

MEETING:	Audit Committee
DATE:	Wednesday, 6 December 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 the 22nd September, 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. Strategic Risk Register - Full Review 2017 (*Pages 17 - 38*)

The Executive Director Core Services will submit a report prefacing a report to be submitted to Cabinet on the 10th January, 2018, on the latest review of the Strategic Risk Register undertaken in October 2017.

5. Internal Audit Quarterly Report 2017/18 - Quarter Ended 30th September, 2017 (*Pages 39 - 58*)

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 Service's work for the whole of the second quarter of the 2017/18 audit year.

6. Corporate Anti-Fraud Team Progress Report (*Pages 59 - 68*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report providing an account of the work of the Corporate Anti-Fraud Team for the period 1st April to 31st October, 2017.

Items for Information

7. External Audit - Technical Update and Progress Report (*Pages 69 - 92*)

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

8. Audit Committee Work Plan 2017/18 and 2018/19 (*Pages 93 - 96*)

The Committee will receive a report providing the indicative work plan for the Committee for its proposed scheduled meetings for the remainder of the 2017/18

Municipal Year and for 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 Financial Services

Adrian Hunt, Risk Management Manager

Michael Potter, Service Director Business Improvement and Communications

Louise Booth, Audit Manager

Council Governance Unit – 3 copies

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

Tuesday, 28 November 2017

MEETING:	Audit Committee
DATE:	Friday, 22 September 2017
TIME:	2.00 pm
VENUE:	Reception Room, Barnsley Town Hall

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

24. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

25. FUTURE AGENDA DISTRIBUTION

The Chair informed Members of the Committee that from November, 2017 the Council intended to move towards paperless meetings with agenda and reports being accessed electronically.

The Executive Director Core Services reported that papers would be available via the Council's website or via the Modern.gov app for users with Apple, Android and Windows Devices (running Windows 8.1 or Windows 10). Only those Members who were able to demonstrate special circumstances (such as medical need) would be provided with papers.

In relation to Independent Members, papers would be sent electronically those members who possessed suitable devices and any reports containing exempt information would be sent via encrypted email.

Any Independent Member wishing to retain paper documentation for meetings should contact the Executive Director Core Services prior to the next meeting.

26. MINUTES

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

27. 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.

28. REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) 2016/17

The Committee considered a report of the External Auditor (KPMG) which had been submitted in accordance with International Standard on Auditing 260, the External Audit Governance Report 2016/17. Mrs C Partridge representing KPMG attended the meeting to present the report.

The report incorporated, amongst other things, the following:

- The Financial Statements, including the significant audit risks, area of audit focus and judgements
- The proposed opinion and audit differences
- The Accounts Production and audit process
- The current position with regard to the completion of the audit of the financial statements
- The Value for Money Conclusion which indicated that there were no identified VFM risks

Appendices to the report provided the following:

- Key issues and recommendations
- The follow up of prior year recommendations – all of which had been implemented
- The audit differences
- Materiality and the reporting of audit differences
- The Declaration of independence and objectivity
- The audit fees

In relation to the Financial Statements, the report summarised the key findings in relation to the 2016/17 external audit. The report focussed on the work which had been completed in August 2017 on the Authority's significant risk areas as well as other areas of the financial statements together with additional findings in respect of KPMG's control work. She stated that subject to all outstanding queries being resolved satisfactorily, it was anticipated that an unqualified audit opinion on the Authority's financial statements would be issued before the deadline of 30th September, 2017 following consideration by the Council on the 28th September, 2017.

A number of audit adjustments had been identified, notably the need to prepare consolidated accounts, with the remainder of the adjustments being largely presentational with no impact upon the primary statements and the reserves balances.

Based on the work undertake, four recommendations had been made and these were detailed within Appendix 1. These related largely to IT controls, the retention of documentation and evidencing of reconciliation preparation and review. These had been discussed and agreed with management and the response to those recommendations was detailed. It was also recommended that the Authority should closely monitor progress in addressing risks, including the implementation of the recommendations, and these issues would be formally followed up next year.

In relation to the Use of Resources, it was reported that the risk based work to consider whether in all significant respects the Authority had proper arrangements to ensure it had taken properly informed decision and deployed resources to achieve

planned sustainable outcomes for tax payers and local people had been completed. It had been concluded that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. It was anticipated, therefore, that an unqualified Value for Money opinion would be issued.

Finally, Mrs Partridge asked to place on record her thanks to officers and members for their continuing help and co-operation throughout the audit work.

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

The following issued were referred to:

- The External Auditor had not identified any material misstatements. They had, however identified that a set of group accounts needed to be prepared due to the material nature of the pension liability held by the Subsidiary company Berneslai Homes Ltd.
- For the year ending 31st March 2017 the Authority had reported total surplus on provision of services of £55.2m which includes £86.3 m reversal of previous impairment loss on Council Dwellings. Net outturn was, therefore of the order of approximately £31.1m deficit. The impact on the General Fund had been an increase of £5.9m. Mrs Partridge apologised for the typographical error within this section and stated that this section would be re-issued
- There was some concern expressed in relation to the recommendations in relation to IT controls. In response the Chief Executive and Service Director Finance commented that all recommendations had been accepted and remedial action taken to address the issues. Where required, additional compliance controls were to be introduced and reminders given to Service Directors and managers of the arrangements to be followed particularly in relation to 'leavers', the notification of such events to appropriate sections and to ensure their removal from access to IT systems. In addition there were to be periodic reviews to ensure compliance with the system requirements
- Arising out of the above, the Chief Executive commented on the reduction in staffing within the Council and of the increased pressure faced by remaining staff and also in relation to the increased risk appetite which the Authority was now required to accept
- There was a discussion of the significant audit risks, of why they were classified as risks and of the action taken to address the issues identified

RESOLVED:-

- (i) That the External Auditor's Report 2016/17 be received and referred for consideration by the Council to be held on the 28th September, 2017;

- (ii) That the Auditor's findings on the effectiveness of the Council's internal controls and the conclusion on the Council's arrangements for securing Value for Money be noted; and
- (iii) That the Committee place on record their thanks and appreciation for the hard work of the External Auditor and the Service Director Finance and his Team in this process.

RECOMMENDED TO FULL COUNCIL ON THE 28th SEPTEMBER, 2017:-

- (i) That the External Auditor's Annual Governance Report 2016/17 be approved;
- (ii) That the findings on the effectiveness of the Council's internal controls and the conclusions on the Council's arrangements for securing Value for Money be noted; and
- (iii) That the findings from the audit work in relation to the 2016/17 financial statements be noted and accordingly, the final accounts 2016/17 be approved.

29. ANNUAL GOVERNANCE REPORT 2016/17

Further to minute 15 of the previous meeting held on the 19th July, 2017, the Committee considered a joint report of the Chief Executive and Executive Director Core Services on the final Annual Governance Statement for 2016/17, requesting the Committee to refer it to Council for consideration and adoption as part of the process for approving the 2016/17 Statement of Accounts. A copy of the Statement was appended to the report.

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

- There was a discussion as to the effectiveness of the authority's scrutiny process.
 - It was noted that the Committee comprised both elected and co-opted members together with parent governor representatives and that there were robust processes in place coupled with a significant work programme. Indicators suggested that the Scrutiny Committee was performing appropriately
 - The Chief Executive made reference to the reports that were submitted Cabinet on a periodic basis from both the Scrutiny Committee and from the three Task and Finish Groups. In addition, she reported that customer views were also being sought about the effectiveness of the process and any learning points would be addressed
 - There was some concern that following the merger of the Children's Services Scrutiny Committee with the Overview and Scrutiny Committee there was an over emphasis on children's services issues which, whilst understandable, was perhaps to the detriment of other matters that required scrutiny attention. The Chief Executive stated that there was to be an examination of work load, balance and focus

and further details on the outcome of this would be available in due course. She commented, however, that given the recent 'Rotherham' judgement the focus of scrutiny had, perhaps, necessarily been on children and safeguarding related matters

- In response to specific questioning, reference was made to the reasons for the increase in the number of contract waivers within the context of the compliance with Contract Procedure Rules. It was noted that following the introduction of improved processes, these matters were now being picked up. The Risk and Governance Manager commented that as part of the Annual Governance Statement, Service Directors were being asked to look at reducing the number of waivers issued and to undertake 'smarter' procurement. No examples of the number of waivers was available at the meeting but these would be made available. Arising out of this discussion, the Chief Executive commented that she received a quarterly report as part of the performance management process.
- Arising out of the above, the Service Director Legal Services made reference to the review currently being undertaken of Contract Standing Orders. He explained that contract waivers were always challenged and evidenced to ensure compliance with those Standing Orders
- There was a discussion of the impact of Future Council particularly in relation to the role of Internal Audit and to the implications of changed structures, new and changed systems and the increase in workloads for many managers which had impacted upon their ability to maintain reasonable and effective controls in some areas of activity. Reference was also made in this respect to the change in risk appetite that was required. The Head of Internal Audit and Corporate Anti-Fraud stated that his service was alert to such issues
- Reference was made to the need to ensure openness and comprehensive stakeholder engagement and in this respect particular mention was made to the current position with regard to Sheffield City Region and the wider Yorkshire Region devolution discussions particularly in view of the impact this could have on Barnsley and the Council in particular in terms of the possible loss of assets. It was suggested that this matter should be addressed within the Authority's Risk Register and in response, the Audit and Risk Manager stated that this would be addressed within the next register review which was due for consideration by this Committee in December 2017
- The Audit and Risk Manager referred to a typographical error within item 2 of Appendix one which he stated should state 'open' rather than 'closed'
- It was noted that one of the Independent Members who was unable to attend the meeting this afternoon had submitted a series of questions. The Risk and Governance Manager stated that responses would be provided for all Members of the Committee

RECOMMENDED TO FULL COUNCIL ON THE 28th SEPTEMBER, 2017 that the final Annual Governance Statement 2016/17 be approved and adopted.

30. APPOINTMENT OF EXTERNAL AUDITOR

The Executive Director Core Services submitted a report updating the Committee of the current position with regard to the appointment of the Authority's External Auditors from 2018/19 onwards.

The report outlined the background to the appointment of External Auditors from 2018/19 onwards and of the three options that were considered by the Committee at its meeting on the 18th January, 2017 when it had been agreed to choose option 3, namely, that the Authority opt in to a sector led procurement scheme where an Appointed Person appoint the external auditor on the Authority's behalf.

It was noted that on the 14th August, 2017 the Public Sector Audit Appointments Ltd had informed the Authority of their provisional decision by means of a consultation process allowing for any objections regarding matters of auditor independence and any conflicts of interest to be fed back.

The provisional appointed auditor for the five year period commencing from 2018/19 was Grant Thornton (UK) LLP. The Section 151 officer and other members of the Senior Management Team had no objection to this appointment although the overall impact of any potential objection across the national arena was unknown.

It was noted that the final decision as to the appointed auditor would be reported to the Committee upon the conclusion of the consultation process.

RESOLVED that the current position with regard to the appointment of Auditor for the Authority for the five year period commencing in 2018/19 be noted.

31. INTERNAL AUDIT ANNUAL REPORT

Further to Minute 8 of the meeting held on the 14th June, 2017 The Head of Internal Audit and Corporate Anti-Fraud presented an oral report indicating that based upon the work undertake to date together with management's implementation of recommendations and the agreed annual programme of risk based audit coverage he was able to provide an adequate assurance opinion for 2016/17. He indicated that his opinion had not changed since the submission of his interim report in June.

RESOLVED that the positive opinion of the Head of Internal Audit and Corporate Anti-Fraud for 2016/17 be noted.

32. HEALTH, SAFETY AND EMERGENCY RESILIENCE REPORT 2016/2017 (CAB.6.9.2017/12)

The Executive Director Core Services submitted a report which was submitted to Cabinet on the 6th September, 2017 presenting issues raised in the 2016/17 Health, Safety and Emergency Resilience Report and providing a comprehensive overview of health, safety and emergency resilience activities and performance within the Authority.

The report, which was presented by Mr S Dobby Head of Corporate Health, Safety and Emergency Resilience was submitted in accordance with the recently revised Audit Committee Terms of Reference and Work Programme.

The report indicated that 2016/17 had seen improvements in the Council's health, safety and emergency resilience performance and the implications of challenges faced in delivery of these services and maintenance of this performance. In particular, positive indicators (with comparisons to the previous year) showed:

- There had been a decrease in the number of reported accidents , 151 compared to the previous year of 159 accompanied by an increase in the reporting rate to around 100%
- There had been a decrease in specified major injuries 0 (2)
- 96% of audits showed a satisfactory level of compliance with the governance arrangements for health and safety
- There had been a decrease in days lost due to accidents 323 (721)
- There had been a reduction in recordable accidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 and these were favourable when compared to national statistics:
 - 14 (27)
 - 14 (25) – over three day injuries
 - 7 (20) over seven day injuries
 - 0 (2) major injuries
- An improvement in compliance with requirements to develop risk assessments to 74% (66%) which was 77% corporately and 69% for schools
- A decrease in the number of employer's liability claims to 23 (33) with 11 (14) related to accidents and 12 (19) to work related ill health

There were some negative indicators:

- An increase in reports of violence and aggression reported to 205 (200)
- An under reporting of near miss accidents

The report then went on to outline

- a number of opportunities for improvement together with proposals of how these would be addressed
- the current context of the service provision of the Health, Safety and Emergency Resilience Service
- an overview of the content of the Health, Safety and Emergency Resilience Report for 2016/17

In the ensuing discussion, the following matters were raised:

- the use of volunteers and the difficulties associated with this were outlined. Arising out of this, reference was made to the mutual aid arrangements in

place from other South Yorkshire authorities and from authorities from a wider area in the event of larger scale emergency incidents

- it was noted that violence was prevalent and an increasing issue within schools and additional information on the various types of violence could be reported in future. It was important to note, however, that some schools were better than others at reporting incidents. The problems of gathering information in relation to academies was outlined
- the difficulties of assessing 'near miss incidents' was highlighted. It was reported, however, that for an authority the size of Barnsley, statistically, 2,500 near miss incidents could be anticipated. The Service was working hard on tackling under reporting via training and the dissemination of information
- in relation to accident analysis, reference was made to the reduction in staffing as a consequence of the Future Council initiative and the calculation of incident rates. Information on this could be provided if required
- additional more detailed information and proposed actions in response to incidents raised was included within the Service work programme and further information could be included in future reports. The Chief Executive reported that performance management reports were submitted to Senior Management Team on a quarterly basis and that Cabinet had oversight of these issues
- it was noted that information on Work related Ill-health was only available from 1993 when such information had started to be collected

RESOLVED that the Authority's Health, Safety and Emergency Resilience performance report for 2016/17 be noted and that Mr S Dobby, Head of Service, be thanked for attending the meeting and for answering members questions.

33. INFORMATION GOVERNANCE PERFORMANCE - QUARTER 1 2017/18

The Executive Director Communities and Head of IT (Service Management) submitted a joint report providing details of the Council's position in relation to the number of information security breaches and cyber incidents that had been reported and investigated during Quarter 1 of the 2017/18 financial year.

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

In summary:

- in relation to Information Security Incidents
 - there had been 52 throughout the quarter of which 46 had required further investigation and 6 required third party involvement. Following initial investigation 6 had been found to be unsubstantiated and 14 were undergoing further investigation
 - there had been a spike in the number of reported incidents during the last 2 years which could partly be attributed to increased awareness following the introduction of appropriate mandatory training and regular staff communication

- details of the actual incidents and weaknesses subject to internal investigation were detailed by Directorate, Business Unit and type
- the highest number of incidents fell within the 'disclosed in error' category and largely related to emails sent to the wrong recipient/contact group
- two incidents had been reported and investigated by the Information Commissioner but no action was to be taken against the council. The number of reported incidents to date had prompted an ICO consensual audit which would take place between the 17th – 19th October, 2017 which would focus on Records Management, Training and Awareness and Freedom of Information requests and any recommendations for action would be received in January 2018
- in relation to Cyber incidents
 - information was provided for the first quarter with comparisons to quarters 2 – 4 of 2016/17
 - there had been an increase in the number of phishing emails received. This had followed increased education across the Council and an increased threat globally
 - the service was actively involved in raising awareness of cyber incidents by means of a variety of initiatives. The Security Team had recently used phishing campaigns intended for IT Services and Elected Members an initiative suggested during a National Cyber Security Conference aimed at increasing the learning across organisations

In response to questioning, the following matters were raised:

- the recent phishing campaign had largely been successful and a number of Councillors had identified the suspicious email that had been sent out
- it was suggested that nothing should be included within an email that the author wouldn't want to divulge in the event of an FOI request
- the Authority was investing heavily in measures to prevent phishing emails being received by staff and elected members. It was noted that approximately 80% of all emails were currently blocked before reaching the intended recipient. It was also noted that those sending out such emails were adopting more sophisticated methods of trying to access the council systems and that everyone had to be increasingly vigilant to the threat of attack
- it was suggested that any recommendations for action should include measurable targets
- it was noted that a recent report to Cabinet had approved mandatory training for all Elected Members. Arising out of this it was noted that in response to poor attendance at training events, mandatory training was to be provided for managers
- the Head of Internal Audit felt that given the increasing sophistication of cyber-attacks it was only a matter of time until there was some kind of Information Security breach, what was important, therefore, was to ensure a rapid, thorough and appropriate response to such incidents
- in response to detailed questioning, the Service Director IT reported that the majority of the Council's IT systems were connected to the Internet and that it

was impossible to segregate the Email infrastructure from the rest of the IT system

- in relation to paperless meetings in particular, it was noted that confidential papers would only be sent via encrypted email. In addition, no-one could access confidential information via the Council's systems without a device provided by the Authority. It was important, however, to ensure that any systems in place did not discourage people from using it

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

34. SICKNESS ABSENCE - 2016/17

The Service Director Human Resources and Business Support submitted a report on the current position with regard to sickness absence for the financial year 2016/17 and providing a comparison and summary for the whole of the financial year 2016/17 and the previous financial year 2015/16.

The report indicated the following:

- The number of days lost per employee was 8.24 days which was an improvement on the overall days lost for 2014/15 (10.4) and 2015/16 (8.77) which, whilst still above the target of 7 days was a step in the right direction. There was a need to improve further in order to achieve the Council's future performance indicator target of 6 days
- The Council's absence rate was still above the national rate of 4.3 days (2016 data)
- Comparative data across the Yorkshire Region for Local Authorities for 2016/17 indicated that North Yorkshire County Council had the lowest figure at 6.36 days compared to Sheffield with the highest at 12.16 days. Rotherham's figure was 10.97 days with Doncaster's being 9.9 days lost.
- An analysis of absence by type was provided with figures for each Directorate
- Details of the way in which the Authority managed sickness absence was outlined and details of good practice where Directorates and Services were proactively addressing sickness absence was detailed. The report also outlined areas where the Implementation of the Managing Attendance Policy required improvement
- The Authority had introduced a number of Wellbeing Initiatives and details of these were outlined

In the ensuing discussion, the following matters were raised:

- One of the key areas for absence was due to mental health issues including stress, anxiety and depression and the reasons for this were highlighted. It was noted that whilst some was work related, most was in connection with life outside work which then manifested itself within the workplace – issues such as illness, bereavement, childcare and looking after elderly relatives (which was becoming an increasingly difficult area). The Authority attempted to

address issues at an early stage and health awareness sessions had been particularly successful

- It was difficult to say why the other South Yorkshire Authorities had more staff absence than Barnsley
- The reasons for higher sickness within one service area which had recently been incorporated within the remit of the Council was outlined. It was noted that issues had been addressed and that absence levels within this area had reduced significantly
- In response to specific questioning, information was provided on the way in which managers recorded sickness absence of their employees, on the robustness of the system in place and the ways in which this was tested to ensure compliance with all council procedures and policies
- There was a discussion of employees dismissed on ill health grounds and whether or not they could access their pension. The Service Director commented that dismissal on sickness grounds was not age related but related to the type of illness. Within 2016/17 there had been 14 terminations due to long term sickness of which three had been able to access their pension. This could, of course, change if at some later date the former employees' condition worsened.

RESOLVED that the report be received and that Mrs A Brown be thanked for attending the meeting and for answering Members questions.

35. WORKSHOP MEETING - ARRANGEMENTS

The Committee was requested to consider:

- (a) a request from a Member to change the date of the Workshop meeting due to it being scheduled to be held during the half term holidays. In addition; and
- (b) The arrangements and topics for discussion at the Workshop meeting scheduled to be held on Wednesday 1st November, 2017.

It was noted that, given the difficulty in arranging an alternative date, the Member requesting the change had agreed to meet the Chair following the Workshop meeting to discuss issues raised.

The Executive Director Core Services reported that issues currently identified for discussion included:

- A review of the Terms of Reference and Self-Assessment
- Training review
- Review of Working arrangements – following the previous review of the Terms of Reference
- Audit Committee Annual Report

The Chair stated that any member wishing to add an item for discussion should either contact himself of the Executive Director Core Services.

RESOLVED that the report be received.

36. 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 remainder of 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

AUDIT COMMITTEE – 6th December, 2017

ACTIONS ARISING FROM MEETINGS OF THE AUDIT COMMITTEE

Date of Meeting	Agenda Ref	Subject	Details of Actions Arising	Person Responsible	Status / Response
19 th July, 2017	7	Review of the Effectiveness of Internal Audit	To receive a report on the outcome of the review of how audit recommendations are classified and categorised (this may be incorporated into the regular Progress Report rather than being a separate report)	Head of Internal Audit and Corporate Anti-Fraud	17 th January, 2018

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AUDIT COMMITTEE – 6th December 2017

STRATEGIC RISK REGISTER – Full Review October 2017

1. Purpose of the Report

- 1.1 This brief covering note presents the draft Cabinet Report for the latest review of the Strategic Risk Register (SRR), which has been programmed for consideration by Cabinet on the 10th January 2018.
- 1.2 This report forms part of the Audit Committee's assurance process where it was agreed that following the completion of each review of the SRR, the Audit Committee considers the latest iteration of the SRR, and where appropriate, provides comment.

2. Recommendation

2.1 It is recommended that the Audit Committee:

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

Contact Officer: Risk and Governance Manager
Telephone: 01226 77 3119
Date: 16th November 2017

CABINET – 10th January 2018

STRATEGIC RISK REGISTER – Full Review October 2017

1. Purpose of the Report

- 1.1 The Strategic Risk Register (SRR) contains those high level risks which are considered to be significant potential obstacles to the overall achievement of the Council's corporate objectives.
- 1.2 Like all risk registers, it is important that the SRR remains up to date and is reviewed regularly in order to accurately reflect the most significant risks to the achievement of corporate objectives and facilitate timely and effective mitigations of those risks.
- 1.3 Following a review of the SRR in March 2017, a further review of the SRR was undertaken in October 2017. The outcomes of that review are detailed in the body of this report.

2. Recommendation

2.1 It is recommended that:

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

3. Introduction and Background

- 3.1 The Introduction and background to the SRR is now included as Appendix One to this report. This details:
- The context of the SRR in relation to the broader governance arrangements in place;
 - The importance of the SRR in relation to embedding Risk Management within the Council;
 - The management of the SRR;
 - The content of the SRR; and,
 - The review process to ensure the SRR remains a vibrant and dynamic document;

4. Risk Profile

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

Risk Concern Rating	Number of Risks (as at Oct 2017)	Percentage (as at March 2017)	Number of Risks (as at March 2017)	Percentage (as at March 2017)	Number of Risks (as at Oct 2016)	Percentage (as at Oct 2016)
1	1	5%	0	0%	0	0%
2	3	15%	3	16%	4	20%
3	6	30%	5	26%	6	30%

Risk Concern Rating	Number of Risks (as at Oct 2017)	Percentage (as at March 2017)	Number of Risks (as at March 2017)	Percentage (as at March 2017)	Number of Risks (as at Oct 2016)	Percentage (as at Oct 2016)
4	8	40%	9	47%	9	45%
5	2	10%	2	11%	1	5%
6	0	0%	0	0%	0	0%
Total	20	100%	19	100%	20	100%

4.2 The total number of risks logged in the SRR has increased by one since the last review in March 2017 (risk 4103 – Waste PFI – Insurance Risk) which has been added to the SRR following its escalation from the operational risk register for BU6 (Environment and Transport).

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

	Period									
	Mar 2013	Oct 2013	Feb 2014	Sept 2014	Feb 2015	Oct 2015	Mar 2016	Oct 2016	Mar 2017	Oct 2017
Average Risk Concern Rating	3.70 →	3.47 ↓	3.47 →	3.35 ↓	3.5 ↑	3.47 ↓	3.37 ↓	3.35 ↓	3.52 ↑	3.45 ↓

4.6 The slight variance in the average concern rating is directly attributable to the inclusion of risk 4103, allied to the changes to risk 3794, detailed in section 5.3.2 of this report.

5. Outcomes of the October 2017 Review

5.1 Significant / ‘Red’ Risks:

5.1.1 Risk 3026: Failure to achieve a reduction in health inequalities within the Borough:

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

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

5.1.2 Risk 3792: Failure to be prepared to assist in the event of an emergency resilience event in the region:

Risk:	Risk Owner:
Risk 3792 – Failure to be prepared to assist in the event of an emergency resilience event in the region.	Director, Core Services
Consequences:	
Recent emergencies relating to industrial actions and flooding proves there is still an inappropriate	

reliance on the increasingly limited resources of the HS&ERS to manage and lead on the management of emergency events.
For more information see Appendix Five.

- 5.1.3 Risk 3793: Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident:

Risk:	Risk Owner:
Risk 3793 – Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident	Director, Core Services
Consequences:	
In the event of a business continuity threat the Council will be unable to recover in an effective manner resulting in lost time and resources. Inability for customers to be able to access services and a lack of access to IT systems to enable employees to undertake their duties effectively. <i>For more information see Appendix Five.</i>	

- 5.1.4 Risk 4103 – Waste PFI – Insurance Risk:

Risk:	Risk Owner:
Risk 4103 – Waste PFI – Insurance Risk	Director, Place
Consequences:	
Increased insurance premiums applied to Waste PFI Operators are passed back to the Partnership. This in turn would pressure on the MTFS as currently no additional finance is available to fund any increase experienced by the Waste PFI Operator. Possible exposure to the Partnership of around £1.5m. <i>For more information see Appendix Five.</i>	

5.2 New / Emerging Risks:

- 5.2.1 There is one new risk logged on the SRR, detailed in section 5.1.4 of this report.
- 5.2.2 During discussions with the Service Director (Financial Services and S151 Officer), the Executive Director, Core Services, the Executive Director, Place and the Service Director (Economic Regeneration) it was agreed to consider the implications of the Councils Town Centre development (the 'Glassworks' project) in terms of its significant financial and reputational implications for the Council. It is likely this matter will be further explored during late 2017, with a new risk being included in the next iteration of the register.

5.3 Other Material Changes:

- 5.3.1 There are no risks logged on the SRR that have improved since the last review in March 2017.
- 5.3.2 Risk 3794 ('Failure to influence the governance arrangements underpinning and controlling the emerging City Region Deal Devolution Deal enable an appropriate blend of risk and reward for the Council) was concern rating '4', and is now logged with a concern rating '3'. This reflects developments with regard to the Devolution Deal for Barnsley and South Yorkshire. The risk title / description have also been revised to reflect the current situation regarding regional devolution:

'Failure to ensure the Council is able to develop governance arrangements that allow for risks and rewards relating to devolution and devolved authority to be properly explored and assessed to allow for assurances to be provided to stakeholders and other interested parties that appropriate benefits

are being offered and realised from the devolution deal that improve Barnsley borough and the wider region'

- 5.3.3 Details of all SRR risk concern ratings, including a direction of travel indicator to provide details of the 'trend' of the SRR risk profile are included as Appendix Two to this report.

5.4 Risk Mitigation Actions

- 5.4.1 The following risk mitigation actions have been logged as being 'red':

- 5.4.2 Risk 3792: Failure to be prepared to assist in the event of an emergency resilience event in the region:

Risk:	Risk Owner:
Risk 3792 – Failure to be prepared to assist in the event of an emergency resilience event in the region.	Director, Core Services
Mitigation:	
Await feedback from SD BU6 following analysis of Community Flood Plans by Head of H&S – outstanding due to structural changes within BU6 – Darton and Darfield Bridge Flood Plan completed, other Area Plans outstanding	

- 5.4.3 Appendix Three details the completed risk mitigation actions following the October 2017 review.

- 5.4.4 Appendix Four details those risk mitigation actions that are new following the October 2017 review.

6. **Other Significant Changes to the SRR**

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

7. **Assurance**

- 7.1 This report and the SRR (which is attached to this report as Appendix Five) itself will be submitted to the Audit Committee at their meeting of 6th December 2017, in order to provide assurances that these significant risks are being managed appropriately.

- 7.2 The Audit Committee have expressed a clear interest in receiving assurance from Cabinet that appropriate challenge and scrutiny of corporate risk management arrangements take place, and engagement with significant risks through reports on the SRR will be a key source of assurance. The Audit Committee will be informed of the outcomes of Cabinet's consideration of the SRR.

8. **Future Review of the SRR**

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

9. **Delivering Corporate Plan Ambitions**

- 9.1 The SRR lists those significant risks which could impact upon the delivery of the Council's priorities and objectives, as set out in the Council's Corporate Plan. Risks within the SRR are directly linked

to the Corporate Plan in order to ensure that the register is focused upon those risks which are considered to be significant potential obstacles to the achievement of corporate objectives.

10. Risk Management Issues

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

11. Financial Implications

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

12. Appendices

Appendix One:	SRR Introduction and Background
Appendix Two:	Direction of Travel / Trend Report
Appendix Three:	Completed Risk Mitigation Actions
Appendix Four:	New Risk Mitigation Actions
Appendix Five:	Full SRR as at October 2017

13. Background Papers

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

Contact Officer: Risk and Governance Manager
Telephone: 01226 77 3119
Date: 16th November 2017

1. Introduction

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

2. Background and Context to the March 2016 Review

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

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

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

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

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

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

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

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

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

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

- **Consideration of Future Council Activity:**

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

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

Appendix Two: Direction of Travel / Trend Report

Risk Number	Risk Title	Oct 2017	Mar 2017	Oct 2016	Mar 2016	Sept 2015	Feb 2015	Sept 2014	Feb 2014	Oct 2013	June 2013
3021	Failure to build the Economy of Barnsley	Closed -	Closed -	Closed -	Closed -	Closed -	Closed -	3 ⇕	3 ⇕	3 ⇕	3 -
3022	Inability to direct Corporate Strategy	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕ 2	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 -
3023	Failure to engage with Stakeholders	4 ⇕	4 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	2 ⇕	3 ⇕	3 ⇕	3 -
3024	Lack of Educational Attainment	4 ⇕	4 ⇕	4 ⇕	3 ⇕	3 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	3 -
3025	Failure to Safeguard Vulnerable Service Users	3 ⇕	3 ⇕	3 ⇕	3 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 -
3026	Failure to achieve a reduction in health inequalities within the Borough	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 -
3027	Failure to manage Organisational Change ('Risk of destabilisation of the Organisation')	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 -
3028	Workforce planning issues	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	4 -
3029	Failure to Safeguard Information	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	3 ⇕	3 ⇕	3 ⇕	4 -
3030	Failure to be prepared for an emergency response or business continuity threat	Closed -	Closed -	Closed -	Closed -	2 ⇕	2 ⇕	2 ⇕	3 ⇕	3 ⇕	4 -
3031	Strategic Performance, Governance or Compliance failure	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 -
3032	Failure of Partnership Working / Supply Chains	Closed -	Closed -	Closed -	Closed -	Closed -	Closed -	4 ⇕	4 ⇕	4 ⇕	4 -
3033	Failure to adapt the Authority into a sustainable organisation ('Failure to maintain current Services)	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	3 ⇕	3 ⇕	3 ⇕	4 -
3034	Failure to deliver the Medium Term Financial Strategy ('Failure of the Future Council to be able to deliver the required level of savings')	4 ⇕	4 ⇕	3 ⇕	3 ⇕	4 ⇕	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 -
3035	Loss of assets and resources as a result of one-off incident of fraud / corruption / bribery or a sustained or widespread occurrence	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	4 ⇕	4 ⇕	5 -
3047	Failure to protect the population from preventable health threats	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 -
1630	Equal Pay Claims	Closed -	Closed -	Closed -	Closed -	Closed -	3 ⇕	3 ⇕	3 ⇕	3 ⇕	2 -
3514	Failure to be able to deliver the ambitions and outcomes associated with the Customer Service Organisation (CSO) Programme	5 ⇕	5 ⇕	4 ⇕	4 ⇕	4 ⇕	4 -	-	-	-	-
3543	Failure to ensure the adequate supply of land for housing and commercial property growth	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	3 -	-	-	-	-
3699	Failure to ensure the Council's commercial / trading arm is effective in its operations, and is a well governed organisation	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 -	-	-	-	-	-

Risk Number	Risk Title	Oct 2017	Mar 2017	Oct 2016	Mar 2016	Sept 2015	Feb 2015	Sept 2014	Feb 2014	Oct 2013	June 2013
3792	Failure to be prepared to assist in the event of an emergency resilience event in the region	2 ↕	2 ↕	2 ↕	2 -	-	-	-	-	-	-
3793	Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident	2 ↕	2 ↕	2 ↕	2 -	-	-	-	-	-	-
3794	Failure to ensure the governance arrangements underpinning and controlling the emerging City Region Deal Devolution Deal enable an appropriate blend of risk and reward for the Council	3 ↕	4 ↕	4 ↕	4 -	-	-	-	-	-	-
3842	Failure to ensure the transfer of 0-19 services that are coming back into Council control ensure customers remain safe, there is continuous service and that during and after the transition period customers remain safe	Closed -	Closed -	2 -	-	-	-	-	-	-	-
4103	Waste PFI – Insurance Risk	1 -	-	-	-	-	-	-	-	-	-

Appendix Three: Completed / Closed Risk Mitigation Actions

Risk Number	Risk Name	Risk Mitigation Action
3047	Failure to protect the population for preventable health threats	Internal governance and assurance arrangements for the use of the Public Health Grant across the Council are necessary to assure PH England and the Department of Health that the grant is being used to improve public health outcomes – indicators in place and agreed across Directorates. Priority areas now agreed and spending is now in accordance with requirements. Further work to be done to improve reporting arrangements between BMBC PH and PHE and to mitigate removal of ring fence in 2019
3792	Failure to be prepared to assist in the event of an emergency resilience event in the region	Top 5 service Business Continuity Plans passed to IS to identify IT implications and requirements - met with IT managers - Head of System Management dealing with broad resilience arrangements, Head of Code Green dealing with service related resilience - new overarching BCP developed with gaps relating to BU6 and analysis undertaken to feed into Disaster Recovery Plans
3793	Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident	<p>Analysis of top 5 service Business Continuity Plans which have been passed to Information Services to identify IT implications and requirements from Health and Safety and Emergency Resilience Service - initial analysis undertaken which suggests that the level of detail required is lacking - feeding back to Health and Safety and Emergency Resilience Service</p> <p>Undertake weekend (minor incident) testing, and undertake annual (major incident) testing of IT resilience - currently mapping priority disaster recovery systems against BMBC Resilience Plans - replacement server equipment obtained - now looking for an appropriate location for it to be placed</p> <p>Business Continuity Plan in draft format, corporate Business Continuity Plan being investigated. Disaster Recovery Plan being investigated. Meeting to be arranged between SD IT, Head of Health and Safety and Risk and Governance Manager to begin unpicking Disaster Recovery and Business Continuity issues</p>
3028	Workforce planning issues	Delivery of Future Council Workforce Development Strategy
3029	Failure to safeguard information	<p>Information flow mapping activities to ensure compliance with General Data Protection Regulations 2018</p> <p>Training of new Caldicott Guardian - Head of Public Health</p>
3034	Failure to deliver the Medium Term Financial Strategy, associated KIoE / Budget / Efficiency savings and other financial assumptions	<p>Monitoring of MTFS (17/18) - budget savings agreed, need to refer back to Members for final approval of 3 year framework</p> <p>Financial Monitoring (17/18) to ensure delivery is in line with plan - overspends being identified and picked up with relevant SD</p>

Risk Number	Risk Name	Risk Mitigation Action
		Review of MTFS to be undertaken - to ensure relevance, materiality and appropriateness, including assumptions regarding the Council's Financial and Capital Plan (17/18) - 2018/19 and 2019/20 plans have been considered and approved by Full Council
3035	Loss of assets and resources as a result of a one-off incident of fraud / corruption / bribery or sustained or widespread occurrences.	A) Ensure there is an adequate and appropriate relationship between IA, HR, Legal and the Police to respond to any incident - to be refreshed as part of the establishment of the new BMBC Anti-Fraud Team, led by the Corporate Anti-Fraud Team within IA - Contacts renewed in March 2017 and Police protocol refreshed
3699	Failure to ensure the Council's commercial / trading arm is effective in its operations, and is a well governed organisation	<p>Increase the availability of commercial skills and awareness within BMBC Workforce including the skills and organisational discipline to vet Business Cases - Leadership Programme includes consideration of Commercial skills and the development of a 'Commercial Acumen Toolkit' and some courses offered via BBIC</p> <p>Development of ILAH Action Plan to identify lessons to be learnt</p>

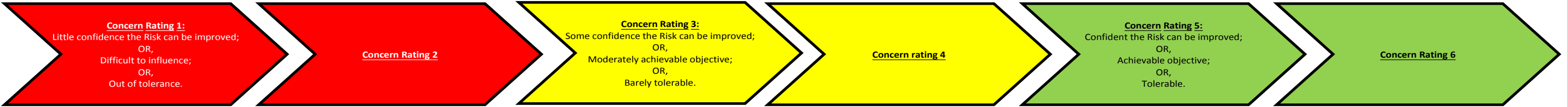
Appendix Four: New Risk Mitigation Actions

Risk Number	Risk Name	Risk Mitigation Action
3793	Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident	<p>Immediate / 24 hour priority services were received via H&S and shared with IT Business Relationship Managers who have completed an initial analysis with Business Units. Identified priorities were then aligned with IT systems with the external data centre. This is now being mapped by the Enterprise Architect team to identify technical dependencies and the 'top' 30% - full discovery and planning session with the Infrastructure Team is planned for October 2017 with a first draft of the recovery order being developed for November 2017</p> <p>Following development of recovery order, consider testing arrangements</p>
3027	Failure to manage organisational change - 'Risk of Destabilisation of the Organisation'	Corporate Talk-Abouts being developed for April 2018, Directorate / Business Unit led Talkabout sessions being developed for 2018, also Tell us What you Think month planned for November 2017 and internal Employee Survey being trialled in 2018
3028	Workforce Planning Issues	<p>Delivery of Organisational Improvement Strategy including oversight and governance arrangements being delivered by Organisational and Improvement Board 17/18</p> <p>Workforce Planning arrangements now embedded into Business Unit Planning - monitoring of impact 17/18</p>
3029	Failure to Safeguard information	<p>Activities to ensure compliance with General Data Protection Regulations 2018:</p> <ul style="list-style-type: none"> • high level action plan monitored weekly; • quick reference guides drafted (consent, processing child data, individual rights and privacy notices; • Review of all policies underway; • Elected Members mandatory training; • SharePoint intranet portal for IS and GDPR resources in place; • Data Protection Officer job profile drafted and waiting evaluation; • Cyber security software tender drafted - ready for market by November 2017. <p>PSN Compliance - review being undertaken in December 2017</p>
3033	Failure to adapt the Authority into a sustainable organisation - 'Failure to maintain current services'	Corporate Talk-Abouts being developed for April 2018, Directorate / Business Unit led Talkabout sessions being developed for 2018, also Tell us What you Think month planned for November 2017 and internal Employee Survey being trialled in 2018
3034	Failure to deliver the Medium Term Financial Strategy, associated KIoE / Budget / Efficiency savings and other financial assumptions	Working with Budget Managers to further embed and exploit SAP Business Planning and Consolidation (BPC) - new guidance being developed to encourage further use of BPC by Budget Mangers

Risk Number	Risk Name	Risk Mitigation Action
		Working with Budget Managers to develop SAP Business Objects - proof of concept developed and agreed with Service Directors and Budget Managers - now working with BU15 (Business Improvement and Communications) and BU12 (Information Technology) to identify a solution - blueprinting and road mapping being developed
		Fair Funding Review - setting a new baseline funding allocation for BMBC which will deliver an up-to-date assessment of the relative need of BMBC, examine the relative resources of BMBC, focus initially on the services currently funded through the local government finance settlement, and be developed through close collaboration with local government to seek views on the right approach
		Monitoring of Adult Social Care costs and implications - gaps in Government funding for adult social care resulting in significant pressures on the ability to commission Adult Social Care in Barnsley
		Business Rates Review - pressures such as Business Rates Revaluation, Small Business Rates Relief, Reductions for Estimated Charitable Relief, Empty Properties, Enterprise Zones and Appeals
4103	Waste PFI – Insurance Risk	To continue dialogue with the PFI Operator. Internal Risk and Governance team are to be brought on board from all three partners - ongoing conversations with Insurers and development of working group

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Strategic Risk Register - as at October 2017



Priorit y	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Mar-16	Oct-16	Mar-17	Oct-17	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
WONOCOMON	3543	Failure to ensure the adequate supply of land for housing and commercial property growth	<p>There are some important opportunities that Barnsley needs to exploit in order to ensure that it continues to meet its economic growth aspirations. These include the delivery of good quality and affordable housing and a range of commercial property. Underpinning this includes the potential offered through the delivery of superfast broadband, the use of low carbon technology and the scope to improve the area's visitor economy through better operation of its cultural assets (to attract visitors and spend) which will add to the overall viability of such housing and commercial schemes.</p> <p>In order to address the challenges and to maximise these and other opportunities, it will be essential to work in partnership with a variety of stakeholders to deliver a suite of priorities and key interventions, complete major regeneration projects, target both housing growth and business development and growth, and link new and existing jobs more effectively to local people.</p> <p>There are financial pressures making the delivery of the Local Plan difficult, but the positioning in two city regions (Leeds and Sheffield) provides opportunities to identify and maximise funding from these sources.</p> <p>Schemes that have been successful in obtaining external funding must be able to demonstrate adequate progress towards achieving their ambitions within appropriate timescales or face the risk of having the external funding removed;</p>	SMT SMT	<p>Local Plan Working with Sheffield City Region regarding SCRIF funding to facilitate the development of Strategic Business Park infrastructure; Housing Strategy 2014 - 2033 outlines the Council's ambitions for regeneration and building in the region and relies on the Local Development Plan to identify and obtain land, and SCR and LCR to assist in building developments; SY Superfast Broadband programme which is intended to improve the infrastructure in the Borough, to benefit both commercial and residential stakeholders; Property Investment Fund set up to facilitate the identification of land to build speculative developments to aid commercial growth; Enterprising Barnsley schemes focusing on attracting inward investment, investing in infrastructure, growing existing businesses and encouraging higher activity start ups; Skills Plans completed; Other strategies in place include Jobs and Business, Transport and Employment and Skills that aim to make the Borough a thriving and unique place to live, work, visit and trade; Local Plan consultation extended, due to the inclusion of new development sites, and is due to be reported back to Cabinet in September 2015; Positive approach to planning applications for housing on sustainable non-Green Belt sites that are yet to be allocated; Overview and Scrutiny Task and Finish Group considered Skills and Jobs in 2016/17; Planning applications being dealt with in appropriate timescales contributing to strong relationship with Planning Board; Quarterly Developer Forums in place; Cabinet Report approved regarding Local Plan and consultations undertaken in November 2016;</p> <p>Outcomes: Create more and better jobs and good business growth (GREEN) Increase skills to get more people working (AMBER) Develop a vibrant Town Centre (GREEN) Strengthen our visitor economy (GREEN) Create more and better housing (GREEN) Protecting the Borough for future generations (AMBER)</p>	4	4	4	4	<p>Progression of Devolution Deal - development of deal, consideration of impacts, strategic planning and governance issues and the duty to engage constructively, actively and on an ongoing basis in relation to planning of sustainable development - BMBC signed Devolution Agreement and was considered by Full Council in March 2016. Likely to be devolved funding opportunities and extra powers in respect of land development opportunities - also need to consider whether there are any benefits in developing a regional 'Local Plan' to sit above BMBC's borough-wide Local Plan - significant slippage due to Judicial Challenge and broader political issues - deferred by at least one year</p> <p>Development of SCR infrastructure plan which has been agreed and approved by the CA which will begin infrastructure commissioning processes - now looking at infrastructure plans (Looking to accelerate spending and delivery on J37 and Goldthorpe schemes to reduce delays and ensure funding is not pulled or reduced)</p> <p>Refresh of Local Plan and approval by Cabinet in March 2016 (this will confirm the allocation available for the Goldthorpe scheme) - Consultations complete and Cabinet approved in November 2016 - plans was submitted to Planning Inspectorate December 2016 who will measure extent of representations made before re-running numbers over two or three phases - likely to feedback in December 2017 - feedback re Stage 2 received and now progressing the Local Plan to Stage 3 in early October 2017 - likely to received further modifications which will require further consultation. Earliest adoption likely to be August 2018</p> <p>Delivery of 3 year SCRIF programme (2015-18) : J36 BP: Business Plan in place, funding agreement to sign, Tenders ready - on schedule; J37 BP: Impact Assessment to be submitted May 16, viability work ongoing, pinchpoint scheme completed - held up due to Local Plan issues; Goldthorpe: Impact Assessment approved, awaiting on Local Plan allocation - held up due to Local Plan issues; PIF2: On schedule; (Looking to accelerate spending and delivery on J37 and Goldthorpe schemes to reduce delays and ensure funding is not pulled or reduced)</p>	ED Place	75% Amber	31/03/2018	
										ED Place	45% Green	31/03/2018		
										ED Place	85% Green	31/03/2018		
										ED Place	80% Green	31/03/2018		
ENTIAL	3024	Lack of educational attainment	<p>Negative impact on pupils and parents in terms of health, economic, employment and life choices; Negative OFSTED inspection findings; Failure to meet DfE targets for educational attainment; Damage to reputation through poor performance in published league tables compared to the national average, and in poor inspection outcomes; Reputational damage from press; Potential adverse Annual Performance Assessment; Intervention by DfE;</p>	SMT SMT	<p>Performance Management Framework; CYPF Policies and Strategies; Close monitoring of Government grade boundaries to ensure the Authority remains aware of changing or improving performance targets; Barnsley Alliance established and reports to DMT and SMT; Work with the Barnsley Governors Association to ensure strong governance within schools; School Evaluation Team works to monitor, challenge and intervene in schools to improve standards and outcomes; Children and Younger People's Plan 2016 - 19 being refreshed and will be adopted by the TEG and Cabinet; As at April 2016 the gap has narrowed with national Early Years, Primary and Secondary settings; Looked-After children's attainment included as part of central OFSTED inspection; Corporate Parenting role; Overview and Scrutiny consider Educational Attainment on an annual basis; Children and Younger People's Plan 2016 - 2019 refreshed and adopted by TEG and Cabinet with aspirational targets; Revised approach to assessing performance in schools developed and embedded; GCSE results in Barnsley above national average for first time ever; Barnsley Alliance Plan developed and approved by Cabinet in November 2016; SEND strategy developed to meet the Council's accountability requirements; Corporate Parenting Panel in place to delivery Service Improvement Plan which is monitored by the Safeguarding Governance Board and reported to Education Steering Group chaired by Cllr Cheetham - governance structures for 'Virtual school' in place and working effectively; KS2 results at national average;</p> <p>Outcomes: Every child attends a good school and is successful in learning and work (GREEN) Reducing demand through improving access to early help (AMBER)</p>	3	3	4	4	<p>Development of plans to ensure Barnsley Schools are in a strong position to implement the Progress 8 framework which is designed to encourage schools to offer a broad and balanced curriculum with a focus on an academic core at key stage 4, and reward schools for the teaching of all their pupils, measuring performance across 8 qualifications. This will also include: • Developing a Communications Strategy to ensure stakeholders understand the framework; • Continued liaison with schools via the Barnsley Alliance construct to ensure Progress 8 is embedded in BMBC maintained schoolsand, • Use of limited capacity within BMBC in terms of Schools Improvement activities.</p> <p>Now reviewing impact on Barnsley maintained schools</p> <p>Development of School Places Plan which will be designed to influence and build external markets - plan approved by SMT and Cabinet - now implementing plan</p>	ED People	50% Green	31/03/2018	
										ED People	50% Green	31/03/2018		

Priorit y	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Mar-16	Oct-16	Mar-17	Oct-17	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
CITIZENS ACHIEVING THEIR POTENTIAL	3025	Failure to safeguard vulnerable service users	<p>The risk of not safeguarding vulnerable children, adults and families who are either known or not known to the service;</p> <p>The risk is greatly enhanced due to a 98% increase in referrals within the Borough in recent years which is affecting the ability to properly manage cases, which could result in a significant case being missed;</p> <p>Changes in demographics mean there are more 'older-older' people which means an increased demand for services;</p> <p>As increased pressure mounts to reduce budgets / spending, there will be a likely increase in demand for assistance, intervention and help from service users who are also under significant financial pressure;</p> <p>Better care at an young age for those with physical or other forms of disability means life expectancy increases which puts further pressure on Adult Services;</p> <p>Arrangements are not sufficient to keep children and young people safe from harm, abuse or neglect;</p> <p>National and local child abuse enquiries affecting public confidence and reputation of local authorities and other agencies;</p> <p>The risk is compounded by whether or not the children at risk are known to the service;</p> <p>The system that delivers to children, young people and families is increasingly complex. Complexity arises from a number of factors; the number of partners with responsibilities for commissioning and/or delivering services to vulnerable children; the changing legislative, policy and financial landscape; the different mechanisms for partnership working to align delivery and test the effectiveness of services; the potential for changes within the workforce at operational levels and strategic levels;</p>	SMT SMT	<p>Adults Safeguarding Board;</p> <p>Barnsley Safeguarding Children Board;</p> <p>Service Delivery Plans / Business Plans;</p> <p>Risk enablement built into Personalisation – management of Personalisation / Personal Care packages that require less regulated services, makes better use of commissioning resources and ensures people are better placed to look after themselves;</p> <p>Service Improvement Plan (Children's) developed to deliver OFSTED Safeguarding Recommendations;</p> <p>Sign-posted Universal Information and Advice;</p> <p>Safeguarding Scrutiny Committee formed May 2015 (was Children's Services Scrutiny Board) with workplan in place;</p> <p>Monitoring of Barnsley Safeguarding Children Board and Adults Safeguarding Board Risk Registers;</p> <p>Improved Ofsted judgement;</p> <p>Review of 'Front door';</p> <p>Promotion of use of CAF/Early Help Assessments;</p> <p>Safeguarding Board includes CSE Strategic Group which reports directly to the Safeguarding Board;</p> <p>Opportunities to undertake Lessons Learnt reviews are fully exploited by the Safeguarding Board (including regional and joint learning);</p> <p>Action Plan developed using OFSTED inspection framework;</p> <p>Restructuring for Future Council complete;</p> <p>Stronger Communities Programme in place;</p> <p>Governance arrangements in place which includes the overseeing of the Executive Group being overseen by H&WB Board;</p> <p>Continuous Service Improvement Framework developed;</p> <p>Implementation and management of Personal Budgets programme, including building 'risk-enablement' into services users in place;</p> <p>Analysis of national guidance issued and full review now complete and new operating model is in place;</p> <p>Local Welfare Scheme established;</p> <p>Early Help for Adults delivery group in place;</p> <p>Peer review regarding Early Help completed - Early Help Action Plan monitored through Early Help Strategic Group;</p> <p>SY Safeguarding Procedures and production of Annual Report;</p> <p>Performance Quality Management Framework in place;</p> <p>Member briefings for Children's and Adults;</p> <p>Implemented IA recommendations regarding Casey improvements;</p> <p>Safeguarding Scrutiny Committee - annual topics;</p> <p>Private Member briefings in place;</p> <p>Refresh of Adults Safeguarding Board arrangements and sub-structures including Annual Reporting arrangements and production of Business Plan;</p> <p>Review of Target Operating Model (TOM);</p> <p>Adults Social Care Peer review - outstanding actions consolidated into Business Plan;</p> <p>Making Safeguarding personal programme - outstanding actions consolidated into Business Plan;</p> <p>Adults and Childrens Safeguarding Business Plans refreshed 2017;</p> <p>Review of Governance and Performance Arrangements undertaken for Stronger Community Partnership who own the Early Help workstream;</p> <p>Outcomes:</p> <p>Children and Adults are safe from harm (AMBER)</p>					<p>Stronger Community Partnership includes Anti Poverty sub-group which benefits from Delivery Action Plan which is reportable and accountable to the Health and Wellbeing Partnership (17/18) - updated version of the All Age Early Help Strategy developed and now being delivered - now monitoring delivery</p> <p>Stronger Community Partnership (multi agency) established to deliver improvements in early intervention and prevention (17/18) - now monitoring the delivery of the updated version of the All Age Early Help Strategy</p> <p>Adults Safeguarding - development of outcome based Performance Framework - MP to provide detailed update</p> <p>Second review of Service Delivery Model - Action Plan embedded into Business Unit arrangements with appropriate structures in place to support the delivery of the plan - further review being undertaken in light of restructure of Adult Social Care arrangements - now monitoring unintended impacts of this new model across the organisation</p> <p>Safeguarding Awareness Week - ambitions include embedding Safeguarding into community activities via significant liaison with South Yorkshire partners to allow and enable them to learn from us - Third Safeguarding Week being planned which will cover the entire week on a regional / South Yorkshire basis</p>	ED Communities	75% Green	31/03/2018	
										ED Communities	75% Green	31/03/2018		
										ED People	20% Amber	30/09/2017		
										ED People	50% Green	31/03/2017		
Page 34	3026	Failure to achieve a reduction in Health inequalities within the Borough.	<p>Health inequalities persist. Life expectancy in Barnsley remains well below the national average and varies between different parts of the borough. Although life expectancy has increased, the gap between Barnsley and the rest of the country has continued to widen. Such health inequalities challenge not just the health and social care services but every one interested in the future prosperity and well-being of the borough. It is unacceptable that people's health and quality of life varies so much with the sort of work they do or where they live.</p> <p>The cost of health inequalities is borne not just by health and social care services and, of course, parents, carers and children, but by employers and the local economy.</p> <p>Good health is essential to the borough's economic regeneration. Healthy people are less likely to be socially excluded and more likely to be in work. Healthy children are more likely to do well at school.</p> <p>All the available evidence shows that health is closely associated with people's standard of living, occupation, level of education and where they live - there are significant differences in terms of average life expectancy depending on where in the Borough one resides;</p> <p>Reduced 'Healthy Life Expectancy' (a population health measure that combines age-specific mortality with morbidity or health status to estimate expected years of life in good health for persons at a given age in the Borough);</p>	SMT SMT	<p>Director of Public Health in post to provide leadership;</p> <p>Liaison with Clinical Commissioning Group (CCG) and GPs to ensure that the right services are being commissioned;</p> <p>Joint Strategic Needs Assessment (JSNA) undertaken to ensure an appropriate understanding of the requirements of the population of Barnsley;</p> <p>Health and Wellbeing Strategy identifies six key objectives - and within these, it is acknowledged that it is impossible to 'try and do everything' - the objectives and key deliverables identify the significant areas of concern;</p> <p>Oversight of Health and Wellbeing Strategy provided by partnering organisations and agencies that are best placed to deal with the issues (health - hospital, alcohol - police etc);</p> <p>Six-monthly reports to Health and Wellbeing Board;</p> <p>Structure and procedures in place - need to assess impacts / benefits to identify effectiveness;</p> <p>H&WB Board established JSNA undertaken and programme boards now in place;</p> <p>Public Health now integrated into BMBC - Public Health Development Programme established;</p> <p>Public Health Strategy agreed;</p> <p>Indicators in place and agreed across Directorates to ensure spending is appropriate;</p> <p>Priority areas have been agreed and spending has been in accordance with requirements.</p> <p>Ring fencing of Public Health Grant will be in place for 17/18 and beyond;</p> <p>Outcomes:</p> <p>People are happier, healthier, independent and active (AMBER)</p>					<p>Public Health Strategy and Implementation Plan developed to enable DPH to hold Service Directors to account regarding health outcomes that are now vested with service areas - Strategy developed and presented to SMT, H&WB Board and Cabinet - now developing action plans and key milestones in terms of delivery - 3 key action plans in draft format with developing governance arrangements - been considered by H&WB Board - now being progressed and references Sustainability Transformation Plan (STP) - Tobacco and Alcohol prevention plans link to STP and the local Barnsley Plan feeds into this also. Barnsley Place Based Plan has been developed and feeds into the STP (which acts as the delivery vehicle for the health and Wellbeing Partnership) - Local Accountable Care Partnership (which includes representation from BMBC) developed which is responsible for delivery of the Place Based Plan and includes responsibility for delivering Place based elements of the STP and Health Lives workstream</p> <p>Delivery of Public Health 'distributed model' including the monitoring and reviewing of impacts and outcomes on Future Council - distributed model to include sector led improvement recommendations which are to be considered by SMT - Public Health Strategy to be fully refreshed and renewed in 17/18</p>	Director Public Health	60% Green	31/03/2018	Revisions to policy - liaise with Leader, PH spokesperson and Chief Executive - consideration of 'call to action'
										Director Public Health	60% Green	31/03/2018		

Priorit y	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Mar-16	Oct-16	Mar-17	Oct-17	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
	3047	Failure to protect the health of the population from preventable health threats.	Failure to protect health and population against preventable disease by ensuring appropriate levels of vaccination, immunisation and screening.	SMT SMT	Liaison with NHS regarding large scale response; Health Protection Agency Framework in place; Maintenance of World Health Organisation targets; Currently Barnsley has above average coverage regarding public health related screening; Health Protection Board established; Transition into BMBC complete; BMBC DPH is co-chair of Local Health Resilience Partnership; HPB established – good engagement from partners at local and regional meetings and proportionate systems are in place.	3	3	3		Liaison with Public Health Communicable Disease representative - need to update key plans and report these to the Health Protection Board - links made with Communicable Disease Consultant - Plans now completed and will be presented to the HPB in October 2017 - in the meantime PH continue to develop and deliver against plans	Director, Public Health	60% Green	31/03/2018	
	3023	Failure to engage with stakeholders	Non ability to explain Authority's position and / or public relations. Failure to communicate effectively with community/stakeholders. Lack of proper engagement with stakeholders, at the right level, and at the right time. Loss of confidence in ability to deliver services or respond to problems. Lack of community support which prevents and / or hinders improvement or effective implementation of change. High expectation of service delivery and resource availability despite budget reductions. Poor engagement with regard to Future Council Activity could result in legal challenge; Increased community tensions as a result of Brexit decision resulting in a loss of community cohesion and increased incidents of hate crime;	SMT SMT	Revised Governance Arrangements regarding Area Councils and the changing role of Elected Members; Use of key partners and LSP to coordinate wider communication activity; Review of Community Engagement Strategy borough-wide; Resourcing agreed to support the review and development of the Community Engagement Strategy; Review of approach to engaging with CCG; Increasing use of social media to assist with engagement; Introduction of Barnsley 'Help'; Conclusion of voluntary, community and social enterprise infrastructure review; One Barnsley Consultation taking place - seeking views and aspirations as to what Barnsley should be like in 2025; Outcomes: People volunteering and contributing towards stronger communities (AMBER)	3	3	4	4	Refresh of Community Engagement Strategy that underpins Stronger Communities Partnership and Community Safety Partnership (council, not multi-agency) - revised Community Engagement Strategy to be considered by Cabinet in March 2017 - following approval, an implementation plan will be developed to underpin the 'deal' between the Council and its stakeholders - now developing an Implementation Plan	ED Communities	40% Green	31/03/2018	
	3792	Failure to be prepared to assist in the event of an emergency resilience event in the region	Recent emergencies relating to industrial actions and flooding proves there is still an inappropriate reliance on Health and Safety and Emergency Resilience Service to manage and lead on the management of emergency events; The emerging risk environment is increasingly making continuity or 'resilience' a significant focus for all organisations. Reduced employee numbers, service rationalisation, third party service delivery models and on-going budget cuts may challenge the Authority's ability to fulfil its Civil Contingencies Act 'Category One' responder duties to an extent expected by residents and their political representatives. In addition, the transition to Future Council will lead to established emergency response arrangements no longer reflecting the Council's operational structure. Compounding this is a lack of engagement by employees to volunteer for emergency response duties that will mean that currently expected responses in relation to flooding cannot at present be delivered. The extent of the transition to Future Council necessitates in many cases the complete review of Business Unit and Service Business Continuity Plans to reflect revised structures and resources if they are to be able to continue to deliver critical functions in the event of a business interruption. Recent emergencies relating to industrial actions and flooding proves there is still an inappropriate reliance on the increasingly limited resources of the HS&ERS to manage and lead on the management of emergency events.	SMT SMT	Business Unit/Service Business Continuity Plans developed using the template provided; Corporate Resilience Plan and supporting specific plans; Ongoing liaison with SMT regarding aspirations and expectations during emergency events; Formal on-call arrangements by the Health, Safety and Emergency Resilience Service (bronze/operational) and BLT (strategic/gold); Multi-agency working across the Local Resilience Forum; Operational Services role as 'Lead Local Flood Authority'; Corporate emergency plans appear robust and are well delivered - concern raised regarding the management of those incidents that occur 'out-of-hours'; Business Case developed for Humanitarian Assistance role; Ward Alliances encouraged to consider and develop Community Flood plans - Dodworth, Darfield and Penistone visited; Corporate Resilience Plan reviewed following transition to Future Council; Business Unit level plans reviewed with Internal Audit; Overview and Scrutiny Task and Finish Group to look at flooding in 2016/17; Extra resource in place within Health & Safety and Emergency Resilience Unit; Revised Action Plan agreed by SMT; New overarching Business Continuity Plan went live in April 2017; 2x Ward Alliance Sessions delivered in August 2017;	N/A	2	2	2	Revised report to SMT which identifies a number of improvements to the Council's emergency resilience arrangements based on analysis undertaken against SOLACE Best Practice - Action Plan approved and now delivering against this - Exercise 'Refresh' planned for October 2017 and revised and refreshed Corporate Plan published	Director, Core Services	75% Green	31/03/2018	
	3793	Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident	In the event of a business continuity threat the Council will be unable to recover in an effective manner resulting in lost time and resources; Inability to process customer queries resulting in dissatisfaction, complaints and possible issues regarding safeguarding and vulnerable customers; Lack of support to employees such as that provided to lone workers as a result of IT and telephony systems being unavailable for significant lengths of time; Inability for customers to be able to access services; Lack of access to IT systems to enable employees to undertake their duties effectively;	SMT SMT	Working with Health and Safety and Emergency Resilience Service; Data Centre located at Beevor Court; Working with Business Units to understand their requirements; Informal testing programme in place; Power supplies tested on a weekly basis; Infrastructure Team in place to support out of hours / weekend activities;	N/A	2	2	2	Immediate / 24 hour priority services were received via H&S and shared with IT Business Relationship Managers who have completed an initial analysis with Business Units. Identified priorities were then aligned with IT systems with the external data centre. This is now being mapped by the Enterprise Architect team to identify technical dependencies and the 'top' 30% - full discovery and planning session with the Infrastructure Team is planned for October 2017 with a first draft of the recovery order being developed for November 2017	Director, Core Services	40% Green	31/03/2018	
										Following development of recovery order, consider testing arrangements	Director, Core Services	0% Green	31/03/2018	
	3022	Inability to direct corporate strategy	The Authority may be challenged by internal friction between Elected Members and appointed leadership, especially with regard to challenging decisions with significant political consequences or local repercussions; Increased commissioning activity in 16/17 will mean there is a greater exposure to challenge and friction;	SMT SMT	Council Constitution; Local Code of Corporate Governance; Community Strategy for Barnsley (2011-2015); Corporate Plan; In the event of Constitutional dispute, role of Monitoring Officer to adjudicate as and when tensions arise; Area Council Arrangements in place, with supporting documentation in the form of 'Area Governance Handbook', 'Ward Alliance Governance Handbook', 'Ward Alliance Community Representative Handbook', 'Consulting and Engaging our Communities through Neighbourhood Networks' and 'Working with you to support your Community'; Purple Cabinet meetings used as a forum to discuss sensitive and confidential issues; SMT meetings and processes to ensure leadership is able to keep in touch with regard to pressures; Area Chairs meet each other on a regular basis to ensure cooperation and consensus; Member information session held regarding Conduct and Commissioning; Revisions to Contract Standing Orders (CSOs) to enable flexibility; Officer Working Group in place to support commissioning and procurement activity; Area Council Officer Coordinating Group to unpick issues relating to Area Governance - developing Member Protocol to deal with potential tensions within Ward Alliances in place and working effectively; Area Council Commissioning Group to unpick issues relating to procurement and commissioning in place and working effectively; Area Council Chairperson Group to encourage cooperation and consensus amongst Area Councils in place and working effectively;	3	3	3	3	Monitor and Review Area Council activity (in terms of Area Council Coordinating Group, Area Council Commissioning Group and Area Council Chairperson Group) (17/18)	Director, Core Services	50% Green	31/03/2018	Refer matter to Monitoring Officer for adjudication.
	3027	Failure to manage organisational change - 'Risk of Destabilisation of the Organisation'	Significant budget cuts are driving the 'Future Council' programme. This change programme is dramatically transforming the organisation's business model. For example, delivering services and outcomes through mixed economy partnerships and outsourced contracts. Infrastructure transformation initiatives, process re-engineering and organisational change programme and projects may be challenged by cost over-runs and failure to meet expectations.	SMT SMT	HR Policies; Council Constitution; Service and Financial Planning Process; Service Delivery Planning Process; Partnership Governance Framework; Corporate Complaints Policy; Risk Management Policy; New Models of Business - departments and services considering and implementing new Trading Models; Changes to Employee Terms and Conditions; Employee Relations Forum with Trade Unions; Talkabouts Sessions with CX and Middle Manager Conference; BLT and SMT sessions to assist in communication; Restructure of Communications Division now with ACE HR, P&P and Comms; Investor in People accreditation; Future Council Steering Group being led by HR; Future Council Programme Board being led by CX; Programme and Project Management issues now being identified and mitigated at Directorate level; 'Excellence' achieved by Corporate Equalities Group; Communications Strategy revised in 2015; 'Tell Us What You Think' Month September 2015; All Business Plans in place prior to April 2016; Talkabout sessions delivered in May 2016; Staff Survey 2016 - 2020 (including employee preference questionnaire); Social Media policies in place; Talkabout sessions November 2016 with CX and Leader; SMT Improvement and Growth Fund in place with robust Board and governance arrangements in place; Talkabout sessions delivered May and June 2017 led by Executive Directors which aimed to link new Corporate Plan to Business Plan via 'golden thread';	5	5	5	5	Consideration of organisational change requirements following the development of the Council's MTFS (17/18) - MTFS is a three year plan rather than the statutory minimum of one year	Chief Executive	50% Green	31/03/2018	
										Corporate Talkabouts being developed for April 2018, Directorate / Business Unit led Talkabout sessions being developed for 2018, also Tell us What you Think month planned for November 2017 and internal Employee Survey being trialled in 2018	Director, Core Services	10% Green	31/03/2018	

Priorit y	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Mar-16	Oct-16	Mar-17	Oct-17	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
ONE COUNCIL	3028	Workforce planning issues	The Authority is currently undergoing tremendous organisational change. This will create significant workforce issues around having the right skills, people and employee capacity. The Authority will require employees to have different skill sets that underpin a transformed business model. Operationally, risks inherent in organisational down-sizing initiatives will include: - Increasing workforce productivity; - Getting the balance right between cost and benefit; - Need to reduce deficit reductions; - Balancing the impact of reducing the workforce and the economic impact on the community; and, - Maintaining morale in the remaining workforce.	SMT SMT	HR Policies; Council Constitution; Equalities and Diversity Policy; Risk Management Policy; Management and monitoring of 'Future Council' / KLoE activity; PULSE Survey to measure progress in key areas since the last full employee survey in 2011; Development of Adobe Forms to assist management processes; HR Reorganisation completed; Organisational Development Strategy monitoring reports to Scrutiny; Regular progress reports against Future Council characteristics to SMT; NW Employers session - workforce planning now a more important element of Business Planning processes;	3	3	3	3	Delivery of Organisational Improvement Strategy including oversight and governance arrangements being delivered by Organisational and Improvement Board 17/18	Director, Core Services	50% Green	31/03/2018	
										Workforce Planning arrangements now embedded into Business Unit Planning - monitoring of impact 17/18	Director, Core Services	50% Green	31/03/2018	
	3029	Failure to safeguard information	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 between supply chain partners, it becomes susceptible to loss, protection and privacy risks. Loss of personal and financial information held by Council employees and systems; Financial and non-financial penalties from Information Commissioners Office; Loss of public confidence in the ability of the Council to store sensitive information, possibly resulting in a reduction in the use of public self-service facilities; Failure to maintain PSN compliance leading to the suspension of the Councils connection to the government secure network; Non compliance with Data Protection Act and Freedom of Information Act; Non compliance with Payment Card Industry Data Security Standards (PCI DSS) leading to the inability to process payment card transactions; Failure to ensure that unwanted data is cleared and disposed of, leading to non-compliance with DPA requirements; Inability to gather data from other agencies to strengthen and benefit the Council's activities; Failure to have appropriate data sharing agreements with agencies and partners leading to vicarious liability in the event they lose or misplace sensitive information; Inability to ensure that partners that we share data with are in themselves compliant with appropriate guidance and legislation;	SMT SMT	Information Management and Governance Policies; Director of Core Services has taken on the role of Senior Information Risk Officer (SIRO); Information Security and Computer Usage Policy in place; Information Governance Team in place to provide advice, guidance and training; Records Management Team in place to provide advice, guidance and training; Information Governance Board refreshed and re-established and engaged in corporate risk management arrangements; Technical Architect role filled; Some initial actions have been taken as a result of IT Health Check to control, and restrict access: • Reduced permissions • Deactivated USB ports • Deactivated removable media options • Implemented temporary changes to homeworking solutions. The Council's core infrastructure has benefitted from: • Patching • Protection Caldicott guardians in place within Communities and People Directorates; Communities and Public Health have IG Steering Groups in place; Review of technical architecture completed and action plan identified; BMBC Cabinet agreed to endorse the requirement to achieve Baseline Personnel Security Standard (BPSS); IT business plan been through 'Check and Challenge' process; Information Governance Board confirmed engagement will be undertaken with DMTs to ensure actions arising from the IG Toolkit are completed; IT Business Plan produced and presented to 'check and challenge' session - analysis of other business plans to identify IT requirements and resourcing complete; Implementation of EGRESS secure email solution completed; Majority of IG Framework now in place; Proactive Phishing campaign to identify risk areas; Proactive approach to PSN compliance - addressing lower risk issues that may become bigger in future years; Baseline Personnel Security Standards Programme completed; Sharepoint being rolled out across Council during 2016/17;	4	4	4	4	Removal of Citrix from personal computers due to PSN constraints	Director, Core Services	25% Green	31/03/2018	Enable revisions to infrastructure that will allow limited communications.
										Review of IG Toolkit - aiming for L3 compliance in 2017/18	Director, Core Services	20% Green	31/03/2018	
										ICT systems access system access, review policy and simplify process for new starters, movers and leavers - will be considered as part of ICO audit in October 2017	Director, Core Services	15% Green	31/03/2018	
										Activities to ensure compliance with General Data Protection Regulations 2018: • high level action plan monitored weekly; • quick reference guides drafted (consent, processing child data, individual rights and privacy notices; • Review of all policies underway; • Elected Members mandatory training; • Sharepoint intranet portal for IS and GDPR resources in place; • Data Protection Officer job profile drafted and waiting evaluation; • Cyber security software tender drafted - ready for market by November 2017.	Director, Core Services	25% Green	31/03/2018	
										PSN Compliance - review being undertaken in December 2017	Director, Core Services	0% Amber	31/03/2018	
	3031	Strategic Performance, governance or compliance failure	Budgetary pressures to minimise back office functions may drive the Authority to downgrade the focus on meeting proper governance standards and ultimately, remaining 'safe'. The implementation of the Area Council Arrangements has required the Council's Constitution to have been significantly reviewed to ensure Area Council governance and Ward Alliance governance issues are included.	SMT SMT	Council Constitution; Local Code of Corporate Governance; Information Management and Governance Policies; ToR for Audit Committee; ToR for Scrutiny Committees; Internal Audit; Risk Management Policy; Performance Management Arrangements including revised Corporate Plan Performance Report and 'We Will Statements'; Terms of reference for all Overview and Scrutiny Committees reviewed; Scrutiny Committee workplans are now aligned to Corporate Priorities; Briefing for Elected Members relating to Performance Management of Area Council activity; Revised AGR process for 14/15; Analysis of Casey Rotherham Safeguarding Report undertaken - report to SMT in February 2015 including recommendations for Internal Audit activity; Improvements to the recording of officer delegated decisions to ensure this is in line with legislation completed via AGS Action Plan;	4	4	4	4	Monitoring and reviewing of revised governance arrangements - further review 2014/15 Identified positive activity regarding commissioning but at Ward Alliance level, some Members are still doing things in the 'old' way and monitor and reviewing for 16/17 in light of increased commissioning activity at Ward Alliance level in future years and the implementation and effectiveness of revised Contract Procedure Rules to deal with commissioning of internal services from Area Council budgets - monitoring and reviewing for 17/18 - no concerns identified	Director, Core Services	50% Green	31/03/2018	Refer matter to Audit Committee / External Audit for consideration.
										Monitoring of AGS Action Plan (17/18)	Director, Core Services	30% Green	31/03/2018	
	033	Failure to adapt the Authority into a sustainable organisation - 'Failure to maintain current services'	The need to balance the books, gain efficiencies and meet new demands could lead the Authority into drastic measures that could increase long-term risks and costs, both to the organisation as well as to the community. The Authority runs the risk of moving away from addressing problems with long-term solutions, such as capital investment projects essential to meet social and area-based economic challenges. 'Short-termism' could potentially lead to decaying infrastructure and an inability to develop long-term economic vitality. Need to ensure that the Authority has the right people to ensure sustainable opportunities are being exploited to their maximum. Development of City Region Devolution Deal which while fiscally neutral, will provide more opportunities to strengthen the sustainability of the organisation by transferring a number of powers and policy levers from central Government to local leaders, including skills, employment, business support, transport and housing;	SMT SMT	Council Constitution; Performance Management Framework; Growing Barnsley's Economy (2012-2033) - Economic Strategy; Customer Services Organisation project; Integrating areas of work and consideration of new Service Delivery models such as traded services or social enterprise; Consideration of joint commissioning opportunities; Two year Medium Term Financial Strategy approved and agreed by Full Council in February 2016; Contract for Leadership and Management training for all 4th tier and above officers agreed with IODA Training completed. Second wave of leadership training underway; Corporate Plan 2015 - 2018 developed; All Business Plans submitted prior to April 2016; Director of Public Health recruited to post – all other Service Director posts are filled, or recruitment is underway; Talkabout sessions November 2016 with CX and Leader; Future Council Strategy and Workforce development refreshed and approved by Cabinet in March 2017; New Corporate Plan 2017-2020 developed and published; Talkabout sessions delivered May and June 2017 led by Executive Directors which aimed to link new Corporate Plan to Business Plan via 'golden thread';	4	4	4		Corporate Talkabouts being developed for April 2018, Directorate / Business Unit led Talkabout sessions being developed for 2018, also Tell us What you Think month planned for November 2017 and internal Employee Survey being trialled in 2018	Director, Core Services	10% Green	31/03/2018	
										Consideration of organisational change requirements following the development of the Council's MTFS (17/18) - MTFS is a three year plan rather than the statutory minimum of one year	Chief Executive	50% Green	31/03/2018	
	3034	Failure to deliver the Medium Term Financial Strategy, associated KLoE / Budget / Efficiency savings and other financial assumptions	Unsustainable financial position for the Council; Adverse effect on the Council's reserves / prudential borrowing / Treasury Management activities; Council's reserves falling below minimum working balance levels; Impact on service delivery and council policies; Adverse External Audit report / opinion; Government intervention; Inability to undertake robust planning in terms of Future Council activity; Non-achievement of KLoE savings and consequences on future years programmed or planned savings; Inability to develop and implement a 'Plan B' or contingency plan in the event of further savings being required; Risks relating to the MTFS fall into two main areas: - Agreeing a three year plan with Directorates and Members; and, - Ensuring delivery against the agreed plan, managing variances and areas of over / under spend to enable the budget to be balanced.	SMT SMT	Governance Framework; Financial Regulations; Annual Governance Review Framework, including AGS Action Plan; Corporate Debt Strategy; Treasury Management Policy; Business Planning, Service Delivery Planning and Service and Financial Planning Processes; External Audit Arrangements; Robust governance of savings, efficiencies and improvements; Performance Management Framework; Budget Monitoring and Reporting; SAP / EBP / Financial Systems Procedures; Forecasting of expenditure and resources; Prudential Borrowing Strategy and Indicators; Budgetary Control / Budget Monitoring Processes; Management of Assumptions and Constraints within MTFS; Ongoing development of SAP; Horizon Scanning in terms of changing legislation and policy that may affect MTFS; Quarterly updates to SMT and Cabinet; Regular financial monitoring to ensure delivery of plan is in line with projections - overspends identified and relevant Service Director is challenged; Regular reviewing of MTFS undertaken to ensure it remains relevant, material and is appropriate, which includes monitoring and reviewing assumptions on which the MTFS is based; 2018/19 and 2019/20 plans have been considered and approved by Full Council;	4	3	4	4	Working with Budget Managers to further embed and exploit SAP Business Planning and Consolidation (BPC) - new guidance being developed to encourage further use of BPC by Budget Managers	Director, Core Services	25% Amber	31/03/2018	Re-negotiate with Cabinet to seek an agreed budget.
										Working with Budget Managers to develop SAP Business Objects - proof of concept developed and agreed with Service Directors and Budget Managers - now working with BU15 (Business Improvement and Communications) and BU12 (Information Technology) to identify a solution - blueprinting and roadmapping being developed	Director, Core Services	15% Green	31/03/2018	
										Fair Funding Review - setting a new baseline funding allocation for BMBC which will deliver an up-to-date assessment of the relative need of BMBC, examine the relative resources of BMBC, focus initially on the services currently funded through the local government finance settlement, and be developed through close collaboration with local government to seek views on the right approach	Director, Core Services	0% Green	30/09/2017	
										Monitoring of Adult Social Care costs and implications - gaps in Government funding for adult social care resulting in significant pressures on the ability to commission Adult Social Care in Barnsley	Director, Core Services	0% Green	30/09/2017	
										Business Rates Review - pressures such as Business Rates Reevaluation, Small Business Rates Relief, Reductions for Estimated Charitable Relief, Empty Properties, Enterprise Zones and Appeals	Director, Core Services	0% Green	30/09/2017	
										Financial Implications of Devolution - identifying and measuring the impacts of regional devolution on Barnsley and its partners	Director, Core Services	0% Green	30/09/2017	

Priorit y	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Mar-16	Oct-16	Mar-17	Oct-17	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
	3035	Loss of assets and resources as a result of a one-off incident of fraud / corruption / bribery or sustained or widespread occurrences.	Occurrences or incidents of sustained and / or widespread and / or one off / big bang occurrence of Fraud and Corruption leading to financial loss, loss of income, property and other assets; Fraudulent transactions, contracts / payments and the like perpetrated by employees and / or third parties; External Audit public interest report; Loss of management time in undertaking investigations, be they 'real' incidents, or vexatious claims; The consequences of this risk will greatly depend on the context of the individual incidents, and will be greatly influenced by both the scale of the incident, and the position of the perpetrator within the Organisation; Negative impact on employee morale either through actual incidents, or suspicions of incidents being perpetrated; Tensions and issues with morale within groups / teams as a result of changes within and to the organisation; Increased opportunities to commit fraud due to management attention being distracted by change programmes and increased workloads; Losses arising from officers not doing their jobs properly, or not expending the amount of effort that may have been normal previously, due to morale and motivation issues; Increased risk of third party IT attacks on BMBC systems such as hacking for personal data, general mischief and disruption or to facilitate the transacting or processing of false documents; Negative impact on BMBCs reputation through the actions of partners and the perception that BMBC could be guilty by association;	SMT SMT	Anti Fraud, Corruption and Bribery Policy which is developed and refined following analysis of the Annual Fraud Risk Self Assessment (FRSA); Anti Money Laundering Policy which is developed and refined following analysis of the FRSA; Whistleblowing Policy which is developed and refined following analysis of the FRSA; Prosecutions Policy in place to ensure the Authority is open regarding censure relating to inappropriate behaviour; Council Constitution; Local Code of Corporate Governance; Member and Officer Codes of Conduct; Police involvement / criminal investigations; NFI Data Matching; Membership of NAFN; IT usage policies and procedures; IA for CA and other major organisations; Corporate Fraud Team in place; Fraud and Corruption included in AGR process; BOLD Elearning modules in place; Governance arrangements around Area Councils and Ward Alliances developed and reviewed by Internal Audit which also covered procurement arrangements in 16/17 - recommendations delivered;	3	3	3	3	A) Ensure there is an adequate and appropriate relationship between IA, HR, Legal and the Police to respond to any incident - to be refreshed as part of the establishment of the new BMBC Anti Fraud Team, led by the Corporate Anti-Fraud Team within IA - Contacts renewed in March 2017 and Police protocol refreshed B) Review corporate training programme utilising corporate PDR information and further development of POD online training training - trailing a pilot package C) Fundamental review of all corporate anti-fraud and corruption policies, procedures and guidance as part of the work of the Corporate Fraud Team - some key policies going to Audit Committee March 2017 and subsequently Cabinet - remaining policies to be considered by Audit Committee in December 2017 D) Communication of arrangements via training and awareness sessions regarding anti fraud and corruption arrangements to publicise these throughout the Council - main focus will be new POD training package E) Reinstatement of annual Fraud Risk Self Assessment at Business Unit level	Director, Core Services Director, Core Services Director, Core Services Director, Core Services	50% Green 90% Green 75% Green 50% Green 30% Green	31/03/2018 31/03/2018 31/03/2018 31/03/2018	Escalate matter to HR, Police etc Undertake full systems review of affected area(s).
	3514	Failure to be able to deliver the ambitions and outcomes associated with the Customer Strategy Implementation Programme	Leading to... Failure to ensure customers are at the heart of the organisation; Lack of growth regarding our digital service which will be unable to encourage a channel shift in terms of customers interact with the Council resulting in customers not changing their behaviour and not undertaking greater levels of self-service; Unable to resource certain elements of the programme such as ICT technical development to deliver smarter and more efficient processes; Lack of efficient and effective services; Services becoming unsustainable following the Council's journey to Future Council and future financial pressures facing local government; Savings target of £450K to be delivered in 2016/17 (£400K delivered 2015/16 by BensTax service improvements); Directorates / Business Units not embracing the objectives of the agreed Customer Services Design Principles and associated objectives; No 'changing relationship' between the Council and its stakeholders; Issues regarding the capacity and time frame to deliver and concern regarding over promising and under delivering leading to 'work-around' arrangements that are unsustainable; Currently concerns raised regarding capacity with BU11 to provide required level of support to deliver programme;	SMT SMT	Responsibility for Programme delivery now aligned to SD Customer Services; BU7 - new structure and resources; Head of Customer Support and Development in place; Business design, IT technical resources agreed; Lessons Learnt from other significant change programmes such as SAP; Phase One and Two completed; Lessons learnt from previous Phases embedded; Previous CSO Strategy approved by Cabinet; Now transitioning to new stage with concept testing being undertaken with will include the consideration of dependencies and enablers, along with a period of redesign and testing; Cabinet Report detailed 'what' can be done, papers being prepared for SMT and CSO Board to detail 'how' the agreed activities will be implemented; New website in place; Overview and Scrutiny Task and Finish Group considered the Customer Services Strategy during 2015/16; New governance arrangements underpinning programme - Customer Strategy Implementation (CSI) Delivery Group reports to the Future Council Improvement and Growth Board; SMT have agreed and approved the CSI programme of work in September 2016; External Programme Manager in place; Specific work request in place with IT to ensure this activity is 'outside' of their day to day IT workstreams, and therefore should be adequately resource; Co-produced plan with BU7 and BU11; Funding agreed and allocated - £1.1M More robust grip on programme delivery in place; Robust working relationship with Information Services in place, and now part of the same Directorate; Programme Outcomes: Customers can contact us easily and use more services online (GREEN)	4	4	4	4	Delivery of Customer Strategy Implementation Programme, including the appropriate consideration of risk at project level, and the escalation of significant risks to the CSI Delivery Group and subsequently the FC Improvement and Growth Board (17/18) Customer Care / Customer Contact training to be provided to employees who have a high level of contact with the public linking to organisational-wide OD training 16/17 - offer in place using elearning and face to face training - some employees booked into course - awaiting final sign off by CX. Training now in place and those employees who require training are now booked in for 2017/18. BU15 undertaking monitoring and analysis of take-up and feedback which will be used to target specific employees or areas of activity	Executive Director Communities Director, Core Services	50% Green 50% Green	31/03/2018 31/03/2018	
	699	Failure to ensure the Council's commercial / trading arm is effective in its operations, and is a well governed organisation	Reputational damage if the BMBC is not seen as a good business to trade with; Lost time and wasted resource in setting up the organisation, completing tenders, submissions and other commercial activities; Lost income which may have been used to avoid service cuts in future years resulting in lost jobs and employment opportunities; Legal / compliance failures if commercial / trading arm is not well controlled and governed;	SMT SMT	Trading organisations to date: - HR Services; - ILAHS; - Financial Services / Audit Services BMBC Legal Services providing oversight and advice regarding company constitution; In terms of the availability of commercial and trading skills, it is acknowledged the Council is working from a low starting point; Consideration of new skills in terms of commerciality, trading and innovation within the Future Council structure; Scheduled governance review to assist in determining the effectiveness of existing governance arrangements; Elements of company being would up including Barnsley HR Services and Barnsley Financial Services; ILAH Action Plan completed and lessons learnt reported to Cabinet; Commercial Strategy now in place; Commercial Awareness Sessions delivered; Commercial Toolkit developed; Leadership Programme included consideration of Commercial skills; Director of Core Services attended course on governance arrangements for Trading Organisations;	4	4	4	4	Development of internal control mechanisms to ensure that the correct roles are filled by appropriate employees, that good quality company governance is in place, that information is able to properly flow throughout the organisation and that commercial and financial reporting structures are in place - Director training deferred in light of reduced level of trading activity - reviewed and considered further controls - not required at this stage due to reduced levels of direct trading through company structure Development of shareholder role (SMT and Member / Cabinet level) to ensure the appropriate oversight of the trading / commercial activities is in place - reviewed and considered further controls - not required at this stage due to reduced levels of direct trading through company structure	Board of Directors Director, Core Services	0% Green 0% Green	31/03/2018 31/03/2018	
	3794	Failure to ensure the Council is able to develop governance arrangements that allow for risks and rewards relating to devolution and devolved authority to be properly explored and assessed to allow for assurances to be provided to stakeholders and other interested parties that appropriate benefits are being offered and realised from the devolution deal that improve Barnsley borough and the wider region Failure to influence the governance arrangements underpinning and controlling the emerging City Region Deal-Devolution Deal enable an appropriate blend of risk and reward for the Council	Conflict of interest for a number of Council Services that provide support to internal functions within the Council, as well as external relationships such as Legal Services who provide legal support to the Council and the CA; Increased officer time required to support both organisations; Increased risks regarding project activities, where the CA may be unwilling to underwrite risk on behalf of constituent Councils; Increased reliance of CA funding; Significant reputational damage in the event the devolution model fails or is seen to fail as a result of BMBC influence;	SMT SMT	Development of protocols for dealing with potential conflicts of interest; Escalation of issues through Chief Executives;	N/A	4	4	3	Ensuring that the Authority is able to learn from its experiences in terms of conflicts that may have arisen and identifying areas of potential improvement in terms of how conflict are identified, handled and addressed (17/18) Focused de-brief following significant interaction with CA i.e. J36 development (including BLT development sessions) and other developments / opportunities (17/18)	Director, Core Services Director, Core Services	50% Green 50% Green	31/03/2018 31/03/2018	
NEW	4103	BDR Waste PFI - Insurance Risk	Increased insurance premiums applied to Waste PFI Operators are passed back to the Partnership. This in turn would pressure on the MTFs as currently no additional finance is available to fund any increase experienced by the Waste PFI Operator. Possible exposure to the Partnership of around £1.5m.	SMT SMT	Open dialogue with the Waste PFI Operator. External Legal and Financial advisors to the Waste PFI project are sighted on the issue and are leading negotiations. WIDP Transactor is sighted on the issue and is feeding in the experience from other PFI projects. Senior Managers (SD's & ED's) from Place and Finance and Legal are aware of the ongoing risk.	N/A	N/A	N/A	1	To continue dialogue with the PFI Operator. Internal Risk and Governance team are to be brought on board from all three partners - ongoing conversations with Insurers and development of working group	Paul Castle	50% Amber	31/03/2018	

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Item 5

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

AUDIT COMMITTEE – 6th DECEMBER 2017

INTERNAL AUDIT QUARTERLY REPORT 2017/18 QUARTER ENDED 30th SEPTEMBER 2017

Executive Summary

1. Internal Audit work undertaken during the period did not identify any fundamental recommendations. However, Internal Audit has given a notional 'no assurance opinion' during this period arising from the review into the Highways Design and Construction Service which was reported to Senior Management Team dated 26th September 2017 (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 39 recommendations followed-up, 13 (33%) had been implemented by the original target date, 9 (23%) had been implemented after the original target date and 17 (44%) 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 are in line with the profile for the first half of the year (Para.7.8 & Appendix 2).
5. Quarterly performance of the function is generally satisfactory. The chargeable time indicator is slightly below target, but this is due in the main to the bedding in of the newly appointed Audit Manager and Principal Auditor. They are now working to capacity and the percentage chargeable is rising accordingly. (Para.8.2 and 8.3 & Appendix 3).

AUDIT COMMITTEE – 6TH DECEMBER 2017

**INTERNAL AUDIT QUARTERLY REPORT 2017/18
QUARTER ENDED 30th SEPTEMBER 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 Service's work covering the whole of the second 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 second quarter of 2017/18 year (section 7 and Appendix 2);
 - v. Details of Internal Audit's performance for the quarter utilising Performance Indicators (section 8 and Appendices 3 and 4).

2. Recommendations

2.1 It is recommended that the Audit Committee:-

- i. **consider the issues arising from completed Internal Audit work in the 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 September 2017;**
- iii. **note the progress against the Internal Audit plan for 2017/18 for the period to the end of September 2017; and**
- iv. **Consider the performance of the Internal Audit Service for the second 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 Service 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 September 2017

- 4.1 Internal Audit work undertaken during the period made one significant recommendations. No fundamental recommendations were made. However, Internal Audit has given a notional 'no assurance opinion' during this period arising from the review into the Highways Design and Construction Service which was reported to Senior Management Team dated 26th September 2017.
- 4.2 It should be noted, that in the process of agreeing a final report, senior officers respond to specific recommendations by identifying relevant management actions and agreeing responsible managers and timescales for implementation.

Follow-Up of Report Recommendations

- 4.3 Table 1A identifies the total number of reports analysed by the assurance opinion given and the total number of recommendations made.
- 4.4 Table 1B shows the number of recommendations followed-up in the quarter. Of the 39 recommendations followed-up, 13 (33%) had been implemented by the original target date, 9 (23%) had been implemented after the original target date and 17 (44%) 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 (44%) 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 to establish the reasons behind this. Early discussions have indicated that some management actions and/or target implementation dates are not always achievable despite officers setting their own. We will continue to work with officers and provide challenge to ensure these are more realistic. We will also report to the Audit Committee should any concerns be raised due to any change of implementation date. In addition to reporting to the Audit Committee, 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 44%. 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 September 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 Table C contains reference to the audit jobs that are categorised as 'work in progress' as at the end of Q2 The progression of these jobs are closely monitored and there will be an updated position presented to Audit Committee Members at the end of Q3.
- 7.4 Appendix 2 shows the progress of the plan up to the end of September 2017, analysed by Directorate / Service. Whilst the table only shows an output of one report within the quarter, this does not represent the output and outcomes from our increasing consultancy based audit work. These reviews tend to be less tangible and/or less formal than the traditional audit reporting reviews. Our objective when conducting this work is to deliver a more flexible approach to Internal Audit by providing 'real time', added value feedback during the audit year.
- 7.5 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.
- 7.6 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.

- 7.7 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	URBACT Project TechTown Phase 2 - Grant Claim Certification	Added - Grant Claim Audit Certification.
Place	Housing Property Repairs & Improvement Partnership Board	Added – Assurance provided to the Board during the retendering of the contract
Legal Services	Management of Private and Confidential Information	Audit deferred to 2018/19 due to the recent Information Commissioners Officer (ICO) audit in this area.
Business Improvement and Communications	Future Council 2020	Audit deferred to 2018/19 – audit halted to allow the framework to embed.
Business Improvement and Communications	Workforce Development Fund	Added – Assurance to be provided on the process and compliance with funding requirements.
People	Assessed and Supported Year in Employment (AYSE) Grant Claim Verification	Added - Grant Claim Audit Certification.

- 7.8 The position at the end of the second quarter for the audit days allocated to BMBC shows that they are in line with the profile. We will be undertaking a mid-year review of the Internal Audit Service's Plan to ensure the overall resources align with any changes to the plans thus far. We will report to the Audit Committee at the next meeting should there be any significant impact on the BMBC plan.

8. Internal Audit Function and Performance

- 8.1 The Service uses a range of performance indicators to monitor operational efficiency. A list of the Performance Indicators 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 bedding in of the newly appointed Audit Manager and Principal Auditor. They are now working to capacity and the percentage chargeable is rising accordingly.
- 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. These were chased up with the appropriate senior officer, but were not returned.

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 Service'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 Service.

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 and audit activity during the period.
Appendix 2 - Internal Audit Plan 2017/18 – Position as at 30th September 2017
Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 30th September 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: 27th November 2017

TABLE A - Completed Audits / Final Reports Issued During The Period Ending 30th September 2017

Appendix 1

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Other Action
Early Education Funding	The key issues identified relate to the need to review the Early Education Funding Agreement to ensure this reflects adequate and appropriate arrangements, having particular regard to required insurance levels and clearer roles and responsibilities to meet auditing requirements.	Adequate	F - 0 S - 1 MA - 2	01.09.2017	To follow-up all report recommendations.

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

TABLE B - Details And Outcome Of Other Audit Activities Not Producing A Specific Assurance Opinion

Audit Work Completed	Details	Contribution to Assurance
Assets: Carbon Reduction Commitment	Validation of the Council's usage of energy supplies regarding the Corporate carbon reduction commitment.	The work contributed to assurance in respect of the environment and sustainability.
Place: New/renewal of Taxi driver applications and DBS checks.	Advice given to the Regulatory Services regarding a new/renewal taxi driver applications within the Borough	The work contributed to assurance in respect of compliance with legal requirements
Place: URBACT Project TechTown Phase 2 - Grant Claim Certification	Grant Claim Audit Certification.	The work contributes to assurance in respect of financial management.
People: Assessed and Supported Year in Employment (AYSE) Grant Claim Verification	Grant Claim Audit Certification for Social Workers in the first year of employment.	The work contributes to assurance in respect of financial management.
Place: Construction Services Review	A review of the use of sub-contractors by the highways construction services and related financial processes, including procurement processes, has been requested by BMBC senior management as an additional piece of work to Internal Audit's planned programme of work for 2017/18.	The work contributes to assurance in respect of performance management & data quality.

Table C - Projects and Work In Progress

Client Sponsor	Title of Audit or Nature of Audit Activity	Key Objective(s)	Status / Comment
Core Services	Housing Benefits	To provide assurance that the Housing Benefits system (which forms part of the Academy System) is robust and operating effectively and efficiently. In addition, that the new technology (E-Store) is providing for efficient and effective processes.	Draft report issued and awaiting agreement to issue as a final report
Core Services	Final Account Process Review	To provide assurance that the processes with regards to final accounts are operating effectively and efficiently, resulting in a timely and accurate final account for each construction related project.	Draft report issued.
People	Schools Financial Value Standards - Procurement Themed Review	To provide assurance that procurement collaboration opportunities across pyramid schools are identified, align to schools objectives with efficiencies and value for money being obtained. Also, to provide assurance that schools are aware of and taking advantage of wider opportunities to secure value for money through arranged DfE contract frameworks; advice and guidance, etc. In addition, to confirm that procurement processes are undertaken on a fair, open and transparent basis, comply with legislative, regulatory, policy and procedural requirements, and that all actions and decisions are fully evidenced.	Draft report issued
Core Services	Commissioning, Procurement & Contracts – Compliance Review	To provide assurance that the system and controls are operating effectively and efficiently and are in compliance with Legislative, regulatory, policy and procedural requirements.	Being scoped
Place	Skills and Community Service	To provide assurance that there are appropriate and effective governance and performance management arrangements in place over the adult skills and community learning service.	ToR agreed
Core Services	Corporate Risk Management	To provide assurance that the governance arrangements, controls and risk management arrangements associated with the Corporate Risk Management processes are operating efficiently and effectively and being complied with throughout the Authority's services and departments.	Ongoing
People	Schools Financial Value Standards – Information Governance/ Information Security Themed Review	By means of a series of unannounced site visits, the audit will examine awareness of Information Governance and Information Security policies and procedures across a sample of schools. The audit will incorporate the management and controls regarding the use of secure e-mail and the transfer of personal and confidential information.	Ongoing
People	Assessment & Care – Governance Arrangements	To provide assurance that there are appropriate and effective governance arrangements in place.	Being scoped

Client Sponsor	Title of Audit or Nature of Audit Activity	Key Objective(s)	Status / Comment
Communities	IT Disaster Recovery / Business Continuity	Advisory work	Ongoing
Core Services	Settlement Agreements	To provide an independent opinion, the review will examine the adequacy and effectiveness of the revised settlement agreement arrangements following the cessation of Compromise Agreements under the Employment Rights Act and changes under ACAS.	Scoping meeting arranged
Core Services	Baseline Personnel Security Standards	To provide assurance that robust governance arrangements exist in respect of the Council's pre-employment checks and the checks are in compliance with the Baseline Personnel Security Standard.	Ongoing
Core Services	Data Quality / Performance Management	To provide an independent opinion, the review will examine the adequacy and effectiveness of the revised settlement agreement arrangements following the cessation of Compromise Agreements under the Employment Rights Act and changes under ACAS.	Scoping
Core Services	Registration of Business Interests	To provide assurance that the current arrangements in relation to the declaration and recording of interests, gifts and hospitality amongst Members and employees is robust and operating in accordance with an approved policy/procedure.	Draft report issued
People	Unannounced Establishment Visits	<p>To ensure that all income received is receipted / recorded accurately, held securely and is banked promptly and that financial records are retained in accordance with HMRC, Banking Regulations and the Council's recommended retention periods.</p> <p>For Museum stock, to ensure that goods received are properly recorded and securely held, goods issued are properly authorised and recorded and that obsolete, slow moving and excess stock is promptly detected and action taken. Access controls for the EPOS System will also be examined as part of this review.</p>	Ongoing
People	Troubled Families – Quarterly validation	Grant claim validation	Ongoing
Core Services	SVER/VS	The scope of the audit is to evaluate the efficiency of the SVER process and to ensure compliance with the procedure governing the authorisation and management of the Selective Voluntary Early Retirement and Voluntary Severance schemes and to ensure identified savings are recognised.	Draft report issued

Table D – Other Audit Work Undertaken

Audit Activity	Description
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, Housing Property Repairs & Improvement Board, IT Steering 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.

Table 1A

Summary Activity

All Audit Reports

Assurance Opinion	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Substantial	0 (0%)	0 (0%)			0 (0%)
Adequate	1 (100%)	1 (100%)			2 (100%)
Limited	0 (0%)	0 (0%)			0 (0%)
None	0 (0%)	0 (0%)			0 (0%)
TOTAL REPORTS	1	1			2
Other Reports	0	1			1

Total Recommendations

Number of Recommendations	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Fundamental	0 (0%)	0 (0%)			0 (0%)
Significant	1 (17%)	1 (33%)			2 (22%)
Merits Attention	5 (83%)	2 (67%)			7 (78%)
TOTAL	6	3			9

Table 1B

Recommendations Followed-up by Internal Audit

Quarter 2				
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Not yet completed – Revised date agreed
Fundamental	2	0	1	1
Significant	18	4	6	8
Merits Attention	19	9	2	8
TOTAL	39	13	9	17

Trend Analysis – Second 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	0			6	0
Adequate	75	100	29	50	100	100			53	100
Limited	25	0	57	50	0	0			41	0
None	0	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	13			47	32
Completed after original target date	0	15	6	0	3	9			30	25
Not yet completed – revised date agreed	5	5	3	3	4	17			23	43
Total followed up	6	30	25	9	10	39			100	100
% Completed by Original Target Date	17%	33%	64%	67%	30%	33%				
% Completed at time of Follow-up	17%	83%	88%	67%	60%	56%				

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

Directorate	Original 2017/18 Plan	Revised 2017/18 Plan	Actual Days
Communities	75	77	35
People	98	103	71
Place	63	83	89
Public Health	26	26	1
Core Services	419	421	171
Council Wide	142	142	87
Corporate	167	169	71
Contingency	50	0	0
Barnsley MBC Sub Total	1,040	1,021	525

Corporate Anti-Fraud Unit	561	562	285
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Sub Total	1,601	1,583	810
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External Clients	1,655	1,686	651
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Total Chargeable Planned Days	3,256	3,269	1,485
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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%	100%	100%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	71%	68%
2.3	Average number of days lost through sickness per FTE (Cumulative 4 days in total)	Quarterly	6 days	0.51 day	0.75 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 Service’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 Service’s expenditure for the year has been kept within the budget.

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Item 6

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

AUDIT COMMITTEE – 6th DECEMBER 2017

CORPORATE ANTI-FRAUD TEAM PROGRESS REPORT

1. Purpose of the Report

- 1.1 This report provides the Audit Committee with an account of the work of the Corporate Anti-Fraud Team from 1st April 2017 to 31st October 2017.

2. Recommendations

2.1 It is recommended that:-

- i. The Audit Committee notes the progress made in the development of effective arrangements and measures to minimise the risk of fraud and corruption.
- ii. The Audit Committee continues to receive regular progress reports on internal and external fraud investigated by the Corporate Anti-Fraud Team.

3. Background Information

- 3.1 The Audit Committee received details of progress in the Annual Fraud Report presented at the June meeting. This progress report highlights the work undertaken in respect of fraud management and investigations during the first seven months of 2017/2018.
- 3.2 Details of sample fraud cases are reported at Appendix 1.

4. Council Tax Support Investigations

- 4.1 The levels of CTS fraud identified nationally continue to be relatively low. CAFT have identified three fraudulent council tax support claims totalling £4,563.38 since April 2017.
- 4.2 A summary of the Council Tax Support workload of CAFT for the period 1st April 2017 to 31st October 2017 is shown below.

Referrals	76
Overpayment less than £500	2
Overpayment greater than £500	3
BMBC officer dismissed	1
Referrals not pursued	63
Current investigations	7

- 4.3 A summary of referrals not pursued for investigation is shown in the table below.

Details	Numbers
Change in circumstance already known - no issue	3
Poor intelligence – not enough evidence to pursue	7
Referred to DWP for investigation	28
Referred to another Council Department	1
Referred to National Crime Agency	1
No evidence of fraud	23
Total	63

The majority of allegations of irregularity received from members of the public are referred to the DWP for consideration and investigation. CAFT have no responsibility for these investigations and does not receive any feedback on the quality of the referrals received from the public or the outcome.

- 4.4 A fraud referral received from the Benefits, Taxation and Income (BTI) Department resulted in the dismissal of a Benefits, Taxation and Income Officer for committing housing benefit fraud. A summary of this case is included at Appendix 1.
- 4.5 CAFT have accepted seven referrals for further follow-up and the outcomes of these investigations will be reported to the Audit Committee in due course.

5. Council Tax

- 5.1 CAFT have identified eighteen fraudulent council tax liability claims totalling £7,590.33 since April 2017.
- 5.2 A summary of the Council Tax workload of CAFT for the period 1 April 2017 to 31st October 2017 is shown in the table below.

Total Referrals	116
Overpayment only	18
Referrals not pursued	91
Current investigations	7

- 5.3 A summary of referrals not pursued for investigation is shown in the table below.

Details	Numbers
Change in circumstance (CIC) already known - no issue	5
Poor intelligence – not enough evidence to pursue	7
No discount present	2
Referred to DWP	8
No evidence of fraud	53
Local Authority error	1
Recent CIC - referred to BTI as not economical to pursue	15
Total	91

6 Right to Buy (RTB)

- 6.1 CAFT have continued to support the Right to Buy Team by applying an enhanced fraud prevention process to all new applications.
- 6.2 CAFT has undertaken checks against 136 RTB applications as at the 31st October.

- 6.3 Seven of these applications have been referred to the DWP for further investigation due to the tenant being in receipt of DWP benefits. Fraud prevention checks in respect of a further five applications identified council tax support, council tax single person discount and housing benefit irregularities totalling £1,824.45.

7. Corporate Investigations

- 7.1 Corporate investigations are defined as fraud cases which relate to employee fraud or other third party fraud which does not fall within a specific service area such as council tax or tenancy fraud.
- 7.2 CAFT continues to provide advice to managers undertaking management investigations. Requests for advice during the period have been limited to misuse/excessive use of IT. CAFT have advised Managers how to deal with the concerns without the need for further CAFT intervention.

8. National Fraud Initiative (NFI)

- 8.1 The datamatches relating to 2016-2017 exercise continue to be assessed and investigated. Data filters, recommended and supplied by the Cabinet Office, have been used to sort the matches based on the quality of the data in the match. There is no requirement for the Authority to review 100% of the matches, as long as an effective system of sampling is used to manage the risk of identifying fraud and errors.
- 8.2 The total monetary value of the fraud and error identified as at the end of October 2017 amounts to £145,371.25.
- 8.3 A breakdown is shown below:

Subject	Monetary Value	Number of Cases	Recovery Action
Private Residential Care Homes	£38,809.58	10	Amount has been recovered from future payments
Personal Budgets	£2,169.00	1	Amount has been recovered from future payments
Housing Benefit related	£3,589.93	1	Recovery of amount ongoing
Duplicate creditor payments	£100,802.98	7	Six of the duplicates have been recovered from future payments. An invoice has been raised to the seventh creditor and has now been referred for recovery action.
Total Overpayments	£145,371.25		

- 8.4 Both the issues relating to private residential care homes and personal budgets arose where matches highlighted that a resident/personal budget recipient had died,

unknown to the Council. Recovery of the overpayments in respect of residential care has been made from future payments to the relevant care homes.

- 8.5 The original residential care home datamatches (200 matches) received in January (2017) identified 5 overpayments totalling £24,688.25. In view of the size of these overpayments a further datamatch exercise, specific to residential care home residents to DWP deceased data, was carried out in July. This additional exercise provided a further 65 datamatches for follow-up and 5 of these matches identified overpayments totalling £14,121.33. The 10 overpayments related to 9 different care homes and the delay in notification to BMBC appears to be due to the relevant care home informing their Head Office of the death who then advises the Council that payment should cease. Due to the success of this exercise CAFT intend to undertake further residential care home datamatching in 2018 using the NFI recheck facility.
- 8.6 A small number of duplicate creditor payments have been identified and are in the process of being recovered. The Commercial Services Team have their own internal controls and have found that on many of the matches the error was already identified and rectified prior to the matches being received.
- 8.7 Matches relating to the Council Tax and Electoral Register data, which highlights potential discrepancies in Single Person Discounts awarded on Council tax, will be available in January 2018.

Comparison of Current NFI Results to Previous Exercises

- 8.8 The NFI is a biennial data matching exercise that all UK local authorities are required to participate in. The aim of the exercise is to identify possible cases of fraud and error within public bodies, e.g. local authorities, central government, the NHS. The Council has routinely participated in this initiative from its inception in 1996/97.
- 8.9 Prior to April 2015 Internal Audit co-ordinated the Council's involvement in the exercise with the investigation of datamatches being undertaken by the relevant departments. The Corporate Anti-Fraud Team has been solely responsible for filtering and investigating datamatches since April 2015.
- 8.10 An analysis of NFI outcomes for the four exercises covering the period 2010/11 to 2016/17 are shown below:

Subject	2010/2011	2012/2013	2014/2015	2016/2017 (as at end of Oct 17)
Housing Benefit	£48,038.00	£4,098.00	£1,570.91 (majority ref to DWP)	£3,589.93 (majority ref to DWP)
Payroll	Nil	£808.00	Nil	Nil
Private Care Home Residents	Nil	Nil	Nil	£38,809.58
Duplicate Creditors	£532.00	Nil	£129,748.02	£100,802.98
CT Single Person Discount	£43,584.00	Nil	Not completed due to Datatank SPD exercise	Not completed due to Datatank SPD exercise
Personal Budgets	N/A	N/A	£5,247.32	£2,169.00
Total	£92,154.00	£4,906.00	£136,986.25	£145,371.25

- 8.11 The value of housing benefit fraud and error has reduced significantly due to the investigation of all alleged housing benefit and welfare benefit fraud being undertaken

by the DWP's Single Fraud Investigation Service. Subsequently, whilst Corporate Anti-Fraud Team Officers carryout a preliminary check to these datamatches, all matches identified as a possible fraud are now referred to the DWP.

- 8.12 Checks to datamatches in respect of private residential care home residents to DWP deceased records did not identify any overpayments prior to the 2016/17 exercise which identified in excess of £38K (para 8.5 above).
- 8.13 Investigations in respect of duplicate creditor payments only identified minor values prior to the 2014/15 exercise which identified 29 duplicate payments totalling £129K. The current NFI exercise has identified 7 duplicate payments totalling £100,802.98. Whilst some of these payments have been recovered from future payments (£19,202) an invoice in respect of one payment totalling £81,600 remains outstanding and has been referred for recovery action.
- 8.14 A pro-active data matching exercise to identify council tax payers fraudulently claiming a single person discount (SPD) commenced in October 2015 and continued throughout 2016. This exercise has now been completed and resulted in an additional £321,947 Council Tax income being raised across the identified Council Tax accounts. In view of this an investigation of the 2016 NFI datamatches was not completed. The Benefits, Taxation and Income Department are in the process of carrying out their own SPD review and, in order to avoid duplication, CAFT will liaise with the BTI Manager prior to investigating datamatches identified in the latest NFI exercise (as per paragraph 8.7 above).
- 8.15 Mandatory personal budget datamatching was introduced in 2014/15 and identified minor overpayments due to the personal budget recipient not declaring changes in income.

9. Tenancy Fraud

- 9.1 CAFT continues to provide a basic investigative support service to Berneslai Homes to help identify potential fraudulent tenancies. This support has enabled Berneslai Homes to recover two properties which were not being used by the tenant as their main residency. CAFT investigations have also helped to prevent two false attempts to succeed tenancies.
- 9.2 Investigations by the CAFT resulted in a successful prosecution of a council house tenant for sub-letting. Details of this case are recorded at Appendix 1.
- 9.3 A summary of alleged tenancy fraud referrals received for investigation during the period April to October 2017 is shown in the table below.

Details	No.
Alleged non-residency – not pursued no evidence of fraud	12
Alleged application fraud – not pursued no evidence of fraud	2
Alleged fraudulent attempt to succeed tenancy – not pursued no evidence of fraud	3
Allegation of sub-letting - not pursued no evidence of fraud	2
Total	19

- 9.4 CAFT have accepted two referrals for further follow-up and the outcomes of these investigations will be reported to the Audit Committee in due course.

10. Fraud Awareness

- 10.1 A revised and updated version of the Corporate Anti-Fraud Awareness e-learning is now complete and was relaunched via the Council's Straight Talk e-bulletin.
- 10.2 The training, accessed through the Council's corporate e-learning platform (POD), is mandatory for all new employees as part of the induction process. However, all employees have been encouraged to complete the e-learning to improve their understanding of:
- What fraud is
 - The potential fraud risks to our council
 - How to raise suspicions of fraud
 - How to identify warning signs of fraud

The Straight Talk article advises officers with concerns relating to alleged frauds within or against our council to refer the matter to Internal Audit's Corporate Anti-Fraud Team on corporatefraudinvestigations@barnsley.gov.uk.

11. Review of Corporate Anti-Fraud and Corruption Policies

- 11.1 The Corporate Anti-Fraud and Corruption Policy, Corporate Anti-Fraud and Corruption Strategy and Corporate Anti-bribery Policy were presented to Audit Committee in March 2017 and subsequently approved for adoption by Cabinet in May 2017.
- 11.2 The Corporate Fraud Response Plan, Corporate Prosecutions Policy and Whistleblowing Policy have been revised to further support the Council's counter fraud framework. These draft documents are to be issued to Senior Management for comment prior to being presented to Audit Committee for consideration.

12. External Clients

- 12.1 Whilst the primary focus for the CAFT is the Council, the team also offers a counter fraud service to Internal Audit's external clients. This external work is only undertaken where it is considered to be in the best interests of both the external client and the Council in respect of competing priorities and resources.
- 12.2 Following the review and revision of the Council's corporate counter fraud framework, the Principal Auditor (Corporate Anti-Fraud) has been requested to carry out a review of South Yorkshire Fire and Rescue Authority's counter fraud policies.
- 12.3 In addition to the above, the Principal Auditor (Corporate Anti-Fraud) is providing advice and support to management in respect of two irregularities.

13. Financial Implications

- 13.1 Whilst there are no direct financial implications arising from this report there are inherent financial issues concerning anti-fraud and corruption. An increase in controls may have cost implications, both in terms of additional checks, potentially slowing down service delivery, and computer system changes. Those costs have to be balanced against the risk of loss, whether because of fraud or general inefficiency. Any cost implications arising from the need to introduce additional controls and mitigations will be discussed with management. The emphasis at all times will be to improve

controls without increasing costs or jeopardising efficient and compliant service delivery.

14 Risk Considerations

- 14.1 Somewhat obviously, the process prompted by this work is focussed entirely on the effective assessment of fraud risk.
- 14.2 The loss of assets and resources as a result of fraud is included within the Strategic Risk Register.

Contact Officer: Head of Internal Audit and Corporate Anti-Fraud
Telephone: 01226 773241
Date: 20th November 2017

	Case Description	Result / Outcome
1.	<p>Housing Benefit and Council Tax Support Fraud – A fraud referral was received from the Head of Benefits, Taxation and Income following discrepancies identified as a result of a HMRC Real Time Information (RTI) datamatch.</p> <p>RTI is HMRC's system for collecting tax information from employers and pension providers. This information is matched to Department for Works and Pensions (DWP) housing benefit data and referrals are issued to local authorities where DWP data is inconsistent with tax records.</p> <p>The RTI datamatch suggested that a Benefits, Taxation and Income Officer in receipt of housing benefit and council tax support had failed to report a number of changes in circumstance which resulted in overpayments of housing benefit and council tax support.</p> <p>CAFT enquiries established that, during the period April 2015 to November 2016, the Council employee had failed to inform the Council of 4 separate changes in circumstances that would affect benefit entitlement.</p> <p>The failure to report these changes in circumstance, which included increases in contracted hours and salary, resulted in a housing benefit overpayment of £3,798.40 and council tax support of £761.55.</p>	<p>The officer was suspended and, as the housing benefit overpayment exceeded £500, the officer was also advised that the matter would be referred to the DWP for investigation in accordance with local procedures.</p> <p>The employee admitted being knowledgeable about housing benefit legislation and the implications a change in circumstance may have on benefit entitlement during a management interview, but was unable to provide satisfactory explanations for the failure to report the changes in circumstance.</p> <p>CAFT's evidence and findings were forwarded to management and the Benefits, Taxation and Income Officer was later dismissed for gross misconduct at a disciplinary hearing.</p> <p>Due to the value of the council tax support overpayment, £761.55, it was not considered to be in the public interest for the Council to pursue a criminal prosecution. However, the DWP have undertaken their investigation of the overpaid housing benefit and the case is currently with the CPS for a possible criminal prosecution.</p>
1.	<p>Sub-letting Fraud – An investigation was instigated following a referral from Berneslai Homes who believed that a tenant may have been subletting the property to another family.</p>	<p>The tenant was invited to attend an Interview Under Caution where he declined to answer questions and gave a "No comment" interview.</p>

	Case Description	Result / Outcome
	<p>Enquiries revealed a number of individuals had links to the property and witness statements were obtained which evidenced that the tenant had claimed to be the owner of the property.</p> <p>Further investigations established that the tenant had been sub-letting and renting out his council house to several individuals and families from June 2014 to June 2016.</p>	<p>A decision to prosecute was made and the case was initially heard at Barnsley Magistrates Court on 5th January 2017 where the tenant made a "Not guilty" plea.</p> <p>A trial date of 22nd June 2017 was set. However, the defendant's Solicitor contacted the Council's Legal Team at the end of May 2017 to advise that another 'Plea Hearing' had been organised for the tenant who had indicated that he wished to change his plea to "Guilty".</p> <p>The tenant subsequently pleaded guilty to breaching of terms of his tenancy, by subletting the whole of the house without the landlord's (Berneslai Homes) consent and ceasing to occupy the house as his only or principal home, contrary to Section 1(2) and (6) of the Prevention of Social Housing Fraud Act 2013 (POSHFA).</p> <p>He was subsequently sentenced to 26 weeks imprisonment at a Court hearing held on Thursday 8th June 2017.</p> <p>In sentencing, the Chairman of Magistrates told the tenant;</p> <p><i>"This was a very serious offence which we feel has crossed the custody threshold. We give you credit for the fact you changed your plea to one of guilty before trial and for which we will not now be sending this matter to the Crown Court for sentencing.</i></p> <p><i>This was a sophisticated and planned offence of dishonesty over a period of time where you financially gained from the rent you charged to tenants.</i></p>

	Case Description	Result / Outcome
		<p><i>You even drew up a tenancy agreement for the tenants”.</i></p> <p>The Court also made an Unlawful Profit Order under Section 4 of POSHFA 2013 requiring the tenant to pay the landlord, (Berneslai Homes) the sum of £5,725, an amount representing profits made as a result of his conduct, which will be paid on his release.</p> <p>Berneslai Homes have subsequently obtained possession of the property following the successful conviction.</p>



Technical update

Incorporating the External Audit Progress Report





Barnsley Metropolitan Borough Council

November 2017

Contents

The contacts at KPMG in connection with this report are:		Page
Clare Partridge Partner KPMG LLP (UK) Tel: 0113 231 3922 clare.partridge@kpmg.co.uk	External audit progress report	3
	KPMG resources	5
	Technical developments	9
	Appendices	
Amy Warner Manager KPMG LLP (UK) Tel: 0113 231 3089 amy.warner@kpmg.co.uk	1. 2017/18 audit deliverables	21

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

 High impact  Medium impact  Low impact  For information



External audit progress report

External audit progress report

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

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

Area of responsibility	Commentary
Financial statements	<i>We are in the planning stage of our audit, and intend to bring our audit plan to audit committee early next year.</i>
Value for Money	<i>We are in the planning stage of our audit, and intend to bring our audit plan to audit committee early next year.</i>
Certification of claims and returns	<i>We are in the final stages of completing our work on certifying the housing benefits return. We have certified the Teachers Pension and Pooling of Housing Capital Receipts return and no issues were noted</i>
Other work	<i>Our pensions team has been commissioned to undertake work in relation to the impact of the Local Government Pension Scheme surplus on Barnsley MBC.</i>



KPMG Resources

Ready for General Data Protection Regulations (GDPR)?

The biggest change to rules governing data protection for more than 20 years comes into effect in May 2018, carrying fines of up to 4% of revenue or €20m for organisations that do not comply, whichever is higher. The European Privacy regulators have made it very clear they intend to use their new powers.

Managing data requires a careful strategy to ensure that it's reliable and that customers understand what you are doing with their personal information and where required that you have gained their consent. This will ensure the insights it delivers are actionable, and reduces the risk that organisations won't be perceived as intrusive as customers see more tailored services.

Based on KPMG's extensive experience in working with organisations across sectors and geographies on privacy matters, we recommend the following five step approach. This could be used specifically for the purposes of the GDPR or as a broader privacy strategy approach.

- 1) **Define your privacy strategy** – Defining your privacy strategy is the first step. Without it, you can't have a consistent and coherent approach. The strategy must be defined and articulated, and then presented to senior leadership for their endorsement. You need to get it on the decision maker's agenda fast. Our recent experience has shown that most organisations will need to put investment into a privacy improvement programme.
- 2) **Where are you now?** – In order to establish the size of the task ahead and what specific areas need addressing, you need to understand your organisation's current maturity. This is not a tick box exercise but a pragmatic, focused process to really understand the GDPR privacy risk exposures that exist across your organisation.
- 3) **Take a pragmatic approach** – You need to build a realistic plan which will help you manage your risk to an appropriate level, in line with your overall business strategy. This does not necessarily mean taking a leading position in every single respect – but a clear view of what success looks like for you.
- 4) **Coordinate and deliver** – Focusing on areas of greatest risk, you need to ensure that controls are embedded as part of day to day business operations. This will require coordination across the organisation. Make sure you have the right blend of input from legal, IT, HR and other functions and enough resources. Don't underestimate the level of effort – personal information is everywhere in your organisation.
- 5) **Embed into business as usual** – Complying with the GDPR is about defining, implementing and then sustaining compliant processes. Post 2018 you will be required to demonstrate, on an ongoing basis, how you collect, use, retain, disclose and destroy personal information in line with the GDPR requirements. This impacts everything you do relating to personal information and is therefore a significant transformational activity for your organisation going forwards.

More details, including in relation to the five step approach set out above, can be found at: www.kpmg.com/uk/privacyservices

Faster accounts close for Local Government

In February 2015 a new closedown timetable for Councils, Fire Authorities, Police Bodies and National Park Authorities was set out reducing both the time to prepare the accounts and complete the audit. As in prior years The Regulations retain the requirement for the draft accounts to be approved by the Responsible Finance Officer and sets out the period for the exercise of public rights.

The Benefits

The Government has been keen to improve transparency of local government financial reporting. Historically there has been a disconnect between budget monitoring carried out during the year and the annual accounts closedown process producing a set of statements that bear little resemblance to the reported budget position.

The Risks

Reducing the time taken to publish the financial statements presents a number of risks to authorities which will need to be addressed in order to facilitate successful faster closure. The Regulations set out the duties of the Responsible Financial Officer to have proper arrangements in place.

potential risks include:

- failure to deliver the draft and final statements within the deadlines;
- incomplete and inaccurate financial statements (e.g. due to risk of error from increased estimation);
- reputational damage; and
- diversion of resources from other key finance activities –leading to issues in other areas.

As well as compliance with the Regulations, failure would lead to potential qualification of the VFM opinion from external auditors and critical comments from national stakeholders.

Lessons from bodies already closing early

Experience elsewhere suggests there needs to be an early recognition of the additional work needed to develop the faster plan. Many Authorities have developed a project group of key senior finance officers and central and service finance office to develop the approach.

Resourcing is always recognised as an issue, but in the development of a plan, authorities need to ensure that accounts production is appropriately shared amongst staff resources, for instance, there is experience at smaller authorities that this is allocated to one person.

Fundamental to the development plan is ensuring that all contributors, including those outside of finance, are aware of the change and they are built into the project.

KPMG have produced a thought leadership document that covers the above in more detail. This is available from your audit team.

The route to digital business leadership

Whether disruptive technologies are viewed as a threat, an opportunity, or both, the need for digitally enabled business transformation is a survival issue for some and a strategic imperative for just about everyone else. But organizations are meeting with varying levels of success.

In this year's Harvey Nash / KPMG CIO Survey, we recognized that there was a group of respondents who are 'very effective' at using digital technologies to advance their business strategy. We have labelled these organizations 'Digital Leaders'.

Based on extensive analysis of the survey data, KPMG member firms' professional experience and conversations with clients, we have identified four key practices that set these 'digital leaders' apart from other organizations. The report describes each in more detail:

- Build on a stable and secure infrastructure
- Invest aggressively in agile and disruptive technologies
- Adept at aligning business and IT strategy
- Focused on innovation and growth

But how do you become a digital leader? KPMG's report sets out six steps that organizations can take to help close the gap, and move them down the road towards digital business leadership.

The full report can be accessed here: <https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2017/09/the-route-to-digital-business-leadership.pdf>



Technical developments

Local government finance settlement 2017-18

Level of impact: ● (For Information)	KPMG Perspective
<p>The Department for Communities and Local Government (DCLG) has published the final local government finance settlement for 2017/18. The settlement reflects comments received by DCLG in response to its consultation, with key features including:</p> <ul style="list-style-type: none">— confirmation of spending allocations for those authorities which have taken up the government’s four-year funding deal first set out in 2015;— details of council tax referendum thresholds, including the additional social care precept, and a 2% principle for all shire district councils, and for police and crime commissioners in the lowest quartile; and— the legislative framework for business rates reform underpinning the move towards 100% business rates retention. <p>For further information please see www.gov.uk/government/collections/final-local-government-finance-settlement-england-2017-to-2018</p>	<p>Committee members may want to be updated as to how this will impact on the medium term financial plans.</p>

Public Sector Internal Audit Standards (PSIAS)

Level of impact: ● (For Action)	KPMG Perspective
<p>The revised Public Sector Internal Audit Standards (PSIAS) came into force on 1 April 2017 and are included on the IASAB website (a CIPFA microsite – link below). These were agreed by the Relevant Internal Audit Standard Setters (RIASS) who are CIPFA in respect of local government bodies across the UK.</p> <p>The standards apply to local authorities and other local government bodies, including police and fire bodies, as well as government departments (including executive agencies and non-departmental public bodies) and Clinical Commissioning Groups and NHS trusts.</p> <p>The standards are based on the mandatory elements of the International Professional Practices Framework (IPPF) as follows:</p> <ul style="list-style-type: none"> – Definition of internal auditing. – Core principles for the professional practice of internal auditing. – Code of ethics. – International standards for the professional practice of internal auditing (which comprise statements, interpretations and a glossary). – Plus the mission of internal auditing. <p>In addition, the PSIAS include a small number of the UK public sector requirements, which indicate how internal auditors must implement the IPPF in the UK public sector including:</p> <ul style="list-style-type: none"> – conforming to the Code of Ethics. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation; – having regard to the Committee on Standards of Public Life's Seven Principles of Public Life; and – the requirement for the chief audit executive to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme. <p>The 2017 PSIAB standards can be found at www.iasab.org/standards</p>	<p>Committee members may wish to request assurance that the Internal Audit standards will be achieved.</p>

Local authority accounts: A guide to your rights

Level of impact: ● (For Information)

The NAO publishes a guide aimed at helping local people understand their rights to ask questions, inspect and object to local authority accounts. The updated publication, *Local authority accounts: A guide to your rights*, is available on the NAO website (at the link below).

The main changes to the guide are as follows:

- A change of title from *Council Accounts: A guide to your rights* to *Local authority accounts: A guide to your rights*, to reflect the fact that public rights apply to a wider selection of authorities than 'councils'.
- The guide contains a new Annex, which addresses issues specific to smaller authorities, such as exemption from limited assurance review, which comes into force from 2017-18 onwards.
- The guide clarifies that, while helpful to do so, it is not necessary for electors to identify an item of account in order for the objection to be eligible, particularly where they are raising issues in respect of governance, and/or are asking the auditor to issue a report in the public interest. Audit committee members are encouraged to read the guide, and to direct members of the public to in correspondence where this may be helpful.

The guide can be found at www.nao.org.uk/code-audit-practice/council-accounts-a-guide-to-your-rights/

Publication of 2017/18 work programme and scale of fees

Level of impact: ● (For Information)

Following consultation, Public Sector Audit Appointments Ltd (PSAA) has published the work programme and scale fees for the audit of the 2017/18 accounts of principal local government and police bodies.

There are no changes to the overall work programme for 2017/18. Scale fees will therefore also remain at the same level as the scale fees applicable for 2016/17. This retains the significant fee reductions of 55 per cent secured since 2012/13, and continues to protect audited bodies from cost of living increases with an overall real terms saving equivalent to 61 per cent.

The audit of the 2017/18 accounts is the final year for the current audit contracts, which were extended for one year under transitional arrangements made by the Department for Communities and Local Government. For audits of the accounts from 2018/19, the provisions of *the Local Audit and Accountability Act 2014* in relation to local appointment of auditors will apply. The Secretary of State for Communities and Local Government has specified PSAA as the appointing person for principal local government and police bodies, and, in accordance with the Act, PSAA will therefore appoint auditors and set scale audit fees for bodies that have opted into its national scheme.

During the course of 2017/18 PSAA plans to make a distribution of surplus funds to principal local government and police bodies. The distribution is made possible by the transfer of an element of the Audit Commission's retained earnings prior to its closure in March 2015 and by PSAA making further efficiencies since its establishment.

The work that auditors will carry out on the 2017/18 accounts will be completed based on the requirements set out in the *Local Audit and Accountability Act 2014* and under the *Code of Audit Practice* published by the National Audit Office.

The 2017/18 work programme documents and scale fees for individual audited bodies are now available on the PSAA website at www.psaa.co.uk/audit-and-certification-fees/201718-work-programme-and-scales-of-fees/

Local Audit (public access to Documents) Act 2017

Level of impact: ● (For Information)

The *Local Audit (Public Access to Documents) Act 2017* (the Act) received royal assent on 27 April 2017. The Act extends rights of inspection under section 26 of the *Local Audit and Accountability Act 2014* to include journalists and citizen journalists.

The Act defines a journalist as 'any person who produces for publication journalistic material (whether paid to do so or otherwise).' Committee members will wish to note that while the Act extends rights of inspection, there are no changes in respect of auditors' additional powers and duties; the rights under the *Local Audit and Accountability Act 2014* to ask the auditor questions about the accounts, and to make an objection at audit, continue to be restricted to local government electors only.

CIPFA consultations

Level of impact: ● (For Information)

Members will wish to be aware that CIPFA/LASAAC are consulting on the 2018/19 *Code of Practice on Local Authority Accounting in the United Kingdom*.

The consultation will close on 6 October 2017 with responses direct to CIPFA. The changes being consulted on are:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- narrow scope amendments to International Financial Reporting Standards;
- legislative and policy changes.

A copy of the consultation can be found at www.cipfa.org/policy-and-guidance/consultations/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-2018-to-2019-invitation-to-comment The deadline to respond is 6 October 2017.

In addition, CIPFA is consulting on changes to both the prudential and treasury management codes. These codes have not been updated for some time and CIPFA recognises that they needed to be revised to take into consideration new patterns of local authority borrowing and investment activity.

The prudential code consultation can be found at www.cipfa.org/policy-and-guidance/consultations/consultation-on-proposed-changes-to-the-prudential-code and the treasury management code consultation at www.cipfa.org/policy-and-guidance/consultations/consultation-on-treasury-management-code

The closing date for responses for these consultations is the 30 September.

NAO Report – Progress in setting up combined authorities

Level of impact: ● (For Information)

In July, the NAO published its report on *Progress in setting up combined authorities* which concludes that for combined authorities to deliver real progress they will need to demonstrate that they can drive economic growth and contribute public sector reform.

These authorities have inherently complex structures and are not uniform. They vary in the extent of the devolution deals they have struck with government. The combined authority with the greatest degree of devolution, Greater Manchester, has now absorbed control over the office of the police and crime commissioner and fire and rescue services. Others are currently primarily focused on transport issues, as well as housing and regeneration.

The report highlights a number of risks including:

- local councillors will have limited capacity for the overview and scrutiny of combined authorities. Furthermore, in May 2017, six mayors were elected to combined authorities in England, with candidates having campaigned on manifestos which frequently made policy commitments beyond the current remits of these organisations. This raises the question of whether mayors can be credible local advocates if they only deal with the limited issues under the remit;
- a number of authorities have been unable to bring local authorities together to establish combined authorities, while areas with a long history of working together have often found it most straightforward to establish combined authorities;
- the capacity of most combined authorities is currently limited and the lack of geographical coherence between most combined authorities and other providers of public services could make it more problematic to devolve more public services in the future; and
- if the United Kingdom's departure from the European Union (EU) results in reductions in regional funding, the economic regeneration role of combined authorities would become more pressing. Combined authorities are generally in areas which receive the most EU funding. The North West, for example, is scheduled to receive in excess of 1 billion euros in European Regional Development Funds, European Social Fund, and Youth Employment allocations between 2014 and 2020.

The report is available on the NAO website at www.nao.org.uk/report/progress-in-setting-up-combined-authorities/

PSAA's Value for Money tool

Level of impact: ● (For Information)

Public Sector Audit Appointments Ltd (PSAA) further updated their Value for Money Profiles tool (VFM Profiles) on 4 August 2017.

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

- Alcohol related admissions to hospital (2015/16)
- Attainment by age 19 (2015/16)
- Claimant count (2017)
- Climate change statistics (2015)
- Collection rates for council tax and non-domestic rates (2016/17)
- Conception statistics (2015)
- Council tax demands and precepts statistics (2017/18)
- Delayed transfers of care (Q1 2017)
- Fire and rescue service statistics (2016)
- First time entrants into the youth justice system (2015/16)
- Fly tipping incidents and actions (2015/16)
- Fuel poverty (2015)
- Homelessness statistics (2016/17)
- Mid-year population estimates (2016)
- National road maintenance condition survey (2015/16)
- NHS health check data (2016/17)
- Pupil absence in schools (2015/16)
- School capacity (2016)
- Schools, pupils and their characteristics (2016/17)

The tool can be accessed through the PSAA website at http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing

PSAA report on the results of auditors' work at Local Government bodies 2016-17

Level of impact: ● (For Information)

Public Sector Audit Appointments Ltd (PSAA) intends to publish a report on the results of auditors' work at local government bodies for 2016-17.

In December 2016, PSAA published its second report on the results of auditors' work at local government bodies covering the 2015-16 financial year.

PSAA is intending to publish a report on the results of auditors' work at principal local government bodies and small bodies for the 2016-17 audit year, covering the following:

- timing of issue of accounts opinions (early and late);
- non-standard accounts opinions;
- emphasis of matter and other matter paragraphs;
- non-standard conclusions on arrangements to secure VFM; and
- details of public interest reports and statutory recommendations issued since the previous report.

The report will include the names of individual principal bodies under each of the above categories, as appropriate, with a summary of all the principal bodies named in the report in an appendix at the end. PSAA is aiming to publish the report around mid-December 2017.

Information reported by auditors in the PSAA audit issues survey will be the primary source of information for the report.

NAO homelessness report

Level of impact: ● (For Information)

The NAO has published a report on Homelessness which may be of interest to members in considering bodies' arrangements to secure value for money.

The report finds that homelessness has increased across all measures since 2010, with many local authorities now seeing it as a risk to their financial sustainability. It also finds that government has not evaluated the impact of its welfare reforms on homelessness, or the impact of the mitigations that it has put in place.

The report details the increase in statutory homelessness in England in recent years, and identifies the factors driving this. It notes that although the Department for Communities and Local Government (DCLG) is responsible for tackling homelessness, during its increase, DCLG took a light touch approach to working with local authorities. This contrasts with the more interventionist approach that it has taken during previous periods of high homelessness. Although DCLG requires each local authority to have a homelessness strategy, it does not monitor their content or their progress.

DCLG has supported new legislation that will increase the responsibilities of local authorities in preventing homelessness. The Homelessness Reduction Act 2017 aims to give local authorities more responsibility for preventing homelessness. DCLG expects that these responsibilities will lead to an increase in prevention cases and a fall in the number of households that qualify for temporary accommodation.

The report finds that the ability of local authorities to respond to increased homelessness is constrained by the limited options they have to house homeless families. As set out in the NAO's assessment of the housing market in Housing in England: overview, there has been a significant reduction in social housing over the past few decades. While spending by local authorities on homelessness services such as temporary accommodation has steadily increased since 2010, spending on overall housing services has fallen by 21% in real terms over the same period. The proportion of homeless households in temporary accommodation outside their home borough increased from 13% in March 2011 to 28% in March 2017. Almost 90% of these households are from London boroughs.

The Homelessness report is available from the NAO website.

Smith Institute report on the increase of local housing companies

Level of impact: ● (For Information)

The Smith Institute has published a report on the rise of local housing companies (LHCs) which may be of interest to members in considering bodies' arrangements to secure value for money.

The report finds there are already over 150 LHCs, set up by local authorities to provide commercial and social housing opportunities. The Smith Institute estimates that the number of LHC's will grow to around 200 over the next three years.

The report finds LHCs are largely outside of the housing revenue and housing association regulatory framework and are often partially financed by local authorities borrowing from the public works loan board and on-lending to the LHC while making a commercial return. With the changing regulatory environment around the current updating of the prudential code and the statutory investment regulations there may be a threat to the operation model of the LHC's.

The report can be accessed through the Smith Institute.



Appendix

Appendix 1

2017/18 audit deliverables

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	April 2017	Complete
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	January 2018	TBC
Interim			
Interim report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	March 2018	TBC
Substantive procedures			
Report to those charged with governance (ISA 260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	September 2018	TBC

Appendix 1

2017/18 audit deliverables (cont.)

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



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BARNLEY MBC AUDIT COMMITTEE – INDICATIVE WORK PROGRAMME

	Mtg. No.	4	5	6	7	8	1	2	3
Committee Work Area	Contact / Author	1.11.17	6.12.18	17.1.18	21.3.18	18.04.18	6.06.18	18.07.18**	21.09.18**
Committee Arrangements		Workshop							
Committee Work Programme	WW	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	X(?)							
Training Review and Skills Assessment	RW/CHAIR	X(?)							
Review of Terms of Reference & Working Arrangements	ACF	X(?)							
Draft Audit Committee Annual Report	RW/CHAIR	X(?)				X		X	
Audit Committee Annual Report	RW/CHAIR								
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 Moved from 18/7		
Final Annual Governance Statement	AF/AH							X Moved from 21/9	
AGS Action Plan Update	AF/AH		X						
Corporate Whistleblowing Update & Annual Report	RW							X	
Annual Fraud Report	RW					X			
Corporate Fraud Team - Report	RW		X		X				
RIPA Update Report	AF/GK			X					
Review of Ombudsman Complaints	AF			X					
Corporate Risk Management									
Risk Management Policy & Strategy	AH								
Risk Management Update*	AH								

	Mtg. No.	4	5	6	7	8	1	2	3
Committee Work Area	Contact / Author	1.11.17	6.12.18	17.1.18	21.3.18	18.04.18	6.06.18	18.07.18**	21.09.18**
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	
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 Moved from 21/9	
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	X
Financial Reporting and Accounts									
Budget Proposal Section 25 Report	NC			X	X				
Draft Statement of Accounts	NC							X	
Corporate Finance Summary	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									

	Mtg. No.	4	5	6	7	8	1	2	3
Committee Work Area	Contact / Author	1.11.17	6.12.18	17.1.18	21.3.18	18.04.18	6.06.18	18.07.18**	21.09.18**
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		
Information Governance update	DR			X Moved from 6/12	X		X		X

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

** Please Note: the dates/times of these meetings are likely to change because of changes to the regulations relating to the approval of the accounts

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