	3	4

Trend Analysis – First Quarter 2017/18

Assurance Opinions

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

Implementation of Recommendations

	2016/17				2017/18				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2016/17	2017/18
	No.	No.	No.	No.	No.	No.	No.	No.	%	%
Completed by target date	1	10	16	6	3				47	30
Completed after target date	0	15	6	0	3				30	30
Not yet completed – revised date agreed	5	5	3	3	4				23	40
Total followed up	6	30	25	9	10				100	100
% Completed by Original Target Date	17%	33%	64%	67%	30%					
% Completed at time of Follow-up	17%	83%	88%	67%	60%					

INTERNAL AUDIT PLAN 2017/18 – Position as at 30th June 2017

Directorate	Original 2017/18 Plan	Revised 2017/18 Plan	Actual Days
Communities	75	77	14
People	98	103	32
Place	63	83	11
Public Health	26	26	0
Core Services	419	421	76
Council Wide	142	142	49
Corporate	167	169	45
Contingency	50	0	0
Barnsley MBC Sub Total	1,040	1021	227
Corporate Anti-Fraud Unit	561	562	140
Sub Total	1,601	1,583	367
External Clients	1,655	1,686	308
Total Chargeable Planned Days	3,256	3,269	675

INTERNAL AUDIT PERFORMANCE INDICATORS FOR 2017/18

Ref.	Indicator	Frequency of Report	Target 2017/18	This Period	Year to Date
1.	<u>Customer Perspective:</u>				
1.1	Percentage of questionnaire received noted “good” or “very good” relating to work concluding with an audit report.	Quarterly	95%	n/a	n/a
2.	<u>Business Process Perspective:</u>				
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report. (Cumulative 1/1 reports)	Quarterly	80%	0%	0%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	65%	65%
2.3	Average number of days lost through sickness per FTE (Cumulative 4 days in total)	Quarterly	6 days	0.25 day	0.25 day
3.	<u>Continuous Improvement Perspective:</u>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
4.	<u>Financial Perspective:</u>				
4.1	Total Internal Audit costs v budget.	Quarterly	Within Budget	Within Budget	Within Budget

Performance Indicator Definitions and Supporting Information

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

Item 7

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

AUDIT COMMITTEE – 19TH JULY 2017

ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

1. Purpose of the Report

- 1.1 This report presents the information and evidence received in support of the review of the effectiveness of the audit function. The Audit Committee will be required to assess this evidence and form a view as to their satisfaction that the audit function is effective and where improvements have been identified, agree these and monitor them during the course of the year.

2. Recommendation

- 2.1 **It is recommended that the Audit Committee considers the information in support of the review of the effectiveness of the audit function and expresses a view as to their satisfaction with the service.**

3. Background

- 3.1 The Accounts and Audit Regulations 2015 part 2 requires an authority to conduct an effective internal audit to evaluate the effectiveness of risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 3.2 There remains no specific guidance to determine how the effectiveness of the internal audit function should be determined. The process used for the Authority has traditionally utilised a collation of the various forms of feedback and evaluation which the audit function received during the year.
- 3.3 As the Committee will be aware, the Public Sector Internal Audit Standards (PSIAS) came into effect on the 1st April 2013. The PSIAS require the Head of Internal Audit & Corporate Anti-Fraud to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP should be designed to enable an evaluation of the internal audit activity's conformance with the PSIAS and assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement. It is therefore appropriate that the QAIP also forms the basis of the annual review of the effectiveness of the Internal Audit function. The QAIP has been monitored during 2016/17 and a further self-assessment undertaken at the year end.
- 3.4 The QAIP must include both internal and external assessments. There are two elements to the internal assessment process. Firstly, the ongoing monitoring arrangements of the performance of the internal audit activity which have been incorporated into the routine policies and practices used to manage the function and Internal Audit work. These arrangements are summarised as follows:

- (i) Internal Audit Procedure Manual;
- (ii) On-going supervision and review of audit work;
- (iii) Feedback from auditees following specific audit work / reports;
- (iv) Performance management information (performance indicators);
- (v) The results of internal quality assurance audits;
- (vi) External assessment regarding conformance with the PSIAS and implementing any resulting recommendations;
- (vii) Any feedback from External Audit in relation to the effectiveness of the function;

The second element of the internal assessment process is the requirement to undertake periodic assessments to evaluate conformance with the PSIAS.

- 3.5 Independent external assessments are required to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. Such assessments can be in the form of a full external assessment, or a self-assessment with independent external validation. The standards require an 'appropriate sponsor' to be nominated in order to safeguard the independence of the external assessment process.
- 3.6 The external assessment was undertaken in late 2015 and a report outlining the findings of the assessment was presented to the Audit Committee in March 2016. The assessment found that the Internal Audit function achieved the highest classification with regards conformance with the Standards and the observations arising from the review did not relate to the effectiveness of the function. For completeness, the updated action plan is included as Appendix 4 to this report.

4. Quality Assurance Improvement Programme - Update

4.1 Internal Audit Procedure Manual:

A high-level review of the procedure manual has been undertaken. The manual remains fit for purpose and reflects the requirements of the PSIAS as confirmed in the external assessment.

4.2 Supervision and Review of Audit Work:

The function is structured and organised in order to provide for the effective supervision of staff. Each audit is reviewed by a senior member of staff and any review points are recorded for action by the Auditor. Action points are reviewed in order to capture any training and development issues as part of the Personal Development Review (PDR) process. All staff have recently had a PDR meeting with their line manager.

4.3 Feedback from Auditees:

The Auditee feedback shows a positive level of satisfaction with the Internal Audit function. Summarised below is the feedback received following conclusion of each piece of audit work. Appendix 1 shows the summary feedback in more detail.

	Very Good	Good	Acceptable	Poor
Auditee Feedback	6	3	0	0

4.4 Performance Management Information (Performance Indicators):

A full list of the performance indicators is contained at Appendix 3. Overall, performance of the function is satisfactory and all PI's for the year are either on or exceed target levels.

4.5 Self Assessment against the Requirements of the PSIAS:

The external assessment confirmed the accuracy and completeness of the self-assessment.

4.6 External Audit:

The Council's External Auditor, KPMG no longer undertake a triennial review of the service against the professional standards nor specifically review or rely on Internal Audit work in respect of the core systems. External Audit do however receive copies of all Internal Audit reports and therefore have the opportunity to identify any effectiveness issues. No specific issues have been raised.

5. Issues Arising from the Review

5.1 Overall the evidence from the various aspects of feedback and evaluation shows that auditees at all levels regard the function as effective.

5.2 This report, the outcome of the external assessment and information obtained from the feedback received from auditees, serves to provide the Audit Committee with an overall view of Internal Audit effectiveness.

6. List of Appendices

Appendix 1 - Summary of feedback from auditees following specific audit work / reports

Appendix 2 - Internal Audit Performance Indicators 2016/17

Appendix 3 - PSIAS - External Compliance Assessment Report

7. List of Background Documents

- Accounts and Audit Regulations 2015
- Public Sector Internal Audit Standards
- Feedback from auditees

Responsible Officer: **Rob Winter CPFA**
Head of Internal Audit & Corporate Anti-Fraud
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Appendix 1

Analysis of Auditee Feedback Received in 2016/17

		Very Good	Good	Acceptable	Poor
A	Audit Planning				
1	Relevance of the audit objectives	4	3	0	0
B	Communication				
1	Consultation on scope and objectives of the audit	7	5	0	0
2	Communication during all aspects of the audit	7	2	0	0
3	Helpfulness co-operation of the auditor(s)	7	2	0	0
4	Professionalism of the auditor(s)	7	2	0	0
5	The auditor(s) demonstrated an appreciation of any relevant issues concerning equality and diversity	7	2	0	0
C	Timing				
1	Duration of the audit	4	5	0	0
2	Timeliness of the audit report	6	3	0	0
D	Quality of the audit report				
1	Format and clarity of audit report	6	3	0	0
2	Accuracy of the findings	6	3	0	0
3	Relevance of recommendations	6	3	0	0
4	Overall quality of the report	7	2	0	0
E	Value of the audit				
1	Basic controls assurance the audit has provided	7	2	0	0
2	Added value given beyond basic controls assurance	6	3	0	0
3	Overall value of the audit	6	3	0	0
		67%	33%	0%	0%
		100%			
	Total Number of 'ticks' (A – E)	93	42	0	0
	Percentage	69	31	0%	0%
		100%			

Additional comments where provided:-

1. The conduct, value and timeliness of the audit were very good. The scope/coverage was also very good, however even greater value could have been added by suggestions from the audit team around any additional processes which could be put in place to counter potentially fraudulent RTB applications.
2. Excellent audit and report as usual from this Auditor.
3. Liaison with colleagues from Audit was helpful and supportive. Timely and effective dialogue ensured that service views and suggestions were incorporated into the recommendations. The findings are supportive of improvement activity in service.

INTERNAL AUDIT PERFORMANCE INDICATORS FOR 2016/17

Ref.	Indicator	Frequency of Report	Target 2016/17	Actual
1.	<u>Customer Perspective:</u>			
1.1	Percentage of questionnaire received noted “good” or “very good” relating to work concluding with an audit report. (Cumulative 9 very good or good)	Quarterly	95%	100%
2.	<u>Business Process Perspective:</u>			
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report. (Cumulative 14/17 reports)	Quarterly	80%	82%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	73%
2.3	Average number of days lost through sickness per FTE (Cumulative 45 days in total)	Quarterly	6 days	3 days
3.	<u>Continuous Improvement Perspective:</u>			
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%
4.	<u>Financial Perspective:</u>			
4.1	Total Internal Audit costs v budget.	Quarterly	Within Budget	Within Budget

PUBLIC SECTOR INTERNAL AUDIT STANDARDS – EXTERNAL COMPLIANCE ASSESSMENT 2016

Response to areas suggested for improvement

Report Ref.	Suggested Improvement	Internal Audit Comment	Action Update June 2017
5.2a	<p>Three Year Plan</p> <p>The current Internal Audit plan is for a year's duration. If the level of resources available to internal audit reduces, consideration should be given to moving to a three year plan. This will assist in ensuring that there are no gaps in the coverage of critical areas of the Council's financial systems and key service delivery risks.</p>	<p>Planning over a longer period is considered as a key part of the annual process.</p> <p>The extent of change within and around the Council, has meant that it is not practical to prepare a longer-term audit plan.</p> <p>In many respects, a 6-month plan can be more appropriate to reflect the pace of change, changes in priority, emerging issues and unplanned requests from senior management for advice, support and challenge.</p> <p>The planning process remains robust enough to ensure there are no gaps in the coverage of key risks and issues facing the Authority.</p>	<p>Longer-term audit planning will continue to be considered and implemented when there is greater stability within the Council and sector generally.</p> <p>Action Closed</p>
5.2b	<p>Focus on High Priority Recommendations</p> <p>The service currently has three levels of recommendation, fundamental, significant and merits attention. Consideration should be given to focusing on those controls, which if audit work found to be weak, in either adequacy or application, would result in a fundamental or significant recommendation being made. This not only promotes internal audit resources being focused on the priority areas but also</p>	<p>The nature of the classification of audit recommendations means that due attention is focussed on those with the greatest significance or priority and therefore higher risk areas.</p> <p>The follow-up process again focusses on the implementation of fundamental or significant recommendations.</p> <p>In many respects the 'merits attention'</p>	<p>The current methodology and classification of recommendations is understood across the Council.</p> <p>The overall audit methodology will need to be reviewed should resources be reduced and a more thematic approach be required.</p> <p>This is currently being considered for the 2017/18 audit year.</p>

Report Ref.	Suggested Improvement	Internal Audit Comment	Action Update June 2017
	enables the organisation to focus on the key controls it needs to operate.	<p>recommendations arise consequentially from the consideration of issues in the audit and represent those areas where some improvement in control processes or procedures would be beneficial.</p> <p>In some cases a number of 'merits attention' recommendations across a service or system can collectively result or contribute to a negative assurance opinion.</p>	<p>The Audit Committee will be kept informed regarding the development of any new approaches in response to any reduction in resources.</p> <p>A fundamental review of how recommendations are classified and categorised is underway. The Audit Committee will be appraised of the outcome and the proposals in due course.</p>
5.2c	<p>Audit Reports per Auditor</p> <p>A review of the number of audits issue indicates that Barnsley issues fewer reports compared with its West and South Yorkshire neighbours. This could be for a number of reasons including working styles and the definition of a report (for example other Councils may include grant certification audits as reports). However it would be beneficial for the Council's Head of Internal Audit to review the position to determine whether the reporting framework met Barnsley's Internal Audit requirements and those of the Council's and external client requirements. In some cases short briefing style reports can be a more effective deployment of Internal Audit resources focusing on remedies to internal control weaknesses.</p>	<p>Over the last few years audit work has reflected and responded to management requests for on the one hand more significant pieces of review work and on the other a demand for advice and support for initiatives, projects and strategy groups.</p> <p>Both aspects have had the impact of reducing the audit report : auditor ratio.</p> <p>This is not seen as much in the other clients, where there is a far higher ratio.</p> <p>All pieces of work contribute to the Head of Internal Audit's annual opinion and equally in the advice and information to management.</p> <p>It is a valid point regarding using a shorter report style to capture areas of activity where a formal report is not appropriate.</p>	<p>Whilst the relatively low ratio of reports : auditor is noted, there remains an effective deployment of audit resources targeted to support management.</p> <p>However, there is an opportunity to relate some aspects of currently 'un-reported' audit work in a form that would improve the ratio.</p> <p>Actioned in 2016/17.</p>

Report Ref.	Suggested Improvement	Internal Audit Comment	Action Update June 2017
5.2d	<p>Risks linked to the Audit Plan</p> <p>The current Internal Audit plan reflects the financial risks of the authority and also links in with the risk management processes of the authority. It is critical that the Council's strategic risk register remains relevant and reflects the environment the Council is working in, especially in the light of the changing availability of resources. This is a key responsibility of strategic management. It is Internal Audit's responsibility to ensure it reviews those strategic risks and the control environment supporting them. The Audit Committee, Strategic Directors, Section 151 Officer and Internal Audit Service need to continue ensuring that the Internal Audit resources are directed and balanced, so that Service delivery, organisational governance and financial administrative controls are reviewed and maintained.</p>	<p>Agreed. This is an essential aspect of the control and governance framework and how Internal Audit supports, advices and challenges.</p> <p>Whilst there is always scope for improvement, the risk management arrangements within the Authority are well established, pragmatic and consequently can be relied upon by Internal Audit for the purposes of planning and review work. The Audit Committee has received a report on the audit planning methodology and will consider the draft Plan at its March meeting. This will demonstrate the linkages to risks across the Council.</p> <p>This aspect of focus will always remain a priority for Internal Audit in seeking to support the further embedding of effective and appropriate risk management arrangements across all parts of the Council.</p>	<p>This is very much a constant area of focus for Internal Audit and therefore there is no specific action to take in this regard.</p> <p>The annual audit planning process focusses heavily on the risk registers and through the detailed consultation process with senior management, ensures audit activity remains aligned to risk.</p> <p>The Audit Committee will receive information throughout the year as part of Progress reports from Internal Audit about risk issues, as well as specific Strategic Risk register updates as appropriate.</p> <p>Action Closed</p>
5.2e	<p>Assurance Mechanisms</p> <p>In order to make the best use of Internal Audit resources it is important that attention is directed to significant/critical risks including process/system development and areas where Internal Audit's expertise is effective. Care should continue to be taken when preparing the Internal Audit plan that Internal Audit is not used to provide assurances outside its professional authority. The Authority could</p>	<p>The audit planning process and the detailed consultation with senior managers seeks to ensure a risk-informed programme of work designed to provide assurances regarding the effectiveness of the control, risk and governance arrangements put in place and managed by management.</p> <p>All audit activities within the plan are structured on that basis and therefore do not fall outside of the services authority or</p>	<p>Internal Audit has and will continue to support management in the development of an assurance map for the Council. There are specific days allocated to this within the 2017/18 plan.</p> <p>No specific action is required of Internal Audit in this regard beyond that already planned.</p> <p>Action Closed</p>

Report Ref.	Suggested Improvement	Internal Audit Comment	Action Update June 2017
	benefit from an assurance mapping process which clearly designates responsibility for critical risks and how assurances are achieved for those risks.	<p>competence.</p> <p>It has been acknowledged for some time by senior management that the development of a corporate assurance map would be of use.</p> <p>Work in this area had developed over the last few months and it is hoped that such an assurance map will be in place during 2016/17. Internal Audit has and will play a key role in supporting, implementing and subsequently monitoring the assurance map.</p>	
5.2f	<p>Adults (BMBC ONLY)</p> <p>A review of the Internal Audit Plan for 2015/16 shows that 65 Internal Audit days were allocated to the Communities Department which incorporates Adults Services. The days allocated to People and Place were 175 days and 112 respectively. Given that Adults services is one of the most critical resource demanding areas of Council activity, consideration should be given to whether the resources allocated to Adults, is sufficient and reflects the current level of risk.</p>	<p>Due to how the functions and services of the Council are structured, a number of areas of work supporting the 'Adults' agenda were undertaken outside of the Communities Directorate, i.e. within Finance and the People Directorate e.g., DOLS and personal budgets.</p> <p>The '65' days therefore presents a slightly false position.</p> <p>However, the point is acknowledged and the 2016/17 planning process and had a key focus on this general area.</p>	<p>The 2016/17 and 2017/18 audit plans has considered the area and with management and include an appropriate programme of work.</p> <p>The Audit Committee will receive information about this work through the periodic Progress reports.</p> <p>Action Closed</p>
5.2g	<p>Delivery of Training</p> <p>Whilst not a specific requirement of PSIAS and the responsibility could sit within other areas of the organisation, it was noted that the Internal Audit Service had not delivered any formal</p>	<p>This is somewhat an anomaly of 2015/16. In most years Internal Audit undertakes or contributes to training of some kind.</p> <p>Training activity has in the past been in areas such as anti-fraud and corruption, contracts</p>	<p>Some provision has been made in the 2017/18 Plan for specific training for Berneslai Homes and a number of the external clients.</p> <p>Training has generally been requested by management and accommodated where</p>

Report Ref.	Suggested Improvement	Internal Audit Comment	Action Update June 2017
	<p>training in the form of courses to other areas of the organisation, or service managers.</p> <p>The provision of training by Internal Audit gives the Service exposure to the rest of the organisation and allows it to sell itself to service managers and also be pro active in delivering improvements to the governance arrangements of the Council. Consideration should be given to the delivery of such training in the future.</p>	<p>and procurement, general governance and audit committee effectiveness.</p> <p>The Internal Audit service also contributes to the maintenance and development of the Council's on-line training facility (BOLD).</p> <p>More focus is attached corporately to the on-line method of training, awareness, advice and guidance.</p>	<p>possible by Internal Audit during the year. Consequently, and again for 2017/18, any such requests will be considered and resourced form contingency days. The Audit Committee will receive information about such activity in the Progress reports.</p> <p>Action Closed</p>

Item 8

Report of the Service Director
Business Improvement &
Communications

Audit Committee – 19th July 2017

Business Improvement and Communications Progress Report

1. Purpose of Report

- 1.1 To give an overview of the functions of the Business Improvement and Communications Business Unit and related elements of the Annual Governance Statement process in line with the Audit Committee programme.

2. Functions of the Business Unit

- 2.1 The Business Unit has five broad functions reporting to the Service Director, Business Improvement and Communications:

- Business Improvement and Intelligence (including the Overview and Scrutiny function)
- Communications, Marketing and Campaign Management
- Corporate Programme and Project Management
- Equality and Inclusion
- Organisation and Workforce Improvement (including the Member Development function)

- 2.2 The core purpose of the business unit is to,

‘Provide high quality, value for money, customer focussed, professional and strategic core services’.

The Business Unit is responsible for driving and delivering business improvement and communications to ensure the organisation is a customer focussed, modern, efficient and commercial minded Future Council.

3. Related Elements of the Annual Governance Statement

- 3.1 The business unit has a role in ensuring assurance against the following elements of the Annual Governance Statement:

- **Management Arrangements** – services can demonstrate compliance with the Managing People Framework through the completion of Performance and Development Reviews (P&DR)
- **Performance Management** – Business Units can demonstrate they have a Business Plan in place which brings together several individual corporate requirements into one streamlined document that ensures Business Units can collectively review and consider all elements together, and provide a forward look to 2020. Also, Business Plans have been subject to Directorate check and challenge, which were led by the Executive Director and attended by the Business

Improvement & Intelligence Team, and have subsequently been stored centrally on the BLT drive, which is accessible by all members of SMT/BLT and other appropriate officers within the Council.

- **Equality and Inclusion** – Directorates can demonstrate their compliance with Equality and Inclusion arrangements through the inclusion of Equality and Inclusion information within Decision Making reports.

Performance and Development Review (P&DR) Completions

- 3.2 At the end of Quarter 4 (31st March 2017) a report was submitted to the Senior Management Team showing that P&DR completions for the Council were just over 51%. Whilst this is lower than expected, recent changes to the P&DR process could provide an explanation for this:
- 3.3 Following feedback from managers and employees regarding problems with the inflexibility of the set P&DR timetable, it was agreed that the set dates would be removed. This would allow managers to undertake and complete P&DRs at a time to suit their particular business needs. As managers start to realign completion of their teams' P&DRs to their preferred timescale, it will mean that some will fall 'out of time' resulting in a drop in the number of completions reported.
- 3.4 Our revised business planning process has now been completed. Many managers will have waited to complete P&DRs until their business plans were finalised so that they can ensure there is a clear link between the Corporate Plan, business plans and individual objectives and goals.
- 3.5 We are commencing a review of the current P&DR process in July 2017 involving employees and managers from across the organisation in focussed workshops to look at potential improvements for the scheme to be implemented from April 2018.
- 3.6 Past evaluation of P&DRs has concentrated on the quantity undertaken and not the quality of the discussion, therefore the design of any future scheme must have this at its core.
- 3.7 The workshops will look at the design and development of the future scheme to ensure it is fit for purpose and sustainable. It must add value to the Council and align with and support the achievement of the Corporate Priorities and Outcomes as outlined in the Corporate Plan 2017 – 20.
- 3.8 Once the workshops are concluded then further consultation will take place during the development of the future scheme with representatives from across the Council, particularly with those hard to reach groups of employees who do not have daily access to technology to ensure the scheme is suitable for all.
- 3.9 The new process will be supported by the new learning management system (the POD) which is due for introduction in September 2017 for course bookings and April 2018 for the appraisal solution.

Performance Management

- 3.10 Business planning is the Council's systematic and continuous process of making decisions to meet future demands, organising the resources required to carry out these decisions and measuring the results against expectations. It is not to simply forecast, deal with future decisions or an attempt to eliminate risk.
- 3.11 In 2016/17 the Council took a different approach to its business planning process including a forward look to 2020. The revised approach aimed to give Business Units ownership of their own business plans and bring together several individual corporate requirements into one streamlined process, ensuring that Business Units could collectively review and consider all elements together.
- 3.12 The new Business Unit planning template encompassed all of the following areas:
- Finance
 - Risk
 - Business Continuity
 - Performance
 - Enablers
 - Workforce Planning & Workforce Development
 - Research & Business Intelligence
 - Communications & Marketing
 - ICT
 - Commissioning
 - Customer & Employee Insight
- 3.13 Business plans were subject to Directorate check and challenge, which were led by the Executive Director and attended by the Business Improvement & Intelligence Team.
- 3.14 All finalised business plans were submitted on time and copies of the finalised business plans are all stored centrally, as well as being shared with Business Units.

Equality and Inclusion

- 3.15 All local authorities have a legal obligation (Equality Act 2010) to give "due regard" to the impact its policies and decisions could have on diverse groups where this may differ from the population as a whole. The tool we use to do this is the Equality Impact Assessment (EIA) process.
- 3.16 When preparing a report for a decision by Cabinet, Council Officers should consider the impact this will have on different groups, undertake any appropriate consultation with stakeholders to inform this, and identify reasonable actions that could be taken to mitigate any negative or unequal impacts on those groups.
- 3.17 The EIA process is a flexible one, which should be proportionate to the risk of any negative or unequal impacts the decision may have. The outcome of this EIA process should be summarised in the Cabinet report to ensure that Cabinet are fully aware of the impact of any recommendations they are asked to make a decision on.
- 3.18 These EIA's and subsequent Cabinet reports should be robust; the Cabinet report should include a summary of the potential inequalities, the evidence behind this

assessment, and the mitigations actions that were considered and, where reasonable, implemented.

- 3.19 The Equality and Inclusion team assess the robustness of Cabinet reports by analysing a sample of cabinet reports throughout the year and across every directorate. Each report is then rated as Good, Satisfactory or Poor. The findings are reported to each Directorate's management team so we can learn what worked and where we need to improve in the future.

4. Other Issues Affecting Elected Members

4.1 Member P&DR Completions

The Business Unit is responsible for the member development function and programme. One of the key performance metrics for this area is P&DR completions and the completion rate for 2016/17 was 86%.

4.2 Overview & Scrutiny

The Business Unit is responsible for the Overview and Scrutiny function and annual work programme. One of the key performance metrics for this area is Elected Member attendance at the committee and for 2016/17 the attendance rate was 69%.

5. Conclusion / Recommendations

- 5.1 This report is presented for information.

6. Background papers

- 6.1 Business Improvement and Communications Business and Delivery Plans and Annual Governance Statement are available for inspection.

Report Author: Michael Potter

Contact: 774594

Date: 30th June 2017



Interim Audit Report 2016/17



Barnsley Metropolitan Borough Council

July 2017

Contents

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1. Follow-up of prior year recommendations	12
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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

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

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact 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 (on 0207 694 8981, or 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 PSA'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 3H.



This document summarises the key findings arising from our work to date in relation to the audit of the Authority's 2016/17 financial statements and the 2016/17 VFM conclusion

Scope of this report

This report summarises the key findings arising from:

- our interim audit work Barnsley Metropolitan Borough Council ('the Authority') in relation to the Authority's 2016/17 financial statements; and
- our work to support our 2016/17 value for money (VFM) conclusion up to May 2017.

Financial statements

Our *External Audit Plan 2016/17*, presented to you in February 2017, set out the four stages of our financial statements audit process.

During February and March 2017 we completed our planning and control evaluation work. This covered:

- review of the Authority's general control environment, including gaining an understanding of the Authority's IT systems and testing general IT controls;
- testing of certain controls over the Authority's key financial systems;
- review of relevant internal audit work which we are seeking to rely upon; and
- review of the Authority's accounts production process, including work to address prior year audit recommendations and the specific risk areas we have identified for this year.

VFM conclusion

Our *External Audit Plan 2016/17* explained our risk-based approach to VFM work, which is set out in the Code of Audit Practice and supporting guidance published by the NAO.

We have completed some early work to support our 2016/17 VFM conclusion. This included:

- assessing the potential VFM risks and identifying the residual audit risks for our VFM conclusion;
- considering the results of any relevant work by the Authority, inspectorates and other review agencies in relation to these risk areas; and
- identifying what additional risk-based work we will need to complete.

Structure of this report

This report is structured as follows:

- Section 2 summarises the headline messages.
- Section 3 sets out our key findings from our interim audit work in relation to the 2016/17 financial statements.
- Section 4 outlines our key findings from our work on the VFM conclusion.

We have reviewed your progress in implementing prior recommendations and this is detailed in Appendix 1.

Acknowledgements

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



This table summarises the headline messages from our work to date. The remainder of this report provides further details on each area.

Organisational and IT control environment	The organisational control environment is generally sound, and we have nothing to report in this area. Our work into the IT control environment is ongoing and we will report any findings as part of our year end report.
Controls over key financial systems	The controls over key financial systems are generally sound, however we have identified one issue in relation to the timely removal of leavers from the revenue IT systems. Our work into this is still ongoing, and as such we will bring any formal recommendations to the September audit committee as part of our ISA260 report.
Accounts production and specific risk areas for the Authority	The Authority have a good history of quality accounts production and in 2016/17 the Authority has a good understanding of the key audit risk areas we identified and is making progress in addressing them. We are currently discussing with key officers whether there is a need to produce group accounts following changes in the value of the pension liability at Berneslai Homes.
VFM risks	We have not identified any specific VFM risks through our risk assessment.

Organisational and IT control environment



The organisational control environment is generally sound and we have no issues to report.

Our work into the IT control environment is ongoing.

Work completed

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would have implications for our audit.

We obtain an understanding of the Authority's overall control environment and determine if appropriate controls have been implemented. We do not complete detailed testing of these controls.

The Authority relies on information technology (IT) to support both financial reporting and internal control processes. In order to satisfy ourselves that we can rely on the use of IT, we test controls over access to systems and data, system changes, system development and computer operations.

This work is ongoing and we will work with Internal Audit and officers to minimise the impact where possible.

Controls over key financial systems



The controls over of the key financial systems are sound.

However, there is a weakness in respect of revoking staff access to the revenue systems once they have left the Authority.

Work completed

We review the outcome of internal audit’s work on the financial systems to influence our assessment of the overall control environment, which is a key factor when determining the external audit strategy.

Where we have determined that this is the most efficient audit approach to take, we evaluate the design and implementation of the control and then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Our assessment of a system will not always be in line with your internal auditors’ opinion on that system. This is because we are solely interested in whether our audit risks are mitigated through effective controls, i.e. whether the system is likely to produce materially reliable figures for inclusion in the financial statements.

Key findings

We noted a weakness in respect of the revenue system’s general IT controls:

We found 7/40 instances where staff who had left the Authority had not had their access removed from the revenue system in a timely manner. There is however a mitigating control in that staff need network access in order to gain access to the revenue system. At the time of writing, we are still in the process of confirming that all users identified had been removed from the network in a timely manner. If this is not the case, we will need to undertake additional substantive testing around the revenue system.

As we are still undertaking work in this area, we have not raised a specific recommendation, and instead will bring the finalised recommendation to Audit Committee as part of our ISA260 in September.

We have not yet assessed the controls over Property, Plant and Equipment, Pension Assets and Liabilities and General Ledger IT Controls.

Many of the key controls in respect of these areas are operated during the closedown process and our testing will be supplemented by further work during our final accounts visit.

If weaknesses are identified in these areas we may need to undertake additional substantive work.

Financial system	Controls Assessment
Cash and Cash Equivalents	3
Creditor Payments and Non pay expenditure	3
Payroll	3
Housing Rent Income	3
Council Tax Income	3
Business Rate Income	3
Housing Benefits Expenditure	3
Revenue System - General IT Controls	2

- Keys:
- 1 Significant gaps in the control environment.
 - 2 Deficiencies in respect of individual controls.
 - 3 Generally sound control environment

Specific audit risk areas



The Authority have a good history of quality accounts production and in 2016/17 the Authority has a good understanding of the key audit risk areas we identified and is making progress in addressing them.

Work completed

In our External Audit Plan 2016/17, presented to you in February, we identified the key audit risks affecting the Authority's 2016/17 financial statements.

Our audit strategy and plan remain flexible as risks and issues change throughout the year. To date there have been no changes to the risks previously communicated to you.

We have been discussing these risks with the Service Director

(Finance) as part of our regular meetings. In addition, we sought to review relevant workings and evidence and agree the accounting treatment as part of our interim work.

Key findings

The Authority has a clear understanding of the risks and is making progress in addressing them. The table below provides a summary of the work the Authority has completed to date to address these risks.

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

Significant 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.

Interim assessment and work undertaken

We have liaised with our colleagues at South Yorkshire Pension Authority, and your finance team that deal with the Actuary and have gained sufficient assurance that the Council have adequate arrangements in place to address the risks that we have identified, and we will at the final visit stage substantively test the data transferred to the Actuary and the Actuary data to the entries in the financial statements.

Specific audit risk areas (cont.)



The Authority has a good understanding of the key audit risk areas we identified and is making progress in addressing them.

Significant Risk: Valuation of the Waste Management PFI Asset

The Authority 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.

Preliminary assessment and work undertaken

We have liaised with the Authority's finance team and understand that they have obtained their own valuation of the asset to confirm the amounts provided by Rotherham MBC's valuers. We will be using the valuation and the assumptions at the final visit to ensure that the value does not raise a risk of material misstatement.



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

Area of focus: 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 .

Though 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.

Preliminary assessment and work undertaken

We have had early discussions with the finance team over the restatement of the CIES, EFA and MiRS in terms of the format and what this will look like. We are comfortable that the finance team had adequate plans in place to carry out the required changes and these were in the closedown plans. We will carry out the substantive audit procedures on the final output when the accounts subject to audit are available.

VFM audit approach



Our VFM conclusion considers how the Authority secures financial resilience and challenges how it secures economy, efficiency and effectiveness.

We follow a risk based approach to target audit effort on the areas of greatest audit risk.

Our External Audit Plan 2016/17 describes in more detail how the VFM audit approach operates.

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'.

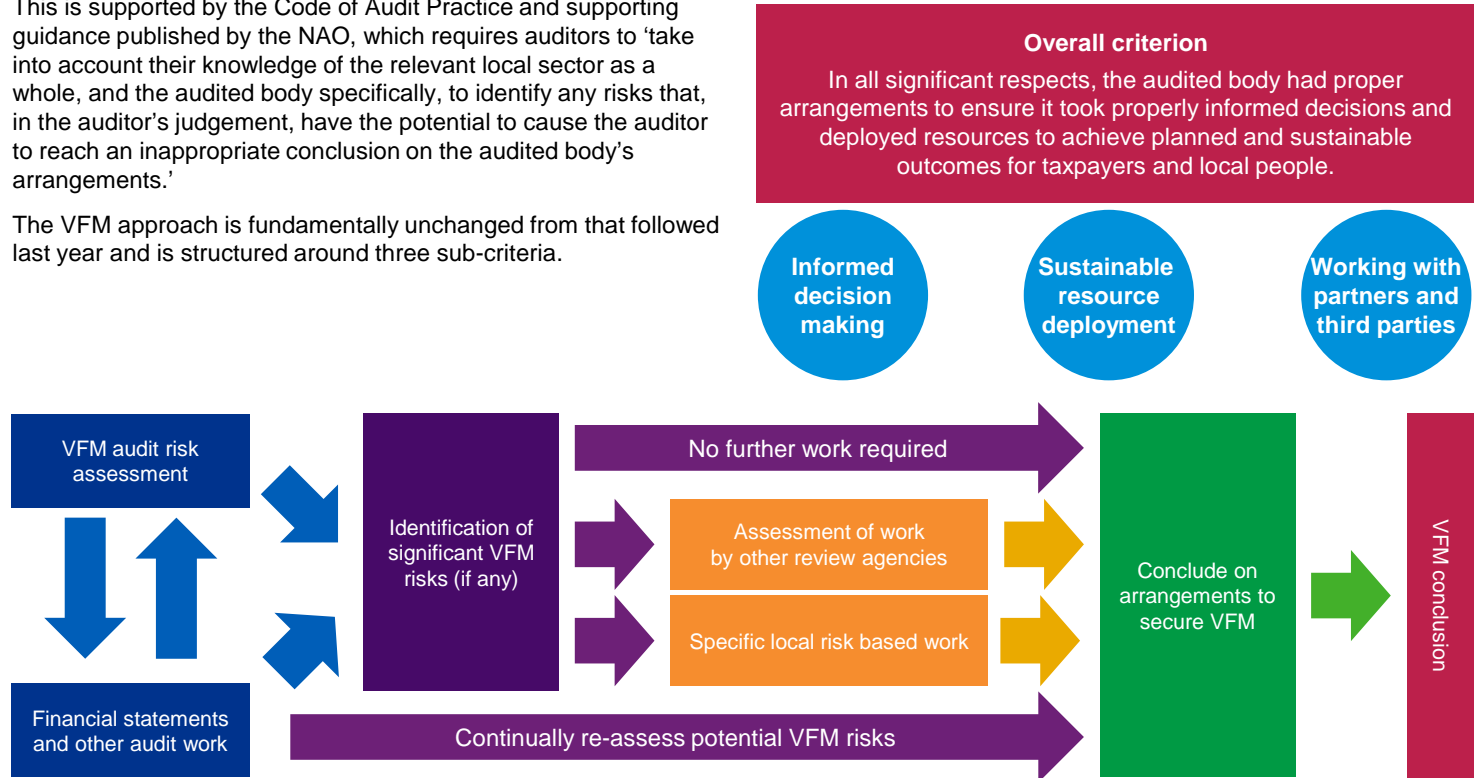
This is supported by the Code of Audit Practice and supporting guidance published by the NAO, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential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

The VFM approach is fundamentally unchanged from that followed last year and is structured around three sub-criteria.

These sub-criteria provide a focus to our VFM work at the Authority.

Overview of the VFM audit approach

The key elements of the VFM audit approach are summarised below.



Specific VFM risks

We have not identified any specific VFM risks through our risk assessment.

Work completed

In line with the risk-based approach set out on the previous page, we have

- Assessed the Authority's key business risks which are relevant to our VFM conclusion;
- Identified the residual audit risks for our VFM conclusion, taking account of work undertaken in previous years or as part of our financial statements audit;
- Considered the results of relevant work by the Authority, other inspectorates and review agencies in relation to these risk areas; and
- Concluded to what extent we need to carry out additional risk-based work.

Key findings

We have completed our initial VFM risk assessment and have not identified any key issues. We will update our assessment throughout the year should any issues present themselves and report against these in our ISA260.

We will report our final conclusions in our *ISA 260 Report 2016/17*.

Follow-up of prior year recommendations

The Authority has implemented all of the recommendations raised through our previous audit work.

This appendix summarises the progress made to implement the recommendations identified in our Interim Audit Report 2015/16 and reiterates any recommendations still outstanding.

Number of recommendations that were:	
Included in original report	2
Implemented in year or superseded	2
Remain outstanding	0

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at July 2017
1	2	<p>Journal authorisation</p> <p>Our audit of journal entries identified that the written procedure notes were not fully in line with the processes and controls actually in practice. The current practice does not give rise to a risk and we did not identify any incorrect or unsupported journals entries but should be a reflection of written procedures.</p> <p>Recommendation</p> <p>The Authority should review the written procedure notes for the posting and authorisation of journal entries and ensure that these reflect the procedures that are both required and are currently in practice.</p>	<p>Management response</p> <p>The written procedures in relation to journal control & authorisation will be refreshed to reflect the current Business Unit operating model and staffing structure.</p> <p>Responsible Officer</p> <p>Service Director – Finance</p> <p>Due date</p> <p>31 October 2016</p>	<p>The written procedures in relation to journal control and authorisation have now been refreshed.</p>

Follow-up of prior year recommendations

The Authority has implemented all of the recommendations raised through our previous audit work.

This appendix summarises the progress made to implement the recommendations identified in our Interim Audit Report 2015/16 and reiterates any recommendations still outstanding.

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at July 2017
2	2	<p>Valuation of Waste Management Asset</p> <p>The Waste Management PFI came into use during the year. Once assets have been recognised, under section 4.3 of the Code, an assessment needs to be made as to whether the asset value needs to be re-measured. No such revaluation took place at the time the asset came into use and therefore there is a risk that the value of the asset may be misstated.</p> <p>Subsequent to our onsite audit work we have now obtained a formal valuation of the asset from the Authority's valuer. We have discussed this with our technical expert and have not identified any issues with the process used to value this asset. We have therefore gained assurance, for the current year audit, that the value of the asset has not been materially misstated.</p> <p>Recommendation</p> <p>The latest valuation of the asset should be reflected in the 2016/17 statement of accounts and that all new assets are valued when they come into use in line with the requirements of the code.</p>	<p>Management response</p> <p>An adjustment will be made to the carrying value of the Council's share of the waste PFI facility in the 2016/17 accounts. Procedures will be refreshed to ensure that all new material assets are revalued on acquisition.</p> <p>Responsible Officer</p> <p>Service Director – Finance and Service Director – Assets</p> <p>Due date</p> <p>31 March 2017</p>	<p>The Finance team have instructed their valuation colleagues to carry out an in use valuation for the Waste Management Asset in line with the CIPFA COP.</p> <p>We will test this substantively as part of our year end audit visit.</p>



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BARNSELY MBC AUDIT COMMITTEE – INDICATIVE WORK PROGRAMME

	Mtg. No.	2	3	4	5	6	7		
Committee Work Area	Contact / Author	19.07.17	22.09.17	1.11.17	6.12.18	17.1.18	21.3.18	18.04.18	6.06.18
Committee Arrangements				Workshop					
Committee Work Programme	WW	X	X	X(?) X(?) X(?)	X	X	X	X	X
Minutes/Actions Arising	WW	X	X		X	X	X	X	X
Review of Terms of Reference and Self-Assessment	RW/CHAIR								
Training Review and Skills Assessment	RW/CHAIR								
Review of Terms of Reference & Working Arrangements	ACF								
Draft Audit Committee Annual Report	RW/CHAIR	X							X
Audit Committee Annual Report	RW/CHAIR		X						
Internal Control and Governance Environment									
Local Code of Corporate Governance	AF/AH							X	
Annual Governance Review Process and Timescales	AF/AH								
Draft Annual Governance Statement & Action Plan	AF/AH	X							
Final Annual Governance Statement	AF/AH		X						
AGS Action Plan Update	AF/AH				X				
Corporate Whistleblowing Update & Annual Report	RW	X							
Annual Fraud Report	RW							X	
Corporate Fraud Team - Report	RW		X				X		
RIPA Update Report	AF/GK				X				
Review of Ombudsman Complaints	AF				X				
Corporate Risk Management									
Risk Management Policy & Strategy	AH								
Risk Management Update*	AH								
Annual Report	AH	X				X			
Strategic Risk Register Review	AH				X				
Internal Audit									
Internal Audit Charter	RW						X		
Internal Audit Plan	RW						X		
Internal Audit Quarterly Report	RW	X			X	X		X	

	Mtg. No.	2	3	4	5	6	7		
Committee Work Area	Contact / Author	19.07.17	22.09.17	1.11.17	6.12.18	17.1.18	21.3.18	18.04.18	6.06.18
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
External Audit (KPMG)									
Annual Governance Report (ISA260 Report)	KPMG		X						
Audit Plan	KPMG						X		
Annual Fees Letter	KPMG						X		
Annual Audit Letter	KPMG								
Grants Letter	KPMG								
Claims & Returns Annual Report	KPMG					X			
External Audit Progress report & Technical Update	KPMG		X		X	X	X	X	X
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		
Treasury Management Annual Report	IR						X		
Treasury Mgt. Policy & Strategy Statement	IR						X		
Other Corporate Functions contributing to overall assurance									
Human Resources+ (annual)	AB		X						
Business Improvement and Communication+ (annual)	MP	X							
Health & Safety Resilience+ (6 monthly report – March Update – September Annual)	SD		X				X		
Governance & Member support (annual)	IT/WW					X			X
Information Governance update	DR		X		X		X		X

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

+ Subject to regular liaison with Service Directors