

MEETING:	Audit and Governance Committee
DATE:	Wednesday, 3 June 2020
TIME:	4.00 pm
VENUE:	THIS MEETING WILL BE HELD VIRTUALLY

MINUTES

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

48. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

49. MINUTES

The minutes of the meeting held on the 22nd January, 2020 were taken as read and signed by the Chair as a correct record.

50. MR ANDREW FROSDICK

The Chair informed Members that Mr Andrew Frosdick, Executive Director Core Services, had retired from the Authority on Friday 29th May, 2020. He, together with Members of the Committee, asked to place on record their thanks and appreciation for his service to the Council and particularly for the advice and support provided at this Committee.

They wished him a long and happy retirement.

51. MR SHOKAT LAL - EXECUTIVE DIRECTOR CORE SERVICES

Mr Shokat Lal, the recently appointed Executive Director Core Services, was welcomed to this his first meeting of the Committee.

52. REVISIONS TO THE AUDIT COMMITTEE TERMS OF REFERENCE

The Executive Director Core Services submitted a report highlighting the amendments to the Committee's Terms of Reference that had been suggested following the review undertaken recently. It was reported that these had been approved by the Chief Executive in consultation with the Cabinet Spokesperson Core Services in accordance with the urgent action arrangements contained within the Constitution in the absence of a Council meeting.

RESOLVED:

- (i) That the report and the changes to the Committee's Terms of Reference be noted; and

- (ii) That part of the Committee's development session in October each year be devoted to a self-assessment review covering the Terms of Reference of the Committee.

53. INFORMATION GOVERNANCE, CYBER SECURITY AND DATA PROTECTION OFFICER UPDATE

The Committee received a presentation from Sara Hydon, Head of IT (Service Management) and from Rob Winter, Data Protection Officer, which provided an update on Information Governance, Cyber Security and Data Protection.

Mr Winter reported on the following matters:

- The DPO Review that had been undertaken.
 - Good progress had been made generally and policies and guidance had been reviewed.
 - Important improvements in processes for incident management and Data Protection Impact Assessments had been made
 - Reference was made to the excellent work of the Information Governance Team
 - The Information Governance Board had been reconstituted
 - Other work to focus upon included a review of the training offer, a review of internal procedures for the handling of complex SAR's more effectively and the impact of Covid 19 and the subsequent change in working practices
- DPO Assurance Reviews
 - Annual work was in progress to review certain aspects of compliance with the Data Protection Act and General Data Protection Regulations. Areas to cover included:
 - Broad awareness assessment through a survey
 - Cyber and IT security considerations
 - Incident management
 - Contract provisions
 - A report on the reviews would be submitted to the Committee in due course
 - The Data Protection Officer/Head of Internal Audit, Anti-Fraud and Assurance was contributing to a number of Covid 19 related groups in order to ensure awareness of Data Protections matters

Mrs Hydon reported on the following:

- Information Governance
 - The Covid 19 Implications and Opportunities
 - Incidents before and during the Covid 19 pandemic

There had been no major adverse impacts from an Information Governance perspective. The type of work undertaken was outlined

- The Data Sharing Protocol had been completed in accordance with the legal requirements (which were outlined) and in discussion with partners – it was noted that further issues might be raised as part of the Council's recovery

phase so work was progressing on ensuring that the Data Sharing Framework was robust

- Achievements had been significant in relation to the paperless office and most employees no longer required paper records unless urgency dictated
- There had been significant reduction in printing due to home working and the move to a 'digital world'. This had been a significant achievement and employees were embracing the need to adopt technological solutions
- During the Covid 19 pandemic, the Service had ensured that full and robust processes were in place and the number of incidents had reduced. In relation to any incidents taking place, appropriate training was being provided and lessons learned were followed up and checked. In addition, constant reminders were issued to reduce the transportation of paper
- The number of instances of disclosure in error had also reduced in part due to the introduction of email encryption software

- Cyber Security
 - Covid 19 Implications and Homeworking – particular reference was made to the temporary arrangements in place and the assistance given to services and to schools. The number of phishing emails had not increased due to homeworking. Indeed, there had been just under a 50% reduction in the number of malicious and avoidable incidents reported, this was where controls had been put in place to stop other employees or Councillors clicking the same email
- The Redcar and Cleveland Incident – details of this incident hadn't been disclosed but appeared to relate to an infection by encryption malware that may have affected backup files. Further information was awaited but this would be used as a learning opportunity to strengthen Barnsley's own systems
- Public Services Network – accreditation had been achieved at the beginning of March for a further year and work was ongoing in order to try to achieve accreditation the following year
- Cyber Essentials Plus – it was hoped that certification could be achieved, and a further report would be submitted to the Committee in due course
- DSP Toolkit – the Council's Cyber Security Strategy had been approved by Cabinet on the 15th April 2020 and work was ongoing on future developments/enhancements
- Strategic developments – reference was made to the way in which the Service took a strategic lead and communicated strategies to, amongst other things:
 - avoid cyber-attack across the council
 - embed policy, training and best practice

In response to previous questioning, reference was made to the membership of the Information Governance Board which acted on behalf of the Senior Management Team by providing a strategic lead for how the Council discharged its information governance responsibilities. The work undertaken by the Board included the receipt of audits and assessments on issues such as PSN accreditation, Cyber Essentials Plus, Data Security and Protection Toolkit. It also investigated areas of non-compliance and approved and prioritised the annual Improvement Plan. The Board received reports on requests for information such as Freedom of Information, Data Protection and Environmental Information Regulations and advised on appropriate actions arising from those reports. It also commissioned specific pieces of work or reports through Task and Finish Groups.

In response to specific questioning, Mrs Hydon reported that the Council's back up data complied with all the legislative and accreditation requirements as detailed within the presentation.

RESOLVED that Rob Winter and Sara Hydon be thanked for their most informative and thought provoking presentation.

54. COVID 19 UPDATE

The Chief Executive gave an update on the action taken by the Authority in relation to the Covid 19 pandemic.

- Response arrangements

The Council's Business Continuity Planning had been based on national standards and delivered on two levels:

- Corporately in setting the overarching recovery priorities
- At a Service Level to consider vulnerabilities to business interruption to public, staff, premises, partners and suppliers

A full review of the approach adopted was to be undertaken in order to ensure that processes remained robust and captured lessons learned

- Risk Assessment – a separate strategic threat and risk assessment had previously been undertaken and a copy of this had been circulated to the Committee. This was a 'living document'. During the first 6 weeks of the crisis the Gold Team met daily but this had now been reduced to twice weekly based on the reduced 'threat' level
- Threats to Service Delivery
 - All Business Continuity Plans had been reviewed prior to lockdown which made it easier for some services to move from face to face to working from home. It was acknowledged, however, that for some this had been a challenge
 - The response phase had focused on maintaining services with a critical or high priority
 - Services most impacted had been those providing a front-line community service, those that needed to be reconfigured to deliver alternative services and those whose demands had increased due to the pandemic (adult social care).
 - There had been and remained a corporate programme of staff redeployment from less to more critical services
 - Non-essential services were focusing on priority activities with less critical activities curtailed or ceased. In this respect particular reference was made to the closure of Libraries and the reconfiguration of the Waste and Recycling Service. The way in which this activity was co-ordinated was outlined
- New Ways of Working – this had been challenging and had forced the authority to lean and adapt to new ways quickly. Some value had, however, been achieved and would be of lasting benefit to the Authority

- As part of the return to the new business as usual, services were reviewing service delivery and how this may differ to that of pre Covid
- The Smart Working Project would be reviewed in the light of the pandemic to reflect longer-term changes to ways of working
- There was to be a phased approach to premises re-occupancy and in the short-term homeworking would remain the default position in line with Government Guidance. Reference was made to the fantastic support offered by the IT service in enabling so many staff to work from home. It was likely that this approach would have major implications in the reduction of travel (to and from home and to meetings) and a long-term increase in virtual meetings. Reference was also made to the way in which certain services had adapted to changing demand during the lockdown and an example was given of the Libraries and Museums Services
- Maintaining Service Delivery
 - As previously outlined, the focus during the response phase had been on maintaining services with a critical of high priority. Non-essential services had been focussing on priority activities with less crucial activities curtailed or ceased
 - With the reduction in lockdown requirements, some Business Units were looking to recommence services. As part of the recovery process Business Units were considering and feeding into their recovery plans (centered on the five recovery themes of humanitarian; business economy; building resilience; education, attainment and skills and infrastructure and the environment):
 - What had stopped?
 - What had started?
 - What positive changes wanted to be retained?
 - What changes needed further assessment or reversing?
- Financial Position
 - A summary of the Financial Impact and estimated costs of the Emergency Response were outlined which indicated that the estimated cost involved was approximately £22m
 - A summary of the Financial Impact of lost income was outlined and indicated potential significant losses of £19m
 - The total net impact, when factoring in the receipt of Government Grant of £18m, was around £23.4m. This was a major concern due to the ongoing impact beyond the current financial year. This matter was being kept under constant review given that the full final financial implications were not currently known

There was a discussion of the financial implications during which the following matters were raised:

- A moratorium had been imposed in relation to non-essential expenditure
- In line with Government Guidelines, no staff had been furloughed but had been redeployed where possible to support other services. Arising out of this, it was noted that the Council had been able to minimise costs as some key partners had furloughed some of their staff reducing costs passed back through to the Council as a result

- Reference was made to the expenditure and the rationale for that expenditure of around £9m to support Care Homes this was in line with Government Guidance to support care homes across the sector
- Reference was made to the finance allocated by Government to the Sheffield City Region to support, amongst other things, transport operators in maintaining services for Key Workers. Part of this allocation would have supported services within Barnsley

The Chief Executive then went on to report on the following:

- Impact on the Workforce
 - Those that were unable to work fell into two groups, those whose health meant they were at greater risk from Covid 19 and those whose role meant that a service could not be provided – school meals for example – both groups were being monitored
 - There was a corporate programme of staff redeployments from less to more critical services
 - There was a corporate approach to those in clinically vulnerable and clinically extremely vulnerable groups based on national guidance and the ways in which these were dealt with was outlined. Information was also provided about the number of staff involved and the ‘groups’ from which they came
- Fraudulent Activity
 - A Toolkit to reduce risk of fraud/error had been developed by the Government’s Counter Fraud Function. There had been a general acceptance that checks would be able to detect and recover irregular payments rather than investigate fraud for prosecution
 - There were likely to be problems with fraud investigations as Local Authorities had been encouraged to push monies out quickly rather than ask charge payers to apply in the normal way
 - The Head of Internal Audit, Anti-Fraud and Assurance reported on the work of the Council’s Anti-Fraud Team which, amongst other things, was undertaking post-event assurance to look for fraud. Reference was made to the National Fraud Initiative which had joined with Experian to undertake Bank Account validation and Active Company Checks. A report on all such activity would be reported to future meetings of the Committee
- Maintaining Resilience
 - The Council both individually and in conjunction with the South Yorkshire Local Resilience Forum (chaired by the Executive Director Place), guided by the National Risk Register of Civil Emergencies, was planning/preparing for a variety of incidents. Debriefing and lessons identified had already begun with a view to improving the understanding of risks and impacts
 - An ongoing Strategic Threat and Risk Assessment had been kept throughout the pandemic response phase and the ongoing transition to recover. This document had been and was being used to guide the strategic direction of the response and recovery

In the ensuing discussion, the following matters were highlighted:

- There was a detailed discussion about the impact on employment in the area and of how the authority would transition to the recovery phase.
 - The Chief Executive commented that from the start of the pandemic there had always been a focus on recovery.
 - It was noted that work was ongoing which included liaison and discussions with partners including the Sheffield City Region/Mayoral Authority particularly in relation to funding streams and opportunities.
 - Reference was made to the work with transport providers to ensure that services were maintained so that key workers could continue to get to and from work
 - It was important that all funding streams dovetailed in order to ensure that all opportunities were maximised and to this end information was provided about the work of Enterprising Barnsley, the ongoing work to revitalise the market and the principal towns initiative
- In response to questioning about the financial implications of the pandemic and the ways in which the Authority would deal with the deficit, the Service Director Finance commented that the deficit, to the extent that it materialised, would be mitigated by pausing new investments that were originally intended to be taken forward in the current financial year. This would ensure that the Council would deliver a balanced budget for the current financial year. The key concern, however, was for 2021/22 and beyond where there was uncertainty around future Government funding coupled with the likelihood that the cost of providing certain Council Services would increase exponentially as a result of the pandemic and the need for them to be provided in a 'socially distanced' way.

RESOLVED that the Chief Executive be thanked for her most informative and thought-provoking presentation.

55. GLASSWORKS - UPDATE

The Committee received a presentation from Mr D Shepherd, Service Director (Regeneration and Culture), updating the Committee on the current situation and progress being made in relation to the Glassworks Project.

(a) Construction Impact

- Activity began to slow down on site from mid March and on the 27th March, 2020 Henry Boot Construction decided to temporarily close the site due to:
 - Sub-Contractors closing
 - Operatives from outside the region being unable to find accommodation
 - Supply issues
 - Difficulties in adhering to the 2m socially distancing rule

(b) Construction Recovery

- Henry Boot Construction had been exemplary throughout the process and had recommend a phased return from the 6th April, 2020 in line with Government Guidance. In order to do this, they had:
 - Introduced social distancing measured for both vehicles and pedestrians
 - Introduced a signed and lined one-way system around the site

- Transformed a part of the completed block into a welfare facility in order to eat and maintain social distancing
- Introduced additional cleaning staff via Norse
- Introduced additional storage for materials in the basement
- Completed, in the last month, the acquisition of the Eastern Gateway for storage (which could also be used for welfare services as well should they wish)

(c) Impact on the Programme

- The current projection was that the construction was 6 weeks behind that originally anticipated
- Turner and Townsend had done some early modelling of the impact of the closure based on the initial 4 weeks delay and then at 3 months working at 50% capacity. The projected opening time was now anticipated to be Autumn 2021 but there was an ongoing review of programme dates
- There was a need to discuss with agreed tenants the impact in terms of construction. Henry Boot were, however, working at approximately 70-75% productivity (compared to pre Covid 19) so it was hoped that there would be a reduced impact on the timescales for programme

(d) Impact on Leasing

- Positively, pre Covid 19 deals were still progressing, however, there was likely to be an initial impact on the wider retail and leisure market. The Council was hoping, however, to be in position to announce further occupiers in the weeks ahead
- The current focus of operators was to protect existing businesses and reopen as soon as possible, hopefully by the 15th June, 2020
- The Council was to undertake a review of the leasing strategy. Leases would be reviewed in the coming months and there was a need to understand the impact of any delay on projected dates offered to tenants for their fit out. Positive discussions were progressing with tenants about the opening and the commitment to the Project. A report would be submitted to the September meeting

(e) Progress

- A drone footage video would be made available for members showing the current progress on the scheme

In the ensuing discussion the following matters were highlighted:

- As previously reported, there would be no additional costs to the Council due to any delay in completion of the project because of the Covid 19 pandemic
- Reference was made to the valuation of land and buildings and to the fact that this would be carried at cost because the project was under construction. Once completed the buildings (including various public realm works) would be brought into the accounts and valued appropriately once operational. Further details could be provided particularly in relation to those parts of the project that were currently in use. The External Auditor commented that the valuation of land and buildings was a key area of focus for their audit and would be referenced in his report later in the meeting. He reported also that he had met

the Service Director Finance and members of his Team on a number of occasions at which such matters had been discussed

- Reference was made to the Authority's Retail, Leisure and Hospitality Impact Assessment and on how this would be applied to this project. The Service Director (Regeneration and Culture) briefly outlined how this had been developed and provided details of its main elements. Given that the leisure and hospitality sector was a leading component of any economic upturn, it was important that this sector be given as much support as possible. This was then cross referenced to the Barnsley Economic Recovery Plan. A copy would be made available to all Members
- There was a discussion of the shortfall of yield against costs which was around £2m comprising an £8m annual cost and a £6m annual rental yield. No risks against the construction costs were envisaged
- No businesses or tenancy commitments had been lost within the Glassworks as a result of the Covid pandemic. A number of national businesses had gone out of business recently and this did have an impact as fewer businesses were looking for spaces in new schemes. However, a change was being seen in the types of businesses coming forward and over recent months and weeks there had been a resurgence in the number of local operators who were interested in taking up space

RESOLVED that David Shepherd be thanked for his most informative and thought provoking presentation.

56. ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2018/19

The Chief Executive and Executive Director Core Services submitted a joint report supporting the updated Action Plan (detailed at Appendix 1) 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, indicated 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

He reported that in relation to the first item, all assurance reviews had been undertaken and completed and work was progressing on assurance reviews for 2020. In relation to the second, the Committee had received an update on the progress in the review of the risk management approach. He felt, therefore, that in terms of the 2018/19 Annual Governance Statement Action Plan all actions had now been taken and issues addressed.

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

57. ANNUAL GOVERNANCE REVIEW PROGRESS AND TIMESCALES

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing an update on the proposed Annual Governance Review process to be adopted for the production of the Annual Governance Statement for 2019/20.

The report outlined the background to and the rationale for the new approach, the methodology to be adopted in undertaking the Annual Governance Review and for preparing the Annual Governance Statement together with the timescales for each component part of the process. It was also noted that the Plan would deal with the governance issues relating to the ongoing impact of Covid 19.

RESOLVED that the proposed changes to the Annual Governance Review process for 2019/20 and the timescales for the production of the first draft of the Annual Governance Statement be noted.

58. RISK MANAGEMENT UPDATE

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing an update on the development of a new approach to risk management.

The concept for the new approach was centred around the creation of a controls and governance assurance framework. This would create various governance domains which would be used as a basis for capturing the high-level controls expected to be in place and consistently complied with. These were outlined within Appendix 1 to the report.

The new approach would also identify strategic, operational and project concerns, issues and areas of focus with the aim of ensuring that the 'risks' of the moment were captured and managed. This was quite a departure from the traditional risk approach and the reasons for this were outlined. The new approach also aimed to ensure that senior management had focus on the underlying organisations infrastructure.

Work had commenced in January 2020 following the appointment of the new Corporate Governance and Assurance Manager and the report went on to outline the action taken to date which included, amongst other things, the development of a supporting system to facilitate this new approach.

It was acknowledged that the change in culture required would take time to be fully embedded and further work in creating the governance domains would commence within the next few weeks. At this stage and particularly in the context of the Covid 19 pandemic it was not practical to set a specific timescale. This was, however, a priority that had secured the Senior Management Team commitment and further reports on progress would be submitted to future meetings of this Committee.

RESOLVED that the update report and the direction of travel be noted and that further reports be submitted to future meetings of the Committee including the Draft Risk Management Strategy and Policy together with the revised Strategic Register.

59. ANNUAL FRAUD REPORT 2019/20 AND COUNTER FRAUD PLAN 2020/21

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing an account of counter fraud related activity undertaken by the Internal Audit Corporate Anti-Fraud Team during the period 1st April, 2019 to 31st March, 2020 and informing the Committee of the Team's Plan for 2020/21.

In 2019/20 the Team had a total budgeted plan of 578 days. Preventative anti-fraud work undertaken totalled 157 days, reactive investigations totalled 395 days and a further 20 days had been allocated to Internal Audit work and external clients.

The 200/21 operational work programme had been developed to ensure the resources of the Team were utilised in an efficient, effective and accountable way and the work programme would be reviewed continually to reflect fraud trends, emerging risks and general workload.

The report provided a summary of activity together with the outcome, including the monetary value of successful investigations, in relation to corporate pro-active counter fraud activity and reactive investigation work undertaken during the year with specific reference to the following:

- Acknowledging and preventing fraud
- Data matching exercises undertaken in relation to the National Fraud Initiative including the involvement with an HMRC pilot which matched HMRC and NFI data to identify fraud
- The review of the Council's Anti-Fraud and Corruption Policy and support to counter fraud polices
- Reactive Fraud work
- Corporate investigations
- Council Tax Support investigations
- Council Tax fraudulent liability claims
- Allegations of non-domestic rates fraud
- Insurance claim fraud checks
- Right to Buy fraud prevention
- Housing Tenancy Fraud
- Blue Badge misuse/abuse

The report then outlined the key features of the 2020/21 Plan together with information on how the Team was supporting the Council's response to the Covid 19 pandemic.

The Head of Internal Audit, Anti-Fraud and Assurance commented on the successful performance of the Team. Whilst this comprised only three staff members, when things went wrong and the Authority suffered error or fraud, the Team had the necessary capability and expertise to tackle issues and seek appropriate actions and response.

Particular mention was made to the operation of the Blue Badge scheme and in response to specific questioning Ms Race (Principal Auditor) outlined the action taken to prevent fraudulent use particularly by families of the deceased. She stressed, however, that the majority of badges were returned as required in such

circumstances. Information was also provided about prosecutions that had been instigated in relation to the scheme.

RESOLVED:

- (i) That the progress made in the development of effective arrangements and measures to minimise the risk of fraud and corruption be noted;
- (ii) That the Corporate Anti-Fraud Team Plan 2020/21 be approved acknowledging the need for the Head of Internal Audit, Anti-Fraud and Assurance to exercise his professional judgement during the year to apply the plan flexibly, allowing for planned proactive or detective days to be diverted to reactive investigation work as required;
- (iii) That further regular monitoring reports be submitted in order to demonstrate progress made against the Plan including information where the Plan has materially varied from the original Plan; and
- (iv) That the embedding of a culture of zero tolerance and high levels of awareness regarding fraud and corruption be supported.

60. INTERIM INTERNAL AUDIT ANNUAL REPORT 2019/20

The Head of Internal Audit, Anti-Fraud and Assurance submitted his interim annual report on the adequacy and effectiveness of the Authority's Internal Control Arrangements based on the work of Internal Audit for 2019/20 which had been prepared in accordance with the Public Sector Internal Audit Standards.

In order to comply with these Standards the report provided:

- An opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control
- A summary of the audit work undertaken to formulate the opinion
- Details of key control issues identified which could be used to inform the Annual Governance Statement
- The extent to which the work of other review or audit bodies had been relied upon.

Appendices to the report provided a summary of Internal Audit reports for the year, details and outcome of other Audit Activities, projects and work currently in progress and agreed management actions.

The report indicated that based on the overall results of Internal Audit work undertaken to date, together with the management's implementation of recommendations, the indicative opinion given was reasonable (positive) assurance. This was based on an agreed programme of risk-based audit coverage that had enabled a valid indicative assurance opinion to be provided. The opinion provided was an indicative interim opinion due to a number of planned pieces of work relating to 2019/20 that were currently being finalised. An update would be given to a future meeting of the Committee to coincide with the consideration of the Annual Governance Statement.

It was important that all Senior Managers remained alert to and focussed on maintaining an appropriate, risk-based and effective framework of controls as the Council entered the recovery stage of Covid 19 and also as work continued towards the Barnsley 2030 vision.

The key results from all completed audits had been reported previously within the Internal Audit progress reports and these were summarised in this report. Throughout the year the Committee had also been made aware of progress in the implementation of audit report recommendations.

The current draft Audit Plan for 2020/21 focussed on supporting management to consider the approach to controls in the context of the impact of Covid 19.

In the ensuing discussion, the following matters were highlighted:

- It was noted that assurance opinions had been given for 8 reports issued during the year and a further five were expected within the next few weeks
- Of the 62 recommendations/implications raised, four had been deemed to be fundamental/high. Three of these had been raised in the SAP Concur Expenses report and one had been raised in the Systems Fit For Purpose Report. Two of these recommendations had future recommendation dates and two were currently being followed up with management in accordance with the agreed protocol
- Reference was made to the Core Procurement Compliance Review particularly as it related to NPS. It was noted that the Council worked with the local subsidiary in Barnsley. An explanation was provided of Barnsley's involvement with this company. A report on the outcome of this review was anticipated shortly the results of which would be reported to the next Audit Committee
- The Head of Internal Audit, Anti-Fraud and Assurance accepted that statistically whilst eight reports had been issued during the year, the work of Internal Audit had to be viewed alongside the other pieces of work which they were required to undertake some of which could involve a considerable number of audit days. In his response he made reference to the type of work in which the Service had been involved both of a reactive and proactive nature. All of these contributed to his audit opinion and he was satisfied that the Service was able to identify and deal with significant issues
- It was difficult to give comparisons of reports issued with previous years as many aspects of work were unique in nature

RESOLVED:-

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

61. INTERNAL AUDIT CHARTER

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report prefacing the Internal Audit Charter 2018-20 which had been prepared in accordance with the Public Sector Internal Audit Standards (PSIAS) and which provided a reminder of the key aspects of the Internal Audit Function and gave assurance regarding how the Internal Audit Function was resourced, managed, organised and delivered its responsibilities.

The Charter reflected the current working arrangements but also the aspirations and developments necessary to ensure continuous improvement. It would be made available to all employees via the Council's Intranet site.

The Internal Audit Team also provided services to the South Yorkshire Pensions Authority, Berneslai Homes, South Yorkshire Police and Crime Commissioner, South Yorkshire Police and Northern College. It was noted, however, that from 1st April, 2020 the Service no longer provided an Internal Audit service to the South Yorkshire Fire and Rescue Authority.

It was reported that the PSIAS required the Head of Internal Audit to prepare and maintain a Quality Assurance and Improvement Programme. Part of this requirement was that an external quality assessment had to be commissioned at least once every five years. This had been planned for later in the year, however, this had now been postponed until 2021.

The Charter, which was appended to the report, would have a fundamental review later in the year and would be brought back to a subsequent meeting of this Committee.

RESOLVED that, being satisfied that Charter meets the requirements of the Public Sector Internal Audit Standards and adequately represents and describes the required function to provide this Committee and Senior Management with a professional service, the Internal Audit Charter, be approved.

62. AUDIT SCOPE AND ADDITIONAL WORK 2019-20

The Council's External Auditor, Grant Thornton, submitted a letter presenting an updated Action Plan for 2019/20 providing an update of the scope of audit work planned, including additional work being undertaken, detailing in particular the addition of a significant audit risk in respect of Covid 19, giving details of the Value for Money and Financial Standing position as well as various Regulatory Changes and potential impact of Fees Charged.

Mr G Mills, representing the External Auditor, referred to the following:

- The liaison arrangements in place with the Service Director Finance and his Team particularly in the light of the implications of Covid 19. He commented that the Authority had entered the Covid period in a relatively strong position compared to some other Councils. Discussions were, however, progressing in terms of the action being taken to address the potential deficit and ongoing financial implications. Work was taking longer than normal largely because of social distancing and remote working arrangements

- There were changes to the timetable for the accounts. These had to be submitted to External Audit by 31st August, 2020 although the Finance Team were working to an earlier deadline of 27th June. In addition, the audit of accounts was required to be complete by 31st November but Grant Thornton were working to a mid October deadline
- Reference was made to challenges in respect of property valuation, as mentioned earlier in the meeting and at the previous meeting. Discussions were progressing with the Director of Finance and his Team
- Other things to consider were the recoverability of debtors or receivables and discussions had taken place with the Finance Team who were currently undertaking work in this area
- The audit regulators had been very clear that lockdown was not to be seen as an excuse to have a let up in the drive to continually increase audit quality
- The rationale for the increase in audit fees was outlined

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

- The items included in the Audit Plan, supplemented by the additional work now being undertaken, had been stress tested as a result of the Covid 19 pandemic and the Committee could take some reassurance from this
- With regard to the Pension Assets/Deficit, given the volatility around certain markets (aviation and hospitality for example) questions were asked about the possible diminution in equities. The Service Director Finance did not feel that there would be any impact on the value of the Pension Fund deficit reported in the 2019/20 accounts. His concern would be for the current year and beyond, however, in relation to the South Yorkshire Pension Fund, an equity protection scheme was in place which, in essence, was an insurance policy to protect against shocks in the equities market. He was, however, in ongoing dialogue with the Pensions Authority regarding overall funding levels and the impact on deficit recovery moving forward. From an External Audit perspective, the Pension Fund accounting entries were previously a significant risk and this was a key area of focus for the audit. The External Auditor then outlined the way in which this audit work was being undertaken. He made reference to the use of an auditor expert, PWC, who audited all Pension Funds and Deloitte who were the auditors of the South Yorkshire Pension fund. The outcome of reviews/investigations would be discussed as part of the Barnsley External Audit work with the Service Director Finance and any findings would be included within the ISO 260 report submitted in late September/early October
- The Service Director would follow up queries as to whether or not the Equities Insurance Policy included a force majeure clause enabling the insurance company to decline to pay out any claims. It was felt that this was unlikely

RESOLVED that the letter and report be received and the action being taken and the increase in fees be noted.

63. AUDIT COMMITTEE WORK PLAN

The Committee received the indicative work plan for the Committee for the period June 2020 to March 2021.

It was noted that the next meeting of the Committee was scheduled to be held on Monday 27th July, 2020, however, as the timetable for the Final Accounts and Annual Governance Statement had changed, it was suggested that the meeting revert to a Wednesday.

RESOLVED:

- (i) that the core work plan for meetings of the Audit Committee be approved and reviewed on a regular basis; and
- (ii) that the next meeting of the Committee be held on Wednesday 29th July, 2020.

64. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED that the public and press be excluded from this meeting during the discussion of the following item because of the likely disclosure of exempt information as defined by Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

65. INDICATIVE INTERNAL AUDIT PLAN 2020/21

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report presenting an updated indicative Internal Audit Plan for the financial (audit) year 2020/21. The original Plan had been intended to be submitted to the March meeting, which had subsequently been cancelled. The updated Plan accommodated urgent advice and assurance work in response to the impact of Covid 19.

The Plan outlined the rationale and process for setting the Plan, the Risk Management considerations and how Internal Audit resources were calculated and deployed. It required a further review with Senior Management in order to ensure that it was focussed on priority areas and was aligned to the Internal Audit resources available for the remainder of the financial year.

In addition, it was also reported that the planned restructure of the Service, following the departure of an Audit Manager towards the end of 2019/20, had been delayed due to Covid 19 and resources were having to be prioritised to the pandemic at this time. This would impact on the resources available for a temporary period until the revised structure had been approved and implemented, hopefully by December/January.

Members attention was drawn to key aspects of the Indicative Plan as outlined within Paragraph 3.1 of the report now submitted and it was noted that the Plan and its priorities would be subject to ongoing review throughout the year.

The Head of Internal Audit, Anti-Fraud and Assurance commented on a recent security breach he had been informed about within one of the Council's partner organisations. This had been identified at an early stage and remedial action had been taken.

RESOLVED:-

- (i) That the revised indicative Internal Audit Plan 2020/21 be approved in principle acknowledging the need for the Head of Internal Audit, Anti-Fraud and Assurance to complete further consultations with Senior Management; and
- (ii) That a further update on the proposed final Internal Audit Plan for 2020/21 be submitted for approval at the meeting to be held on the 29th July, 2020.

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Chair