

MEETING:	Audit Committee
DATE:	Wednesday, 6 June 2018
TIME:	4.00 pm
VENUE:	Reception Room, Barnsley Town Hall

AGENDA

Procedural/Administrative Items

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Appointment of Vice Chair

To consider the appointment of a Vice Chair from amongst the Independent Members of the Committee.
3. Minutes (*Pages 3 - 14*)

To receive the minutes of the meeting held on the 18th April, 2018.

Items for Discussion/Decision

4. Draft Annual Governance Statement 2017/18 (*Pages 15 - 40*)

The Committee will receive a copy of the draft Annual Governance Statement 2017/18.
5. Draft Statement of Accounts 2017/18 (*Pages 41 - 62*)

The Service Director Finance will submit a report on the draft 2017/18 Statement of Accounts, the Council's eight set of accounts prepared in accordance with International Financial Reporting Standards.

(Note: Appendix 1 – the Draft Statement of Accounts 2017/18 will be submitted in due course in accordance with the statutory deadline once finalised)
6. Annual Fraud Report 2017/18 (*Pages 63 - 76*)

The Head of Internal Audit and Corporate Anti-Fraud will submit his annual report providing an account of counter fraud related activity undertaken by Internal Audit's Corporate Team for the period 1st April, 2017 to 31st March, 2018 and providing information and assurance to the Committee regarding key aspects of the Authority's risk management, control and governance framework.
7. Interim Internal Audit Annual Report 2017/18 (*Pages 77 - 102*)

The Head of Internal Audit and Corporate Anti-Fraud will submit his interim annual report on the adequacy and effectiveness of the Authority's framework of governance, risk management and control arrangements based on the work of Internal Audit during 2017/18 which has been prepared in accordance with the Public Sector Internal Audit Standards.

8. Internal Audit Charter 2018 - 2020 (*Pages 103 - 122*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report on the Internal Audit Charter 2018 – 2020, required to be produced in accordance with the revised Public Sector Internal Audit Standards, which, supplemented by regular reports and an annual report, gives assurance as to how the Internal Audit function is resourced, managed, organised and delivered.

Items for Information

9. Governance and Member Support Business Unit Progress Report (*Pages 123 - 126*)

The Service Director Governance and Member Support will submit a report providing an overview of the functions of the Governance and Member Support Business Unit and related elements of the Annual Governance Statement process in line with the Audit Committee Work Programme.

10. External Audit Technical Update and Progress Report (*Pages 127 - 138*)

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

11. Audit Committee Work Plan 2018/19 (*Pages 139 - 142*)

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

To: Chair and Members of Audit Committee:-

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

Diana Terris, Chief Executive
All Executive Directors
Andrew Frosdick, 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 email governance@barnsley.gov.uk

Tuesday, 29 May 2018

MEETING:	Audit Committee
DATE:	Wednesday, 18 April 2018
TIME:	4.00 pm
VENUE:	Reception Room, Barnsley Town Hall

MINUTES

Present 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

68. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

69. MINUTES

The minutes of the meeting held on the 21st March, 2018 were taken as read and signed by the Chair as a correct record.

70. INTERNAL AUDIT QUARTERLY REPORT 2017/18 - QUARTER ENDED 31ST MARCH, 2018

The Head of Internal Audit and Corporate Anti-Fraud submitted a report providing a comprehensive overview of the key activities and findings of Internal Audit based on the Service's work covering the whole of the fourth quarter ending 31st March, 2018 of the 2017/18 audit year.

The report covered:

- The issues arising from completed Internal Audit work in the period
- Matters that had required investigation
- An opinion on the ongoing overall assurance Internal Audit was able to provide based on the work undertaken regarding the adequacy and effectiveness of the Authority's internal control environment
- Progress on the delivery of the Internal Audit Plan for the period up to the end of the fourth quarter of 2017/18
- Details of Internal Audit's performance for the quarter which remained satisfactory

Internal Audit work undertaken during the period had identified one fundamental management action.

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

Of the 42 management actions followed up, 26% had been implemented by the original target date, 5% had been completed after the target date, 19% had not yet been completed by had revised dates agreed and 50% were waiting a response from management

In relation to the Audit Plan, actual days delivered were in excess (10%) of the profile as planned at this stage of the year and quarterly performance of the function was satisfactory with all Performance Indicators meeting or exceeding target levels.

The Annual Report would be presented to the June meeting of the Committee and this would summarise all Internal Audit activity and performance for the year for consideration alongside the draft Annual Governance Statement.

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

- There was a discussion of and concern expressed at the increase in the delay in follow up reports in response to recommendations and in response the Audit Manager made reference to the reasons for this
 - It was noted that the majority of these related to Local Authority Maintained Schools where the delay had been because of the Easter break. Some responses related to Museums Establishment visits where the delay had been as a result of staffing changes and the remaining were awaiting a revised target date.
 - It was noted that whilst the number of limited assurance opinions exceeded the adequate/substantial opinions, they had largely been given for control weaknesses in areas with a narrow scope, limited transactions and financial value
 - It was reported that Internal Audit continued to have very good co-operation from management including SMT who closely monitored the implications from the delay in implementing management actions.
 - In view of the concerns expressed by Members at the worsening position, the Head of Internal Audit and Corporate Anti-Fraud commented that there was a difference between a recommendation in relation to a control weakness and one relating to a suggested improvement and he stated that the priority attached to each would vary. He felt, therefore, that there was a need for a further analysis detailing the context and risk associated with the delay of recommendations.
- Arising out of the above, reference was made to the ways in which audits had changed and which now encouraged discussion and challenge of issues with all parties. In response to specific questioning, reference was made to the action taken in the event that there was disagreement/objection to the audit recommendations. It was noted, however, that this seldom occurred
- Whilst the review of the Housing Benefit System Access had identified a significant number of people with incorrect user permissions, no fraud had been identified and there was little potential for fraud largely because of the other systems in place to prevent inappropriate access. It was noted that a joint project group had been created to address issues identified
- Reference was made to the HR Baseline Personnel Security Standards review which had identified inconsistencies in relation to the collection of references in relation to agency/temporary staff. Appropriate action had been taken to address the issues identified

- In relation to the review of the Register of Interests, it was noted that whilst there were no particular concerns in relation to declarations by Elected Members, there was a lack of clarity regarding the procedure for employees to declare personal interests and any gifts and hospitality. Appropriate action was being taken and additional emphasis was being made in communications with staff to remind them of their responsibilities in this regard
- Reference was made to the action taken in response to the Procurement Themed Review which had identified issues in relation to the compliance with regulatory and procedural requirements when procuring goods or services. Arising out of this, there was a discussion of the role of Governing Bodies and to the request made for all Governing Bodies to undertake a self-assessment so that there was an assurance that they were aware of their legal responsibilities. It was noted that in some instances additional training had been requested. It was also noted that a procurement toolkit was to be made available which would enable schools to undertake the necessary checks and balances. This resource was to be advertised to all schools.

RESOLVED

- (i) that the issues arising from the completed internal audit work for the period along with the responses received from management be noted;
- (ii) that the assurance opinion on the adequacy and effectiveness of the Authority's Internal Control Framework based on the work of Internal Audit in the period to the end of March 2018 be noted;
- (iii) that the progress against the Internal Audit Plan for 2017/18 for the period to the end of March, 2018 be noted; and
- (iv) that the performance of the Internal Audit Division for the fourth quarter be noted.

71. STRATEGIC RISK REGISTER - FULL REVIEW MARCH, 2018

The Executive Director Core Services submitted a report presenting a draft report to be submitted to Cabinet on the 16th May, 2018 on a review of the Strategic Risk Register undertaken in March, 2018.

The report, which was presented by Mr A Hunt, Risk and Governance Manager, formed part of the Committee's assurance process where it was agreed that following the completion of the review of the Strategic Risk Register, the Committee consider the latest version and provide appropriate comments thereon.

The Register contained those high level risks that were considered significant potential obstacles to the achievement of the Authority's Corporate Objectives. It was important that the Register remain up to date and be reviewed regularly in order to accurately reflect the most significant risks to the achievement of objectives and facilitate timely and effective mitigations to those risks.

Following a review of the Strategic Risk Register in October 2016, a further review of the approach to reviewing and updating the Strategic Risk Register had been undertaken as part of the review of the register itself in October 2017 the outcomes of which were detailed within the report. Mr Hunt outlined in some detail:

- The implementation of a 'Gateway' process to ensure the Strategic risk Register contained strategic risks rather than operational issues.
- The future possible developments including the adoption of visualisation and graphical methods to demonstrate direction of travel
- The greater involvement of the Senior Management Team and Barnsley Leadership Team to give an officer perspective of the risks and to give greater challenge

He then went on to outline the way in which the current register had been reviewed and he commented on the main components of the review and the items included. The report outlined:

- The key risks across the six 'concern' rating classifications
- The total number of risks logged since the last review which remained stable
 - It was noted that Risk 4103 (Waste PFI – Insurance Risk) had been removed following its de-escalation; Risk 3027 (Failure to manage organisational change – risk of Destabilisation of the Organisation) had been replaced with Risk 4154 (Failure to achieve the full benefit of our change work to date and to ensure it is sustainable in the future); Risk 4170 (Failure to ensure the Glassworks Programme delivers etc.) had now been included as a new risk
 - Risk 3029 (Failure to safeguard information) had its risk concern rating increased, from '4' and was now logged as '3' to reflect the possible exposure to areas of non-compliance relating to the General Data Protection Regulations due to come into force in May 2018
 - Details of the average risk score for the Register, from the 'zero-based' review undertaken in 2013 were detailed. There was a slight variance in the average concern rating which was directly attributable to the removal of risk 4103 and the addition of risk 4154 and 4170 allied to changes to risk 3029 as detailed above
- The significant/red risks and new and emerging risks and the risk mitigating actions.
- Other significant changes to the Strategic Risk Register

A further review of the Register was now programmed with other governance related reports such as those relating to Corporate Finance and Performance Management in order for the Cabinet to receive and consider governance related reports as a broad suite of documents.

The report and Register indicated how assurance against significant risks was being managed appropriately and Appendices to the report provided details of:

- The background to the Strategic Risk Register
- The consideration of the current expression of the Risk
- The consideration of links between Corporate Priorities, Outcomes and Risks
- The consideration of the level of 'Concern' for each Risk
- The consideration regarding existing Risk Mitigation Actions as well as consideration of any new Risk Mitigation Actions
- The consideration of Future Council Activity
- The 'direction of travel' trends
- The risks that had been completed
- A copy of the full Strategic Risk Register

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

- Risk 4170 (Glassworks Project etc.) - there was a detailed discussion in relation to this risk and to the wording thereof within the register. It was noted that whilst there were robust arrangements and contingency funds in place, this did not take away the risks associated with a scheme of this magnitude. It was noted that whilst costs had increased these were measured and monitored. It was stressed that there was a much more detailed operational Risk Register for this project, the Strategic Risk Register dealt more with the governance and control of the programme. It was noted that meetings were held as required to monitor this risk and further meetings were also planned between Internal Audit and the Service Director Finance. It was also suggested that, if appropriate, a further report be submitted later in the year detailing the progress of the project and any concerns arising
- Risk 3543 (Failure to ensure the adequate supply of land for housing and commercial growth).
 - In response to questioning, the Executive Director Core Services gave an update on the current position with regard to the progress of the Local Plan.
 - Appropriate amendments were to be made to the Plan with the expectation that it would be formally approved by spring 2019 at the latest.
 - In terms of assurance, the Executive Director Core Services commented that the Authority was following all the appropriate procedures required of it and that the Plan would be amended and approved as appropriate as and when all the required protocols and procedures had been completed
 - Arising out of this discussion it was suggested that the Head of Planning Policy and Building Control be invited to a future meeting to address the Committee on the current position with regard to this risk, the mitigations in place and the position with regard to the final approval of the Local Plan. In response to further questioning the Head of Internal Audit and Corporate Anti-Fraud commented that Internal Audit had never undertaken an audit of this particular issue as it did not feather high enough on the risk profile to warrant a review

RESOLVED

- (i) that the report on the outcome of the recent review of the Strategic risk Register in relation to the management, challenge and development of the Register be noted and the Committee continue to receive periodic updates as to the progress of the actions taken and their impact on the Strategic Risk Register; and
- (ii) That the report be referred to Cabinet on the 16th May, 2018 for consideration.

72. HEALTH, SAFETY AND EMERGENCY RESILIENCE BRIEFING

The Committee received the mid-year Health, Safety and Emergency Resilience briefing detailing the data for the 9 months as at 1st January, 2018.

The briefing, which was presented by Mr S Dobby (Head of Corporate Health, Safety and Emergency Resilience) outlined:

- The introduction from 5th February, 2018 of the Ionising Radiation Regulations 2018. This applied to secondary schools and the use of radioactive substances in science
- The provisional overview of accidents and incidents in relation to the Reporting of injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) reported by category and by Department/School
- The quarter 3 performance statistics against corporate health and safety indicators with comparisons to the previous quarter, to actuals for 2016/17 and to the targets for 2017/18
- The statistical data for the fourth quarter would be available from Monday 23rd April, 2018 and a full year report would be provided later in the year

In the ensuing discussion, the following matters were raised:

- It was noted that only Penistone Grammar school used radioactive substances in science lessons which were largely attributable to the 6th form
- It was suggested that it would be useful to have comparators for previous years in relation to the RIDDOR statistics
- There had been 515 days lost due to RIDDOR reportable accidents compared to 323 in the previous year. This was largely because there had been 'complications' following accidents rather than an increase in the number of accidents
- the Head of Service outlined the action taken following the report of an accident. There were no particular 'hot spots' although it was noted that schools had the largest number of reportable accidents
- it was pleasing to note that all corporate health and safety indicators were at 100% with the exception of Performance Indicator HS3 (Percentage of accidents where a risk assessment was recorded as being completed for the activity prior to the accident) – this was, however, an improvement from quarter 2 but regrettably fell just short of the target for the year

RESOLVED

- (i) that Mr Dobby (Head of Corporate Health, Safety and Emergency Resilience) be thanked for attending the meeting and for answering Members questions the report be received; and
- (ii) that the report be received.

73. GENERAL DATA PROTECTION REGULATION PROGRAMME - UPDATE

The Data Protection officer submitted a report providing an update of the progress made being towards meeting the requirements of the General Data Protection Regulations 2018 (GDPR) which came into force on the 25th May, 2018.

The report provided information on the background to the General Data Protection Regulations, the implications for the Council and the considerable work that had been undertaken by the Information Governance Team over the last 18 months in preparation particularly in relation to 7 broad work streams, process mapping and involvement of each individual Business Unit.

Reference was also made to:

- The implications in relation to the rights of individuals
- accountability and governance
- meetings held with communications to agree the approach and timelines required for publication of GDPR related information
- the development and amendment of Council policies
- training and awareness sessions organised
- the decision that the Data Protection Officer provide a service for Parish Councils in the Borough and for the South Yorkshire Pensions Authority. In addition, schools had been asked if they wished to consider purchasing the service from the Council
- it was proposed that an update report be submitted two or three times a year and that Internal Audit undertake regular audits as this would give the Committee greater assurance around compliance.

An updated Programme Plan was appended to the report.

It was reported that the GDPR required the Authority to appoint a person to fulfil the role of the Data Protection officer and this was to be undertaken by the Head of Internal Audit and Corporate Anti-Fraud. A further Appendix to the report provided details of the role and responsibilities of this post. Arrangements were also being made to ensure that appropriate support was available including formalising reporting to this Committee, to the Information management Board, SMT and Cabinet.

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

- work was progressing to ensure that all contracts entered into by the Council were GDPR compliant
- the significant work undertaken in relation to GDPR meant that the authority had reviewed how it handled and stored data
- it was anticipated that in the future there were likely to be challenges (in a similar manner to PPI) about the ways in which personal data was handled and the concern was that this would generate a significant amount of work
- there was a discussion of the ways in which the Authority could assure itself that all partners were complying with these regulations and of the role of the Data Controller in this
- it was not thought that work emanating from Parish Councils would be particularly onerous due to the type of information held by them
- reference was made to the qualifications required to be a DPO and to the fact that the Head of Internal Audit and Corporate Anti-Fraud had completed and passed those qualification requirements
- there was a discussion of the fines that could be levied in the event of a breach. The External Auditor commented on the implications for the Council in terms of contracts and also in relation to a third party breaching the requirements of GDPR. It was accepted, however, that the Authority had taken all necessary action to mitigate against the risks involved.

RESOLVED:

- (i) that the report be received and that the progress made to date to prepare for the GDPR coming into force be noted;
- (ii) that the assurance regarding the actions in place to address key areas in advance of the implementation date of 25th May, 2018 be noted; and
- (iii) that further reports be submitted to future meetings providing information and assurances regarding the Authority's compliance with the GDPR.

74. INFORMATION COMMISSIONERS AUDIT

The IT Service Director submitted a report providing an update of the Information Commissioners Office (ICO) Audit.

As previously reported, the ICO had made significant recognition of the strong leadership and good practice that the Council had embedded. In particular they had cited the excellent online training provision, comprehensive case management system for processing Freedom of Information Act requests and Shortwood had been identified as having a very well established processes for managing paper records. A number of issues had, however, been highlighted for further improvement and a number of recommendations were made for the Council to act upon which were of a medium or low priority.

In relation to the progress of the ICO Action Plan, there were 8 urgent priority, 21 high priority, 57 medium priority and 24 low priority recommendations. The

implementation timetable agreed by the ICO was for all recommendations to be completed by 2020 which was because some were highly complex in nature and the report outlined the progress made to 31st March, 2018.

Whilst it had been anticipated that 48 recommendations would have been completed between December 2017 and March 2018, 33 remained incomplete and 11 were ongoing. The reasons for this were outlined and related to staffing changes and the complexity of the issues involved which meant that the original timescales had been unrealistic. Revised implementation dates had been agreed.

The ICO was due to request the updated action plan around September 2018 and the follow up audit would be a desk based review using the updated action plan and other supporting evidence. The next internal review would be presented to the Information Governance Board on the 8th May, 2018.

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

- In response to specific questioning reference was made to the document retention policy which detailed the timescales for which information could be kept.
- Reference was made to the overall audit opinion for the Council and the reasonable level of assurance in relation to Data Protection Compliance and to Records Management, Training and Awareness and Freedom of Information Act queries. Members of the Committee were reminded that the ICO had largely been complementary of the Councils arrangements and compliance with legislation
- There was a discussion of the potential conflict between the retention/disposal of personal information and the retention of archives for future use

RESOLVED:

- (i) that Ms S Hydon (Head of IT Service Management) be thanked for attending the meeting and for answering Members questions; and
- (ii) that the report be received and the progress made in addressing the issues arising from the ICO audit be noted.

75. INFORMATION GOVERNANCE PERFORMANCE - QUARTER 4 2017/18

The Service Director IT submitted a 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 4 of the 2017/18 financial year. The report also gave details within an appendix of the ways in which incidents could be reported.

In summary:

- in relation to Information Security Incidents

- there had been 32 incidents of which 3 involved a third party. After investigation 3 were found to be unsubstantiated and 9 were undergoing further investigation
 - in 2017/18 there had been 157 incidents (including weaknesses) which compared to 119 in the previous year. Of those, 3 had been reported to the Information Commissioners Office (ICO) compared to 4 in 2016/17
 - the report, in categorising incidents by Service and by type, indicated that the most frequently occurring were those disclosed in error – emails sent to the wrong recipient/incorrect recipients copied in/wrong postal addresses etc. Information was also provided about the principles of the Data Protection Act that had been breached together with the potential implications thereof
 - one incident that had been reported to the ICO was still under investigation and details of any recommendations/penalties were awaited. A further report would be submitted in due course
 - A summary of the lessons learned and action taken was provided and it was noted that the Information Governance Board and Service Directors were continuing to support the Information Governance Team with investigations and resolution of incidents
- in relation to Cyber incidents the report gave details of the number of ‘attempts’ and ‘attacks’ by quarter listed by category. It also gave comparisons with quarter 4 from the previous year
 - a 586 incidents had been reported which was a decrease from the previous quarter. Of those
 - 217 had been reviewed and advice given
 - 307 were real phishing emails with the sender being blocked
 - There had been no successful attacks within the quarter which was pleasing to note
 - 62 others had been referred to the security team for advice and had been resolved
 - There had been an increase in the number of phishing emails being received throughout the Council year on year but a drop in quarter 4 compared to quarter 3 which appeared to be a failure to log calls with the Information Security Team. During a recent incident only a few instances of a specific phishing email had been logged but when investigated further, approximately 200 mailboxes had received the email. It was pleasing to note, however, that no-one had clicked on the link within the email so the ‘attack’ had been unsuccessful
 - A new approach to logging phishing and spam email was being investigated which would both hopefully increase the number of reported instances whilst at the same time populating a database within the mail filtering system so that further ‘attacks’ could be stopped
 - A new contract for Cyber Security Defences had been awarded and the various ‘tools’ to prevent cyber-attack would be rolled out in the coming months. In addition, an exercise had been undertaken to ensure that

passwords used to access the Council network were of a satisfactory security level. This was currently ongoing

It was pleasing to report that the Service had a Degree Apprentice who had been invited to the national Employee Student Awards to be held on the 10th May, 2018 which was a fantastic achievement both for the student and for the Council.

In response to questioning the Head of IT Service Management outlined the action her team took in response to the receipt of a suspicious email. The Council also had arrangements in place to inform its Cyber Security Defence provider of the receipt of suspicious emails and in turn, this information was then passed on to other organisations.

RESOLVED:

- (i) that the report be received and Ms S Hydon, IT Service Director be thanked for attending the meeting and for answering Members questions;
- (ii) that Executive Directors and Service Directors be requested to note the potential impact of Information Security and cyber incidents on the Council and the potential for ICO fines and that when such incidents occur, they work together with all Business Units, within the prescribed timescales, and with the Information Governance Team to find a resolution to the issues identified; and
- (iii) that when information security and cyber incidents occur, Executive Directors and Service Directors ensure full and timely reporting and investigation so that lessons are learned and solutions implemented in line with the policy timescales.

76. AUDIT COMMITTEE WORK PLAN 2017/8 AND 2018/19

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 and for 2018/19.

RESOLVED that the core work plan for be approved and reviewed on a regular basis.

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Chair

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Item 4

BARNSLEY METROPOLITAN BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2017 / 18

1. **Scope of Responsibility**

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

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

Principle B. Ensure openness and comprehensive stakeholder engagement;

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

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

Principle E. Develop the entities capacity, including the capacity of its leadership and the individuals within it;

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

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

- 1.5 A copy of the Councils recently revised Local Code of Corporate Governance can be found on the [Councils Document Store](#). This document was considered and approved by the Councils Audit Committee at their meeting dated 17th January 2018.

2. **Purpose of the Governance Framework**

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

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

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

3. The Governance Framework

- 3.1 The scope of the governance and internal control framework spans the whole range of Council activities. The following sections consider the various main components of the Councils governance framework and the activities within each of them. Within the Annual Governance Statement, job roles, titles and organisational structures reflect the Councils arrangements during 2017 / 18.

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

4.1 Behaving with Integrity

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

4.1.2 Since 2013 there has been large scale innovation and improvements in the ways the Council works. This includes communities changing, with more people getting involved and helping in their local areas. Organisationally, we are stronger, more customer focused and more sustainable in the face of increasing pressures and reducing budgets.

4.1.3 In the next few years the Council will focus on long term issues including driving growth, helping the people most in need and helping local communities to thrive. This focus on long term planning will assist the Council in understanding and respond to future challenges, such as:

- **Driving growth** – investments to support changes and growth in high priority areas like our town centre development and motorway junction business parks;
- **Early help** - giving people the help they need as early as possible and supporting communities and residents to do more for themselves;
- **Communities working together** – recognising our community assets when we plan, design and deliver;
- **Brexit** - making the most of Brexit and managing any challenges;
- **Technology** – a digitally confident council and community, maximising the opportunities that technology brings; and,
- **Improvement and growth fund** – driving change through investment and innovation.

4.1.4 Although financial austerity is very much a challenge for the Council, the opportunities to grow, to do things differently and to use new technology are really positive. The Council is tighter, stronger and more efficient, and these plans will ensure the Council continues with the progress that has already made in creating a thriving and vibrant economy, helping people to achieve their potential and developing strong, resilient communities.

4.1.5 There are a number of activities that the Council continues to focus on the assist in changing the way we work:

- **Clear Vision and Values** – we have developed these together and they define what we are trying to achieve in our communities and for our customers;
- **Customer Focus** – we will understand all of our customer needs, and put them at the heart of everything we do;
- **Commercial and Business Acumen** – we will focus on outcomes and making every penny count, removing bureaucracy and running the organisation really well for our customers and residents;
- **Efficient Delivery of Projects and Programmes** – we have strengthened and standardised our approach to and we are better at working together to ensure accountability and value for money;

- **Innovative and Managed Risk Taking** – we will remove barriers to change, encourage, support and empower our employees to develop great new ideas and implement improvements;
- **Learning Organisation** – we will invest in our employees, recognise success and achievement and become stronger from our mistakes;
- **Leaders at every Level** – we will have leaders at every level of the organisation who are highly skilled, and able to inspire and empower their teams to respond effectively to local needs;
- **Flexible Workforce** – we will ensure our employees are healthy, agile, skilled and flexible so that we can continue to meet our customers changing needs;
- **Working with our Partners, Communities and Residents** – we will work better together to identify and meet local needs by joining up our work, and playing to our different strengths;
- **Enabling Organisation** – we will enable our partners, communities and residents to do more for themselves, rather than stepping in where we are not needed or where others can do something better than we can.

4.1.6 The Councils four main values, detailed in the [Councils Performance Management Arrangements](#) are as follows:

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

4.1.7 BMBC has a Whistleblowing Policy which forms an element of the Councils [Anti-Fraud and Corruption arrangements](#). The Whistleblowing Policy is supported by two senior managers who are designated contact officers. The Councils [Audit Committee](#) oversees the effectiveness of these arrangements on a regular basis. The Councils Internal Audit Section, as well as having a role in investigating matters brought to its attention also takes the lead in promoting preventative measures.

4.2 Demonstrating a strong commitment to Ethical Values

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

4.2.2 The Council has developed and adopted formal Codes of Conduct which define the standards for both personal and professional behaviour for [Elected Members](#) and [officers](#). Formal induction training packages have been developed for Members and officers that include mandatory training regarding areas such as information governance and financial and procurement responsibilities. Both Elected Members and officers are required to register relevant interests as required by law, and by the relevant Code of Conduct. The Council maintains a [Register of Councillor Interests](#), as Councillors are obliged to keep their registration up to date and inform the Monitoring Officer of any

changes within 28 days of the relevant event. The need for disclosure of any conflicts of interest is a standard agenda items at all Council meetings. [Standing Orders](#) have been amended to require a member to withdraw where they have a disclosable pecuniary interest as defined by law.

4.3 Respecting the Rule of Law

- 4.3.1 The Council has designated the Executive Director of Core Services as the Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations and to oversee its arrangements in respect of ethical standards complaints.
- 4.3.2 The Executive Director of Core services attends, or is represented by a senior lawyer at all meetings of the [Cabinet](#) and [Council](#). A senior lawyer is always in attendance at meetings of the [Planning Regulation Board](#) and [Licensing Regulatory Board](#) and as a clerk to any Appeal meetings.
- 4.3.3 All decision making reports take account of a number of control factors, including risks, legal considerations and financial, policy and performance implications. The Councils [Senior Management Team](#) (SMT) reviews all significant reports prior to them being included on the Cabinet agenda and discusses forthcoming Cabinet agenda a week prior to the meeting to address any particular issues arising or outstanding in respect of the specific report on the agenda. Any decisions taken by Cabinet members under their delegated powers are subject to prior scrutiny by SMT.
- 4.3.4 All Cabinet decisions are subject to scrutiny by the [Overview and Scrutiny Committee](#).
- 4.3.5 All documents that require execution by the Executive Director of Core Services require evidence of appropriate authority; either via a decision made by an Elected Member or delegated approval prior to being executed.
- 4.3.6 Legal implications regarding consultation and statutory quality obligations are addressed specifically as part of the Councils budget setting process. The Monitoring Officer and the Service Director (Finance) who acts as the [Section 151 Officer](#) are aware of the statutory duties to report in respect of concerns and unauthorised activity or expenditure and consult with each other periodically in relation to their complementary statutory roles.
- 4.3.7 There is a periodic review of decision making and 'authority to act' through the role of the Internal Audit and where appropriate, by external regulators such as the [Information Commissioner](#), the [Surveillance Commissioner](#) and the [Local Government Ombudsman](#).

5. Principle B: Ensuring openness and comprehensive stakeholder engagement.

5.1 Openness

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

5.2 Engaging comprehensively with Institutional Stakeholders

- 5.2.1 When working in partnership with others, the existence of sound governance arrangements helps to ensure that shared goals are achieved and resources are controlled in an effective manner.
- 5.2.2 The Local Strategic Partnership, One Barnsley benefits from two key partnership bodies, the [Health and Wellbeing Board](#) (focusing on the delivery health and wellbeing strategies) and the [Barnsley Economic Partnership](#) (which focuses on the delivery of economic and regeneration strategies). The emphasis for these partnership arrangements is to ensure partner agencies actively contribute towards, and are responsible for the delivery of shared outcomes for Barnsley, rather than servicing and attending meetings.
- 5.2.3 Council officers and Councillors are nominated as Council representatives within or when dealing with significant partnering organisations. Partners are encouraged where appropriate to align their objectives with the Councils ambitions to ensure a robust contribution to the delivery of high quality, efficient and effective services that are in accordance with the arrangements of the Council.
- 5.2.4 A practical Partnership Governance Framework has been designed to assist Partnership Lead Officers provide suitable assurances that the partnership is making a valuable contribution to the Council's objectives and priorities, and is a well governed and controlled relationship. The development of this document has been driven by the outcomes of previous Annual Governance

Reviews and is intended to recognise the role and responsibilities of Service Directors (where relevant) in terms of their accountabilities as part of normal working practices, where the requirement for a useable and proportionate framework is required.

- 5.2.5 The [Sheffield City Region](#) (SCR) benefits from its own governance arrangements that are supported by BMBC. Internal control support functions such as human resourcing, health and safety and internal audit are delivered to the SCR via a service level agreement.

5.3 Engaging with individual Citizens and Service Users more effectively

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

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

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

- 5.3.4 Whilst the journey to become a more customer focused, modern, efficient and business minded Council began in 2013 with the inception of the 'Future Council' model, there has been significant progress made in 2017 / 18 in terms of the delivery of new, improved ways of working, which are detailed in the Councils [Corporate Plan 2017 – 2020](#). These include:

- A genuine focus on customers by putting them at the heart of what we do;
- A re-shaped organisation, designed to deliver what we have promised;
- New, innovative ways of working that deliver sustainable services; and,
- More people getting involved locally, making their communities stronger.

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

6.1 Defining outcomes

6.1.1 The council has identified the following priorities or outcomes, which are detailed in the Corporate Plan 2017 – 2020:

- **Thriving and Vibrant Economy:**

We are investing to build Barnsleys economy to achieve the following outcomes:

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

- **People Achieving their Potential:**

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

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

- **Strong and Resilient Communities:**

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

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

6.1.2 The progress made towards these outcomes are detailed in the [Council's Performance Management reports](#) which include a 'RAG' rating against each outcome, and a detailed narrative against each individual area of activity.

6.1.3 The [Councils Medium Term Financial Strategy](#) (MTFS) supports the delivery of the Councils key outcomes and underpins the development of individual business and service delivery plans, and is currently designed to ensure the sustainable delivery of services to 2020. The MTFS identifies a number of key assumptions and constraints that are regularly tested to ensure they remain robust and accurate. Each Business Plan also considers issues such as finances, workforce and equalities to ensure appropriate risks are identified and mitigated to acceptable levels. Under Section 25 of the Local Government Act 2003 the Council is required to report on the robustness of estimates made for the purposes of setting budgets, and the adequacy of the proposed financial reserves, which is discharged via the annual reporting of the [Councils Statement of Accounts](#).

6.1.4 The MTFS also includes a brief section which considers the financial implications relating to relationships with key partners.

6.2 Sustainable Economic, Social and Environmental Benefits

- 6.2.1 The Council ensures that it considers the impact of its decisions in terms of economic, social and environmental consequences and requires all [decision making reports](#) to include an appropriate analysis of issues such as financial implications, health and safety, consultation, implications for local people / service user, risk management, equality and inclusion and social inclusion. Reports are also required to provide assurances regarding the impact the decision may have on the Councils Corporate Plan and Performance Management arrangements.
- 6.2.2 The Council has an [Equality and Diversity Policy](#) which sets out the Councils commitment, together with the specific responsibilities of employees, managers and Elected Members in implementing the policy and meeting our [Public Sector Equality duties](#). Furthermore, the [Councils Equality Scheme](#) sets out how the policy and Public sector Equality duties are put into practice.

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

7.1 Determining Outcomes

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

7.1.2 In order to honour its commitment to seek feedback and opinion from its stakeholders, the council has a dedicated 'Tell us what you Think' campaign, which is designed to elicit feedback relating to a number of council services. The council values feedback from out stakeholders and considers all comments and suggestions that have been made.

7.2 Planning Interventions

7.2.1 In terms of strategic planning, the Council benefits from two thematic Boards, comprised of partners from across the Borough who have an interest in delivering the outcomes associated with the thematic Board:

- Health and Wellbeing Board – Terms of reference include agreeing Health and wellbeing related strategies and working with all relevant organisations to join up health and social care across the Borough. The Board is made up of Elected Members and officers of the council, representatives from Barnsleys Clinical Commissioning Group (CCG) and other health providers, the local HealthWatch, which represents the interests of patients and service users. People from other organisations that have an impact on health and Wellbeing, such as South Yorkshire Police also attend these meetings; and,
- Barnsley Economic Partnership – The Barnsley Economic Partnership (BEP) brings together a group of high levels influential people from the public and private sectors with the skills and experience to assist with the delivery of the [Jobs and Business Plan](#) for Barnsley. The BEP seeks to contribute towards the rebalancing of the economy by stimulating private sector job growth through enterprise, business growth and inward investment.

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

7.3 Optimising the achievement of Intended Outcomes

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

7.3.2 The Council has developed an Efficiency Plan which seeks to outline the framework that is in place to ensure that it is a self-sustaining, evolving organisation that will deliver against the MTFs, in spite of reducing resources. This is complemented by the Councils [Future Council 2020 Plan](#) which has

set out the journey towards a more modern, efficient and business minded organisation through planned change, improvement and growth. In response to austerity measures, the Council has made £87M efficiency savings up to 2017. Over the next three years the Council has further £15M efficiencies to realise and an income target of £36M to achieve by 2020 in order to maintain a balanced budget and in order to support this, and to assist in responding to these challenges and achieve our Future Council aspirations we have developed our Commercial Strategy.

- 7.3.3 The Council procures a variety of goods and services in accordance with EU, UK and local regulations, which are set out in the [Councils Procurement Policies](#).
- 7.3.4 In terms of social value the council has developed a policy / statement during 2017 / 18 which will be launched across the organisation during 2018 / 19. It is envisaged that Social Value will be embedded into the process and evaluation.

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

8.1 **Developing Organisational Capacity**

8.1.1 The Organisation Improvement Strategy 2017-2020 sets out plans for the future to ensure that the Council is efficient, effective and in the best position possible to support the achievement of its priorities and to meet customer needs and expectations. Building on progress and improvements already made as a result of the implementation of the Future Council Strategy 2014-2017, the [new strategy](#) is built around our ten One Council priorities and focuses on four key areas of improvement. These areas of improvement will enable us to continue to drive forward changes at a pace to ensure we meet the demands required of a modern council. The areas of improvement are:

- **Culture and behaviour change** – Continue to build and develop a healthy and positive organisational culture to ensure we are a customer focused, modern, efficient and business minded Future Council;
- **Efficient and effective processes and technology** – Ensure our processes and procedures are reflective of a modern council and provide efficiency and value for money as well as supporting creativity and innovation. Provide reliable and efficient technology to mobilise our workforce and members and enable better and more efficient ways of working;
- **Agile, healthy and engaged workforce** – Ensure our workforce is healthy, resilient and able to work flexibly to meet the needs and expectations of our customers. Ensure our employees and members are engaged, motivated, empowered, able to share ideas and get involved in decision making to shape the future organisation; and,
- **Developing the skills of our workforce and Elected Members** – Ensure that our employees, members and wider workforce take ownership for their own learning and development and have the right skills, knowledge and behaviours to perform effectively in their role, to support achievement of our priorities and plans and to meet our customers' needs and expectations.

8.1.2 Performance is monitored by the Organisation Improvement Board against the One Council priorities to ensure we are making sufficient progress and improvements.

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

8.2 **Developing the Capability of the Organisations Leadership and other Individuals**

8.2.1 A robust performance framework has been developed aligned to the priorities and outcomes included in our Corporate Plan. Performance from all areas of the Council against the priorities and outcomes is measured on a quarterly basis and progress reported into Cabinet. Areas of performance are subject to further scrutiny through the Councils Overview and Scrutiny Commission.

8.2.2 Individuals are able to identify how they contribute to the council's priorities and objectives through business plans, team plans and individual performance objectives set during the annual Performance Development Review (PDR) process. Progress against these objectives are reviewed

regularly throughout the year at one-to-one and supervision meetings and quarterly against the performance framework. Personal development requirements are also identified and discussed at PDR, one-to-one and / or supervision meetings to ensure individuals are able to achieve their potential and contribute to the delivery of the council's priorities.

- 8.2.3 The Barnsley Leadership Programme continues to develop the leadership skills and behaviours of council leaders with over 450 completing the programme to-date and a further 165 due to complete this year/early next year. The programme is linked to the Chartered Management Institute Certificate in Leadership and Management enabling employees to formalise their skills with an accredited professional qualification if they wish to do so.
- 8.2.6 A corporate development offer has been available to all employees to develop their skills for now and the future. Key focus areas for this development include developing digital skills, commercial awareness and a practical approach to using coaching conversations to support and encourage people to be the best that they can be.
- 8.2.7 Effective two-way communication between employees and the organisation is enabled through regular activities including employee surveys and employee engagement events ('Talkabouts'). These provide employees with an opportunity to raise concerns, share ideas and get involved with decision making and improvements to shape the future organisation.
- 8.2.8 A Corporate Health and Safety Committee, chaired by the Head of Corporate Health, Safety and Emergency Resilience is in place and includes membership from a number of employee representatives. The committee meets on a regular basis, and includes within its terms of reference the following activities:
- Consideration of accident and incident statistics;
 - Consideration of occupational health statistics;
 - Health and Safety Audit Reports;
 - The development, introduction and monitoring of health and safety management systems;
 - The effectiveness of health and safety training; and,
 - The adequacy of safety and health communication and publicity within the workplace.

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

9.1 Managing Risk

9.1.1 The Councils [Risk Management Framework](#) (RMF) positions risk management as not being about eliminating risk, or being risk averse, but about being aware and managing acceptable levels of risk in the pursuit of agreed objectives. The RMF includes the Policy Objectives Statement and the Risk Management Strategy, which sets out how the Council will seek to embed this approach to risk into its normal business activities through the ongoing development of a positive risk management culture. The RMF, including the Policy Objective Statement and the Risk Management Strategy are key elements in the implementation of good governance arrangements and form key elements of the Councils own Annual Governance Review (AGR) process.

9.1.2 The Councils [Strategic Risk Register](#) (SRR) is intended to be a robust and dynamic document that sets out the culture and tone for risk management across and throughout the Council. The engagement of 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 positive risk management culture. The risks in the SRR are owned by SMT, with the management of individual risks being allocated to a Risk Manager (being a member of SMT), and measures to mitigate risks are allocated to Risk Mitigation Action Managers (being those senior managers best placed to take responsibility to drive the implementation of those actions). The SRR is subject to regular six-monthly review, the outcomes of which are reported to the Audit Committee, and subsequently, Cabinet.

9.1.3 Individual Business Units benefit from maintaining Operational Risk Registers (ORR) which relate to the key risks to the provision of Council services. These risk registers are aligned to individual Business Unit Business Plans. Service Directors are asked to review these risk registers on a bi-annual basis, and following each review there is an expectation that ‘red’ risk (in terms of ‘current’ and ‘target’ risk assessments) are escalated to Business Unit Management Teams for further consideration.

9.1.4 Risk management forms as essential element of the Councils decision making report structure, and it is expected that all decision making reports include a section on the risk implications of the decision in hand.

9.2 Managing Performance

9.2.1 The Council measures its performance against the key priorities and outcomes included in the Corporate Plan 2018 – 2020. To assess progress and performance against these priorities and outcomes, along with performance against individual service objectives, a performance management framework has been developed which consists of three elements:

1. Corporate Plan Priorities;
2. Corporate Health of the Organisation; and,
3. Directorate Performance.

9.2.2 Each quarter, the Council produces a [performance report](#), summarising the performance against the priorities and outcomes.

9.2.3 Through effective contract management, the Council is also able to identify and assess the performance of its partners and contractual relationships.

9.3 Effective Overview and Scrutiny

9.3.1 The Overview and Scrutiny Committee (OSC) is responsible for reviewing and challenging the decisions made by the Councils Cabinet and Executive Officers. The committee meets once per month and consists of 26 Councillors, 3 members of the public (referred to as co-opted members) and a Parent Governor Representative. It monitors the work and performance of the council as well as other organisations such as local healthcare providers, to ensure the effective delivery of local services and that appropriate safeguarding arrangements are in place to protect vulnerable adults and children in the Borough. The Committee also sets up smaller 'Task and Finish' groups, which supports the work of the Committee by undertaking more detailed investigations on specific topics.

9.4 Robust Internal Control

9.4.1 The Councils system of internal controls are designed to support the achievement of corporate objectives and outcomes whilst ensuring that there is an appropriate level of compliance in terms of laws, regulations and internal arrangements. The internal control framework acts as a robust control measure against risks such as loss of assets, fraud, misuse of equipment and the misuse of data and information.

9.4.2 The Council benefits from a [suite of policies](#) in respect of counter fraud and corruption activities, including a Whistleblowing Policy, anti-Money Laundering Policy and an anti-Bribery Policy.

9.4.3 The Councils Audit Committee is made up of four Elected Members and five independent people, who are not councillors. It ensures that the Council is complying with its rules and regulations for governance and finance, including the value for money of council services.

9.5 Managing Data

9.5.1 The Council has information governance accountabilities that are required to be in place in accordance with legislation and accreditation standards such as the Information Governance toolkit and Public Services Network accreditation. The Information Governance Toolkit is in use by the Council and is an online self-assessment tool used for publishing the standards of practice organisations must comply with regarding information governance.

9.5.2 Information Governance arrangements within the Council are based on the [8 Data Protection Principles](#) and these are overseen by the Councils Senior Information Risk Owner (SIRO), which is a role undertaken by the Executive Director of Core Services. The SIRO also chairs the Councils Information Governance Board, which takes the lead in the development of policies, procedures, training arrangements and lessons learned from previous information governance incidents.

9.5.3 The Council is increasingly managing, storing and maintaining personal data and information as part of the delivery of services. With data held in a vast array of places and transferring between supply chain partners, it becomes susceptible to loss, protection and privacy risks. As a result, the Council has in place information sharing protocols and agreements that partners are required to endorse prior to any information being shared with them.

9.5.4 The Council responds to a significant number of information access requests as a result of the Freedom of Information Act 2000 and the Environmental Information regulation 2004. Furthermore,

a number of requests for information are received as a result of subject access requests as part of the Data Protection Act 1998.

9.5.5 During October 2017, the Council welcomed a consensual audit of its processing of personal data by the ICO, who made significant recognition of the strong leadership and good practice the Council have embedded. In particular, they cited the excellent online training provision, comprehensive case management system for processing Freedom of Information requests and the Councils Records Management base, Shortwood, was identified as having very well established processes for managing paper records. In total, 110 recommendations were made for the Council to act on the majority being medium or low priority. An action plan was developed by the Council and is facilitated by Internal Audit, the Information Governance Board and the Audit Committee.

9.5.6 In preparation for the General Data Protection Regulations (GDPR), which are new regulations that come into effect on the 25th May 2018 (alongside a new UK Data Protection Act which completely replaces the existing Data Protection Legislation in the UK), the Council has been preparing during 2017 / 18 to ensure that it specifically addresses:

- The individual rights of our customers;
- The changes to accountability and governance surrounding information management;
- The appointment of a Data Protection Officer;
- Processes relating to breach notifications;
- Reviewing and updating policies; and,
- Rolling out training and awareness to all network users.

9.6 Strong Public Financial Management

9.6.1 The Council has a pragmatic approach to the management of finances that endeavours to ensure that value for money outcomes are obtained through the spending of public money. This approach is intended to support the achievement of short term operational performance, alongside longer term strategic outcomes. Strategies including the Councils [Value for Money](#) and Commercial strategy underpin both long and short term objectives. A detailed report outlining [organisational and financial pressures relating to 2018 / 19 – 2019 / 20](#) was presented to the Council in February 2018.

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

10. Principle G: Implementing good practices in Transparency, Reporting and Audit to deliver Effective Accountability.

10.1 Implementing good practice in Transparency

10.1.1 The Councils commitment to be a customer focused organisation that puts the customer at the heart of everything we do is underpinned by ensuring that any information that is published for stakeholders is done so in a manner that is accessible and transparent. Information published on the Councils website conforms with branding and [accessibility](#) requirements.

10.1.2 The Council is required to publish information as part of the [Local Government Transparency Code 2015](#), which has been designed to make sure that local people can now [see and access data](#) about subject such as:

- How the Council spends its money;
- How Council assets are used;
- How the Council make decisions; and,
- Issues important to local people.

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

10.2 Implementing Good Practice in Reporting

10.2.1 It is important for the Council to be able to demonstrate that it has been able to deliver on its priorities and ambitions and that it has been able to deliver value for money outcomes. This is achieved through the publication of Performance Reports.

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

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

10.3 Assurance and Effective Accountability

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

10.3.2 In order to deliver the Councils own vision and values, it is important that partnership working is carried out in a way that ensures robust governance arrangements are in place in terms of finance, resources and risk. A practical Partnership Governance Framework has been designed to assist

Partnership Lead Officers provide suitable assurances that the partnership is making a valuable contribution to the Council's objectives and priorities, and is a well governed and controlled relationship.

11. Review of the Effectiveness of the Governance Framework

11.1 Annual Governance Review

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

11.2 Senior Management Team

11.2.1 The Councils SMT are responsible for ensuring compliance with, as well as improvement against the governance, risk and internal control framework. As part of this function, each member of SMT is provided with details of their Directorates assurance information for the year. This assurance information includes:

1. Significant and Fundamental Internal Audit recommendations that have been made to individual Business Units within the Directorate;
2. Significant and Fundamental Internal audit recommendations that are linked to specific Business Unit activity; and,
3. Other Sources of Assurance information which has been sourced from Internal Control and Governance lead officers.

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

11.2.2 This information is then evaluated and where appropriate included in the Annual Governance Statement Action Plan.

11.3 Internal Control Arrangements

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

11.3.2 Each of these policies, plans and procedures has a senior lead officer with overall responsibility for their maintenance and application.

11.3.3 Each element that makes up the Internal Control Framework is subject to cyclical risk informed reviews by the Councils Internal Audit Section.

11.4 Internal Audit

11.4.1 The HoIA is responsible for providing assurances as to the robustness of the Councils internal control arrangement to the Audit Committee. An annual report on Internal Audit activity and performance is also presented. **In terms of the 2017 / 18 report, which the Audit Committee will have considered on the 20th July 2018, the HoIA gave a controls assurance opinion which reflected that**

systems concerning internal controls were **adequate** and that no fundamental breakdowns of any such systems had occurred. Whilst the overall opinion is positive, there are some key issues arising from the work of Internal Audit that senior management should consider. In general terms these relate to the continues impact of the Future council and the implications of changed structures, new or changed systems and an increase in workloads for many managers and officers which has impacted upon their ability to maintain reasonable and effective controls in some areas of activity.

11.4.2 *** Extract from Internal Audit Annual Report - % of recommendations outstanding?

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

11.5 Strategic Risk Management

11.5.1 During 2017 / 18, the Risk and Governance Manager has supported (and where appropriate challenged) the management and development of the Councils SRR, and has prepared a number of reports to SMT, Audit Committee and Cabinet regarding the outcomes of the bin-annual reviews of the SRR. Work has also included the promotion and embedding of good risk management practice throughout the Council and its partners.

11.6 External Audit, Assessment and Inspection

11.6.1 Barnsley Metropolitan Borough Council is subject to external assessment and regulation by auditors and service inspectorates such as OFSTED and the CQC. Services are responsible for ensuring that relevant findings from external audit or inspection activity informs the annual governance review which in turns underpins the production of the Annual Governance Statement.

11.6.2 In summary, the following principle sources of evidenced were considered when carrying out this review:

- Assurances provided by Service Directors and Executive Directors regarding the overall governance arrangements for Business Units and Directorates;
- Internal Audit Annual Report;
- Risk Management Annual Report;
- The Annual Audit Letter;
- Key issues arising from the Annual Corporate Health and Safety Annual Report;
- The Local Government Ombudsman Annual Monitoring Report regarding complaints handled by BMBC;
- The independent Internal Audit annual review of Corporate Risk Management arrangements and the annual review of Annual Governance Arrangements;
- A review of the action taken and progress made in relation to the issues raised in the 2016 / 17 Annual Governance Statement and Associated Improvement Action Plan.

12. Significant Governance Issues

12.1 The annual review of the Councils governance, risk and internal control arrangements in 2017 / 18 has not identified any fundamental issues and has confirmed that the general level of compliance with the Councils governance and internal control framework remains robust and effective.

- 12.2 The review process has taken into account the action taken against control issues on previous Annual Governance Statements.
- 12.3 The Action Plan to be monitored during 2018 / 19 is comprised of the issues that have been carried forward from previous years, along with issues identified from the 2017 / 18 review.

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

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

Councillor Sir Stephen Houghton CBE
Leader of Barnsley MBC

Diana Terris
Chief Executive of Barnsley MBC

Date:

Date:

14. Glossary

CIPFA – Chartered Institute of Public Finance and Accountancy

SOLACE – Society of Local Authority Chief Executives

BMBC – Barnsley Metropolitan Borough Council

SMT – Senior Management Team

SCR – Sheffield City Region

ICO – Information Commissioners Office

MTFS – Medium Term Financial Strategy

H&WB – Health and Wellbeing Board

BEP – Barnsley Economic Partnership

CCG – Clinical Commissioning Group

P&DR – Performance and Development Review

RMF – Risk Management Framework

SRR – Strategic Risk Register

ORR – Operation Risk Register

OSC – Overview and Scrutiny Commission

SIRO – Senior Information Risk Owner

GDPR – General Data Protection Regulations

AGS – Annual Governance Statement

AGR – Annual Governance Review

HoIA – Head of Internal Audit

OFSTED – Office for Standards in Education, Children's Services and Skills

CQC – Care Quality Commission

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
1	<p>To further develop and embed a practical framework to assist on the effective governance and control of the Council's partnerships, contracts and general relationships with external organisations. This has increased significance in the context of the Future Council programme.</p> <p><i>(Carried forward from 2016 / 17)</i></p>	Executive Director, Core Services	Revised to 30/09/2018	<p><u>December 2017:</u> Targeted correspondence was sent to relevant Service Directors in October 2017. Subsequently, the Risk and Governance Manager has met with a number of Service Directors and Risk Owners to consider partnership risks. The majority of Business Unit now have risks regarding specific partnership now included within their Operational Risk Registers. Further work during the remainder of the financial year will focus on ensuring the remaining risk registers are updated to reflect Partnership risk.</p> <p><u>May 2018:</u> Analysis relating to overall compliance with the Framework will be undertaken, and reported to the Audit Committee for further consideration in 2018.</p>
2	<p>Internal Audit Annual Report: A corporate issue relating to non-compliance with Contract Procedure Rules and the overall adequacy of Contract Management Arrangements</p> <p><i>(Carried forward from 2016 / 17)</i></p>	Executive Director, Core Services	Revised to 30/09/2018	<p><u>December 2017:</u></p> <p>Non-compliance with CPR:</p> <ul style="list-style-type: none"> ▪ The Strategic Procurement Team continue to track and challenge waivers on an ongoing basis. The team also provides information on waivers to key stakeholders on a monthly basis; ▪ The 'Document Review' is now complete and a new set of standardised procurement processes, documentation and guidance is available via SharePoint for staff to utilise when procuring at all levels of expenditure; ▪ A review of the Contract Procedure Rules is also underway which is planned for completion by end March 2018. ▪ All waivers over £100,000 require the Monitoring Officer and S151 Officer approval.

				<p>Adequacy of Contract Management Activity:</p> <ul style="list-style-type: none"> A scoping paper to review contract management activity was considered and approved by SMT prior to Christmas 2017. Activity will now be undertaken by the Strategic Procurement Team during Q1 of 2018 to establish the 'as is' situation whilst also developing a new 'to be' approach with a view to council wide adoption. <p>May 2018: <i>CA to provide updated comments.</i></p>																									
3	Following a consensual audit from the Information Commissioners Officer (ICO) in October 2017, a total of 110 recommendations were made for the Council to act on (the majority of actions being medium or low priority).	Executive Director, Communities	31/12/2018	<p>May 2018: The current status of the actions identified by the ICO is detailed below:</p> <table border="1"> <thead> <tr> <th>Area</th> <th>Total</th> <th>Completed</th> <th>In Progress</th> <th>Not started</th> </tr> </thead> <tbody> <tr> <td>Training and Awareness</td> <td>25</td> <td>12</td> <td>12</td> <td>1</td> </tr> <tr> <td>Records Management</td> <td>48</td> <td>22</td> <td>17</td> <td>9</td> </tr> <tr> <td>Fol / EiR</td> <td>36</td> <td>15</td> <td>7</td> <td>14</td> </tr> <tr> <td>Total</td> <td>109</td> <td>49</td> <td>36</td> <td>24</td> </tr> </tbody> </table> <p>In terms of those actions not started:</p> <ul style="list-style-type: none"> Training and Awareness: 1 action not due until later in the year; Records Management: 1 action has exceeded the timescale; Fol / EiR: 2 actions have exceeded the timescale. 	Area	Total	Completed	In Progress	Not started	Training and Awareness	25	12	12	1	Records Management	48	22	17	9	Fol / EiR	36	15	7	14	Total	109	49	36	24
Area	Total	Completed	In Progress	Not started																									
Training and Awareness	25	12	12	1																									
Records Management	48	22	17	9																									
Fol / EiR	36	15	7	14																									
Total	109	49	36	24																									
4	Monitoring the implementation and embedding of effective compliance arrangements in respect of the General Data Protection Regulations 2018	Executive Director, Core Services	31/03/2019	<p>May 2018: <i>RW to provide comments.</i></p>																									

Item 5

Report of the Service Director Finance

Audit Committee: 6th June 2018

DRAFT 2017/18 STATEMENT OF ACCOUNTS

1. Purpose of Report

1.1 This report presents the 2017/18 Statement of Accounts, the Council's eighth set of accounts prepared in accordance with International Financial Reporting Standards.

2. Recommendation

2.1 It is recommended that:

a) The Audit Committee considers and comments on the work that has taken place to prepare the Authority's draft 2017/18 Statement of Accounts.

3. Introduction / Background

3.1 The Accounts and Audit Regulations 2015 set out the requirements for the production and publication of the 2017/18 Statement of Accounts. The main requirement is that the Council should lodge a Code of Practice on Local Authority Accounting (the Code) compliant set of accounts with the External Auditor by no later than 31st May 2018.

3.2 The deadline of 31st May is one month earlier than in previous years, as stipulated in the above legislation. The Council's finance team have been aware of this revision and for the past four years leading up to 2017/18, fundamental reviews of working practices have been undertaken to allow this new statutory deadline to be met.

3.3 Members of the Committee will be aware that the external auditors for 2013/14 through to 2017/18 are KPMG.

3.4 Members of the Committee should note that the Council met all of its statutory obligations with the draft accounts submitted to KPMG on the 31st May 2018. It should also be noted that the Accounts and Audit Regulations 2015 no longer require those charged with governance (the Council) to approve the draft accounts prior to the 31st May 2018 deadline. This is primarily to allow the Council's officers additional time to prepare the accounts under the more complex and time consuming International Financial Reporting Standards (IFRS) and to place public bodies on a similar reporting footing with the private sector.

3.5 To assist Members of the Committee, attached at Appendix 2 is a CIPFA publication "Understanding Local Authority Financial Statements". This publication is designed to give an overall analysis of what the main statements within the Accounts mean, from the perspective of Members. This complements the training provided on this matter last year.

3.6 A further change to the statutory timetable for 2017/18 means that our external auditors have to complete their audit and issue their report to Audit Committee and full Council by no later than 31st July.

4. Current Position

4.1 A set of the Council's 2017/18 draft Statement of Accounts are attached at Appendix 1. This document presents the Authority's financial statements in the format required by CIPFA's Code of Practice on Local Authority Accounting 2017/18 (the 'Code'), the Accounts and Audit Regulations 2015 and the Audit Commission Act 1998.

4.2 As previously mentioned, the format of the information is prescribed and based on International Financial Reporting Standards as interpreted by the 'Code' which allows, in the main, comparison to other local authorities and other bodies. Separate revenue and capital final accounts reports detailing the 2017/18 outturn for each Directorate and the overall implications of those positions are due to be submitted to the Council's Cabinet for approval on the 13th June 2018. These reports can also be made available to members of the Audit Committee if required.

4.3 The annual audit of the accounts is due to commence in early June 2018. On conclusion of the audit, the External Auditor will issue a formal report and opinion on the accounts. No major amendments to the accounts are anticipated, however, if any significant amendments are required then these will be presented to the Audit Committee and the full Council in a separate report at a later date.

5. Options

5.1 The Council has a statutory obligation to submit the draft 2017/18 Statement of Accounts to the External Auditor by 31st May 2018. Failure to do so could result in an audit qualification and consequential reputational damage. This requirement was duly met.

6. Consultations

6.1 The Statement of Accounts have been prepared in conjunction with all Executive Directors and Financial Services support staff. External Audit has been kept informed of progress throughout the accounts closure process.

7. Local Area Implications / Compatibility with European Convention on Human Rights / Reduction of Crime and Disorder / Risk Assessment

7.1 No direct implications.

8. Proposal

8.1 That the Service Director Finance (the Council's s151 officer) submits the draft 2017/18 Statement of Accounts (Appendix 1) to the Audit Committee meeting of the 6th June 2018 for consideration and comment.

9. Financial Implications

- 9.1 The Authority's statutory draft financial statements for the financial year 2017/18 are attached at Appendix 1 to this report. For the benefit of Members, this includes on pages 6 to 31, a Narrative Report which introduces the Council and contextualises the financial statements in the economic environment that the Council operates in. It outlines the Council's corporate objectives together with the corporate vision and values.
- 9.2 Furthermore, the requirements state that key performance of the Council must also be presented, from both an internal and external perspective, covering a range of themes such as performance management, treasury management, risk management and the future economic outlook. Though not a formal requirement, the narrative report also explains the relationship between the Authority's management accounts and the financial statements contained within the Statement of Accounts.
- 9.3 The Narrative Report also provides a brief description of the purpose of the main statements within the accounts, including the Movement in Reserves Statement, the Comprehensive Income & Expenditure Statement and the Balance Sheet.
- 9.4 In considering the draft statements, the Audit Committee's attention is drawn to the issues outlined in paragraphs 9.5 to 9.9 below.
- 9.5 The legislative requirements stemming from the Accounts & Audit Regulations 2015 have had the impact of significantly reducing the timeframe allowed for the accounts closure process in recent years. Added to the reductions in staffing and the increasing complexity brought about by International Financial Reporting Standards, this has created workload issues. However all such requirements were still met in full and in overall terms, the Council considers that the overall quality of working papers and files for audit have improved.
- 9.6 The Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 'Code') prescribes the accounting treatment and disclosures for all transactions of a local authority. The 'Code' is refreshed annually as accounting standards evolve.
- 9.7 The 'Code' also sets out the accounting concepts and principles that underpin the Statement of Accounts with the overriding requirement that the accounts provide a true and fair view of the financial position and transactions of the Authority.
- 9.8 In respect of the 2017/18 'Code', the changes are low impact on the Authority, relative to recent years. There are a number of revised reporting requirements and points of clarity, mainly consolidating changes to the 2016/17 Code of Practice.
- 9.9 No significant accounting changes are contained within the 2017/18 Code that impact on the Authority and therefore does not affect the Authority's financial position both in terms of net worth on the balance sheet and through the surplus / deficit reported through its Comprehensive Income & Expenditure Statement (CI&ES).

- 10. Employee Implications
- 10.1 No direct implications.
- 11. Glossary
- 11.1 CIPFA - Chartered Institute of Public Finance and Accountancy
- 12. List of Appendices
- 12.1 Appendix 1 - Draft Statement of Accounts 2017/18.
Appendix 2 – CIPFA’s Understanding Local Government Financial Statements
- 13. Background Papers
- 13.1 Various closedown files, working papers and external audit schedules are available for inspection within the Finance Business Unit.

Contact Officer: Neil Copley Telephone: 773237 Date: 06/06/2018

understanding local authority financial statements

2016

\ introduction

Local authority financial statements have a key part to play in accountability to taxpayers and other stakeholders as to how public money is used. However, the complexity of the financial statements has not always helped this accountability, particularly allowing the amounts in the statements to be easily reconciled to management accounting and in-year monitoring of budgets.

The introduction of the Expenditure and Funding Analysis to the 2016/17 Code is intended to allow a clear link to be made between in-year monitoring and General Fund information and final outturn as set out in the audited financial statements, thus closing the accountability loop from budgets through to outturn.

A key to achieving the aims of the changes will be to use the information not just in the narrative section of the financial statements to explain performance during the year, but more widely to all stakeholders, including elected members as citizens' representatives, in a range of formats and media to provide a definitive position on financial performance. Local authorities are also urged to look to their balance sheets as a part of this explanation and the key messages that can be drawn out.

At the same time it is important that opportunities are taken to cut the clutter and remove immaterial disclosures or through the use of technical appendices to separate out the more complex disclosures. Working in partnership CIPFA/LASAAC will itself continue to review opportunities for improvement and explore links with other published information to ensure that the definitive position remains clear.

This briefing note is intended to help chief financial officers and other senior staff to present the financial statements to members and other stakeholders by explaining how the formats can be used to convey key information. It is also designed to give elected members and stakeholders an introduction to the format of the accounts and provide them with key questions on the financial statements.

An important element of financial reporting which will assist local authorities to tell the story of their financial performance is the narrative report (management commentary in Scotland). This report accompanies the financial statements and should provide a commentary on how the authority has used its resources to achieve desired outcomes in line with its objectives and strategies. It should provide an explanation of the main messages of financial performance, financial position and cash flows in the financial statements.

This publication includes extract financial statements to demonstrate key issues. It is important to note that the Code sets out the minimum requirements for the financial statements of the authority, but authorities are free to include more detail if they think it will help them to explain the accounts to members and other stakeholders.

This publication also highlights the opportunities to simplify presentation and make the messages clearer in a number of areas:

- comparisons with budgets (General Fund and Housing Revenue Account performance)
- reserves position, and
- cash flows.

comparisons with budgets

For members, probably the most important issue will be whether the authority has a surplus or deficit on General Fund or Housing Revenue Account (HRA) balances against its budget for the year.

The financial statements will enable individual authorities to demonstrate performance both in the way in which they organise themselves and, more importantly, in how they budget against the General Fund to provide services.

The introduction of the new expenditure and funding analysis

The financial statements primarily follow accounting standards rather than local government legislation. Although some information is provided on General Fund and HRA balances this hasn't always been easy to identify in the past. However, the new Expenditure and Funding Analysis provides users of the financial statements with more information to make that analysis (for example, by comparison with their budget reports).

The Expenditure and Funding Analysis brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund (including the HRA).

Proper accounting practices measure the resources that have been generated and consumed in the year including such things as the use of property (depreciation) and the value of pensions benefits earned by the employees. Statutory provisions determine how much of the authority's expenditure needs to be met from council tax each year.

The Expenditure and Funding Analysis:

- shows for each of the authority's services or directorates a comparison of the net resources applied and the net charge against council tax, and
- provides an opportunity to explain significant differences between the two within the authority's framework for accountability.

The Expenditure and Funding Analysis promotes accountability and stewardship by providing a more direct link with the annual decision making process of the authority and its budget ie the General Fund. The changes are more transparent and follow the performance framework of the authority.

The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement. To demonstrate accountability and to meet segmental reporting requirements it is necessary to reconcile to the statutory position on the General Fund balance. The service analysis for both the Expenditure and Funding Analysis and the Comprehensive Income and Expenditure Statement are now both provided in the way in which an authority organises itself and manages financial performance.

The Expenditure and Funding Analysis needs to be positioned in the financial statements where it is most accessible and relevant to its users. This means it could be placed before the main statements, to accompany the Comprehensive Income and Expenditure Statement, or even included as the first note. An authority will be able to decide for itself.

Expenditure and Funding Analysis (extract)

The Expenditure and Funding Analysis analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

20X0/20X1	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
People Directorate	47,385	898	48,283
Neighbourhoods	5,929	13,608	19,537
Business Change	30	224	254
Corporate and Central Services	19,358	833	20,191
Net Cost of Services	72,702	15,563	88,265
Other Income and Expenditure	(72,658)	(1,019)	(73,677)
Surplus or Deficit	44	14,544	14,588
Opening General Fund and HRA Balance at 31 March 20X0	(25,247)		
Less Deficit on General Fund and HRA Balance in Year	44		
Closing General Fund and HRA Balance at 31 March 20x1*	(25,203)		

*for a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

comprehensive income and expenditure statement

The Comprehensive Income and Expenditure Statement shows how resources have been generated and expended in accordance with International Financial Reporting Standards. It shows whether the authority's operations resulted in a surplus or deficit. The key lines that summarise performance are highlighted below.

Comprehensive Income and Expenditure Statement (extract)

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation [or rents]. Authorities raise taxation [and rents] to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement 20X0/X1	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
People Directorate	74,297	(26,014)	48,283
Neighbourhoods	58,225	(38,688)	19,537
Business Change	11,624	(11,370)	254
Corporate and Central Services	24,021	(3,830)	20,191
Cost of Services	168,167	(79,902)	88,265
Other Operating Expenditure (Note 9)	2,218	–	2,218
Financing and Investment Income and Expenditure (Note 10)	11,340	(2,359)	8,981
Taxation and Non-specific Grant Income and Expenditure (Note 11)	–	(84,876)	(84,876)
(Surplus) or Deficit on Provision of Services			14,588
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(36,597)
(Surplus) or Deficit on Revaluation of Available-for-Sale Financial Assets			(101)
Remeasurement of the Net Defined Benefit Liability (Asset)			(8,444)
Other Comprehensive Income and Expenditure			(45,142)
Total Comprehensive Income and Expenditure			(30,554)

Expenditure of continuing operations, analysed by service segment, these lines are reconciled to the General Fund in the Expenditure and Funding Analysis

Operational costs of providing the services of the authority.

Total income and expenditure of the authority for the year, this line is also reconciled to the General Fund in the Expenditure and Funding Analysis

From 2016/17 local authorities are required to report their service segments based on the way in which they operate and manage services. There is no longer a requirement for that service analysis to be based on the definition of total cost or the service expenditure analysis in the *Service Reporting Code of Practice* in the financial statements. This new format means that the service section of the Comprehensive Income and Expenditure Statement supports accountability and transparency as it reflects the way in which services operate and performance is managed.

Where an authority uses alternative service reporting formats it will need to select the presentation most commonly used by the individual or group within the authority who has the most significant role in allocating resources and assessing performance of services when considering the allocation of resources.

This format of the Comprehensive Income and Expenditure Statement is also more meaningful for both local authority members and users of the financial statements as it follows their budget and performance monitoring and other key documents such as their council tax leaflets.

Treatment of overheads will depend on an authority's arrangements for accountability. If an authority operates and manages some or all of its corporate and support services separately then these service segments would be shown separately on the face of the Comprehensive Income and Expenditure Statement and not apportioned.

The test is whether the expenditure relating to these activities is reported to key decision makers as separate activities or spread across services as overheads for the financial statements. Therefore, there is no longer an absolute requirement to apportion support service overheads to services. However, local authorities will not need to change any of their financial reporting requirements for internal management processes. Whatever you are doing internally determines the structure for external reporting statements.

The Comprehensive Income and Expenditure Statement is then split into two parts.

The first part reflects the full economic cost of providing the services of the authority with the results summarised at the Surplus or Deficit on the Provision of Services line, highlighted above. It represents the operating costs of providing the services of the authority in the year. In the private sector this would be equivalent to the profit or loss of a company.

The second part, other comprehensive income and expenditure, shows the gains or losses in the measurement of the assets and liabilities of the authority. These gains or losses arise as a result of changes in market valuations, interest rates or changes in measurement assumptions in relation to pensions assets and liabilities.

movement in reserves statement

The Comprehensive Income and Expenditure Statement shows the income and expenditure on the authority's services in the year in accordance with International Financial Reporting Standards as adopted by the Code. However, the amount chargeable to council tax and an authority's General Fund is limited by statutory requirements and requires a number of adjustments. The statutory adjustments largely relate to arrangements for funding local authority capital expenditure or the timing with which some items are charged to council tax. The reserves of the authority represent its net worth; the usable reserves show the resources currently available to spend on services.

The movements in the financial position of the authority are summarised in the Movement in Reserves Statement.

The Movement in Reserves Statement shows how:

- the authority has generated and expended resources in the year; and
- the resourcing position is adjusted under statutory rules to show the funds available to be spent at year end.

The Movement in Reserves Statement prescriptions have been reduced to the absolute minimum in the Code. Authorities can provide additional rows to these minimum requirements if they consider that they need to do so to provide a true and fair presentation of their reserves.

Movement in Reserves Statement (extract)

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can currently be used to fund expenditure or reduce local taxation) and other 'unusable' reserves. It shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax [or rents] for the year. The Net Increase/Decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those adjustments.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve* £000	Major Repairs Reserve** £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 20X0	22,118	3,129	10,065	1,600	450	37,362	1,350,567	1,387,929
Movement in reserves during 20X0/X1								
Total Comprehensive Income and Expenditure	(14,983)	395	–	–	–	(14,588)	45,142	30,554
Adjustments from income & expenditure charged under the accounting basis to the funding basis	14,835	(291)	(750)	–	–	13,794	(13,794)	–
Increase or (decrease) in 20X0/X1	(148)	104	(750)	–	–	(794)	31,348	30,554
Balance at 31 March 20X1 carried forward	21,970	3,233	9,315	1,600	450	36,568	1,381,915	1,418,483

* Capital Fund Scotland

** Applicable in England Only

An overall increase in usable reserves can arise despite a loss being shown in the Comprehensive Income and Expenditure Statement where statutory provisions allow a different charge to revenue from the authority expenditure incurred (eg replacement of depreciation by minimum revenue provision (MRP)). The adjustment to usable reserves is balanced by a movement in unusable reserves.

Unusable reserves such as the Capital Adjustment Account and the Pensions Reserve with debit balances will need to be funded in the future, even if it is over a long period, so increases in these balances show an increasing burden on future taxpayers.

balance sheet

The balance sheet in local authorities is very similar to other public sector or private sector balance sheets. The balance sheet presents an authority's financial position, ie its net resources at the financial year end. The balance sheet is composed of two main balancing parts: its net assets and its total reserves. The net assets part shows the assets the authority would have control of after settling all its liabilities. The balance of these assets and liabilities is then shown as being attributable to the various reserves of the authority.

For local authorities balance sheet presentation is split between the usable reserves and unusable reserves. Usable reserves are those which the authority can utilise to support future service provision. Unusable reserves cannot be used to support services and include gains and losses where amounts can only become available to support services if the assets are sold. These gains and losses are referred to as unrealised.

Balance sheet (extract)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves represents those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Balance Sheet	Notes	31 March 20X1	
			£000
Property, plant and equipment	12	628,924	The authority's property portfolio
Highways Network Asset	13	1,028,700	The Highways Network Asset (not applicable to district councils). This will be the largest asset balance in a local highways authority balance sheet
Heritage assets	14	3,379	
Investment property	15	4,020	
Intangible assets	16	709	
Long-term investments	17	948	
Long-term debtors	17	3,798	Long term assets ie those expected to provide benefits to the authority beyond 12 months
Long-term assets		1,670,478	
Short-term investments	17	24,060	
Assets held for sale	22	1,409	Current assets ie those anticipated to be consumed in 12 months – the normal operating cycle for the authority
Inventories	18	1,769	
Short-term debtors	20	15,351	
Current assets		42,589	Reconciles to the cash and cash equivalents balance in the cash flow statement
Bank overdraft		(13,767)	
Short-term borrowing	17	(9,500)	
Short-term creditors	23	(21,960)	Current liabilities ie those liabilities anticipated to be settled within 12 months
Current liabilities		(45,227)	
Provisions	24	(4,297)	
Long-term borrowing	17	(89,733)	
Other long-term liabilities	17	(155,327)	Long-term liabilities ie those liabilities that are anticipated to be settled beyond 12 months
Long-term liabilities		(249,357)	
Net assets		1,418,483	Total assets less total liabilities

\ reserves

Reserves – including the General Fund and (where relevant) the Housing Revenue Account – are an indication of the resources available to an authority to deliver services at the balance sheet date. The key messages that members will be looking for in terms of reserves – especially the General Fund and the HRA – are how the balances have changed over the year, whether the balances are still adequate, and what the balances mean in terms of future budgets and services.

Information on the level of reserves can be found in the balance sheet and related notes, and in the Movement in Reserves Statement (and related notes). This latter statement will be more useful in explaining the changes that have taken place during the year.

	Notes	31 March 20X1 £'000
Usable reserves	24	36,568
Unusable Reserves	25	1,381,915
		<u>1,418,483</u>

The minimum requirement in presenting resources is to include only two lines – usable reserves (such as General Fund) and unusable reserves (such as the Revaluation Reserve and the Capital Adjustment Account).

If there are some reserves you do want to show on the balance sheet, that's fine, as long as these totals are shown.

While the balance sheet aims to show those reserves over which members have control, don't forget that some of the unusable reserves will become a charge against the revenue account – or usable reserves – over time. And in some cases, such as the Unequal Pay Back Pay Account, this might be within a year or two.

As indicated above, not all reserves can be used to deliver services, and the Code reflects this by reporting reserves in two groups – 'usable' and 'unusable' reserves. Usable reserves such as the General Fund are those where members will be involved in deciding on the levels maintained, and their use. Unusable reserves such as the Revaluation Reserve and the Capital Adjustment Account are not subject to such member influence.

cash flows

The final statement required by the Code is the cash flow statement.¹ The cash flow statement shows changes in cash flows of the authority during the financial year. It shows net cash flows split into three activities: operating, investing and financing. The cash flow statement shows the resulting movement in the authority's cash and cash equivalents. Cash and cash equivalents include short term investments that are readily convertible and which are subject to only insignificant risk of changes in value.

Cash Flow Statement (extract)

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

	20X0/X1 £000	
Net (surplus) or deficit on the provision of services	14,588	Surplus or deficit taken from the Comprehensive Income and Expenditure Statement
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(36,267)	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	11,523	
Net cash flows from Operating Activities (Note 26)	(10,156)	Three groups of transactions: <ul style="list-style-type: none"> ■ Operating ■ Investing ■ Financing
Investing Activities (Note 27)	(24,585)	
Financing Activities (Note 28)	35,140	
Net increase or decrease in cash and cash equivalents	399	
Cash and cash equivalents at the beginning of the reporting period	(14,166)	
Cash and cash equivalents at the end of the reporting period (Note 19)	(13,767)	Cash and cash equivalents figure in the balance sheet

¹ Note the format of the cash flow statement shown is produced under the indirect method.

a checklist of questions to ask about a local authority's financial statements

To assist with the understanding of local authority financial statements a checklist about the core financial statements and the Expenditure and Funding Analysis has been included below.

Checklist	
Expenditure and Funding Analysis	
1	Have any significant differences between budget reports and net expenditure chargeable to General Fund and Housing Revenue Account balances been explained?
2	Are the major statutory adjustments clearly explained and easily understood?
Comprehensive Income and Expenditure Statement	
3	Is the purpose of the Comprehensive Income and Expenditure Statement clear (ie does it show actual financial performance under accounting standards before fiscal adjustments)?
4	Do the service net expenditure figures clearly demonstrate the financial performance of the services on the face of the Comprehensive Income and Expenditure Statement during the year?
5	Are the material items of income and expenditure in the Comprehensive Income and Expenditure Statement presented separately on the face of the Statement or explained in the notes?
6	Do the notes to the Comprehensive Income and Expenditure Statement provide easily understandable information relating to the Statement (or lines within the Statement)?
7	Are there any unexplained significant variances between current and previous year information?
Movement in Reserves Statement	
8	Can the major movements in net worth that occur within the Movement in Reserves Statement be easily identified? Are these explained within the financial statements or Narrative Report?
9	Do the opening balances in the Movement in Reserves Statement match with the closing balances of the preceding year? Are any adjustments to opening balances explained on the face of the Statement and/or in the notes?
10	Is there a clear explanation of the statutory adjustments in the adjustments from income and expenditure charged under the accounting basis to the funding basis line in the Movement in Reserves Statement? (Note this may be linked with the Expenditure and Funding Analysis.)
11	Do the entries on the statutory adjustment line net to nil?
12	Do the related notes on reserves clearly explain the line or columnar items not explained in the Statement?

Checklist

13	Does the Total Comprehensive Income and Expenditure line in the Movement in Reserves Statement agree with the information in the Comprehensive Income and Expenditure Statement?
14	How have the balances of usable reserves moved during the year? Are these balances sufficient to support an authority's financial plans in the immediate future and over the medium term?
Balance Sheet	
15	Does the property, plant and equipment information tell the story of the authority's property portfolio during the year (including the major movements in that portfolio ie major disposals and acquisitions)? Do these balances reflect the authority's asset management strategy? (Note the same question can be asked for local authorities with substantial portfolios of investment properties.)
16	For highways authorities – do the movements in the Highways Network Asset represent the transport management/investment decisions of the authority?
17	Has there been any substantial movement in the pension asset or liability? If yes, has the reason for such a movement been explained and the subsequent consequences described in the financial statements or the Narrative Report?
18	Have there been any new provisions or significant movements in provisions in the year? If yes, have the reasons for making these provisions been set out in the financial statements or any material movements been explained?
19	Have there been any significant movements in the authority's borrowings during the year? Are these movements reflected in your council's borrowing strategy and what impact will this have on the prudential indicators or future investment plans?
20	Are there any significant movements in an authority's investment portfolio? Do these agree with the plans in the authority's treasury management strategies and statutory investment plans?
21	Are there any other significant movements in balances in the balance sheet that are not clearly explained?
22	Do the balance sheet reserves agree with the totals in the Movement in Reserves Statement?
Cash Flow Statement	
23	Do the cash balances in the cash flow statement agree with the relevant balances in the balance sheet?
24	Are the council's cash balances reflected adequately in the council's treasury management strategies?

reminders and questions raised on the IFRS-based code

IFRS – what is it?

International Financial Reporting Standards (IFRSs) are a suite of accounting standards used across the world. The Code of Practice on Local Authority Accounting is based on IFRS standards as adapted or interpreted for local authority circumstances.

The pension deficit is meaningless – why do we have to show it?

The deficit doesn't have to be funded from this year's budget, but it's still a true cost estimated by actuaries – it represents the amount that will need to be found from future budgets to pay for pension entitlements already incurred in delivering services. So it's a real call on future funding arising from past activity. Not showing this would hide the liability that the authority has incurred.

This also applies to other reserves. Like the Pension Reserve, the Capital Adjustment Account, the Unequal Pay Back Pay Account and similar reserves all do one thing: they hold expenditure that the authority has incurred but not yet financed. Think of them as being a bit like a credit card balance – these amounts will have to be funded in future, either from taxation or from usable reserves.

Concerns have been expressed that all these reserves make the balance sheet incomprehensible. But all that needs to be shown on the balance sheet itself are 'usable reserves' and 'unusable reserves' – the details can all go in a note. This will help to declutter the balance sheet.

The financial statements do not clearly demonstrate traditional measures of local authority performance ie General Fund and HRA balances

The IFRS-based Code sets out that local authority financial statements are intended to be used for assessing the stewardship of local authority resources and for making economic decisions. Thus the information is intended for two purposes. The Comprehensive Income and Expenditure Statement presents information on the real economic cost of providing services in the year and it does not show the movement in General Fund and HRA balances. This reconciliation is provided in the Movement in Reserves Statement, whose bottom line shows the General Fund and HRA resources available at year end. CIPFA has reviewed options for making this even clearer. The new Expenditure and Funding Analysis brings together both the accounting measures of performance and the performance against General Fund for council tax setting purposes.

The accounts are too long!

Yes, the accounts can be long, but local authorities have a complex story to tell. But notes only need to be produced if they are material – leaving out notes that aren't material or required by legislation is a good start. CIPFA/LASAAC as standard setter is continuously challenging the need to introduce disclosures and reporting requirements for local government.

What changes were made to the 2016/17 Code?

CIPFA and CIPFA/LASAAC consulted widely in preparation for these changes, particularly the Telling the Story consultation in the summer of 2015. CIPFA also engaged a working group to consider a wide range of proposals for change. Following feedback from consultations from local authority accounts preparers and the work of the Working Group, the Telling the Story consultation set out proposals for change that CIPFA/LASAAC considers will reconnect the financial statements of local authorities with the way those authorities are both organised and funded.

The changes to the 2016/17 Code therefore have two main strands:

- to allow local authorities to report on the same basis as they are organised by breaking the formal link between the Service Reporting Code of Practice (SeRCOP) and the Comprehensive Income and Expenditure Statement
- to introduce a new Expenditure and Funding Analysis which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the Comprehensive Income and Expenditure Statement in a way that is accessible to the lay reader. This analysis is supported by a streamlined Movement in Reserves Statement and replaces the current segmental reporting note.

The changes to the Code will for the first time allow local authorities to bring together the funding framework and the accounting framework in one analysis.

further reading

Financial Statements: A Good Practice Guide for Local Authorities (CIPFA, 2013)

Clear out the Clutter (Public Finance, April 2014)

Simplified Accounts: Small Isn't Always Beautiful (Public Finance, September 2015)

Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA, issued annually)

Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners
(CIPFA, issued annually)



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Item 6

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

AUDIT COMMITTEE – 6th JUNE 2018

ANNUAL FRAUD REPORT 2017/18

Executive Summary

- i. As a local authority responsible for the administration of large amounts of assets and finances, Barnsley MBC is a target for fraudsters. It is therefore important to maintain robust policies and procedures to safeguard the Council's integrity against potential fraud.
- ii. The Authority's counter fraud functions continue to be provided by Internal Audit Services Corporate Anti-Fraud Team (CAFT). This centralised team enables the Council to focus its preventative and investigative resource to tackle the different types of fraud that may occur against a Local Authority.
- iii. The team covers a wide range of tasks including implementing the Anti-Fraud and Corruption Policy across the authority, providing a comprehensive counter-fraud service for all directorates, co-ordinating and managing the council's participation in the National Fraud Initiative (NFI), the introduction of council wide Fraud Awareness training and the prevention and detection of all types of fraud.

AUDIT COMMITTEE – 6th JUNE 2018

ANNUAL FRAUD REPORT 2017/18

1. Purpose of the Report

- 1.1 This report provides an account of counter fraud related activity undertaken by Internal Audit's Corporate Anti-Fraud Team from 1 April 2017 to 31 March 2018.
- 1.2 The Corporate Anti-Fraud Team continues to provide the Council with a full, professional counter fraud and investigation service for fraud attempted or committed against the Council.
- 1.3 This report provides information and assurance to the Audit Committee regarding a key aspect of the Authority's risk management, control and governance framework.

2. Recommendations

2.1 It is recommended that the Audit Committee:

- i. Consider the Annual Fraud Report as part of the framework of assurances to support the Annual Governance Statement;**
- ii. Continue their support in embedding a culture of zero tolerance and high levels of awareness regarding fraud and corruption;**

3. Background

- 3.1 As a major employer continually seeking to change and transform how it delivers services, and one that is engaged in a range of partnerships and activities, the Council is inherently vulnerable to acts of fraud, corruption or irregularity committed both from within and outside the Council.
- 3.2 In the current economic climate there is an increased focus being placed on local government to protect public funds. Barnsley Council is committed to ensure that increasingly scarce resources are used for the purposes intended, preventing unnecessary loss to fraud or theft and to tackle areas where abuse may occur.
- 3.3 To safeguard public funds and ensure these funds are used for their intended purpose the Council has a zero tolerance approach supported by a strong policy statement and commitment to tackling fraud and corruption. This is backed up by various policies, procedures and codes linked to the Anti-Fraud and Corruption Strategy to help ensure that the people of Barnsley and stakeholders have confidence that the affairs of the Council are conducted in accordance with the highest standards of probity and

accountability and that Members and officers demonstrate the highest standards of personal and professional honesty and integrity.

- 3.4 It is of course an unrealistic expectation to remove and avoid all fraud or loss from an organisation, and particularly one as big and diverse as a local authority. However with a concerted effort from elected members, senior management and all employees it is reasonable to expect that we can reduce and ultimately minimise the incidence and impact of fraud and corruption and thus release valuable resources for front line services.
- 3.5 The Audit Committee have received update reports summarising work undertaken in respect of anti-fraud work and investigations.
- 3.6 Senior managers continue to be aware and accept that anti-fraud and corruption measures start with them. Internal Audit and the Corporate Anti-Fraud Team provide an important advisory and guiding role but cannot assume the responsibility for operational anti-fraud controls within services and systems.
- 3.7 The following sections summarise the activity during the year covering corporate pro-active anti-fraud matters and reactive investigation work.
- 3.8 Details of sample completed fraud investigations are reported at Appendix 1.

4. Pro-active Anti-fraud and Corruption Activity 2017/18

Structure and Roles

- 4.1 Internal Audit's Corporate Anti-Fraud Team acts on behalf of the Director of Finance in ensuring the Council has appropriate arrangements to deter, detect and investigate fraud. This role includes the following:
 - Driving the continual development of a framework of anti-fraud policies and procedures;
 - Raising awareness and understanding of fraud risks and developing mechanisms to maximise the opportunities for fraud risk reporting;
 - Responding to Whistleblowing allegations, referrals and other concerns including those received under the Council's Money Laundering Policy;
 - Investigation of reports of financial or other irregularity;
 - Liaising with South Yorkshire Police to support criminal prosecutions;
 - Delivering a programme of proactive anti-fraud reviews;
 - Providing advice and support to managers across the Council and within schools in their own investigation of irregularities;
 - Providing advice and recommendations to managers on appropriate controls to help prevent and detect fraud and corruption;
 - Monitoring anti-fraud activity across the Council.

- 4.2 The Corporate Anti-Fraud Team comprises of a Principal Auditor (Corporate Anti-Fraud), a Senior Corporate Anti-Fraud Officer and a Corporate Anti-Fraud Officer.
- 4.3 In 2017/18 the Corporate Anti-Fraud Team had a total budgeted plan of 562 days. Preventative anti-fraud work totalled 112 days (compared to 161 in 2016/17) whilst reactive investigations totalled 450 days (compared to 420 in 2016/17).

Developing an Anti-Fraud Culture

- 4.4 In seeking to minimise losses to fraud and corruption, the ideal situation is one where those contemplating these acts are deterred from doing so. An anti-fraud and corruption culture whereby fraudulent activity is seen as unacceptable, combined with individuals' doubts as to whether acts of fraud and corruption can succeed, can serve as a powerful deterrent. Deterrence can in practice be achieved where strong prevention, detection, investigation, sanction and redress processes are in place and effective publicity and communication are developed around them.
- 4.5 In the work to develop the anti-fraud culture throughout the Council, the Corporate Anti-Fraud Team is always looking for new ways to promote the anti-fraud message to reach the largest possible audience. By stressing to all, not only the unacceptability of fraud and corruption but also its serious consequences, the anti-fraud culture is strengthened. Our reactive investigation work and our commitment to take seriously any reported allegations of suspected wrongdoing positively seek to discourage potential fraudsters.

Preventing Fraud

- 4.6 Effective preventative systems are put in place to try and ensure that if fraud is attempted, it will be discovered and fail.
- 4.7 Fraud prevention in the Council means ensuring that sound policy and procedural measures are in place in all Council departments. Internal Audit and the Corporate Anti-Fraud Team continuously review reported system weaknesses to identify areas of high fraud risk. Follow-up audits or themed anti-fraud audits are undertaken in all departments where common weaknesses have been identified.
- 4.8 Internal Audit is a member of the West and South Yorkshire Fraud Investigators Group (SWYFIG) which comprises West and South Yorkshire Internal Audit investigators.

4.9 The group meets twice a year with the following aims:-

- To promote and share best practice with regard to fraud and corruption prevention, detection and investigation work;
- To discuss areas of interest which will assist group members in undertaking reactive and proactive counter fraud work;
- To discuss investigation, data matching, risk assessment and other specialist techniques/methodologies/training opportunities that could be of benefit in the course of duties;
- To discuss current/future legislative issues, data matching exercises and other developments that impact on LA counter fraud strategy and operational work;
- To share and benchmark anonymised information on cases and other work to identify best practice within the group that can be used proactively at other local authorities to prevent, detect, identify and/or recover losses due to fraud and corruption;
- To share with other group members intelligence regarding local/regional/national issues and training which could impact on other members; and
- To create contact points in each local authority, for future liaison, advice

National Fraud Initiative

4.10 The NFI is a regular (biennial), mandatory, data matching exercise which all UK local authorities must 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.

4.11 The Council submits information relating to 12 mandatory sets of data. These datasets consist of information from Payroll, Housing Rents, Creditors, Private Residential Care Homes, Blue Badges, Residential Parking Permits, Licensing, Market Traders, Insurance, Personal Budgets, Council Tax and Electoral Registration.

4.12 The datamatches relating to the 2016-2017 continue to be sorted and investigated. However, work on the 2016-2017 exercise is gradually being reduced as the 2018-2019 exercise is due to commence later this year.

4.13 The total monetary value of fraud and error identified as at the end of March 2018 amounts to £240,196.

4.14 A breakdown is shown below:

Subject	Monetary Value	Number of Cases	Recovery Action
Private Residential Care Homes	£72,340	10	Amount has been recovered from future payments
Personal Budgets	£2,169	1	Amount has been recovered from future payments
Housing Benefit	£19,351	9	Recovery of amount ongoing
Council Tax Support	£2,138	1	Recovery of amount ongoing
Duplicate Creditor payments	£133,635	21	Amount has been recovered from future payments
Council tax single person discount	£10,563	17	Recovery of amount ongoing
Total Overpayments	£240,196		

4.15 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.

4.16 The original residential care home datamatches (200 matches) received in January (2017) identified 5 overpayments totalling £24,688. In view of the size of these overpayments further datamatch exercises, specific to residential care home residents to DWP deceased data, were undertaken in July (2017) and February (2018). These additional exercises provided a further 65 and 24 datamatches for follow-up. Checks identified that 11 of these matches had overpayments totalling £47,652.

4.17 The 16 overpayments related to 13 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.

4.18 A small number of duplicate creditor payments have been identified and these have been recovered from future payments. 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.

5. Reactive Fraud Work

Detecting and Investigating Fraud

- 5.1 Despite strong preventative measures, there are inevitably a minority of dishonest people who will be intent on attempting fraud and corruption and finding new ways to evade preventative systems or indeed taking an opportunistic risk. When this happens it is essential that we are able to promptly detect instances of fraud and corruption that have occurred.
- 5.2 The Council remains focused in its commitment to take all necessary action to investigate fraud and take appropriate sanctions.
- 5.3 All of the Corporate Anti-Fraud Team members dedicated to preventative and investigative work are professionally qualified in this area.

Corporate Investigations

- 5.4 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.
- 5.5 Since 1 April 2016 work in this area has included:
- Advice to managers undertaking management investigations and disciplinary proceedings;
 - Advice to officers in respect of concerns relating to the payment of Special Guardianship Allowance;
 - Liaison with the Immigration Service regarding concerns about the use of false identity documents;
 - Advice to officers and referrals to Action Fraud in respect of payments for Council services using stolen credit/debit cards;
 - Liaison with the Council's Safer Neighbourhood Team concerning a property let by a private landlord.

Council Tax Support (CTS) Investigations

- 5.6 The levels of identified CTS fraud are still relatively low nationally. CAFT have identified fraudulent council tax support claims of £6,429.04 since April 2017.
- 5.7 A summary of the Council Tax Support workload of CAFT for the period 1st April 2017 to 31st March 2018 is shown below.

Referrals	111
Accepted for investigation	7
Current Investigations	9

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

Details	No.
Poor intelligence – not enough evidence to pursue	7
Referred to National Crime Agency for investigation	1
No effect to CTS entitlement	4
Referred to DWP for investigation	46
Referred to Benefits, Taxation and Income	4
Preliminary investigation provided no evidence of fraud	31
Uneconomical to pursue - CTS adjustment less than £500	2
Total	95

The majority of the above referrals were received via online e-forms (43) and from other departments within the Council or Berneslai Homes (38). A further 21 referrals were received via the Corporate Anti-Fraud Hotline whilst the remaining 9 referrals were received from anonymous letters from the public.

Council Tax

- 5.9 CAFT have identified fraudulent council tax liability claims of £11,630.24 with additional savings of £4,369.84 identified since April 2017.

NB. The value of the fraud is the total council tax discount / liability fraudulently claimed / identified with projected savings up to the end of the current financial year. The savings record the value of the overpayment had the fraud not been identified.

- 5.10 A summary of the Council Tax workload of CAFT for the period 1st April 2017 to 31st March 2018 is shown in the table below.

Referrals	189
Overpayment only	34
Currently under investigation	4

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

Details	No.
Change in circumstance already known - no issue	2
Poor intelligence – not enough evidence to pursue	10
No discount present	2
No effect to entitlement	2
Referred to Benefits, Taxation and Income	23
Referred to DWP	12
Local Authority error	1
No evidence of fraud	99
Total	151

Most of the above referrals were received via the Corporate Anti-Fraud Hotline (27) and online referrals (76). A further 9 referrals were received from anonymous letters from members of the public whilst 64 were referred from Benefits, Taxation and Income or Berneslai Homes. The remaining 13 followed investigations into a number of matches raised via the NFI exercise.

Insurance Claims

- 5.12 An audit of the Council's insurance claim handling arrangements (undertaken by an external claims handler) recommended the development of a formal counter fraud process to prevent and detect potential fraudulent claims.
- 5.13 The CAFT commenced counter fraud checks of submitted insurance claims in February 2018. These checks, including financial and residential verification, provide assurance to the Insurance Team that the claims are genuine and bona fide.
- 5.14 CAFT has undertaken checks against 19 insurance claims in the final two months of 2017/2018. Preliminary investigations relating to two of the claims suggested some irregularity and CAFT's findings have been referred back to the Insurance Team in order that the Council's claims handler can investigate further.

Direct Payment / Personal Budget Fraud

- 5.15 Social care fraud has been identified as an emerging fraud risk area for local authorities. Whilst this type of fraud can take many forms the areas of greatest concern are the misuse of personal budgets, and people with no recourse to public funds deceiving local authorities into providing services to them.
- 5.16 The Council's Adult Assessment and Care Brokerage Team have referred three suspected irregularities to the CAFT, a further two have been received from members of the public.
- 5.17 Preliminary investigations into two of the referrals did not identify any evidence of fraud and a third has been forwarded to HMRC due to the service user making a number of cash payments for personal care.
- 5.18 The CAFT are continuing to investigate the remaining two referrals.

Right to Buy (RTBs)

- 5.19 The number of RTB sales has reduced from 198 in 2016/2017 to 184 in 2017/2018. Tenants can benefit from the scheme with discounts up to £77,000.
- 5.20 The Corporate Anti-Fraud Team have continued to apply an enhanced fraud prevention process to all new RTB applications throughout 2017/2018.
- 5.21 Checks, including financial and residential verification, provide assurance that tenants are eligible to the discount and fulfil the criteria of the scheme ahead of completion of sale.
- 5.22 CAFT has undertaken checks against 196 RTB applications during the financial year 2017/2018.
- 5.23 Eleven of these applications have been referred to the DWP for further investigation due to the tenant being in receipt of DWP benefits. In addition, and as a result of CAFT investigations, one application was withdrawn during the right to buy application process. However, it should be noted that the application was not identified as fraudulent.
- 5.24 The prevention work undertaken by the Corporate Anti-Fraud Team in respect of RTBs continues to protect valuable Council housing stock.

Housing/Tenancy Fraud

- 5.25 An investigative support service continues to be provided to Berneslai Homes to help identify potential fraudulent tenancies. This support has enabled Berneslai Homes to recover a property which was not being used by the tenant as their main home and to prevent two false attempts to succeed tenancies. CAFT investigations have also helped to recover two properties following allegations of sub-letting and with the successful prosecution of a tenant under the Prevention of Social Housing fraud Act 2013.
- 5.26 A summary of alleged tenancy fraud referrals received for investigation during 2017/2018 is shown in the table below.

Details	No
Alleged application fraud – Closed no evidence of fraud	2
Alleged non-residency – not pursued, no evidence of fraud	16
Alleged fraudulent attempt to succeed tenancy – no evidence of fraud	4
Allegation of sub-letting - not pursued, no evidence of fraud	3
Ongoing	4
Total	29

- 5.27 Several of the above referrals were received anonymously from members of the public (4 to the Corporate Anti-Fraud Hotline and 1 letter). A further 7 referrals were received via Corporate Fraud Online Referral Forms, 3 anomalies were investigated as a result of NFI datamatching whilst 20 were referred from Berneslai Homes (18) and Benefits, Taxation and Income (2).

6. Key Priorities 2018/19

- 6.1 The need to respond quickly and comprehensively to allegations of fraud and corruption impacts on the ability to deliver proactive anti-fraud work. The Corporate Anti-Fraud Team will continue to advise managers to enable them to investigate lower risk referrals.
- 6.2 The Corporate Anti-Fraud Team has allocated 558 chargeable days for reactive and proactive fraud work in 2018/19.
- 6.3 The key priorities over the next few months are shown below. These will be reported back to the Committee within the next update in December 2018.

Ref	Action	Timescale
1	Participation in NFI Non Domestic Rates pilot exercise	June 2018
2	Review of Corporate Anti-Money Laundering Policy	July 2018
3	Corporate Procurement Anti-Fraud Review	August 2018
4	Organised Crime Procurement Audit	August 2018
5	Co-ordination of, and participation in, BMBC/BH Fraud Awareness Week	September 2018
6	Preparation for 2018-2019 NFI exercise	September 2018

7. Local Area Implications

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

8. Consultations

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

9. Compatibility with European Convention on Human Rights

- 9.1 In the conduct of investigations, the Corporate Anti-Fraud Team operates under the provisions of the Data Protection Act 1998, the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

10. Reduction of Crime and Disorder

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

11. Risk Management Considerations

- 11.1 Whilst there are no specific risks emanating as a result of this report there are a range of risk issues worthy of consideration and note.
- 11.2 There is a risk to the control and governance of the Authority if management fail to implement recommendations. In mitigation Internal Audit has introduced a more rigorous 'follow-up' process to ensure the most significant issues are implemented. This is reported to the Audit Committee within the quarterly and annual reports.

12. Employee Implications

- 12.1 All employees are under an obligation through their contracts of employment to be honest and adhere to the Code of Conduct.
- 12.2 There will be further guidance and opportunities for all employees to ensure their personal awareness of anti-fraud and corruption measures continues to be high. Management are charged to ensure that awareness is high and maintained.

13. Financial Implications

- 13.1 There are no financial implications arising directly from this report. The costs of the Corporate Anti-Fraud Team function are included within the Authority's base budget.
- 13.2 There are financial consequences in both losses from fraud and also the cost of controls to minimise fraud. Internal Audit Services carefully assess both aspects of the financial consequences of fraudulent activity when making recommendations and advising management.

14. Background Papers

- 14.1 Various previous Audit Committee reports

Contact Officer: Head of Internal Audit and Corporate Anti-Fraud
Telephone: 01226 773241
Date: 25th May 2018

	Case Description	Result / Outcome
1.	<p>Council Tax Support Fraud – A fraud referral was received from the Benefits, Taxation and Income Team 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 claimant in receipt of council tax support had failed to declare two bank accounts and to report a significant increase in capital to both the DWP and Barnsley Council.</p> <p>CAFT enquiries established that the claimant inherited in excess of £191K in 2013 but failed to inform the Council of this change in circumstances that would affect council tax support entitlement.</p> <p>The failure to report the increase in capital resulted in a council tax support overpayment of £2,867.58.</p>	<p>The claimant was interviewed under caution but failed to provide a satisfactory explanation for the failure to report the change in circumstance.</p> <p>The claimant subsequently paid the overpaid council tax support in full.</p> <p>As all council tax account arrears were paid in full, and that the DWP had advised they were pursuing a criminal prosecution for overpaid welfare benefits, it was not considered to be in the public interest for the Council to pursue a criminal prosecution for overpaid council tax support.</p>

	Case Description	Result / Outcome
2.	<p>Right to Buy Application – A referral was received from the Right to Buy Team who were concerned that one of the tenants had failed to declare receiving a right to buy discount on another council house purchased with a former partner.</p> <p>Checks undertaken by CAFT, including land registry and third party data background searches, identified that the tenant had received a discount exceeding £22K when purchasing a property through the right to buy scheme with the former partner.</p> <p>The Right to Buy Team issued a further letter to the tenants requesting confirmation of any previous council house purchases. The tenants subsequently resubmitted the right to buy application declaring the earlier purchase.</p>	<p>The tenants continued with the purchase of the council house but with a reduced qualifying discount due to 50% of the previous discount, which exceed £9K, being recovered.</p>

Item 7

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

AUDIT COMMITTEE – 6th JUNE 2018

INTERIM INTERNAL AUDIT ANNUAL REPORT 2017/18

Executive Summary

- i. This report provides the Head of Internal Audit's interim annual opinion on the adequacy and effectiveness of the Authority's internal control arrangements based on the work of Internal Audit during 2017/18 and has been prepared in accordance with the Public Sector Internal Audit Standards.
- ii. Considering the overall results of Internal Audit work undertaken to date, together with management's implementation of recommendations the indicative opinion given is **adequate** (positive) assurance. This has been based upon an agreed annual programme of risk based audit coverage which has enabled a valid indicative assurance opinion to be provided.
- iii. Whilst the overall indicative opinion is positive, there are some key issues arising from Internal Audit work in the year that senior management should consider. In general terms these relate to the continued impact of Future Council and the implications of changed structures, new and changed systems and an increased workload for many managers which have impacted upon their ability to maintain reasonable and effective controls in some areas of activity.
- iv. It is recognised that the Future Council approach has required a change in risk appetite and that there has been a natural period during which new operational arrangements have been implemented. The next stage of course is to ensure that these are embedded. This has been openly acknowledged and discussed with senior management during the year but it is nevertheless important that during 2018/19 senior managers remain alert to and focussed on maintaining an appropriate, risk-based and effective framework of controls.
- v. The key issues arising from all completed audits have been reported throughout the year within the Quarterly Internal Audit Reports and are summarised in this report.
- vi. Throughout the year the Audit Committee have been made aware of progress in the implementation of audit report recommendations. This has continued to be an issue throughout the year. Overall, at the point of follow-up and over the year only 37% of recommendations had been implemented by the date agreed by management. The monitoring of report recommendations will continue to be a priority for the Service.
- vii. The current audit plan is focussed on supporting management to consider the approach to controls in the context of reduced resources.

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

AUDIT COMMITTEE – 6th JUNE 2018

INTERIM INTERNAL AUDIT ANNUAL REPORT 2017/18

1. Purpose of Report

1.1 This interim annual report has been prepared adopting recommended practice contained within the updated Public Sector Internal Audit Standards (PSIAS) which came into effect on the 1st April 2017. These Standards require the Head of Internal Audit (HoIA) to report to the appropriate Member body, the Audit Committee, providing his opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control based on the work undertaken by Internal Audit.

1.2 In order to comply with these Standards the report provides:-

- i. an opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control;
- ii. summary of the audit work undertaken to formulate the opinion;
- iii. details of key control issues identified which can be used to inform the Annual Governance Statement (AGS); and
- iv. the extent to which the work of other review or audit bodies has been relied upon.

1.3 The opinion provided is an indicative opinion and an update will be given to members at the September Audit Committee to coincide with the consideration of the final Annual Government Statement.

2. Recommendations

2.1 It is recommended that the Audit Committee:-

- i. **considers the indicative opinion provided by the Head of Internal Audit based on the work undertaken in 2017/18 regarding the adequacy and effectiveness of the Authority's framework of governance, risk management and control;**
- ii. **notes the key issues arising from the work of Internal Audit in the context of the Annual Governance Statement (AGS).**

3. Introduction / Background

- 3.1 In accordance with statutory best practice provided by the PSIAS, there is a requirement that the Head of Internal Audit (HoIA) prepares an annual report to the appropriate member body providing, amongst other things, an opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control based on the audit work undertaken. For the Authority, the appropriate member body is the Audit Committee.
- 3.2 The Accounts and Audit Regulations require all councils to publish an Annual Governance Statement (AGS) providing a narrative on the Council's internal control, risk management and governance framework, the results of the annual review process and detailing any actions to be taken in respect of any identified weaknesses. The AGS will address all aspects of corporate governance including internal control and risk management arrangements, in addition to financial controls.
- 3.3 This report provides a summary of key issues arising from the work of Internal Audit covered in the 2017/18 audit plan and up to the point of preparing this report, which contributes to the overall indicative assurance opinion the HoIA is able to give the Audit Committee.
- 3.4 Although providing an important and significant contribution to the assurances the Audit Committee needs in its consideration of the AGS, this report forms only part of the assurance framework. The Audit Committee will receive the draft Annual Governance Statement for 2017/18 at the June meeting. The Audit Committee are therefore encouraged to consider this interim annual report in the context of broad controls assurance.
- 3.5 The financial budget for the Internal Audit Team is clearly set covering the period 1st April to 31st March each year and a plan of the days and where they are planned to be delivered is prepared similarly. However, the actual delivery of internal audit work and the constant review and revision of coverage is on a more rolling basis. In order to align the annual Internal Audit report to the AGS and the signing of the Statement of Accounts it is more appropriate that the Head of Internal Audit's opinion is provided reflecting all the work undertaken at the point of the approval of the AGS and Accounts.
- 3.6 In order to provide the Audit Committee with key information and the opportunity to comment this interim final report has been prepared along with an indicative opinion.

4. Head of Internal Audit's Indicative Opinion on the Effectiveness of the Authority's Internal Control Environment

- 4.1 The Audit Committee has received quarterly reports throughout the audit year. In each of these reports an adequate assurance opinion had been given reflecting on a quarterly basis an overall satisfactory level of internal controls and their application.
- 4.2 Taking the whole year into account, the audits completed and substantially complete, it is appropriate to give an overall **adequate** (positive) indicative assurance opinion for the year. The information supporting this opinion is provided below.
- 4.3 Whilst the overall opinion is positive, there are some key issues arising from Internal Audit work in the year that senior management should consider. In general terms these continue to relate to the impact of Future Council and the implications of changed structures, new and changed systems and an increased workload for many managers have had on the ability to maintain reasonable and effective controls in some areas of activity.
- 4.4 It is recognised that the Future Council approach has required a change in risk appetite and that there is a natural period during which new operational arrangements will embed. This has been openly acknowledged and again discussed with senior management during the year but it is nevertheless important that during 2017/18 senior managers remain alert to, and focussed on, maintaining an appropriate, risk-based and effective framework of controls. The audit work undertaken and planned for the current year has sought to take into account the change in risk appetite necessary to embrace and implement such significant change and achieve financial savings. Although the overall assurance opinion is adequate, it is essential that senior management retain a focus on embedding new operational and governance arrangements.
- 4.5 To highlight this issue, a number of senior managers asked for Internal Audit input during the year to provide assurances that the control framework in certain areas was effective. This Internal Audit support was requested to highlight key risk issues and assist management in how best to manage the risks. Of key importance of course is the consideration and management of the identified and accepted risks moving forward.
- 4.6 It should be noted that the audit work completed has in the main identified weaknesses in the framework and application of controls that increases the risk of the failure to meet operational objectives. The failure to then address control weaknesses through the timely implementation of recommendations clearly adds to this risk.

- 4.7 Section 6 of this report provides more detail regarding the results of the audit work. In summary, 50% of the completed audits resulted in a substantial or adequate assurance opinion which would be a decrease from 2016/17. However, if we include the 2017/18 Internal Audit reviews that are substantially complete, as at 25th May, all have an indicative opinion of at least adequate, this would increase to 60%. With regards to the implementation of agreed management actions only 37% were implemented by the original date set by management.
- 4.8 Within the quarterly reports a number of key issues were drawn to the Committee's attention. These are summarised in Section 6.
- 4.9 The results of the core system reviews for the 2017/18 financial year are given in paragraph. 6.15.
- 4.10 There was, however, only a small percentage of the recommendations made that fell into the Fundamental category (2%). Overall, there has been a 10% increase in the percentage of significant recommendations made from 44% in 2016/17 to 54% in 2017/18.
- 4.11 Audit work in the year has found areas where controls remain good and only relatively minor issues have been raised. However, as mentioned above, the work has identified the continuation of a general theme of the difficulty management have had to implement recommendations by the agreed dates.
- 4.12 Although audit work aims to cover a broad range of services, systems and areas of Council activity, it needs 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 the assurance opinion provided is based on reasonable coverage, as resources allow, and cannot be regarded as absolute assurance. Equally, there is a responsibility of senior managers through the annual governance statement process to provide assurances to the Chief Executive regarding the application and effectiveness of the internal control and governance framework in their operational or functional areas.

4.13 To remind the Committee, Internal Audit assurance opinions are classified within a range of four options, two positive and two negative. The table below shows in broad terms the basis for the different opinions applied.

	Level	Control Adequacy	Control Application
POSITIVE OPINIONS	Substantial Assurance	A robust framework of controls exist that are likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
	Adequate Assurance	A sufficient framework of key controls exist that are likely to result in objectives being achieved, but the control framework could be stronger.	Controls are applied but with some lapses.
NEGATIVE OPINIONS	Limited Assurance	Risk exists of objectives not being achieved due to the absence of key controls in the system.	A significant breakdown in the application of key controls.
	No Assurance	A significant risk exists of objectives not being achieved due to the absence of controls in the system.	A fundamental breakdown in the application of all or most controls.

4.14 Internal Audit seeks to work closely as appropriate with other auditors, most significantly External Audit. However, for 2017/18 no work undertaken by other auditors or any other review body has been specifically relied upon in the provision of this indicative annual overall assurance opinion.

5. Summary of Internal Audit Work and Coverage 2017/18

5.1 Internal Audit aim to utilise a risk-based approach to planning its work. This approach seeks to ensure that the key risks facing the Authority are covered where appropriate by Internal Audit work. Internal Audit was able to use the Strategic and Operational Risk Registers to contribute to the planning of audit coverage. The audit planning process and details of the 2017/18 audit plan were reported to the Audit Committee in the March 2017 meeting.

5.2 The Audit Committee has received quarterly reports that incorporate the results of audit work and management’s response on an on-going basis. A summary of the Internal Audit reports for 2017/18 is at Appendix 2.

5.3 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. Over the last couple of years there has been a notable increase in the number of these adjustments which is indicative of the rapidly changing control environment and structure of the Council. Details of audit work which has been deferred, deleted or requests for specific pieces of work have been reported within the quarterly reports.

- 5.4 It should also be noted that Internal Audit work is variable both in its nature and timing. The risk-based approach ensures the highest priority work is undertaken. As with all plans, the audit plan was determined at a particular time (March 2017) utilising information available and has been subject to significant changes in certain areas arising from the Future Council Programme and requests for audit input. The Audit Committee should be assured that within the finite resources available to Internal Audit, the key audit risks identified have either received audit attention during the year or are reflected in the audit plan for 2018/19
- 5.5 The position at the end of the year for core internal audit days shows an overdelivery of 106 days, or 10%, of the original provision. Due to the flexible nature of the plan this was constantly monitored and revised with any work that was unable to be resourced being re-assessed and, where appropriate, carried over to the current audit year.
- 5.6 In terms of the overall delivery of planned days, a total of 1,127 days were delivered by the core Internal Audit team. Details of the original and revised plan along with how these days were actually spent against each Directorate are shown in Appendix 1. This overall level of core internal audit resource is 9% less (112 days) than provided in 2016/17.
- 5.7 Within the reduced resources there remains a significant amount of time needed to respond to requests for providing advice, support to services, innovation and initiatives, changes, projects and programmes, corporate change projects and general work that does not result in a specific report. Approximately half of operational audit time is spent on work that generates a specific report. Details of the non-report work have been provided through the quarterly reports, but in summary has covered the following:
- Grant verification
 - Final Account reviews
 - Charity Accounts
 - Requests for service reviews on a consultancy or advisory basis
 - Review of Contract Procedure Rules
 - General advice to services in relation to controls, risk and governance
 - Audit Committee support
 - Follow-up of recommendations
 - Corporate document management / information asset requirements
 - Annual audit planning process
 - Feedback and liaison to all services
 - Input to the Annual Governance Review
 - Policy review and advice
- 5.8 Whilst the work covered in the above list has not resulted in a specific assurance opinion, all work undertaken is considered in terms of the overall annual assurance provided in this annual report. Much of this work has also been considered in the 2018/19 planned coverage.

6. Summary of Internal Control Issues Arising from Internal Audit work in 2017/18

6.1 Internal Audit has completed 16 individual reviews of aspects of the Authority's internal control framework during 2017/18 that resulted in a formal report. These 16 audits sought to identify, test and review various controls to ensure management were meeting their responsibilities to establish and adhere to appropriate systems of internal control. It should be noted that at the time of this report, a further 6 reviews are ongoing and are substantially complete. The indicative assurance opinions for these are of a least adequate for all. Details are referenced within the work in progress section (appendix 4).

6.2 A summary of the assurance opinions given for the 16 reports issued for the year and those to be issued are shown below together with a comparison to 2016/17 and 2015/16.

Assurance Opinion		Indicative 2017/18		Completed 2017/18		2016/17		2015/16	
		No	%	No.	%	No.	%	No.	%
Positive Opinions	Substantial	2	10%	2	12%	1	6%	2	7%
	Adequate	10	50%	6	38%	9	56%	11	41%
Negative Opinions	Limited	8	40%	8	50%	6	38%	4	52%
	No	0	0%	0	0%	0	0%	0	0%
TOTAL		20	100%	16	100%	16	100%	27	100%

It should be noted that clearly some audit areas have a greater significance and potential impact on the overall assurance opinion, i.e. limited assurance opinions given for control weaknesses in areas with a narrow scope, limited transactions and financial value will have a lower impact on the overall opinion compared to say a major service or a core financial system receiving such an opinion.

6.4 Across the various completed pieces of work 110 recommendations were made. These are summarised below:

Recommendation Category	No.	%	No.	%	No.	%
	2017/18		2016/17		2015/16	
Fundamental	3	2%	4	3%	10	6%
Significant	59	54%	51	44%	86	49%
Merits Attention	48	44%	62	53%	79	45%
Total	110	100%	117	100%	175	100%

- 6.5 As can be seen, only 3 fundamental recommendations were made reflecting the fact that overall relatively few major control issues were identified. In all cases management have agreed the recommendations made and set their own timescales for implementation. Although there has been significant pressure on management throughout the year and across all services, Internal Audit has continued to get good co-operation from management across the Council and at various levels.
- 6.6 Details of the key issues arising from these reviews have been presented to the Audit Committee in the quarterly reports. These findings have arisen across audit reviews ranging from specific establishments to areas of governance.
- 6.7 As stated in the quarterly reports it is important to note that the identification of control weaknesses does not necessarily indicate that any loss or inefficiency has actually occurred. Weaknesses indicate an increased *potential* that losses or inefficiencies could occur.
- 6.8 An important part of Internal Audit's assessment of controls is undertaken through the annual reviews of the core financial systems of the Authority. This work is considered by External Audit who have regard to Internal Audit's work to assist in their opinion on the financial systems for their audit of the Accounts.
- 6.9 The core system reviews in relation to 2017/18 are just being completed. The necessary timing of these reviews is extremely challenging in coinciding with the preparation of the draft accounts. It is appropriate to highlight the excellent co-operation once again received from Financial Services. A separate section on the core system reviews is given below.
- 6.10 In relation to specific establishments or other minor systems, controls are tested at a lower level to ensure the detailed operation of systems and procedures, and the use of assets and resources are effective.
- 6.11 During the year, 115 audit report recommendations were followed-up in accordance with the current recommendation follow-up protocol. As reported through the quarterly reports, the percentage of recommendations implemented by the original date has been relatively low.
- 6.12 Overall, at the point of review and across the year, only 37% of recommendations had been implemented as originally planned compared to 45% in 2016/17. However, again at the point of review 59% of recommendations had been implemented albeit a significant proportion outside of the original timescales / implemented by revised target date. This is lower than the 2016/17 total of 70%.

- 6.13 The Audit Committee has continued to monitor this situation and has expressed concern regarding this matter. Senior management have been reminded of their responsibilities to implement agreed recommendations to ensure any control, risk or governance weaknesses identified through internal audit work are corrected. The Senior Management Team receives regular monitoring reports regarding the implementation of recommendations and escalates action accordingly. Clearly, any significant delay in implementation or non-implementation weakens the overall control environment.
- 6.14 In common with the general theme highlighted previously, Internal Audit has found that in many cases the delay in the implementation of recommendations has been as a direct consequence of the significant demands placed on senior management over the last 24 months in managing the implementation of Future Council. It is hoped that in 2018/19 senior management will be able to better meet their own timescales for implementing recommendations. However, it is acknowledged that additional and significant savings will be required over the next few years which are likely to continue to impact on management capacity.

Core System Reviews 2017/18

- 6.15 Overall there are 11 systems regarded as core and fundamental to the financial management of the Authority. Over the last few years there has been a detailed risk assessment undertaken to establish the extent of coverage each system requires given a number of factors, namely any significant changes in the system or key personnel, the audit opinion the previous audit and the results of an analytical review undertaken by Internal Audit. The outcome of this risk assessment is discussed and agreed with the Section 151 Officer. External Audit are also consulted on the risk assessment and proposed coverage.

6.16 The assurance opinions given for each of them are shown in the table below:-

Core System	Assurance Opinion 2017/18	Assurance Opinion 2016/17	Assurance Opinion 2015/16	Assurance Opinion 2014/15	Assurance Opinion 2013/14
Purchase to Pay	Ongoing	Not Audited	Not Audited	Adequate	Adequate
Income	Ongoing	Not Audited	Adequate	Limited	Adequate
Council Tax / NDR	Not Audited	Not Audited	Adequate	Not Audited	Substantial*
Housing Benefits	Not Audited	Limited	Not Audited	Not Audited	Substantial
Pay, Employee Admin & Org. Management	Adequate	Not Audited	Not Audited	Substantial	Substantial
Fixed Assets / Asset Mgt.	Not Audited	Not Audited	Not Audited	Limited	Adequate
Cash Receipting & Banking	Not Audited	Not Audited	Adequate	Adequate	Adequate
Main Accounting	Ongoing	Not Audited	Not Audited	Substantial	Substantial
Housing Rents	Substantial	Substantial	Substantial	Substantial	Substantial
Treasury Management	Ongoing	Adequate	Not Audited	Substantial	Substantial
SAP System*	Not Audited	Limited	Limited	Not audited	Not audited

Summary

Assurance Opinion	2017/18	2016/17	2015/16	2014/15	2013/14
Substantial	1 / 17%	1 / 50%	1 / 33%	2 / 29%	7 / 64%
Adequate	1 / 17%	1 / 50%	2 / 33%	2 / 29%	4 / 36%
Limited	0 / 0%	1	1 / 33%	3 / 42%	0 / 0%
No	0 / 0%	0	0 / 0%	0 / 0%	0 / 0%
Audit Ongoing	4 * / 66%	1	0 / 0%	0 / 0%	0 / 0%
Not audited	5	8	7	5	1

*The ongoing audit reviews are substantially complete at the time of drafting this report. The indicative opinions for all of these reviews are at least adequate.

6.17 Due to the timing of these audits, the detailed results will be included in the Progress report to the July Audit Committee meeting and within the final annual report to the July meeting.

Summary of Control Issues

6.18 During the year the Audit Committee has received quarterly reports that highlighted key control issues that could potentially undermine the provision of an overall positive assurance opinion for the year. The major issues that resulted in the issue of fundamental recommendations were:-

- A breakdown in relationships between Services resulting in inadequate and ineffective Council Wide contract management arrangements.
- Outdated operational procedures with regard to final accounts where there is a responsibility for managing and delivering capital projects.
- Local Authority Maintained School failed to adhere to the requirements of the Contract Procedure Rules and/or associated procedures and documentation. This resulted in the processes not being fair, open and transparent.

6.19 It is noted and highlighted that the Future Council Programme will continue to have significant implications for the structure and nature of the Council's control framework. This will inevitably give rise to implications in terms of the effectiveness of control and governance structures and will require careful management in order to retain a positive assurance overall.

7. Local Area Implications

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

8. Consultations

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

9. Compatibility with European Convention on Human Rights

9.1 In the conduct of investigations, Internal Audit operates under the provisions of the Data Protection Act 1998, the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

10. Reduction of Crime and Disorder

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

11. Risk Management Considerations

- 11.1 Whilst there are no specific risks emanating as a result of this report there are a range of risk issues worthy of consideration and note.
- 11.2 During the year, the Division reviewed and revised its operational risk register to ensure all risks to the delivery of the function's objectives were identified and could therefore be managed. This risk register is the subject of regular review in accordance with the corporate process.
- 11.3 The Audit Committee has received a detailed report on the audit plan including the basis of the plan and the utilisation of risk information. This is a critical aspect of the audit function and seeks to ensure audit resources are targeted at the areas of the Council's business where the most significant risks have been identified.
- 11.4 There is a risk to the Authority as a whole should the Internal Audit function not be effective. This would undermine the internal control, risk and governance arrangements of the Authority and fail to provide the Audit Committee with insufficient independent information upon which to base their assurance views upon. The provision of detailed quarterly reports during the year, plus this annual report and the report on the effectiveness of the audit function should act as mitigation in ensuring the Audit Committee is in a position to constantly keep the audit function under review.
- 11.5 There is a risk to the control and governance of the Authority if management fail to implement recommendations. In mitigation Internal Audit has introduced a more rigorous 'follow-up' process to ensure the most significant issues are implemented. This is reported to the Audit Committee within the quarterly and annual reports.

12. Employee Implications

- 12.1 There are no employee implications arising from this report.

13. Financial Implications

- 13.1 There are no financial implications arising directly from this report. The costs of the Internal Audit function and the external audit fees are included within the Authority's base budget.

14. Appendices

- 14.1 Appendix 1 - Internal Audit Plan 2017/18
- Appendix 2 - Summary of Internal Audit Reports 2017/18
- Appendix 3 - Details and Outcome of other Audit Activities Not Producing a specific Assurance Opinion

15. Background Papers

- 15.1 Various Internal and External Audit reports, files and working papers.

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Date: 25th May 2018

INTERNAL AUDIT PLAN 2017/18 – Position as at 31st March 2018

Directorate	Original 2017/18 Plan	Revised 2017/18 Plan	Actual Days
Communities	75	77	62
People	98	103	138
Place	63	83	173
Public Health	26	26	1
Core	419	421	384
Council Wide	142	142	195
Corporate	167	169	174
Contingency	50	0	0
Total Internal Audit	1,040	1,021	1,127

Corporate Anti-Fraud Team	561	562	560
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Total Chargeable Planned Days	1,601	1,583	1,687
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Summary of Internal Audit Reports 2017/18

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued
Finance: Treasury Management	The main issue arising from this audit was in regards to Annual Treasury Policy, Strategy Statements and the Annual Report on Treasury Management activities not being presented to Audit Committee for scrutiny.	Adequate	F - 0 S - 1 MA - 5	23.06.2017
Core Services: Selective Voluntary Early Retirement & Voluntary Severance Schemes	The key issues identified relate to the need to ensure policies are updated to reflect new/ revised procedures and current job titles. The 'Analysis of Selective Voluntary Early Retirement and Voluntary Severance' should be reinstated and provided to Cabinet on a sufficiently frequent basis in order that Cabinet can fulfil its responsibility for the oversight of financial management for the Council.	Adequate	F - 0 S - 2 MA - 2	18.10.2017
Place: Final Accounts Process Review	<p>This review has identified wider contract management issues that need to be considered and resolved. In terms of final accounts arrangements, the review concluded that final account requirements are clearly set down within the Council's Financial Regulations and operational procedures within NPS Barnsley Ltd. However, no current operational procedures were provided by the Place Directorate (i.e. 20 years old), being responsible for delivering and managing highways, engineering and landscaping related projects.</p> <p>Final accounts are submitted to Internal Audit by NPS Barnsley Ltd, but there are delays in these being completed following practical completion, which is not in accordance with the formal contracts entered into with the Contractors. Delays impact upon the reputation of the Council (i.e. impact on Contractor's financial accounts and cashflow) and also the quality of the account due to key personnel no longer being available and source documentation not being securely retained. It is acknowledged that this position has improved, during the period of additional work being undertaken in the Place Directorate to enable this review to be concluded.</p> <p>The additional work commissioned by Place following discussion of the initial draft report has concluded that the quality of final accounts assembled is not satisfactory. There is a lack of evidence to support the decisions made and approvals provided, particularly with regards to internally delivered schemes and also variations to the original specifications.</p>	Limited	F - 2 S - 3 MA - 0	01.11.2017

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued
Communities: Data Retention, Archiving & Disposal	<p>There are inadequate governance and control measures in place in relation to corporate data retention, archiving and disposal. Most crucially this is having regard to the absence of any formal arrangements for the archiving and/or disposal of data held on business applications, including the absence of any corresponding defined strategies or plans.</p> <p>This position is further impacted having regard to the heightened financial sanctions which will be in place from May 2018, in circumstances where the Information Commission Office (ICO) may fine those organisations who are failing to comply with the General Data Protection Regulations (GDPR) legislation.</p> <p>Prior to completion of audit testing it was brought to the attention of Internal Audit that Council arrangements in this area were to be included within the scope of the commissioned ICO Audit. Having regard to such it was subsequently agreed that further work against the scope of the Internal Audit review should be curtailed.</p>	Limited	F - 0 S - 2 MA - 2	18.12.2017
People: Procurement Themed Review Executive Summary	<p>The review concluded that the three maintained schools visited did not hold a copy of the Council's Contract Procedure Rules (CPRs) and therefore were not fully aware of the regulatory and procedural requirements that must be applied and complied with when procuring goods and services. Similarly, officers had no knowledge of the latest DFE Buying for Schools Guidance that provides information on how to plan and run an efficient procurement process. This will have contributed to the areas of non-compliance identified during the testing of a sample of procurements during 2016/17.</p> <p>In addition, a system and / or standardised processes had not been developed and made available to the Officers / schools to facilitate a consistent and efficient approach to procurement and to ensure compliance with regulatory requirements.</p> <p><i>Note – it is the responsibility of a governing body to oversee the control environment of a school. Advice is available from the Council's Procurement Section.</i></p>	Limited	F - 1 S - 9 MA - 3	17.01.2018
Core: Corporate Risk Management	The key issues raised relate to operational risks and / or corresponding mitigating actions not being reviewed / progressed in a timely manner, which may have consequences for the Council's budget and compromise the ability of Business Units to achieve their objectives.	Adequate	F - 0 S - 3 MA - 6	24.01.2018

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued
Core: Housing Benefit System Access	<p>The review concluded that there were a significant number of people with incorrect user permissions.</p> <p>During the Internal Audit review a joint project group was created to address this issue. Representatives from Housing Benefits and IT form the group.</p>	Limited	F - 0 S - 4 MA - 1	25.01.2018
Core – HR: Baseline Personnel Security Standards	<p>The key issues identified from the review relate to the inconsistency between the BPSS Policy and procedures regarding references collected and the period these should cover leading to a lack of clarity over, and hence inconsistent, working practices.</p> <p>BPSS Verification Forms are not being signed by a senior responsible officer as required by the BPSS Guidance as best practice.</p> <p>Council officers are not routinely checking pre-employment documentation collated and saved by Matrix for agency/temporary staff employed.</p> <p>In addition, there is a lack of clarity between HR and the Strategic Procurement Service as to who actively manages the Matrix contract. It is acknowledged that the Strategic Procurement Service is undertaking a Council Wide review of the contract management arrangements and this will include the review of the mentioned contract.</p>	Adequate	F - 0 S - 4 MA - 3	30.01.2018
Place: Receipt and Banking of Income Arrangements – Bereavement Services	<p>The key issues identified from the review relate to Budget Managers needing to regularly monitor the E-Return tracker system to ensure all income not processed to the Authority's accounts is identified and investigated promptly.</p>	Adequate	F - 0 S - 2 MA - 3	06.02.2018

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued
Core Service: Register of Interests	<p>The key issues raised related to a lack of clarity throughout the Council regarding the procedures for employees and Members to declare personal interests and any gifts and hospitality.</p> <p>Both management and employees included in the sample had limited or no knowledge of the processes for declaring any interests. Revised procedures required include ;</p> <ul style="list-style-type: none"> • When declarations are required; • Who the responsible officer is to which declarations should be submitted to / or enquiries made; • Whether there were any compensating controls and appropriate safeguards in place to protect the interests of the employees or Members. 	Limited	F - 0 S - 8 MA - 2	20.02.2018
Place: Receipt and Banking of Income & Stock Control Arrangements - Museums	<p>The key issues identified from the review relate to Budget Managers needing to regularly monitor the E-Return tracker system to ensure all income not processed to the Authority's accounts is identified and investigated promptly.</p> <p>There is a need to develop management information e.g. sales, trends, staffing requirements, discrepancies, anomalies etc., to better inform business decisions.</p> <p>There is a need to enhance the EPOS system security arrangements to allow password control.</p> <p>The responsibility for the stock control system to include at least 2 officers being involved in the procedures, with independent spot checks of stock being performed by management. In addition, enhancements to the procedure are required for the requisition, issuing, movement and transfer of stock between the Central Storage Hub and the Museums are required.</p> <p>The stocktake cycle procedure for reporting discrepancies needs to be reviewed to ensure compliance with the Authority's Financial Regulations.</p>	Limited	F - 0 S - 7 MA - 5	26.02.2018

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued
Place: Receipt and Banking of Income Arrangements – Registration Services	<p>The key issues identified from the review relate to Budget Managers needing to regularly monitor the E-Return tracker system to ensure all income not processed to the Authority's accounts is identified and investigated promptly.</p> <p>The money safe is not suitable to hold any cash. In addition at the time of the audit visit, the storage arrangements for the safe key were inadequate as all staff members could access the key safe housing all keys.</p> <p>Till functionality is not restricted to management as appropriate. Furthermore, no independent checks of ZZ readings are made by a senior officer to ensure that weekly till readings were accurate.</p>	Limited	F - 0 S - 5 MA - 3	08.03.2018
People: Schools Financial Value Standards – Information Governance/ Information Security Themed Review	<p>The Information Governance / Information Security framework in respect of the management of personal and confidential information in maintained schools is overall operating effectively and demonstrating a number of areas of best practice across the schools sampled.</p> <p>However, it is apparent that forthcoming changes to data protection legislation (GDPR) mean that increased emphasis will be placed on the robustness of maintained schools arrangements for managing and maintaining records of personal/confidential data and corresponding processing activities. In addition, there is potential for heightened financial sanctions/penalties imposed by the Information Commissioners Office (ICO) for failure to comply.</p> <p>In this regard, development and implementation by schools of an Information Asset Register and Records Management Policy for example will help secure compliance with GDPR requirements and enhance overall information/data security governance arrangements.</p>	Adequate	F - 0 S - 2 MA - 5	19.03.2018

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued
Core: Workforce Development Fund	<p>Following a successful funding bid to Skills for Care, the Council acts as lead partner for the Social Care Development Partnership (South Yorkshire) which is responsible for overseeing the disbursement of WDF funds fairly and equitably.</p> <p>However, it is apparent that partnership arrangements have not been reviewed in the context of the requirements of the Council's Partnership Governance Framework and/or Financial Regulations. This is necessary in order to seek appropriate assurances that the Partnership provides a value added contribution to the Council's objectives/priorities and the relationship is well governed and controlled.</p> <p>Following concerns previously raised by Skills for Care in relation to the funding model operated by the Council, revised arrangements have subsequently been introduced to ensure compliance moving forward.</p> <p>However, further concerns are apparent with regard to the lack of any local operational procedures for governing, administering and/or performance managing the WDF. This likely impacted on and compounded the loss of combined knowledge and experience resulting from the departure of three key staff members within quick succession.</p> <p>There are also some instances of non-compliance with a number of funding body terms and conditions. These include the inability to demonstrate that any potential conflicts of interest, on the part of relevant Partnership Board members or officers, are clearly identified and/or recorded as appropriate. Also to ensure that all required WDF claim eligibility documentation is completed consistently by all partner members.</p>	Limited	F - 0 S - 6 MA - 6	23.03.2018
Housing Rents	The review concluded with a substantial assurance opinion and no recommendations were made, based on the audit work undertaken.	Substantial	F - 0 S - 0 MA - 0	10.04.2018
Settlement Agreements	<p>The Authority applies appropriate rigour and scrutiny with regard to the use of Settlement Agreements; the pro forma control document ensures that such agreements are not entered into without the authorisation of relevant senior managers.</p> <p>The key issue identified relates to the Education, Early Start and Prevention Service. One of the 'Request for a Settlement Agreement' pro forma documents tested within the sample related to a maintained school. This document did not have the appropriate authorisations allowing an agreement to proceed.</p>	Substantial	F - 0 S - 1 MA - 2	18.05.18

Details and Outcome of other Audit Activities Not Producing a specific Assurance Opinion

Audit Work Completed	Details	Contribution to Assurance
People: Early Education Funding Operational Guidance Review	The Early Education & Prevention Service requested Internal Audit to review the Operational Guidance for the Early Education Funding being circulated to all Early Education Providers from 1st September 2017. In particular the Service requested that a review of Internal Audit's responsibilities was to be undertaken and agreed.	The work contributes to assurance in respect of performance management & data quality.
Communities : Principle Towns Project – Governance Arrangements	Advice was provided to the Communities Directorate for the development of governance arrangements of the Principle Towns Project initiative.	The work contributed to assurance in respect of partnership and relationship management.
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.
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.	The work contributed to assurance in respect of effective governance and management arrangements in the Quality of Data in the Children's and Adults Directorates.
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.	The work contributed to assurance in respect of effective governance and management arrangement in the adult skills and community learning service.

Audit Work Completed	Details	Contribution to Assurance
Legal: Charity Accounts	Completion of Charity Commission's Independent Examiner's Report return.	The work contributes to assurance in respect of financial management.
People: Adult Skills and Community Learning	On the back of an Ofsted report stating the Adult Skills and Community Learning Service 'required improvement', Internal Audit undertook a 'check and challenge' exercise to ensure the requirements of the improvement delivery programme were met.	The work contributes to assurance in respect of ensuring management would meet the requirements of the improvement delivery programme.
People: SFVS – School A Procurement Themed Audit Review	<p>The School did not hold a copy of the Council's Contract Procedure Rules (CPRs) and therefore were not fully aware of the regulatory and procedural requirements that must be applied and complied with when undertaking procurement activity. Similarly, officers had no knowledge of the latest DFE Buying for Schools Guidance that provides information on how to plan and run an efficient procurement process.</p> <p>In addition, a system and / or standardised processes had not been developed and made available to the Officers / schools to facilitate a consistent and efficient approach to procurement and to ensure compliance with regulatory requirements.</p> <p>Sample testing of procurement transactions for the period 2016/17 reinforced the above as several areas of non-compliance with the Council's CPRs was identified. In addition, source documentation could not be consistently provided to evidence the procurement process undertaken and decisions made.</p>	The work contributed to assurance in respect of financial management and governance arrangements within the School.
People: Schools Financial Value Standards – School B Information Governance/ Information Security Themed Review	<p>At the time of the audit site visit, the Records Management Policy was not in place, pending approval by School Governors.</p> <p>The school Privacy Notice did not include reference to the use of CCTV images as per the ICO recommendation; therefore, parents and staff are not informed of the purpose of the images or their retention periods.</p> <p>Furthermore, the school did not have in place a programme of IG/IS awareness training for staff; therefore there is a risk that staff may not be aware of their responsibilities regarding information security and data protection.</p>	The work contributed to assurance in respect of financial management and governance arrangements within the School.

Audit Work Completed	Details	Contribution to Assurance
People: Schools Financial Value Standards – School C Information Governance/ Information Security Themed Review	Mobile devices such as laptops, tablet computers and other mobile devices were not subject to encryption, potentially exposing the school to the risk of loss / disclosure of personal / confidential records and data should a mobile device be lost or stolen.	The work contributed to assurance in respect of information governance / information security within the School.
People: Schools Financial Value Standards – School D Information Governance/ Information Security Themed Review	<p>It is acknowledged that the School Data Controllers Certificate lists the nature and type of organisations that the School may share confidential data / information with. However, it is not clear as to how and in what manner data / information should be shared with organisations listed in the Certificate.</p> <p>The Privacy Notice did not include reference to the use of CCTV images as per the ICO recommendation; therefore, parents and staff are not informed of the purpose of the images or their retention periods.</p> <p>Whilst it is acknowledged that the School maintains and regularly reviews its risk register, there was insufficient evidence that information security related risks had been considered and/or included within the risk register.</p>	The work contributed to assurance in respect of information governance / information security within the School.
People: Troubled Families – Quarterly validation	Grant claim validation.	The work contributes to assurance in respect of financial management.
People: Assessment & Care – Governance Arrangements	To provide assurance that the governance, controls and risk management arrangements associated with adult assessment and care financial management income processes are operating efficiently and effectively.	The work contributes to assurance in respect of financial management.

Projects and Work In Progress

Client Sponsor	Title of Audit or Nature of Audit Activity	Key Objective(s)	Status / Comment
Core Services	Purchase to Pay	In order to provide assurance that the control framework in respect of the Purchase to Pay System is operating effectively and efficiently, a walkthrough of the key processes and procedures operating as part of the Purchase to Pay control framework is required.	Substantially Complete
Core Services	Pay, Employee Admin & Organisational Management	To undertake a risk based review of the adequacy and effectiveness of the Pay, employee Admin & Organisational Management system.	Report agreed and to be issued as final
Core Services	Treasury Management	In order to provide assurance that the control framework in respect of the Treasury Management System is operating effectively and efficiently, a walkthrough of the key processes and procedures operating as part of the Treasury Management control framework is required.	Draft report issued, post audit meeting arranged
Core Services	Main Accounting	In order to provide that the control framework in respect of the Main Accounting System is operating effectively and efficiently, a walkthrough of the key processes and procedures operating as part of the Main Accounting System control framework is required.	Substantially Complete
Core Services	Income	In order to provide assurance that the control framework in respect of the Income System is operating effectively and efficiently, a walkthrough of the key processes and procedures operating as part of the Income control framework is required.	Substantially Complete
Communities	Disabled Facilities Grants	To provide assurance that the policy and procedures in respect of disabled facilities grants are being applied correctly and resources effectively support the anticipated demand.	Substantially Complete

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Item 8

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

AUDIT COMMITTEE – 6th JUNE 2018

INTERNAL AUDIT CHARTER 2018 - 2020

1. Purpose of Report

- 1.1 This brief covering report introduces the Internal Audit Charter 2018 – 2020. Such a Charter is required by the revised Public Sector Internal Audit Standards which became effective from the 1st April 2017
- 1.2 The Charter, prepared by the Head of Internal Audit (HoIA) and complemented by regular reports and an annual report, are intended to give the Audit Committee assurances regarding how the Internal Audit function is resourced, managed, organised and delivers its responsibilities.

2. Recommendation

- 2.1 **It is recommended that the Audit Committee consider the Internal Audit Charter and be satisfied that it adequately represents and describe the function, and will consequently provide assurances to the Committee regarding the effectiveness of the function.**

3. Introduction / Background

- 3.1 The Audit Committee periodically considers the Charter as required by the Public Sector Internal Audit Standards (PSIAS).
- 3.2 This latest review has ensured that the Charter reflects the current working arrangements of the function but also the aspirations and developments necessary to ensure continuous improvement. The Charter will be made available to all employees through the Service's Intranet site.
- 3.3 The document reflects the changes arising from a further increase in the client base and the new structure of the Service following a fundamental review through the Council's Future Council programme.
- 3.4 The Internal Audit Team provides services to Barnsley MBC, Berneslai Homes, the South Yorkshire Police Crime Commissioner, South Yorkshire Police Chief Constable, South Yorkshire Fire and Rescue Authority, South Yorkshire Pensions Authority, the Sheffield City Region Combined Authority, the South Yorkshire Passenger Transport Executive, and Northern College. Internal Audit coverage is now virtually a 50:50 split between the Council and non-Council clients.

- 3.5 The key aspects of the Charter are to ensure clarity and understanding about what Internal Audit is, what it is intended to do and it's position in the organisation and to reinforce the objective of the Internal Audit Service as a valuable asset to the each client by supporting senior management in meeting their responsibilities and the delivery of corporate objectives.

4. Local Area Implications

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

5. Consultations

- 5.1 No specific consultations have been necessary in the preparation of this Charter. However, all client organisations are consulted throughout the year on all aspects of the delivery and planning of Internal Audit work.

6. Compatibility with European Convention on Human Rights

- 6.1 In the conduct of investigations, Internal Audit operates under the provisions of the Data Protection Act 1998, the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

7. Reduction of Crime and Disorder

- 7.1 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 are considered to ensure improvements in overall controls. Additionally, Internal Audit ensures that, in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

8. Risk Management Considerations

- 8.1 Whilst there are no specific risks emanating as a result of this report there are a range of risk issues worthy of consideration and note.
- 8.2 During the year, the Division reviewed and revised its operational risk register to ensure all risks to the delivery of the function's objectives were identified and could therefore be managed. This risk register is the subject of regular review in accordance with the corporate process.
- 8.3 The Audit Committee has received a detailed report on the audit plan including the basis of the plan and the utilisation of risk information. This is a critical aspect of the audit function and seeks to ensure audit resources are targeted at the areas of the Council's business where the most significant risks have been identified.

8.4 There is a risk to the Authority as a whole should the Internal Audit function not be effective. This would undermine the internal control, risk and governance arrangements of the Authority and fail to provide the Audit Committee with sufficient independent information upon which to base their assurance views. The provision of detailed quarterly reports during the year, plus the annual report and the Charter should act as mitigation in ensuring the Audit Committee is in a position to constantly keep the audit function under review.

8.5 There is a risk to the control and governance of the Authority if management fail to implement the agreed actions. In mitigation Internal Audit has introduced a more rigorous 'follow-up' process to ensure the most significant issues are implemented. This is reported to the Audit Committee within the quarterly and annual reports.

9. Employee Implications

9.1 There are no employee implications arising from this report.

10. Financial Implications

10.1 There are no financial implications arising directly from this report. The costs of the Internal Audit function and the income received from the external clients is included within the Authority's base budget.

11. Appendices

11.1 Appendix A – Internal Audit Charter 2018-2020

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Background papers are available for inspection at the Barnsley MBC Westgate Plaza One office, Barnsley.

Other sources and references: Public Sector Internal Audit Standards 2017.

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BARNLSLEY

Metropolitan Borough Council

INTERNAL AUDIT SERVICES

Internal Audit Charter

2018 – 2020

1. Introduction

- 1.1 The Internal Audit function is a key component of an organisation's governance framework. As such, it aims to provide a quality objective and independent management support function in order to influence and contribute to the achievement of strategic objectives. An important part of this support is the development and maintenance of excellent client relationships and adopting an innovative and flexible approach to the delivery of the service. This Charter provides the framework for the management and delivery of the Internal Audit function and is applicable to all client organisations.
- 1.2 This Charter therefore defines the mission and core principles for Internal Audit, its authority and scope, purpose, responsibilities, position in the organisation, resources and standards, planning and reporting. This is consistent with and in compliance with the Public Sector Internal Audit Standards (PSIAS).
- 1.3 The PSIAS defines internal audit as:

“... an independent, objective assurance and consulting function designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

2. Mission and Core Principles

- 2.1 The PSIAS also provides a mission for the Internal Audit function that articulates what it aspires to accomplish within the Council and for its numerous external client organisations.
- 2.2 The mission for Internal Audit is:

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

- 2.3 A set of core principles have also been defined through the PSIAS aimed at articulating internal audit effectiveness. The function aims to demonstrate these principles in all it does and across all the various organisations it serves. The core principles are :

- ✓ Demonstrates integrity
- ✓ Demonstrates competence and due professional care
- ✓ Is objective, free from undue influence and therefore demonstrates independent thought
- ✓ Aligns with the strategies, objectives and risks of the organisation
- ✓ Is appropriately positioned and adequately resources

- ✓ Demonstrates quality and strives for continuous improvement
- ✓ Communicates effectively
- ✓ Provides risk-based assurance
- ✓ Is insightful, proactive and future-focussed
- ✓ Promotes organisational improvement

2.4 The Barnsley Internal Audit Service operates within a challenging environment across all client organisations to deliver the services each requires and to ensure it does so providing added value. The Service needs to be able to react and adapt to the rapid pace of change which is taking place both locally, regionally and nationally. Accordingly, and in addition to the core principles in the PSIAS, the Charter has been extended to include even wider aspirations of the Internal Audit Service, which are to:

- ✓ Develop, maintain and enhance relationships particularly where a client organisation is undergoing significant change to ensure that the service is aware of and understands its needs and objectives
- ✓ promote and support clients with regards to an increase in regional and collaborative working
- ✓ understand its position with respect to the organisation's other sources of assurance and plan our work accordingly
- ✓ be seen as a catalyst and support for change at the heart of the organisation
- ✓ be the auditor of choice, delivering exceptional client service
- ✓ add value and assist the organisation in achieving its strategic objectives
- ✓ be forward looking – knowing where the organisation wishes to be and being aware of the relevant national agenda and its impact
- ✓ be innovative and challenging
- ✓ help to shape the ethics and standards of the organisation, reducing bureaucracy whilst maintaining high standards of governance
- ✓ ensure the right resources are available recognising that the skills mix, capacity, specialisms, qualifications and experience requirements all change constantly
- ✓ ensure all staff are supported in undertaking relevant professional qualifications and continuous professional development
- ✓ share best practice with other internal auditors, clients and other professional services
- ✓ seek opportunities for joint working with other organisations' auditors.

3. Authority and Scope of Internal Audit

3.1 The requirement for an internal audit function is detailed within the Accounts and Audit Regulations which state that a relevant body must *“undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards and guidance [PSIAS]”*.

- 3.2 In accordance with the PSIAS, the scope of Internal Audit allows that in fulfilment of audit responsibilities there will be unrestricted coverage of all the organisation's activities and unrestricted access to all functions, records, data, personnel, premises and assets of the organisation and its partner organisations, as deemed necessary in the course of audit work and as set out in relevant partnership agreements and contracts. Internal Audit has therefore the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.
- 3.3 All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. The Head of Internal Audit (HoIA) and staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.
- 3.4 The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the governance, risk management, and internal control processes in an organisation as well as the quality of performance management in carrying out assigned responsibilities to achieve the objectives of the organisation.

4. Purpose of Internal Audit

- 4.1 Each client organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising whether effective and efficient arrangements exist. The annual HoIA opinion, which informs the annual governance statement, both emphasises and reflects upon the importance of this aspect of Internal Audit work. The response to Internal Audit activity should lead to the strengthening of the control environment and therefore contribute to the achievement of the corporate objectives, improvement and support innovation and change.
- 4.2 This is achieved through internal audit providing a combination of assurance and consulting/advisory activities. Assurance work involves assessing how well the systems and processes are designed (adequacy) and how well they are working (application). Consulting and advisory activities are available and complimentary to assist management make improvements to systems and processes where necessary.

5. Definitions

- 5.1 As the Internal Audit function serves a variety of organisations and for the purpose of this Charter the following definitions apply:

The Board – generally the governance group charged with seeking independent assurance on the adequacy of the control, risk management and governance

framework, and the main oversight body for the delivery of the internal audit function. Such Boards are usually the group performing the role of audit committee.

Senior Management – generally those responsible for the leadership and direction of the organisation as a collective, incorporating the ‘chief executive’ role.

6. Responsibilities of Internal Audit and Senior Management

6.1 The responsibilities and objectives of Internal Audit are as follows:

- i. To be a valuable asset to the organisation by supporting senior management in meeting their corporate responsibilities.
- ii. To contribute to assurances to those charged with governance in relation to the robustness and reliability of internal controls, risk management and governance to support the Annual Governance Statement (AGS).
- iii. To support the Statutory S151 Officer / Responsible Financial Officer in discharging their duties.
- iv. To review, appraise and report on the extent to which the assets and interests of the organisation are accounted for and safeguarded from loss and the suitability and reliability of financial and other management data and information.
- v. To support the requirement to seek efficiency including the arrangements for achieving value for money and effective change management.
- vi. To provide soundly based assurances to management on the adequacy and effectiveness of their internal control, risk and governance arrangements. Such assurances include information technology governance and ethical behaviour.
- vii. To assess the adequacy and effectiveness of the organisation's contracts, procurement, commissioning and associated governance arrangements.
- viii. To assess the corporate risk management process and make recommendations to improve and embed the process where required whilst ensuring that Internal Audit does not adopt management responsibilities for managing risks.
- ix. To evaluate the risk of fraud and the manner in which it is managed by the organisation. In addition, to reduce the incidence of fraud and irregularity by publicising the findings of fraud investigations to act as a deterrent and provide a quality fraud and irregularity prevention, detection and investigation service.
- x. To disseminate examples of best practice in the application of an effective control, risk and governance framework.
- xi. To provide an Internal Audit advisory service intended to add value and improve governance, risk management and control processes.
- xii. To provide advice and an objective and supportive consulting service in respect of the development of new programmes and processes and / or significant changes to existing programmes and processes including the design of appropriate controls. This is usually achieved through membership of Officer Groups, Governance and other Boards or working parties as well as direct

contact with officers within services / functions / departments. Such advice and consultation work forms an important part of the audit plan.

xiii. To prepare timely, concise and informative reports to management to facilitate the improvement of the control environment.

xiv. To undertake Audit support activities in respect of assisting the Audit Committee (or equivalent) to discharge its responsibilities; monitoring the implementation of agreed recommendations; disseminating across the entity better practice and lessons learnt arising from its audit activities, and having oversight of the audit function.

6.2 Under the PSIAS, the HoIA has a specific responsibility to lead and manage the Internal Audit function and have the necessary and unfettered access to senior management and audit committees.

6.3 Senior management also have responsibilities under this Charter in order to maximise the effectiveness and efficiency of the Internal Audit function. These are to:

- Engage fully and flexibly in the audit planning process, providing information and insight into high risk areas or areas of strategic focus
- Nominate and commit to lead officers for each internal audit assignment and a point of reference for the overall management of the internal audit service
- Engage in a timely manner with Internal Audit in the scoping of work and agreeing terms of reference, dealing with audit queries and discussing draft and final reports
- Provide evidence to Internal Audit (and the audit committee) of the implementation of audit recommendations

6.4 Arrangements will be made with each client organisation to monitor joint compliance with these responsibilities.

6.5 It should be noted that internal audit is not responsible for the operation of control functions within the Council (or other organisations); these responsibilities rest with senior management. Internal audit should not be regarded as a substitute for good management.

7. Position of Internal Audit in the Organisation(s)

7.1 Within the Council the HoIA reports functionally to the Audit Committee and organisationally to the Service Director – Finance.

7.2 With regards to non-council client organisations the HoIA reports functionally to the respective audit committee / Board. Whilst the organisational relationship is different in the external client organisations, to fulfil professional responsibilities the HoIA will report to the respective Chief Finance Officer and/or Chief Executive.

7.3 Irrespective of the organisation, the HoIA has direct and unfettered access to the Chief Executive (or equivalent), Monitoring Officer (or equivalent) and Responsible Finance Officer. The HoIA also has access to the respective audit committees where this is deemed necessary in the discharging of professional responsibilities.

8. Internal Audit Resources / Skills / Competencies and Standards

8.1 In accordance with PSIAS, the HoIA will be professionally qualified and suitably experienced in the leadership and management of an internal audit function. These requirements reflect the responsibilities of the HoIA in leading a professional discipline, demonstrating personal independence and objectivity and the need to liaise with senior management, members, other professionals.

8.2 It is the responsibility of the HoIA to establish and maintain an appropriately skilled and experienced team and to set a culture of continuous improvement for the function. Resources will be set aside in the operational budget for the purposes of staff development and general and professional training.

8.3 At least annually, the HoIA will submit to the 'Chief Executive' and the Audit Committee an Internal Audit plan for review and approval. The plan will consist of a work schedule and resource requirements for the next financial year(s). The plan will include the impact of any resource limitations and significant actual or planned changes.

8.4 The Standards element of the PSIAS highlights some key expected competencies. These are:

8.5 Independence:

8.5.1 An independent approach and mind-set is essential to the effectiveness of the Internal Audit function. To ensure this, Internal Audit will operate within a framework that allows:-

- Unrestricted access to the relevant senior officers; the Chair of the Audit Committee and Audit Committee Members; individual Senior Management Officers; employees and the responsible External Auditor.
- The HoIA reporting in his own name.
- Segregation from line operations.

8.5.2 The Internal Audit function has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities.

8.5.3 Internal Auditors are generally not involved in undertaking non-audit activities and an Auditor will not be involved in the audit of any system or process for which they had previous operational responsibility for a period of two years.

8.5.4 Audit responsibilities are periodically rotated to avoid over-familiarity and complacency and also to provide for service continuity and resilience.

8.6 Objectivity:

8.6.1 Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Auditors must make a balanced assessment of all the relevant circumstances and:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- Shall not accept anything that may impair or be presumed to impair their professional judgement.
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.
- declare any real or perceived interests on an annual basis. In addition, a prompt is included at the assignment planning phase of each audit;

8.7 Confidentiality:

8.7.1 Internal Auditors are expected to display confidentiality and:

- Shall be prudent in the use and protection of information acquired in the course of their duties.
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

8.8 Integrity:

8.8.1 In the conduct of audit work, Internal Audit staff will:

- perform their work with honesty, diligence and responsibility.
- observe the law and make disclosures expected by the law and the profession.
- not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation.
- respect and contribute to the legitimate and ethical objectives of the organisation.
- comply with relevant professional standards of conduct.
- respect and contribute to the legitimate and ethical objectives of the organisation.
- observe the Standards of Public Life's Seven Principles of Public Life.

8.9 Competency:

8.9.1 Internal Auditors are expected to be competent in their role by:

- engaging only in those services for which they have the necessary knowledge, skills and experience.
- performing internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- continually improving their proficiency and effectiveness and quality of their services.

8.9.2 The HoIA will maintain a Quality Assessment and Improvement Programme (QAIP) as required by the PSIAS and report this to each client audit committee on an annual basis.

9. **Access to Relevant Personnel and Information**

9.1 Each member of the Internal Audit Team will carry with them at all times an ID card that clearly shows their responsibilities and authority as auditors. In the fulfilment of their audit duties this entitles them to unrestricted access to all records, assets, personnel and premises belonging to each client organisation. In addition, internal auditors have the authority to obtain such information and explanations as is considered necessary to meet the requirements of the audit activity. Where necessary, such access will be granted on demand and not subject to prior notice.

10. **Scope of Internal Audit Activity**

10.1 The HoIA is responsible for producing an annual report to each client organisation's audit committee providing an opinion on the adequacy and effectiveness of the control, risk management and governance arrangements. Through careful annual audit planning and based on a programme of audit activities of sufficient breadth and depth covering the whole organisation, the HoIA is able to produce such an annual opinion.

10.2 The overall approach is determined by the HoIA and will take into account the level of assurance required, the significance of the objectives of the organisation, the degree of change within the organisation, the prevailing risk appetite and culture, and previous audit findings and recommendations.

10.3 To fulfil the scope of internal audit, the programme of audit activities is usually varied covering assurance work, advice, consultancy, anti-fraud work and irregularity investigations. The types of internal audit work are shown as annexe 1.

10.4 Increasingly, a major contribution to the HoIA's annual opinion is through advisory/consultancy type work where in a more proactive and timely basis input

can be given and assurance obtained regarding the adequacy and effectiveness of the activities of the organisation, e.g. through attendance at key management meetings, steering groups and project and programme boards. This work is also valuable for audit planning and generally ensuring a high level of awareness of the organisations direction, objective, pressures and performance.

11. Internal Audit Planning

11.1 Setting an annual or periodic risk-based plan is the responsibility of the HoIA. The audit plan is determined through a process of information gathering, reflection, forward looking and above all consultation and engagement with senior management and the Board.

11.2 The following are the key issues in the development of the risk based audit plan:-

- An understanding of the organisation's vision and ambition, as articulated within the organisation's strategic plans and ensuring that audit coverage is directed and links to these areas of corporate importance.
- Identification of the significant (key) risks and issues arising from the above and understanding which areas of service delivery the significant risks impact upon.
- Internal Audit provides support to management and directs resources to areas where the Service can add value and support change and innovation.

11.3 The HoIA will advise senior management and the Board regarding the planned coverage and if/where this is potentially compromised due to limited resources.

11.4 Each year the HoIA will set out the planning process and key issues as part of senior management and Board engagement.

12. Reporting

12.1 The key output from internal audit activity is a report, a written and formal product to show the outcome from the assignment.

12.2 Audit Assignment Reporting

12.2.1 In reporting the outcome of individual audit assignments, the lead Internal Auditor will follow a proactive and consultative approach to engage management. The key principles of which are:-

- Advance discussion and agreement of the scope and objectives of audit assignments, and the timescales for the completion of the work along with the recipients of the audit report.
- Immediate reporting of any fundamental or critical issues arising during the course of audit work.

- Post audit meetings (with or without a draft report as required) to discuss the conclusion and outcome of audit work on a prioritised basis and to agree management actions and timescales.
- Any areas of disagreement which are not resolved by discussion are recorded in the action plan and the residual risk highlighted within the report.
- Providing management with the opportunity to give feedback on the conduct of the work and how valuable and effective they found the audit process and report.

12.2.2 The process for the communication of audit work is designed to conform with the PSIAS.

12.2.3 Final audit reports will normally include an overall assurance opinion on the adequacy and effectiveness of the system of risk management, controls and governance arrangements. The report will be issued on a timely basis and responses sought from senior management on the implementation of agreed recommendations. The non-receipt of a response will be followed up with the responsible manager, Executive Director and reported to the Audit Committee.

12.2.4 A process has been established with each organisation to ensure the agreed actions are implemented or that senior management have accepted the risk of not taking action. Internal Audit will in certain circumstances undertake specific further work to obtain direct evidence of management actions having been taken as planned. The implementation of audit recommendations is reported to each audit committee where senior management may be invited to explain and delays in taking action.

12.3 Reporting of Ad Hoc Advice and Development / Consultancy Work

12.3.1 Internal Audit undertakes a variety of tasks which do not always justify a formal audit report, e.g. responding to one-off queries, advice and consultancy type work given verbally at meetings e.g., projects and developments. Internal Audit does however ensure that details of advice given and recommendations made are recorded by the retention of memos / copy e-mails, or file notes and minutes of meetings. Such records are retained in respect of advice given which is likely to (or intended to) influence management decisions or effect changes in systems and processes. The result of this work is considered as part of the HoIA's overall assurance opinion.

12.3.2 Issues and risks arising would also be recorded within project and operational risk registers in order to be managed by project lead officers. Details of issues arising would not necessarily be reported separately to the Audit Committee. However, details of the engagement and work undertaken would be recorded within the respective Audit Committee Report and any material issues would be followed up in accordance with the standard reporting and monitoring process.

12.4 Reporting to the Audit Committee

12.4.1 Internal Audit reports as follows :-

- Details of audit plans, performance against plans and against key performance measures, and on significant control or compliance issues arising from audit work, longstanding recommendations and management responses, completed projects / advice, unplanned, cancelled or deferred audit work.
- To client Audit Committee's on its performance and on individual audit reports.
- Audit Committees provide a route for the escalation of a failure to respond to audit reports, or the non-implementation of agreed recommendations, with the potential for management to be called to answer to the Committee.
- The Audit Committee receives an annual report summarising the outcome of the review of the effectiveness of the internal audit function which is required under the PSIAS.

12.5 Annual Report of the Head of Internal Audit

12.5.1 The annual report to the Audit Committee includes the HoIA's opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control as determined from the programme of work undertaken. The following elements are incorporated into annual audit reports:-

- The HoIA's opinion on the overall effectiveness of the organisation's internal control, risk management and governance environment.
- Disclosure of any qualification to this opinion, together with the reason for the qualification.
- The disclosure of any impairments or restriction in scope of audit work.
- A summary of the audit work undertaken to provide this opinion, including any reliance placed on assurance work by other bodies.
- Details of any issues that the HoIA judges to be particularly relevant to the AGS.
- A comparison of work actually undertaken with the work originally planned and a summary of the performance of Internal Audit against its performance measures and criteria.
- A statement to confirm work has been completed independently and in accordance with the PSIAS.
- The results of the Quality Assurance Improvement Programme (QAIP).
- Any other issues that the HoIA judges is relevant to the preparation of the AGS.

13. **Quality Assurance**

13.1 Internal Audit is committed to provide a high quality service to all client organisations and encourages clients to give feedback. All matters relating to the quality of the function are captured within the Quality Assessment and Improvement Plan (QAIP) which is maintained by the HoIA and reported to each audit committee annually.

14. Contacts

The key contacts for the Internal Audit Service are:

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Types of Internal Audit Work

Advice	To meet requests from management for information and guidance on matters of internal control, procedures, compliance with relevant policies etc.
IT Audit	Operational IT audit designed to assess and review the operating procedures supporting key IT policies, environmental controls and input into system developments and new systems.
Information Governance	<p>Work specifically looking at the adequacy and effectiveness of the management, use, control and security of information, compliance with the requirements of data protection legislation as well as internal policies and procedures.</p> <p>Support the Data Protection Officer in undertaking specific compliance reviews in relation to Data Protection legislation.</p>
Regularity	<p>Audit work designed to review and assess compliance with policies and procedures to ensure internal controls exist and are effective.</p> <p>Such work covers the functional areas of services and establishments.</p> <p>Important Internal Audit work to demonstrate presence at an operational level. Work supported by risk based and themed audit work.</p>
Financial Systems	<p>Work designed to assess and review the adequacy of the internal controls within the financial systems of the Organisation. Such work will take the form of either a walkthrough or full compliance audit on a cyclical basis.</p> <p>This work is also considered by External Audit as part of their work on the statutory opinion on the accounts.</p>
Grant Claims	Work necessary to independently verify grant claims as required by the awarding body.
Management Audit (Incl. Corporate items)	<p>Provision for work on corporate procedures and processes. Also incorporates work specifically for management on an advisory basis.</p> <p>These jobs also tend to be of a significant length in terms of Internal Audit days and elapsed time due to their detail and nature.</p>

Anti-Fraud and Special Investigations	<p>This work focuses on prevention, detection and investigations.</p> <p><i>Prevention</i> work focuses on developing good procedures, policies and guidance for managers and ensuring awareness so that appropriate controls are in place to avoid irregularities.</p> <p><i>Detection</i> work focuses on proactively examining the transactions of the organisation and other information to identify potential fraudulent activity.</p> <p><i>Investigations</i> work is largely in response to allegations of irregularity being brought to Internal Audit's attention. This work is often extremely sensitive and requires great care, tact, diplomacy and attention to detail. A report to management is most often the output from this work where audit findings are described along with recommendations regarding potential disciplinary action or referral to the Police, and guidance on improving controls to minimise the risk of such matters arising again.</p>
Commissioning, Procurement and Contract Audit	<p><i>Commissioning & Procurement</i> - generally focussed on the policies, procedures and systems in place to identify, assess and deliver a requirement; including compliance with procurement regulations (EU requirements and/or Contract Procedure Rules, Commissioning and Procurement Strategies/Policies).</p> <p><i>Contract</i> - this work focuses on the controls within the organisation's contractual policies and procedures to ensure that individual contracts are entered into on a timely basis and that these protect the organisation's interests. In addition, that the contract management arrangements are robust, and payments made are appropriate.</p>
Project Management	<p>Work which evaluates the effectiveness of the application of project management principles in order to achieve given outcomes / deliverables.</p>
Corporate Governance Assurance	<p>Requirements under the Accounts and Audit Regulations mean that all client organisations have to prepare and publish a statement on the overall adequacy of their governance arrangements (annual governance statement).</p> <p>A key element to providing assurance to the organisation is the work of Internal Audit overall and particularly in the key areas of corporate governance, risk management, performance management and general policy and procedure compliance.</p>
Audit Committee Support	<p>Time is allocated to support the various audit committees. This work involves the provision of reports, guidance and training.</p>

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Item 9

Report of the Service Director
Governance and Member Support

Audit Committee – 6th June 2018

Governance and Member Support Business Unit Progress Report

1. Purpose of Report

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

2. Functions of the Business Unit

- 2.1 The business unit has three broad functions reporting to the Service Director, Governance & Member Support:
- Council Governance (relating to decision-making processes and associated advice)
 - Personal support for the Leader, Mayor and Cabinet Members
 - Wider Members' Services (mainly providing an interface with Council administration, for example: supplies and services; payment of allowances; booking and promotion of surgeries; maintenance of webpages)
- 2.2 The core purpose of the Governance and Member Support business unit is therefore: To provide advice and support for elected members, senior officers and representatives of partner organisations to fulfil their duties and meet their obligations, and support the range of governance structures that are in place to ensure effective decision making.
- 2.3 In line with this, the business unit seeks to achieve the following outcomes:
- The effective implementation of decisions made within Council processes, free from the impact of legal challenge or delay.
 - Awareness amongst elected members and senior officers of the legal constraints and requirements of decision making and the ability to avoid potential pitfalls.
 - Public awareness of how decision making processes operate and the ability to access decision making information with ease.
 - Elected members who can perform all of their functions effectively

3. Related Elements of the Annual Governance Statement

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

- Documenting the roles, responsibilities and delegated powers of the executive, non-executive, scrutiny and officer functions within the Council's Constitution
- Keeping under review the effectiveness of the Council's decision making framework, including delegation arrangements
- Arrangements to ensure compliance with relevant laws and regulations, internal policies and procedures

3.2 The Service Director Governance and Member Support takes responsibility for identifying the areas of the Constitution that need to be up-dated or amended following any changes internal or external to the Council. Invariably, this requires liaison with colleagues in other business units to ensure that key elements of their responsibilities are covered by this review process. This also helps to engaged them more effectively in the requirements of the Constitution.

3.3 The business unit also operates the processes and procedures through which agenda and reports for formal Council meetings are published. These arrangements take into account the relevant legal framework in respect of timeliness of notices for meetings. The business unit also ensures compliance with further legal requirements, for example in relation to specific arrangements for Key Decisions and any decision taken by Cabinet in private, liaising with other business units as required. This includes the production of related guidance and information, including Report Writing Guidelines and pro forma documentation.

3.4 In 2012, Regulations were introduced requiring the recording and publication of the exercise of executive functions by officers, in essence, officer decision-making under delegated powers. Regulations in 2014 extended this requirement to non-executive functions. There were some initial concerns about the level of compliance with these requirements, but this improved in 2016/7 as a result of more detailed guidance issued in July 2016 on what should be recorded. A further improvement in compliance was seen in 2017/8.

4 Other Issues Affecting Elected Members

4.1 The report submitted to Audit Committee in June 2017 identified the need for each Elected Member to be individually registered as Data Controllers under the Data Protection Act. This was to cover the aspects of their role in relation to holding and processing the information of constituents, separate from what is

covered under the Council's own registration. In view of the reputational issues for the Council, information and training sessions have been held for Elected Members on the issues arising from this. These sessions took into account the impact on Elected Members of the General Data Protection Regulations (GDPR) from 25th May 2018, in particular to map the flow of data and identify any issues for Elected Members on how they go about their business.

- 4.2 Emphasis continues to be placed on supporting Elected Members to move towards the Digital Council approach. A key feature is for Elected Members to promote with their constituents the use of electronic methods of contacting the Council or interacting with services. A key issue is the need for Elected Members to be confident in using digital technology.
- 4.3 As part of this, since January 2018, printed papers have not been routinely provided to Elected Members for meetings, the expectation being that they will use their tablet devices. Technical support in the use of the devices continues to be provided to Elected Members, both by IT Technicians and the Digital Champions in Communities Directorate, in order to increase Members' confidence. Work continues to resolve some outstanding technical issues and identify further barriers to the wider use by Elected Members of digital technology, for example the availability of internet / wifi connectivity in the building they use for surgeries.

5. Conclusion / Recommendations

- 5.1 This report is presented for information.

6. Background papers

- 6.1 Governance and Member Support business plan and Annual Governance Statement – Available for inspection, except where it contains exempt information, in the Business Unit, Town Hall, Barnsley, email governance@barnsley.gov.uk for more information.

Report Author: Ian Turner

Date: 22nd May 2018

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Technical update

Incorporating the External Audit Progress Report

Barnsley Metropolitan Borough Council

May 2018

The contacts at KPMG in connection with this report are:

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External audit progress report

Technical developments

Appendices

- 1. 2017/18 audit deliverables

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10

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 due to commence our year end audit work w/c 11th June following receipt of the draft financial statements. We will report any findings to audit committee as part of our year end report on 20 July 2018.</i>
Value for Money	<i>Our value for money work is still ongoing and we will report our findings as part of our year end report on 20 July 2018.</i>
Certification of claims and returns	<i>We have commenced planning our audit of the Housing Benefit return. We anticipate auditing the following other grants and returns for 2017/18:</i> <ul style="list-style-type: none"> - <i>Teachers Pension Return</i> - <i>Pooling of Housing Capital Receipts</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>



Technical developments

NAO Report - Financial Sustainability

Level of impact: ● For information

The NAO has recently published a report on the financial sustainability of local authorities in 2018.

Since 2010, successive governments have reduced funding for local government in England as part of their efforts to reduce the fiscal deficit. Changes in funding arrangements and new pressures on demand have created both new opportunities and further pressures for the sector.

This study assesses financial and demand conditions in the sector and the implications for local authority financial and service sustainability.

It also reviews the stewardship role of the Ministry of Housing, Communities and Local Government, and the role of other departments with local service responsibilities, in relation to the local government financial service sustainability.

A copy of the report can be accessed from the NAO website at the following link:

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2018/>

The report concludes that the financial future for many authorities is less certain than in 2014, and risks longer term value for money. Financial pressures have increased since previous studies in 2010-11 but the sector is managing these substantial reductions in funding well.

Local Government Supporting Information - Indicative timescales

Level of impact: ● For information

With the earlier deadline applying to local government audits this year, the expected timescale for the issue of the suite of supporting information for the accounts is as follows:

- Confirmation of Debt Management Account Deposit Facility (DMADF) balances - issued April 2018
- PwC review of IAS 19 reporting on the Local Government Pension Scheme - expected late-May
- Gerald Eve final market report 2017-18 - expected early-June
- Gerald Eve review of qualifications, resources, objectivity and approach of the Valuation Office Agency in respect of its work for local government bodies for the year ended 31 March 2018 - expected early-May; and
- Fair value supporting information in respect of Arlingclose and Capita Asset Services (now part of Link Group) - expected early-May.

Both Auditors and local government bodies may wish to be aware of the above expected dates of issue.

Whole of Government Accounts – Local government submission timetable

Level of impact: ● For information

Her Majesty's Treasury (HMT) has confirmed the Whole of Government Accounts (WGA) submission timetable for local government, within the HMT April WGA newsletter. It is confirmed that local government bodies should submit on the following dates:

- 14th June – submit Cycle 1 – unaudited WGA Data Collection Tool; and
- 31st August – submit Cycle 2 – audit reviewed Data Collection Tool, management review form, and a copy of the audited accounts.

It is expected the Data Collection Tool for 2017/18 will be released in May.

Both Auditors and local government bodies may wish to be aware of the above submission deadlines.



Appendix

Appendix 1

2017/18 audit deliverables

Deliverable	Purpose	Timing	Status
Planning			
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	March 2018	Complete
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.	July 2018	TBC
Completion			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	July 2018	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	August 2018	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	TBC	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.	TBC	TBC



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BARNLEY MBC AUDIT COMMITTEE – INDICATIVE WORK PROGRAMME

	Mtg. No.	1	2	3	4	5	6	7	8
Committee Work Area	Contact / Author	6.06.18	20.07.18** (2.00 pm)	19.09.18**	31.10.18 (2.00 pm)	5.12.18	16.01.19	20.03.19	17.04.19
Committee Arrangements					Workshop				
Committee Work Programme	WW	X	X	X		X	X	X	X
Minutes/Actions Arising	WW	X	X	X		X	X	X	X
Review of Terms of Reference and Self-Assessment	RW/CHAIR								
Training Review and Skills Assessment	RW/CHAIR								
Review of Terms of Reference & Working Arrangements	ACF						X		
Draft Audit Committee Annual Report	RW/CHAIR	X							
Audit Committee Annual Report	RW/CHAIR			X					
Internal Control and Governance Environment									
Local Code of Corporate Governance	AF/AH						X		
Annual Governance Review Process and Timescales	AF/AH								
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	

	Mtg. No.	1	2	3	4	5	6	7	8
Committee Work Area	Contact / Author	6.06.18	20.07.18** (2.00 pm)	19.09.18**	31.10.18 (2.00 pm)	5.12.18	16.01.19	20.03.19	17.04.19
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 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		X		X	
General Data Protection Regulations - Update	RW/SH		X						

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

** Please Note: Change of dates and times dates/times due to the changes to the regulations relating to the approval of the accounts

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