

MEETING:	Audit Committee
DATE:	Wednesday, 19 September 2018
TIME:	4.00 pm
VENUE:	Reception Room, Barnsley Town Hall

MINUTES

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

24. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

25. MINUTES

The minutes of the meeting held on the 20th July, 2018 were taken as read and signed by the Chair as a correct record.

26. RISK MANAGEMENT ANNUAL REPORT 2017/18 AND LOOK FORWARD 2018/19

The Service Director (Financial Services) submitted a report summarising the activity in 2017/18 towards the achievement of the goals and objectives set out in the Council's Risk Management Policy and signposting further work to be undertaken in 2018/19.

The report, which was presented by Mr A Hunt, Risk and Governance Manager, indicated that the Framework was currently under review and would be considered by the Committee later in the year. He continued to lead on the provision of Risk Management, Insurance and Corporate Governance activities within the Council and had some considerable success during the year.

All risks were logged on the Council's Strategic Risk Register and had been reviewed and updated twice during 2017/18. In addition, the Council's Risk Profile had slightly decreased.

The Council's previous Risk Management Database had been replaced and 'SharePoint' was now being used to publish all operational risk registers and this was proving to be advantageous to all users and was assisting in the dissemination of information.

The 2017/18 Annual Governance Review had been completed and the subsequent Annual Governance Statement had been signed and approved.

In the ensuing discussion the following matters were highlighted:

- It was noted that the number of risks had increased during the period which was in part due to registers being published in SharePoint. This new arrangement had raised the profile, encouraged engagement which in turn had led to an increase in the number of risk register reviews taking place
- Because of the increased engagement, it was possible that a number of risk register reviews may be outstanding, however, the Risk and Governance Manager was in the process of attending all Departmental Management Team meetings and it was hoped, therefore, that all would be complete by the end of the year
- The report provided a breakdown of project risks by category as at June, 2018. It was noted that whilst there had been a significant increase in the number of Category 1 & 2 red risks, these were project related rather than strategic. A detailed discussion ensued during which reference was made to the need to be provided with additional information on the types and categories of risks, those risks over which it had limited control (such as those relating to Brexit) together with mitigation factors introduced. The Risk and Governance Manager agreed to provide additional information; however, he assured members that mitigations were not 'slipping'. The Authority was better at identifying and logging risks but it was also undertaking projects that had perhaps more inherent underlying risks.
- In response to detailed questioning, the Risk and Governance Manager explained the rationale for moving from a bespoke risk management database to Excel which was then saved into SharePoint and the benefits to be gained from this

RESOLVED:

- (i) That the Risk Management Annual Report, and the assurances provided, as part of the overall consideration of the Council's control framework for the purposes of the Annual Governance Statement, be noted; and
- (ii) That the Committee receive further periodic reports during the year to monitor the progress in achieving the actions identified for 2018/19

27. CORPORATE FINANCIAL PERFORMANCE - QUARTER 1 ENDING 30TH JUNE 2018 (CAB.5.9.2018/10)

The Executive Director Core Services submitted, for information, a report, which had been considered by Cabinet on the 5th September, 2108 on the financial performance of the Authority during the first quarter ended June, 2018 and assessing the implications against the Council's Medium Term Financial Strategy.

It was noted that the position for Council services was a projected operational underspend of £0.245m in 2018/19. The overall position for the council in 2018/19 was a projected operational underspend of £0.745m including Corporate budgets.

The Cabinet had requested Executive and Service Directors (where appropriate) to provide detailed plans of how their forecast overspends would be brought back into line with existing budgets on a recurrent basis. It had approved the write off of £1.402m of historic debts that were detailed within the Corporate Budgets section of the report and had also approved various Virements as detailed within Appendix 1.

In the ensuing discussion the following matters were raised:

- There was a discussion of the Business Rates stretch target for 2018/19. It was noted that these targets were currently being exceeded and the reasons for this were touched upon. The Service Director Finance commented upon the volatility of this type of debt and upon the external pressures that could have a negative impact throughout the financial year. The financial position for this year was stable and laid solid foundations for the difficulties the Authority may face in future years
- The Service Director Finance reported on the targeted approach to the collection of high value debts and to the use of a specialist firm in relation to recovery of such debts
- There was a discussion of the overspend on the Dedicated School Grant which mainly related to the high needs funding block and the increasing numbers and cost of out of Borough Special Educational Needs Placements. The Authority was currently examining ways of reducing this overspend and a Placement and Sufficiency Strategy was seeking to address demand and, in addition, build capacity within Borough. This area, however, remained an area of concern and additional information could be provided. The Executive Director Core Services reminded that specialist out of Borough provision was often very expensive and a few complex cases that could not be handled locally could quickly skew the budget. The Audit Manager also commented that a review of this service area was to be undertaken and a report would be submitted in the fourth quarter

RESOLVED that the report be received.

28. CAPITAL PROGRAMME PERFORMANCE - QUARTER 1 ENDING 30TH JUNE 2018 (CAB.5.9.2018/11)

The Executive Director Core Services and Service Director Finance (Section 151 Officer) submitted, for information, a report, which had been considered by Cabinet on the 5th September, 2108 on the financial performance of the Council's Capital Programme to the quarter ended June, 018 and assessing the implications against the Council's Medium Term Financial Strategy.

The key headlines for the report indicated that:

- The position of the Capital Programme for the 2018/19 financial year was currently projected to be lower than anticipated expenditure of £7.031m; and
- The position of the Capital Programme over the five year period to 2022/23 was currently projected to be lower than anticipated expenditure of £0.919m

The Cabinet had noted the 2018/19 and overall five year Capital Programme positions and had approved the 2018/19 scheme slippage totalling £6.095m (which, it was noted could be well handled). It had also approved a total net decrease in scheme costs in 2018/19 of £0.936m and a net increase in scheme costs in future years of £0.017m.

RESOLVED that the report be received.

29. TREASURY MANAGEMENT ACTIVITIES AND INVESTMENT PERFORMANCE - QUARTER 1 ENDING 30TH JUNE 2018 (CAB.5.9.2018/12)

The Executive Director Core Services and Service Director Finance (Section 151 Officer) submitted, for information, a report, which had been considered by Cabinet on the 5th September, 2108 reviewing the Council's Treasury Management and leasing Activities during the first quarter of 2018/19 in accordance with the CIPFA Treasury Management Code and CIPFA Prudential Code.

The report gave details of the following:

- The agreed Treasury Management Strategy for 2018/19
- An Economic Summary
- The Council's borrowing and leasing activity
- The Council's Investment activity
- Prudential and Treasury Indicators for 2018/19

The Cabinet had noted the Treasury Management and Leasing Activities carried out within the first quarter together with the Prudential and Treasury Indicators as detailed within Appendix 1 of the report.

The Committee briefly discussed the increase in interest rates and the implications this could have for the Authority. It was reported that the increase in rates had been anticipated and there was a further discussion of possible increases over the next 18 months.

RESOLVED that the report be received.

30. HEALTH, SAFETY AND EMERGENCY RESILIENCE ANNUAL REPORT 2018 (CAB.5.9.2018/13)

The Executive Director Core Services submitted, for information, a report, which had been considered by Cabinet on the 5th September, 2018 presenting issues raised within the 2017/18 health and Safety report and providing a comprehensive overview of health and safety performance within the Authority.

The Executive Director particularly commented on the excellent work and success of the Team given the limited number of officers involved in the Service.

Mr S Dobby, Head of Corporate Health, Safety and Emergency Resilience reported that there had been fewer accidents over the year which compared favourably to national data. The majority of audits had shown a satisfactory level of compliance with the Council's Governance arrangements for health and Safety and the FIDOR reportable accident performance, when compared to national statistics, remained favourable. Opportunities for further improvement, however, had been identified and an action plan, had been prepared which outlined the action to be taken.

The Cabinet had noted the Annual Report and had supported the continuous efforts to improve upon performance in this area.

RESOLVED that the report be received.

31. INFORMATION COMMISSIONERS OFFICE AUDIT - FINAL ACTION PLAN AND OUTCOMES

The Service Director Customer, Information and Digital Service submitted a report providing information on the final data protection audit outcomes and giving details of the progress made against each of the recommendations of the Information Commissioner following the consensual audit undertaken in October, 2017.

The Committee was reminded that the audit had focussed on three areas, namely, training and awareness, records management and Freedom of Information processes. A follow up review had been planned for the 24th September, 2018 but this had been delayed at the request of the Information Commissioner's Office until October, 2018. Due to the excellent progress made, however, the Council had continued its commitment to have the process completed by the end of September as planned and, therefore, it would be submitted on the 21st September, 2018.

Of the 108 recommendations made:

- Training and awareness – all 25 recommendations had been completed
- Records management – 40 out of the 48 recommendations were complete
- Freedom of Information – 27 of the 35 recommendations were complete (it was noted that 5 of the recommendations had been rejected by the Council as they were not reflective of the Council's processes or procedures.

Ms Hydon reported on the reasons for the delay in completing the recommendations which largely related to the scale of work required, the need to change processes and procedures across the Council as well as the introduction of new systems such as SharePoint. An internal pre audit was due to be completed next week and in relation to records management, it was noted that the ICT systems policy was in the final stages of preparation.

In the ensuing discussion reference was made to the following:

- In response to questioning, reference was made to the arrangements for dealing with Freedom of Information Act requests and to the discussions undertaken on occasions to try to ensure that information could be provided in a way which did not breach the 'time' threshold
- Arising out of the above,
 - there was a discussion of the ways in which charges could be levied in relation to FOI requests and to the Authority's stance on this
 - information was provided on the types of 'recurrent' FOI requests that were received
- Of the outstanding recommendations for Records Management, 5 were in the 'urgent' category and these had been delayed because of the need to introduce new systems such as SharePoint. Work had started on this but it was anticipated that this would not be complete until around 2020. The new systems would give a better coherence around the collection and storage of electronic data

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.

32. SICKNESS ABSENCE 2017/18

The Service Director Human Resources and Business Support submitted a report on the position with regard to sickness absence for the financial year 2017/18 and providing a comparison and summary for the whole of the financial year 2017/18 with the previous financial year 2016/17.

In summary, the report indicated that the total lost days per employee of 7.87 days was an improvement on the overall days lost compared to both 2015/16 and 2016/17 and this was less than the public sector average of 8.5 days absence in the previous year. This figure was, however, higher than the private sector of 5.6 days lost per employee.

Whilst this was an improving picture, there was still a need to significantly improve the management of sickness absence to achieve the Council's future performance indicator target of 6 days per employee for 2018/19.

The report then went on to outline:

- the ways in which the Human Resources Wellbeing and Targeted Intervention Team would provide advice and support to managers
- other initiatives including Wellbeing Initiatives and Work Place Health Champions all of which aimed to improve sickness absence.

In the ensuing discussion the following matters were raised:

- it was noted that the main reason for absence during 2017/18 was due to mental health issues including stress, anxiety and depression. In response, an action plan had been prepared to try to identify the signs of stress so that appropriate mechanisms could be put in place to give additional help and support
- the difficulties of identifying causation factors of stress were discussed and the involvement of Occupational Health in this was highlighted
- arising out of the above, the Service Director referred to recently commissioned Government research on thriving at work which, amongst other things, examined interventions and the importance of recognising when staff were under stress
- The involvement of the Senior Management Team was referred to and it was noted that the Team also has a mental Health Champion
- It was noted that appropriate training events were being planned for the near future
- The impact of the staffing reductions over the last 10 years were referred to which, it was suggested, might be one of the causation factors of stress. The

reduction in the number of days absence per employee was, however, something to be applauded

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

33. EXTERNAL AUDIT - AUDIT FEE LETTER

The Council's External Auditor (Grant Thornton) submitted their Audit Fee Letter detailing the planned audit fees (including the way these had been calculated) for the work to be undertaken during 2018/19. It was noted that this fee was £104,718.

The report also outlined the scope of the audit, the billing schedule and audit timetable together with information about the arrangements for undertaking additional work for which separate fees would be agreed.

RESOLVED that the audit fee letter be received.

34. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE - SEPTEMBER 2018

The Council's External Auditor (Grant Thornton) submitted a report giving details about their work both nationally and internationally, their work with the Public Sector, their audit approach, the progress made as at 6th September, 2018 and outlining the audit deliverables for 2018/19 together with a Sector Update summarising emerging national issues and developments.

The report was introduced by Mr G Mills (Grant Thornton Engagement Lead) and was accompanied by Mr T DeZoysa who were welcomed to this their first meeting of the Audit Committee.

RESOLVED that the external audit progress report and Sector Update be noted.

35. AUDIT COMMITTEE WORK PLAN 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 2018/19 municipal year and for 2019/20.

The Executive Director Core Services reported that update report on the Glassworks project would be submitted to the December meeting.

It was noted that the Workshop meeting was planned for the 31st October, 2018 and any members with suggestions for topics for discussion should contact the Chair.

RESOLVED that the core work plan for 2018/19 and 2019/20 meetings of the Audit Committee be approved and reviewed on a regular basis.

36. GENERAL DATA PROTECTION REGULATIONS (GDPR) - DATA PROTECTION OFFICER'S UPDATE REPORT

The Data Protection Officer submitted a report providing an update regarding the discharging of his role and the general approach to testing compliance with the requirements of the General Data Protection Regulations and the Data Protection Act 2018.

The Executive Director Core Services reported that there was a clear strategy in place to ensure compliance with all the regulations. Evidence around compliance would now be obtained and this would enable the identification of specific priority areas. The Authority's procedures and processes were well advanced compared to many other areas within the sector.

Particular thanks were expressed to the Head of ICT (Service Management) and her team for all their hard work both in respect of the Information Commissioner's Audit but also for ensuring that the appropriate and necessary IT processes were in place in preparation for the introduction of this new legislation.

RESOLVED:

- (i) That the report be received and that the Committee notes that the Data Protection Officer role is being effectively planned and discharged and provides the Council with appropriate information and assurances with regard to compliance with the General Data Protection Regulations;
- (ii) That DPA information and assurance reports be submitted to Committee on a six monthly basis; and
- (iii) That a further information/awareness session be held on the General Data Protection Regulations and the role/work of the Data Protection Officer.

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Chair