

MEETING:	Audit Committee
DATE:	Wednesday, 4 December 2019
TIME:	4.00 pm
VENUE:	Reception Room, Barnsley Town Hall

MINUTES

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

32. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

33. MINUTES

The minutes of the meeting held on the 11th September, 2019 were taken as read and signed by the Chair as a correct record.

34. INFORMATION GOVERNANCE AND CYBER SECURITY

The Head of IT (Service Management) provided an Assessment testing Members knowledge and understanding of Information Governance and Cyber Security issues based on the updates proved to the Committee during the year.

The assessment covered the following issues:

- The principles of the General Data Protection Regulations
- The use of IT systems securely in order to prevent cyber attacks
- The 'rules' for using IT systems whilst working away from the office
- The use of emails and the internet correctly in order to ensure information security
- The correct procedures for creating and storing information
- The potential consequences of breaching the General Date Protection Regulations
- The compliance with the Council's password policy
- The ways in which individuals could remain safe online
- The procedures and arrangements for keeping and disposing of information
- The number of cyber-attacks defended by the Council in 2018/19

RESOLVED that Ms S Hydon, Head of IT (Service Management) be thanked for her most informative and thought provoking assessment.

35. ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2018/19

The Chief Executive and Executive Director Core Services submitted a joint report supporting the updated Action plan relating to the issues identified following the Annual Governance Review for 2018/19.

The Head of Internal Audit, Anti-Fraud and Assurance, who presented the report, introduced Ms Alison Salt who was to join the Authority shortly as the newly appointed Corporate Governance and Assurance Manager. Members of the Committee were briefly informed of the key roles of this and arising out of this particularly reference was made to her future involvement with a planned examination of the Annual Governance Review process which would ensure that all governance and assurance issues continued to be properly identified and actioned.

He then reported that the Action Plan covered two areas the progress on which was outlined in detail within the appendix to the report:

- The monitoring of the implementation of management actions identified by the Data Protection Officer to further improve compliance with the General Data Protection Regulations and embed good general data protection practice
- The delivery of the improvement action noted within the 2019 Peer Review findings specifically to address recommendations relating to governance and risk

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

- The reasons for and the rationale behind the need have an inventory of CCTV in use within the Authority and appoint a responsible officer CCTV. This had been triggered following the receipt of a letter from the Surveillance Camera Commissioner.
 - The Head of Internal Audit, Anti-Fraud and Assurance had assumed the 'responsible' officer role.
 - Work was progressing on the inventory (which included body cams as well as CCTV) and was now substantially complete. Work was also progressing in this respect with schools for which the authority held responsibility
 - The process had also identified the need to introduce a common procurement approach in order to reduce costs but also to standardise the use of equipment.
 - The consequences of not complying with the Surveillance Camera Commissioner's requests were outlined
 - In response to questioning, the Executive Director Core Services briefly outlined the role of the Surveillance Camera Commissioner in ensuring compliance with the surveillance camera code of practice
- Reference was made to the assurance review in relation to Cyber Security – issues had been raised in relation to monitoring and assurance but no significant concerns had been identified. It was hoped that an update could be provided for the January meeting

RESOLVED that the progress being made against each item listed in the Annual Governance Statement Action Plan be noted.

36. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report on the framework proposed to prepare, manage and deliver the Quality Assurance and

Improvement Programme (QAIP) for the Internal Audit function as required by the Public Sector Internal Audit Standards 2017 (PSIAS).

Appendices to the report provided an extract from the PSIAS together with the Draft QAIP Action Plan.

The report, in detailing the background to the need for and the specific requirements for a framework, indicated that a QAIP Action Plan had been prepared. In addition, the report indicated that there was a duty to undertake an annual self-assessment and an independent external assessment against the PSAS once every five years. The last Independent Assessment had been undertaken in 2015 when the Internal Audit Function had been judged to be in full conformance with PSIAS and the next external assessment would, therefore, be undertaken in Autumn 2020.

In order to ensure continuous improvement and focus on quality and conformance, an Audit Manager had been designated the responsibility to maintain and manage the QAIP and general quality process. The Action Plan was, therefore, updated and discussed with the Head of Internal Audit, Anti-Fraud and Assurance on a monthly basis.

Since the previous QAIP report in December 2018 there had been a number of continuous improvement related activities completed and these were detailed within the report. In addition there were a number of other actions undertaken on an annual basis (and then as and when required during the financial year) and these too were outlined within the report.

There was a discussion of the way in which an external assessment of the Internal Audit function would be undertaken. Arising out of this reference was made to the way in which the service prepared for this, on how excellence in provision could be demonstrated and on the organisation/bodies that undertook such assessments

RESOLVED

- (i) that the proposed QAIP Framework setting out how the Service will meet the requirements set out in the PSIAS be approved; and
- (ii) that the Committee receive an annual update on the delivery of the Quality Assurance and Improvement Programme.

37. INTERNAL AUDIT PROGRESS REPORT 2019/20

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report summarising the Internal Audit activity completed and the key issues arising from it together with the performance of the function for the period 1st April to 31st October, 2019.

The report, which was presented by Mrs L Booth, Audit Manager, outlined:

- The progress of the Internal Audit Plan up to the end of October analysed by the number of plan assignments producing a report and audit days delivered by Directorate/Service

- There was a variance of six assignments completed against those planned. These were all at draft report stage, although one was virtually complete, and meetings were scheduled with officers to discuss the outcomes and finalise the reports
- A number of audits had been deferred, added to or deleted from the audit plan as agreed in conjunction with management. The reasons for these actions were outlined
- Three audits had been finalised since the last meeting and copies of all final reports were available upon request. A summary of assurances and the number and categorisation of recommendations included in the report was outlined
- A summary of the key issues included in audit reports finalised during the period providing a limited or no assurance opinion was provided. It was noted that discussions had been held with the Executive Director Core Services and the Service Director Finance in relation to a commissioning of placements/fostering. There were no major issues to report, however, a copy of the full report could be made available if required
- Details were provided of the outcome of other Internal Audit activities concluded not producing a specific assurance opinion
- Information was provided on the following up of Internal Audit Report management actions together with a summary of work in progress
- Information on the status of management actions by directorate/maintained schools due for completion was provided
- Details of Internal Audit performance against Performance Indicators
- Based on the audits reported during the period an overall adequate assurance was considered to be appropriate

In the ensuing discussion the following matters were highlighted:

- There was a discussion of the reasons and implications of the deferral of the audit entitled 'Policy into Practice Managing Attendance'. It was noted that this was largely due to changing priorities within the Directorate and that further discussions were to be held between the Audit Manager and the Service Director. There were no concerns about the delay
- In response to detailed questioning clarification was given as to the judgements made which resulted in either Limited or Reasonable assurance opinion
- The reasons for the deferral of the audit of Schools Governance and HR Policies audit were outlined. The Head of Internal Audit, Anti-Fraud and Assurance explained that the DfE required all maintained schools to have an internal audit every three years. Barnsley was looking at a new approach to such audits and this was currently being trialled and it was hoped that a programme of school audits would be introduced in the near future
- Reference was made to the three fundamental recommendations for which no management response had been received. The Audit Manager reported that discussions had been undertaken with officers. Appropriate action was being taken and all recommendations were in the process of being addressed

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 October, 2019 be noted;
- (iii) that the progress against the Internal Audit Plan for 2019/20 for the period to the end of October, 2019 be noted; and
- (iv) that the performance of the Internal Audit Division for the second quarter be noted.

38. CORPORATE ANTI-FRAUD AND CORRUPTION POLICIES

The Head of Internal Audit, Anti-Fraud and Assurance submitted draft versions of the following policies and requesting the Committee to make any necessary observations and suggestions prior to their submission to Cabinet for approval:

- Corporate Anti-Fraud and Corruption Policy
- Corporate Anti-Fraud and Corruption Strategy
- Corporate Anti-Bribery Policy
- Corporate Prosecutions Policy
- Corporate Fraud Response Plan
- Confidential Reporting Policy (formerly the Whistleblowing Policy)
- Corporate Anti-Money Laundering Policy

The policies, all of which had been reviewed and updated as appropriate by Ms J Race (Principal Auditor) represented a suite of documents which provided a framework of counter fraud policies addressing specific areas of risk and supported the Council's zero tolerance approach to fraud and illegal activity as well as providing mechanisms which officers could use to raise concerns of wrongdoing or fraudulent activity. The covering report provided a summary of the amendments to the policies previously submitted to Committee.

In the ensuing discussion the following matters were highlighted:

- There was a discussion of the wording of the Corporate Anti-Fraud and Corruption Policy and whether or not it should be changed to reflect a request for a more mandatory approach to the reporting of issues. The Head of Internal Audit, Anti-Fraud and Assurance stated that further reflection would be given to the wording but it was acknowledged that getting the correct balance could be difficult
- Arising out of the above, there was a discussion about the way in which staff could be encouraged to respond appropriately to concerns identified
- It was suggested that the policies, being lengthy by their very nature, may not be easily digestible and there was a discussion of the ways in which they could be made more easily accessible. It was noted that the newly appointed Corporate Governance and Assurance Manager would be asked to look at

such matters. Arising out of this reference was made to the ways in which these types of policies could be brought to staff attention which it was suggested may be either via the Council's intranet or via training modules

- In response to questioning, the Head of Internal Audit, Anti-Fraud and Assurance stated that issues identified relating to Universal Credit Fraud would be referred to the Department for Work and Pensions
- It was noted that the Confidential Reporting Policy was aimed at members of staff but nevertheless referred to how members of the public could raise concerns. The Head of Internal Audit, Anti-Fraud and Assurance briefly commented on how the public could raise concerns or disclosures of wrongdoing. He would undertake a review of how robust the complaints process was and would also reflect further on the wording of this section of the policy
- There were no particular concerns in relation to money laundering and indeed the risks of the Council contravening legislation in this respect were relatively low and some of the legal and regulatory requirements did not apply to public authorities. The Council could not be immune to such risks, however, and it was appropriate, therefore, that it complied with the principles of the money laundering legislation by taking appropriate and proportionate safeguards

RESOLVED that the suite of Corporate Anti-Fraud and Corruption Policies and Strategies appended to the report now submitted be noted and referred to Cabinet for approval.

39. EXTERNAL AUDIT PROGRESS REPORT

Mr G Mills representing the External Auditor (Grant Thornton) presented an update of the current position with regard to External Audit work undertaken on behalf of the Authority to date in the current audit cycle.

He stated that the work on the 2018/19 audit was virtually complete and the reports on the Teacher's Pension Scheme and Housing Benefit claims had been signed off in line with the appropriate deadlines. Grant Thornton was now moving onto work for the 2019/20 audit. Work was progressing and discussions were ongoing with the Service Director Finance and his staff with a view to presenting a report on the Audit Plan to the next meeting of the Committee.

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

- In response to questioning about recent press articles, Mr Mills stated that there would be no impact on either the timeliness or the quality of the service provided for local authorities
- Mr Mills was pleased that Members had found the 2019 training session held at Grant Thornton HQ in Leeds extremely useful. It was unlikely that this would be repeated in 2020 as a new Code of Audit Practice was anticipated and it would, therefore, be appropriate that any future training session be organised following the publication of that Code
- There was a brief discussion of likely changes to the audit arrangements for public authorities from 2021 following the publication of the Redmond report. Particular reference was made to Value for Money audits and the way in which future audits could be made more meaningful and more focused towards local

authority arrangements. A further update would be provided as and when more information became available.

RESOLVED that the report be received.

40. AUDIT COMMITTEE WORK PLAN 2019/20 AND 2020/21

The Committee received a report providing the indicative work plan for the Committee for its proposed scheduled meetings for the remainder of the 2019/20 municipal year and for 2020/21.

It was reported that following the training/awareness session held in October, 2019 it was proposed that an update on the Committee Self-Assessment and Review of the Terms of Reference be provided at a training/awareness session to be held immediately prior to the January meeting.

A request was made for an update of the current position with regard to corporate borrowing/treasury management and on the progress of the Glassworks Project. It was noted that a report on these matters was scheduled to be considered by the Cabinet in January and, therefore, it was anticipated that an update could be provided for the March meeting.

RESOLVED:

- (i) that the core work plan for 2019/20 and 2020/21 meetings of the Audit Committee be approved and reviewed on a regular basis;
- (ii) that a training/awareness session be held immediately prior to the meeting scheduled for the 22nd January, 2020 at which an update be provided on the Committee Self-Assessment and the review of the Terms of Reference; and
- (iii) that a report on corporate borrowing/treasury management and the progress of the Glassworks Project be submitted to the meeting to be held on the 18th March, 2020.

The Chair, Councillor Richardson, closed the meeting by wishing all Members and Officers a Merry Christmas and a Happy and prosperous New Year.

.....
Chair