

# Public Document Pack



<b>MEETING:</b>	Audit and Governance Committee
<b>DATE:</b>	Wednesday, 16 September 2020
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	THIS MEETING WILL BE HELD VIRTUALLY

## AGENDA

### Procedural/Administrative Items

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Minutes (*Pages 3 - 14*)

To receive the minutes of the meeting held on the 29<sup>th</sup> July, 2020.

### Items for Discussion/Decision

3. Corporate Anti-Fraud Team Progress Report (*Pages 15 - 22*)

The Head of Internal Audit, Anti-Fraud and Assurance will submit a report providing an account of the work of the Corporate Anti-Fraud Team for the period 1<sup>st</sup> April to 31<sup>st</sup> August, 2020.

4. Local Government and Social Care Ombudsman - Annual Review Letter 2020 (*Pages 23 - 30*)

The Executive Director Core Services will submit a report presenting the Annual Review Letter for Barnsley MBC of the Local Government and Social Care Ombudsman for 2020.

### Items for Information

5. Audit Committee Work Plan (*Pages 31 - 34*)

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

To: Chair and Members of Audit and Governance Committee:-

Councillors Richardson (Chair), Barnard, P. Birkinshaw, Lofts, Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks; together with Co-opted members Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

Sarah Norman, Chief Executive

All Executive Directors

Shokat Lal, Executive Director Core Services

Neil Copley, Service Director Finance (Section 151 Officer)

Rob Winter, Head of Internal Audit and Corporate Anti-Fraud

Ian Rooth, Head of Financial Services

Alison Salt, Corporate Governance and Assurance Manager, Internal Audit Services

Michael Potter, Service Director Business Improvement and Communications

Council Governance Unit – 3 copies

Please contact William Ward on email [governance@barnsley.gov.uk](mailto:governance@barnsley.gov.uk)

Tuesday, 8 September 2020

<b>MEETING:</b>	Audit and Governance Committee
<b>DATE:</b>	Wednesday, 29 July 2020
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	THIS MEETING WILL BE HELD VIRTUALLY

## MINUTES

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

### 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 meetings held on the 3<sup>rd</sup> and 25<sup>th</sup> June, 2020 were taken as read and signed by the Chair as a correct record.

Arising out of these minutes, the following matters were highlighted:

#### (a) Information Governance, Cyber Security and Data Protection Officer update

- It was reported that the Council had received no further information from the National Cyber Security Centre, the Ministry of Housing, Communities and Local Government or the Local Government Association regarding a case study from the 'Redcar and Cleveland' incident. However, the Ministry of Housing, Communities and Local Government had commissioned the NCC Group to work with Councils to create an action plan. This work was currently progressing and further information would be provided as and when this was received.
- In relation to the Cyber Essentials Plus Certification, this had been pushed back to the end of the year due to Covid 19 implications. The project was due to recommence during September 2020 but would be at a slower pace due to social distancing restrictions

#### (b) Covid 19 Update

- It was reported that the financial position was being tracked on an ongoing basis. The latest estimate for the 2020/21 financial year was for a deficit of around £18m part of the reduction was explained by the announcement of the third Government grant in July
- The Executive Director Core Services commented on the 'new ways of working' and on how this differed from that of pre Covid 19. The Chief Executive had referred to this in some detail at the previous meeting. A Recovery Strategy had been developed which provided information on how the Authority intended to and indeed was currently opening up Services and buildings in a very safe manner. Barnsley had had a very challenging period over the last three to four weeks, but a significant amount of work had been undertaken both within the Council and with Partners including Public Health

and the NHS to ensure that all necessary arrangements were in place. Barnsley now had one of the highest testing rates within the country and was doing extremely well against the positivity rates. The number of tests undertaken per day had gone up from around 220 to 450 per day with a positivity rate of around 1% so Barnsley was not currently regarded as an area of concern, however, this could very quickly change as had been seen in other parts of the country.

A review was being undertaken of all services so that there was an understanding of the risks and challenges faced and a 'roadmap' had been prepared outlining the strategy for opening up buildings and further extending services. In addition, a presentation was to be made to Council on the 30<sup>th</sup> July, 2020 outlining the Recovery Strategy for the Borough. It was stressed, however, that a number of services had continued to operate throughout the pandemic period and staff concerned should be commended for their hard work and dedication in enabling this to occur. It was also reported that many of the Authority's services were being reviewed in the light of homeworking and of how technology was being used and how it could be utilised in moving forward.

- (c) Audit Scope and Additional Work 2019-20 – in terms of the recoverability of debtors or receivables, the Service Director Finance reported that this piece of work had now been undertaken in terms of what recoverability was likely to be. Appropriate provision had been set aside within the accounts and this year's outturn. That provision was dependent upon a number of factors including the type of debts, the age of the debt and also the status of the debt in terms of the recovery process. He felt, therefore, that this provision was prudent at the current point in time. This also took the impact of Covid 19 into account.
- (d) Draft 2019/20 Statement of Accounts – there was a discussion centring on the need for the narrative section to the Accounts to outline the key issues in a none technical language as it was felt that this would enable stakeholders to better understand those key issues. In this context reference was made to the current position with regard to Covid 19, Property and Land Values, Pension costs, changes in actuarial assumptions and Treasury Management particularly in relation to borrowing and debt. The Service Director Finance welcomed the feedback and acknowledged that the information would be difficult to extract from the 200+ pages of the accounts. The Finance Team would reflect on the additional narrative suggested and an Executive Summary would be produced prior to the Committee receiving the final audited accounts in September/October. In relation to Treasury Management he reported that in his capacity as Section 151 Officer he had consistently flagged up the relatively high levels of debt to the Cabinet, Council and to this Committee. For the last couple of years his advice had been (and indeed it was Council policy) that no further material borrowing should take place until such time as the Glassworks development was complete. This advice would be reviewed in the next budget cycle in the light of both the impending completion of the development and in view of the economic impact of the Covid pandemic.

## **70. ANNUAL REPORT ON TREASURY MANAGEMENT ACTIVITIES 2019/20**

The Executive Director Core Services and Service Director Finance (Section 151 Officer) submitted a joint report reviewing the Treasury Management activities carried out by the Council during 2019/20 in accordance with Statutory Guidance.

The report gave details of the following key issues:

- The overarching strategy for 2019/20
- The economic summary for the year
- An update of the Council's borrowing and investment activities
- The Council's Prudential and Treasury Indicators

The Service Director also reported that all the indicators and objectives had been met.

It was noted that the recommendation in relation to the proposed temporary increase in investment limits had been submitted to and agreed by Cabinet. This recommendation should have been omitted from the report prior to submission to this Committee and this was an oversight for which an apology was offered. The Director of Finance would try to ensure that all reports submitted to future meetings were amended accordingly and that recommendations reflected the decisions that this Committee was being asked to make.

### **RESOLVED:**

- (i) That the latest expectations for interest rates (as outlined within Section 4 of the report) and the borrowing and investment strategies (as outlined within Sections 5 and 6) for 2019/20 be noted; and
- (ii) That the Prudential and Treasury Indicators detailed within Appendix 1 be noted.

## **71. LOCAL CODE OF CORPORATE GOVERNANCE**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report seeking approval to the Local Code of Corporate Governance and for it to be published on the Council website.

It was reported that the current Code which dated back to 2016/17 had been reviewed and revised and would be published as part of a developing suite of governance documents which would include the Annual Governance Review Process and the Annual Governance Statement.

The Code, which had been prepared in accordance with CIPFA Guidance, was appended to the report and focused on the 7 principles of corporate governance and detailed Barnsley's commitment to achieving good governance in practice.

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

- There was a discussion of the role of this Committee in approving and/or considering, among other things, the Code.
  - The Service Director Governance, Member Services and Business Support commented that there would always be instances when reports were submitted to this Committee for challenge, however, the Council would always remain the 'sovereign body' and there would be times when reports had to be submitted to the Council (or the Cabinet as the Council's Executive) for consideration or approval. This may appear to some, that there was duplication but there were sound governance reasons as to why this might occur. Discussions were, however, progressing with the Head of Internal Audit, Anti-Fraud and Assurance and with other Senior Officers to avoid this wherever possible.
  - Arising out of the above, it was stressed that it was important that all reports submitted to this Committee should clearly state what the Committee's role was in relation to the issue under discussion as well as outlining, within the recommendations, what it was being asked to consider, comment on or approve
  - In this particular instance it was noted that any comments or issues raised by Members on the Code would be considered prior to the submission of the report for formal approval by the Council
- It was noted that the Code, once published on the Council website would be accompanied by a definition to outline what was understood by Corporate Governance

**RESOLVED** that, subject to the comments now made, the report and Code of Corporate Governance as detailed within Appendix 1 to the report be noted and submitted to Council for formal approval.

## **72. INTERNAL AUDIT ANNUAL REPORT 2019/20**

Further to minute 60 of the meeting held on the 3<sup>rd</sup> June, 2020, the Head of Internal Audit, Anti-Fraud and Assurance submitted his finalised annual report prepared in accordance with the updated Public Sector Internal Audit Standards. The report provided 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 for 2019/20.

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 (AGS)
- 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 concluded in the period and projects and work currently in progress as at 12<sup>th</sup> July, 2020.

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 opinion given was a reasonable (positive) assurance and this position had not changed from his interim opinion given at the June meeting. This was based on an agreed programme of risk based audit coverage and input which had enabled a valid assurance opinion to be provided.

It was important that 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 Barnsley 2030.

It was noted that the key results of all completed audits reported throughout the year were summarised within this report and that the Committee had been made aware of progress in the implementation of agreed management actions.

The current Audit Plan, therefore, focussed on supporting management to consider the approach to controls in the context of the impact of Covid 19.

The Head of Internal Audit, Anti-Fraud and Assurance gave a brief resume of the way in which he weighted the outcomes of audits in order to provide his assurance opinion. Whilst the updated statistical information appeared to show a worsening position, it needed to be remembered that every audit year covered different audits and so it was not easy to have a direct year-on-year comparison. It was pleasing that the culture of the Council and Senior Managers was very open to Internal Audit coverage, and as such, the service identified and was invited into areas known to require improvement which was extremely positive. Reports were always actioned, with revised dates agreed as appropriate, and the Service was also undertaking more advice and consultancy the information and feedback from which was an increasing aspect of the overall assurance opinion.

He reported that the current year was likely to have significant and unique challenges around controls and keeping things safe but at the moment, based on the work undertaken and being undertaken, there were no concerns. The financial year 2020/21 was likely to have further significant challenges around controls, governance and risk and the Audit Plan was constantly being updated to reflect changing priorities.

Mr G Mills commented on the Plan from the External Audit perspective and supported the Internal Audit Service position of considering issues in a holistic manner as now outlined.

In the ensuing discussion, the following matters were highlighted:

- There was a discussion about what would be considered an appropriate level of internal audit. It was not possible to state what any 'tipping point' would be as this was based on a number of factors including areas audited, advice offered, challenge provided and management response including the implementation of remedial actions. The Council did, however, recognise the value that audit contributed to the organisation as a whole and the Head of Internal Audit, Anti-Fraud and Assurance was confident that he had sufficient resources to be able to deliver the audit function in an appropriate and satisfactory manner. He assured the Committee that if he had any concerns,

these would be highlighted but he was confident that this was not the case given the enhanced liaison arrangements that had been put in place and particularly through the Covid period

- In response to specific questioning, information was provided in relation to the additional work that had resulted following the Covid pandemic, particularly in relation to emergency arrangements that had been put in place and emergency payments made etc. Internal Audit staff had undertaken appropriate investigations and no major issues had been identified as processes and systems had been found to be robust
- The Annual Governance Review process had given reasonable assurance and there remained a clear focus on risk within all Business Units. The inherent framework of controls and governance was well understood and there were high levels of compliance
- In relation to the five outstanding recommendations, the Head of Internal Audit, Anti-Fraud and Assurance reported on the dates for completion as follows (all of which had been agreed as part of the audit process and better reflected a more realistic approach to timescales):
  - SAP Concur (2) – 30<sup>th</sup> September, 2020
  - Systems Fit for Purpose – 31<sup>st</sup> March, 2021
  - Procurement (2) – 30<sup>th</sup> September, 2020 and 31<sup>st</sup> December, 2020
- In response to questioning, the Head of Internal Audit, Anti-Fraud and Assurance stated that all recommendations emanating from previous years were followed up and their implementation was reported to management and to this Committee. He then went on to give a brief overview of how this work was undertaken
- In relation to the Core Financial Systems audit, questions were raised as to whether or not a high level analytical review might be advisable covering all 10 systems detailed. In response, the Head of Internal Audit, Anti-Fraud and Assurance explained that such a high level review of audit coverage was determined by a Core Systems Audit Strategy developed and discussed with the Service Director Finance and other Senior Members of the Finance Team. This also gave the opportunity to identify and assess key areas that were likely or could potentially change the control framework and this type of analysis enabled a decision to be made on which pieces of work would be the focus of attention. It was suggested, therefore, that details of the way this was undertaken be highlighted at the Audit and Governance Workshop/training day scheduled for October. This would also then give the opportunity to influence the development of the following years Audit Strategy
- Arising out of the above, it was noted that alternative approaches to developing the Audit Plan were always being considered. Consideration was currently being given to the use of computer aided techniques and software which was also part of the development plan

#### **RESOLVED:-**

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



- (iii) that a presentation outlining the way in which the Audit Plan is prepared be submitted to the Workshop/training and awareness day to be held on the 28<sup>th</sup> October, 2020.

### **73. INTERNAL AUDIT PROGRESS REPORT - QUARTER ENDED 30TH JUNE, 2020**

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, for the period 1<sup>st</sup> April to 30<sup>th</sup> June, 2020 and providing information regarding the performance of the Internal Audit function during that period.

The report, which was presented by Mrs S Bradley, Audit Manager, outlined:

- The progress of the internal audit plan up to the end of June analysed by the number of plan assignments producing a report and audit days delivered by Directorate
- The variance of one assignment completed due to a report being at draft report stage. A meeting was scheduled with officers to discuss outcomes and finalise the report
- The way in which changes to the Audit Plan had been made
- Five audits had been finalised in the period. A summary of assurances, where applicable, and the number and categorisation of agreed management actions was outlined
- The issuing of 2 audit reports that had a limited assurance opinion
- The outcome of other Internal Audit activities concluded not producing a specific assurance opinion together with information about other work undertaken
- A summary of audits in progress by Directorate
- Information on the following up of Internal Audit Report management actions
- The performance of Internal Audit against performance indicators and feedback received
- The Head of Internal Audit, Anti-Fraud and Assurance Internal Control and Assurance Opinion based on the audits reported during the period. This indicated an overall reasonable assurance was considered to be appropriate

Members of the Audit Team were congratulated on this successful report which had been achieved during a time of particular difficulty considering the implications of the Covid 19 pandemic.

#### **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 June, 2020 be noted; and
- (iii) that the progress against the Internal Audit Plan for 2020/21 for the period to the end of June, 2020 be noted.

#### **74. RISK MANAGEMENT UPDATE**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report updating the Committee on the development of a new approach to risk management across the Council.

He reported that work was continuing on the development of an 'in-house' system utilising the functionality of the Council's Document Management System 'SharePoint'. A workshop was planned for Senior Management Team on the 18<sup>th</sup> August at which this would be demonstrated.

An assurance was given that all Business Units were maintaining their risk registers in the interim and they were considering key risks as part of the normal management arrangements most significantly in managing issues arising from the Covid 19 pandemic. Whilst the pandemic had impacted upon capacity and priority of key individuals and SMT, the Committee was assured that the progress towards the introduction of the new risk management approach remained a key priority.

It was proposed that the new system would be demonstrated to the Committee in due course alongside the emerging new Strategic Risk Register. In addition, the overall Risk Management Strategy, Policy and supporting procedures would also be presented for approval.

**RESOLVED** that the update and assurance that the approach and progress to the development of a new approach to risk management across the Council have the continued commitment from Senior Management be noted.

#### **75. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE - JULY 2020**

Mr G Mills representing the Council's External Auditor (Grant Thornton) submitted a report giving details about their work as at 20<sup>th</sup> July, 2020, outlining the Audit Deliverables together with a Sector Update summarising emerging national issues and developments.

Particular reference was made to the following:

- The current position with regard to the Financial Statements Audit which had commenced recently with a promising start. A report on the work on the Audit findings (ISA 260 report) and the opinion on the Statement of Accounts would hopefully be submitted in October, 2020. There was also a discussion as to why it might not be possible to present these at an earlier date
- The current position with regard to work being undertaken in relation to Covid 19 which had resulted in an addendum to the Audit plan set out a new significant financial statement risk
- The ongoing work in relation to Value for Money – it was anticipated that the Value for Money Conclusion would be given in October
- The potential implications of a New Audit Code to be introduced from 2020/21 onwards particularly in relation to Value for Money and associated recommendations. The public consultation on the code was currently being

- undertaken and a report on the implications would be submitted at an appropriate time
- Other areas of work included:
    - Certification of claims and returns
    - Meetings held with the Finance Team and other Senior Officers
    - Events organised and publications issued to support the Council
  - It was reported that reports from Grant Thornton and detailed within the Sector Update could be circulated via email if required
  - In relation to the annual Audit Letter, it was noted that this was a mandated report that the External Auditors were required to issue typically one month after the audit opinion. It was hoped that the draft would be issued in November for review by the Service Director Finance with it being presented to this Committee in December
  - With regard to post balance sheet events, this was detailed within Note 18 of the draft accounts and currently highlighted the impact of Covid 19. These would be discussed with the Finance Team and any such events would be taken into account until the point of sign off in October

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

- It was noted that the Annual Audit Letter was essentially a high level summary of the detailed findings included within the ISO 260 Report and as such should not include anything that did not appear in that report
- There was a discussion of the revaluating deficits and net credit balances. The External Auditor explained the accounting rules in such instances which were on an asset by asset basis and he commented that due to local authority accounting regulations/rules there would be no impact on the usable reserves. This was confirmed by the Service Director Finance

**RESOLVED** that the External Audit progress report and Sector Update be noted.

## **76. AUDIT COMMITTEE WORK PLAN**

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

The Head of Internal Audit, Anti-Fraud and Assurance reminded Members that further consideration would have to be given to dates of the Committee in October to permit the discussion of the ISO 260 report once received and the Annual Governance Statement. Dates would be confirmed as soon as possible but the Workshop/Training day on the 28<sup>th</sup> October, 2020 could be preceded by a formal meeting if required.

It was also reported that there may have to be a change in the dates for the submission of update reports from the other corporate functions that contributed to the overall assurance programme given the impact on workloads particularly consequent upon the significant impact of the Covid Pandemic.

**RESOLVED** that the core work plan for meetings of the Audit Committee be approved and reviewed on a regular basis.

## **77. EXCLUSION OF THE PUBLIC AND PRESS**

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

## **78. INTERNAL AUDIT PLAN 2020/21**

Further to Minute 65 of the meeting held on the 3<sup>rd</sup> June, 2020, the Head of Internal Audit and Corporate Anti-Fraud submitted a report on the finalised Internal Audit Plan for 2020/21.

The report, which was presented by Mrs S Bradley, Audit Manager indicated that the Plan had been revised following consultation with individual Departmental Management Teams 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. The Plan also incorporated advisory and assurance work directly related to Covid 19.

The report outlined the Key aspects of the finalised Plan (as outlined within Paragraph 3.1 of the report) but it was noted that this could change during the year to reflect the allocation of resources from contingency and unplanned work, new priorities and pressures.

An Appendix to the report provided a summary of the planned work by Directorate and a second appendix provided an outline scope of each of the planned areas of work.

The report also provided information about available resources within the Internal Audit Service and how staff were proposed to be deployed.

### **RESOLVED:-**

- (i) That the finalised indicative Internal Audit Work Plan 2020/21 be approved acknowledging the need for the Head of Internal Audit and Corporate Anti-Fraud to exercise his professional judgement during the year to apply the Plan flexibly according to priority, risk and resources available; and
- (ii) That the Committee receive quarterly monitoring reports from the Head of Internal Audit and Corporate Anti-Fraud to demonstrate progress against the Plan including information where the Plan has materially varied from the original Plan.

At the conclusion of the meeting the following issues were raised:

- The implications of the McCloud and Sargeant judgements in 2019/20 on pensions accounting had been addressed – information would be provided for the Member concerned
- Reference was made to the work of the Valuer in assessing the local market conditions and to the impact thereof. Reference was also made to the Post Balance Sheet Work being undertaken. The Director of Finance, having

spoken to the Valuer, commented that it was anticipated that there would be no material impact on local valuations. The External Auditor commented that two significant risks relating to the Pension Fund Accounting and the Valuation of Fixed Assets had been identified in previous reports submitted. Reference to this would be included in the ISO 260 report

- In relation to the increase in the value of land and buildings, further information would be provided

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Chair

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# Item 3

## Report of the Head of Internal Audit, Anti-Fraud and Assurance

**AUDIT COMMITTEE – 16<sup>th</sup> September 2020**

### **CORPORATE ANTI-FRAUD TEAM PROGRESS REPORT**

#### **1. Purpose of the Report**

1.1 This report provides the Audit Committee with an account of the work of the Corporate Anti-Fraud Team from 1<sup>st</sup> April 2020 to 31<sup>st</sup> August 2020.

#### **2. Recommendations**

##### **2.1 It is recommended that:-**

- i. **The Audit Committee notes the progress report covering the period 1<sup>st</sup> April to 31<sup>st</sup> August 2020.**
- ii. **The Audit Committee continues to receive regular progress reports on internal and external fraud investigated by the Corporate Anti-Fraud Team.**

#### **3. Background Information**

3.1 The Audit Committee received details of progress in the Annual Fraud Report presented at the June meeting. This progress report highlights the work undertaken in respect of fraud management and investigations during the first five months of 2020/2021.

#### **4. COVID-19 Counter Fraud Work**

4.1 In order to support the Council's response to the COVID-19 pandemic two members of the CAFT were redeployed to the Benefits and Taxation Department to assist with their work on the NFI Single Person Discount exercise. One team member returned to the CAFT at the beginning of July with the other officer returning in August.

##### Small Business Grant Fund, Retail, Hospitality and Leisure Grant Fund, Local Authority Discretionary Grants Fund

4.2 The Council has made grant payments totalling in excess of £42M to small businesses based in the Borough. The CAFT is conducting post event assurance work to ensure that these grants have been paid accurately.

4.3 Government guidance requires local authorities to complete a Fraud Risk Assessment for each business grant scheme in order to ascertain what actions and checks should be undertaken to minimise the risk of error and/or fraud and over payment.

- 4.4 The same guidance requires local authorities to provide a monthly report to Central Government comprising an update on their Fraud Risk Assessments and pre- and post-payment assurance activities as they are delivered. The Principal Auditor (Corporate Anti-Fraud) has completed the Council's Fraud Risk Assessments and is responsible for submitting the monthly returns.
- 4.5 The Government's Counter Fraud Function has worked in partnership with Experian to introduce two products to assist local authorities with post payment checks. The Council is using these tools, available via the National Fraud Initiative (NFI) website, to:
- Verify the bank accounts of companies in receipt of these business grants; and
  - Provide insight into whether the company was trading at the relevant date for these grants.
- 4.6 The Council has submitted records relating to 3,720 grant payments to the NFI for verification and the CAFT is now using the results to conduct post event assurance checks. Early results have:
- Confirmed that 1,178 grant payments have been made to eligible businesses;
  - Identified one ineligible small business rate grant (£10K) which is to be recovered;
  - Resulted in the recovery of one small business rate grant (£10K);
- 4.7 CAFT officers have also conducted preliminary checks regarding 24 potentially irregular business grant applications with 12 applications being refused as ineligible and 5 being returned to the Finance Department for repayment. The remaining 7 remain open awaiting further information.
- 4.8 Several Councils have contacted the National Anti-Fraud Network which has collected and shared intelligence with all local authorities so they may take the appropriate prevention measures. The Council has prevented five such organised crime attempts (totalling £110K), but unfortunately has been the victim of one successful fraud (£25K). The details have been forwarded for further investigation.

#### Fraud Alerts and Scams

- 4.9 COVID-19 fraud intelligence bulletins have been received from CIFAS and the Fraud Advisory Panel on a weekly basis throughout the pandemic. In addition, regular fraud alerts have been received from the National Anti-Fraud Network (NAFN).
- 4.10 These bulletins have provided information and intelligence on emerging fraud threats and trends affecting members of the public and both the private and public sectors. The fraud risks have been shared with relevant officers and/or published via Corporate Communications where applicable.



## COVID-19 fraud risks:

- Fraudsters taking over business premises which were/are unoccupied. The fraudster targets these empty properties using a recently created company for purpose of making a grant claim;
- A number of companies are being sold on eBay which could potentially be used in bounce back loan fraud;
- Scammers posing as officials making business Covid-19 inspections;
- Fraudulent documents (passports and degree certificates);
- Grant fraud (especially the use of fake documents);
- Business impersonation fraud;
- Investment fraud (mainly via social media);
- Cloned websites;
- Fraudulent telephone calls (mainly Amazon and government agencies);
- SMS phishing scams (HMRC tax relief for self-employed professionals);
- Phishing emails (more recently TV licencing following the reintroduction of TV licence fees for the over 75s, HMRC);
- Mandate fraud;
- Ransomware;
- As part of the rules around the opening of pubs, clubs and restaurants, businesses have been asked to collect customer contact details to assist with contact tracing. This could put customer's information at risk if it is not held securely.

- 4.11 Intelligence suggests that some companies are abusing the recent HMRC Eat Out to Help Out Scheme. The scheme has enabled restaurants to offer discounts, which they can then claim back from the government. Intelligence suggests that some applications for the relief are from establishments that are not included e.g. takeaways and that some restaurants are being impersonated in order to apply for reimbursement. Local authorities have been approached by HMRC to share local business information where this type of fraud is suspected.

### Counter Fraud Advice

- 4.12 The CAFT have also provided advice and assurance to management in relation to:
- COVID-19 volunteer expenses; and
  - Local Council Tax Support Claims

## **5. National Fraud Initiative (NFI)**

- 5.1 The NFI is a national public sector data matching exercise. Data uploads are due to take place in October 2020 and matches are due to be received in January 2021 for review, risk assessment and/or investigation.
- 5.2 The Cabinet Office has confirmed that Business Support Grants and Business Rates datasets are to be mandated in the 2020/21 NFI exercise.

### Comparison of 2018/2019 NFI Results to Previous Exercises

- 5.3 The Council has routinely participated in this initiative from its inception in 1996/97.
- 5.4 Prior to April 2015 Internal Audit co-ordinated the Council's involvement in the exercise with the investigation of datamatches being undertaken by the relevant departments. The Corporate Anti-Fraud Team has been responsible for filtering and investigating datamatches since April 2015.
- 5.5 An analysis of NFI outcomes for the four exercises covering the period 2012/13 to 2018/19 are shown below:

<b>Subject</b>	<b>2012/2013</b>	<b>2014/2015</b>	<b>2016/2017</b>	<b>2018/2019</b>
Housing Benefit	£4,098	£1,570 (ref to DWP)	£3,589 (ref to DWP)	£26,593 (ref to DWP)
Payroll	£808	Nil	Nil	Nil
Pension Gratuity	Nil	Nil	Nil	£11,304
Private Care Home Residents	Nil	Nil	£38,809	£35,528
Duplicate Creditors	Nil	£129,748	£100,802	£175,669
Council Tax Reduction	N/A	N/A	Nil	£24,347
Council Tax Single Person Discount (SPD)	Nil	Not completed	Not completed	£183,911
Personal Budgets	N/A	£5,247	£2,169	Nil
<b>Total</b>	<b>£4,906</b>	<b>£136,986</b>	<b>£145,371</b>	<b>£457,354</b>

- 5.6 Whilst Corporate Anti-Fraud Team Officers carryout a preliminary check of housing benefit datamatches, all matches identified as a possible fraud are referred to the DWP for further investigation.
- 5.7 Checks to datamatches in respect of private residential care home residents to DWP deceased records did not identify any overpayments prior to the 2016/17 exercise. In addition to the main, mandatory exercise, the Commercial Services Team has routinely participated in the NFI's six monthly ReCheck facility to identify payments made in respect of deceased persons. These additional checks have identified £11,325 overpayments which have all been recovered.
- 5.8 The NFI exercise has continued to identify a few duplicate creditor payments and, following problems with the Council's duplicate payments matching solution (previously reported to Audit Committee); the Council has now procured and introduced a new solution.
- 5.9 The CAFT undertook a pro-active data matching exercise to identify council tax single person discount (SPD) irregularities in 2015/2016. This exercise resulted in an additional £321,947 Council Tax income being raised across the identified Council Tax accounts. The Benefits and Taxation Department

conducted their own SPD review during 2016/2017 and therefore an investigation of the 2016 NFI datamatches was not completed. The recent exercise has realised in approximately £150,000 in additional Council Tax income.

## 6. Investigations

6.1 As reported above, the CAFT has been heavily involved with post event assurance work relating to the Covid-19 Business Grant Support Scheme and providing support to the Benefits and Taxation Department. However, the CAFT has continued to receive and respond to allegations of fraud against the Council.

6.2 A summary of the CAFTs reactive investigation work for the period April to August is shown in the table below:

<u>Council Tax Fraud</u> These relate to the investigation of any alleged council tax irregularity including discounts, exemptions and council tax reduction.		
Number of investigations b/f from 2019/2020	14	
Number of new referrals (Apr - Aug)	68	
<b>Total number of cases</b>	<b>82</b>	
Number of investigations closed (Apr – Aug)	71	6 single person discount irregularities closed 'overpayment only'; 61 referrals were closed due to there being no evidence of fraud; 4 cases were referred to the DWP.
Number of on-going fraud investigations	11	2 joint working cases with the DWP; 3 relate to single person discount irregularities; 5 relate to council tax reduction scheme irregularities; 1 relates to alleged non-domestic rates liability fraud.
<u>Tenancy Fraud</u> CAFT continues to provide an investigative support service to Berneslai Homes to help identify, investigate, deter or prosecute persons that commit tenancy fraud within the Borough.		
Number of investigations b/f from 2019/2020	2	
Number of alleged tenancy fraud referrals received (Apr - Aug)	8	
Number of new Right to Buy Applications received for verification	47	
<b>Total number of cases</b>	<b>57</b>	

Number of Right to Buy verifications closed as eligible to apply	46	Counter fraud checks were satisfactory, and the applications were returned to the Right to Buy Team to progress through the RTB system
Number of Tenancy Fraud Investigations closed due to the property being recovered	2	Both tenancies were voluntarily surrendered as a result of joint working with Berneslai Homes.
Number of tenancy fraud investigations closed as No Further Action (Apr – Aug)	6	These cases were investigated but no evidence was identified to support the allegations. 4 relate to alleged non occupancy of the property; 1 concerned allegations of sub-letting; 1 related to alleged housing application fraud.
Number of on-going fraud investigations	3	
<b><u>Blue Badge Irregularities</u></b> Blue badges can only be used by the named badge holder, or by a person who has dropped off or is collecting the badge holder from the place where the vehicle is parked. It is a criminal offence for anyone else to use a blue badge in any other circumstances.		
Number of investigations b/f from 2019/2020	7	
Number of new referrals (Apr - Aug)	1	
<b>Total number of cases</b>	<b>8</b>	
Number of investigations closed (Apr – Aug)	0	
Number of cases with Legal Services pending Court action	5	
Number of on-going fraud investigations	3	
<b><u>Insurance Fraud</u></b> The CAFT continue to provide counter fraud checks of submitted insurance claims. These checks, including financial and residential verification, provide assurance to the Insurance Team that the claims are genuine and bona fides.		
Number of investigations b/f from 2019/2020	2	
Number of new referrals (Apr - Aug)	18	
<b>Total number of cases</b>	<b>20</b>	
Number of investigations closed (Apr – Aug)	18	Counter fraud checks were satisfactory, and the claims were returned to the Insurance Team for processing.
Number of on-going fraud investigations	2	

<u>Corporate Investigations</u>		
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		
Number of investigations b/f from 2019/2020	4	
Number of new referrals (Apr - Aug)	1	
<b>Total number of cases</b>	<b>5</b>	
Number of investigations closed (Apr – Aug)	1	No evidence of fraud
Number of on-going fraud investigations	4	

## 7. Preventative Work

7.1 The CAFT continue to have a focus on the preventative side of fraud. The work in progress involves:

- reviewing and re-launching a fraud risk assessment tool for Business Units to use as part of their governance responsibilities
- participating in a corporate group to consider procurement fraud
- review and development of corporate training material through the POD system
- early preparations for a second Fraud Awareness Week' involving a number of other Council services

7.2 The progress and results of this work will be included in future reports to the Committee.

## 8. External Clients

8.1 Whilst the primary focus for the CAFT is the Council, the team also offers a counter fraud service to Internal Audit's external clients. This external work is only undertaken where it is considered to be in the best interests of both the external client and the Council in respect of competing priorities and resources.

## 9. Financial Implications

9.1 The structure and budget that CAFT operate within has proven successful and provides sufficient resource required to carry out an efficient value for money anti-fraud service.

9.2 Identifying a definite amount to be recognised as the impact of the CAFT is difficult beyond such results as the single person discount and other benefit work. Much of the work of CAFT is about avoiding loss. The NFI produce an 'Outcomes Calculation Methodology' document that seeks to put a value on the results of 'fraud avoidance'. For example:

£575 per blue badge cancelled re reflect lost parking charges  
£93,000 per property recovered through tenancy fraud  
£72,000 per Right to Buy application withdrawn

- 9.3 These (and other) calculations are used to estimate the national impact of fraud. Reflecting on these figures together with the periodic results from SPD exercises demonstrates that the CAFT more than pays for itself every year in direct activity and contributes additional fraud / loss avoidance through fraud awareness training, policy review and advice.

## **10. Risk Considerations**

- 10.1 Somewhat obviously, the process prompted by this work is focussed entirely on the effective assessment of fraud risk.

**Contact Officer:** Head of Internal Audit, Anti-Fraud and Assurance  
**Email:** [robwinter@barnsley.gov.uk](mailto:robwinter@barnsley.gov.uk)  
**Date:** 7<sup>th</sup> September 2020

# Item 4

## Report of the Executive Director – Core Services

### AUDIT COMMITTEE – 16<sup>th</sup> September 2020

#### Local Government and Social Care Ombudsman Annual Review Letter 2020

#### 1. Purpose of the Report

- 1.1 This brief covering report presents the Annual Review Letter for Barnsley MBC of the Local Government and Social Care Ombudsman (LGSCO). The letter is attached to this report.
- 1.2 Whilst this is a public document and has already been published by the LGSCO, it is brought to the specific attention of the Audit and Governance Committee as part of the independent assurance role the Committee has.

#### 2. Recommendations

- 2.1 **The Committee is recommended to consider the Annual Letter of the LGSCO and acknowledge the response from the Council with regards to the fundamental review of the corporate processes that aim to ensure a higher level of compliance.**
- 2.2 **The Committee is also recommended to receive a further report following the review currently being undertaken.**

#### 3. Background

- 3.1 The LGSCO look at individual complaints about councils, all adult social care providers (including care homes and home care agencies) and some other organisations providing local public services. It is a free service and investigates complaints in a fair and independent way. The LGSCO's mission is "Remedy injustice – help improve local services".
- 3.2 Despite our best endeavours there will inevitably be times when the Council does or does not do something that gives rise to a complaint. Whilst we have a robust complaints procedure, incorporating an internal review stage, there are occasions where this process does not produce a satisfactory outcome for the complainant and their next recourse is to the LGSCO.
- 3.3 Following their own investigation, the LGSCO will make a decision such as maladministration has occurred and caused injustice, or a referral back for local resolution (perhaps on the basis of a premature decision having been taken by

the Council or the matter having not completed the Council's corporate complaints process), or indeed that no maladministration was found. Recommendations are made which will cover how the Council should improve its services but also to recommend a payment to the complainant by way of recompense or compensation.

3.4 The Committee will recall that specific within its Terms of Reference is to:

S) To consider any payments in excess of £2,000 or provide other benefits in cases of maladministration by the Authority within the scope of Section 92 of the Local Government Act 2000.

3.5 It should be noted that one payment in excess of £2,000 was recommended by the LGSCO. A separate report will be presented to the Committee at a subsequent meeting.

#### **4. Annual Letter 2020 and Action**

4.1 The key message from the Letter is in relation to delays in providing responses to "*several investigation enquiries and in completing the recommendations agreed with us*".

4.2 The letter, attached, provides three key indicators - the percentage of complaints upheld, compliance with Ombudsman recommendations and satisfactory remedies provided by the authority.

4.3 Clearly the Council is disappointed with this performance and has instigated a fundamental review of the process and supporting procedures to ensure we understand fully the reasons for the delays and to ensure better compliance moving forward.

4.4 This review is well underway and includes the development of a new SharePoint based system to manage and track complaints and other contacts from customers such as requests under the Freedom of Information Act or the Environmental Information Regulations or Subject Access Requests under the Data Protection Act. Using the business intelligence tool, improved performance monitoring is being developed to track progress of cases and therefore highlight at an earlier stage where delays may be occurring. The review is being supported by the Data Protection Officer and in due course the new processes and procedures will be audited.

4.5 The Committee should be assured of the priority this review has and the commitment to ensure a significant improvement in performance.



- 4.6 Our ability to provide quality services to the public is our top priority but equally we recognise that in a difficult financial period and with ever increasing pressure and public expectations we may not always get things right. Our ability to find timely remedies to complaints (or responses to information requests) is also of critical importance.
- 4.7 The recent annual governance review process also highlighted and recognised that there was scope to improve the timeliness of responses from the various services, but also to support that, there was a need to review the corporate processes and procedures.
- 4.8 The Committee will be kept informed of progress of the review and in due course receive a presentation / report on the outcome.

Contact Officer: Service Director - Business Improvement, HR and Communication

Email: [michaelpotter@barnsley.gov.uk](mailto:michaelpotter@barnsley.gov.uk)

Date: 4<sup>th</sup> September 2020

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22 July 2020

*By email*

Ms Norman  
Chief Executive  
Barnsley Metropolitan Borough Council

Dear Ms Norman

### **Annual Review letter 2020**

I write to you with our annual summary of statistics on the decisions made by the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2020. Given the exceptional pressures under which local authorities have been working over recent months, I thought carefully about whether it was still appropriate to send you this annual update. However, now, more than ever, I believe that it is essential that the public experience of local services is at the heart of our thinking. So, I hope that this feedback, which provides unique insight into the lived experience of your Council's services, will be useful as you continue to deal with the current situation and plan for the future.

### **Complaint statistics**

This year, we continue to place our focus on the outcomes of complaints and what can be learned from them. We want to provide you with the most insightful information we can and have made several changes over recent years to improve the data we capture and report. We focus our statistics on these three key areas:

**Complaints upheld** - We uphold complaints when we find some form of fault in an authority's actions, including where the authority accepted fault before we investigated. A focus on how often things go wrong, rather than simple volumes of complaints provides a clearer indicator of performance.

**Compliance with recommendations** - We recommend ways for authorities to put things right when faults have caused injustice. Our recommendations try to put people back in the position they were before the fault and we monitor authorities to ensure they comply with our recommendations. Failure to comply with our recommendations is rare. An authority with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

**Satisfactory remedies provided by the authority** - We want to encourage the early resolution of complaints and to credit authorities that have a positive and open approach to resolving complaints. We recognise cases where an authority has taken steps to put things

right before the complaint came to us. The authority upheld the complaint and we agreed with how it offered to put things right.

Finally, we compare the three key annual statistics for your authority with similar types of authorities to work out an average level of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

This data will be uploaded to our interactive map, [Your council's performance](#), along with a copy of this letter on 29 July 2020, and our Review of Local Government Complaints. For further information on how to interpret our statistics, please visit our [website](#).

It is disappointing that we have encountered delays in your Council's responses to several investigation enquiries and in completing the recommendations agreed with us. In one case, it took the Council an extra 26 days to apologise and make a payment to the parents of a child who had lost out on 18 months' special educational needs support. It is essential that recommendations are completed on time to help rebuild the Council's relationship with complainants and to show it is learning lessons from complaints. Additionally, the actions you agree to take, and your performance in implementing them, are reported publicly on our website, so are likely to generate increased public and media scrutiny in future. I would ask the Council to reflect on the way it responds to our enquiries and implements remedies, with a view to providing us with more timely responses in the future.

### **Resources to help you get it right**

There are a range of resources available that can support you to place the learning from complaints, about your authority and others, at the heart of your system of corporate governance. [Your council's performance](#) launched last year and puts our data and information about councils in one place. Again, the emphasis is on learning, not numbers. You can find the decisions we have made, public reports we have issued, and the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

I would encourage you to share the tool with colleagues and elected members; the information can provide valuable insights into service areas, early warning signs of problems and is a key source of information for governance, audit, risk and scrutiny functions.

Earlier this year, we held our link officer seminars in London, Bristol, Leeds and Birmingham. Attended by 178 delegates from 143 local authorities, we focused on maximising the impact of complaints, making sure the right person is involved with complaints at the right time, and how to overcome common challenges.

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. During the year, we delivered 118 courses, training more than 1,400 people. This is 47 more courses than we

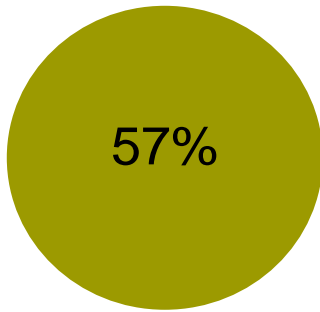
delivered last year and included more training to adult social care providers than ever before.  
To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M King', with a horizontal line underneath.

Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

### Complaints upheld



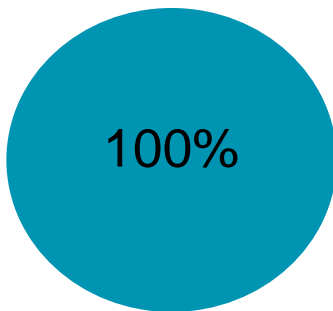
**57%** of complaints we investigated were upheld.

This compares to an average of **67%** in similar authorities.

**8**  
upheld decisions

Statistics are based on a total of 14 detailed investigations for the period between 1 April 2019 to 31 March 2020

### Compliance with Ombudsman recommendations



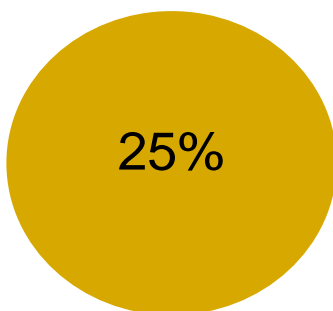
In **100%** of cases we were satisfied the authority had successfully implemented our recommendations.

This compares to an average of **100%** in similar authorities.

Statistics are based on a total of 6 compliance outcomes for the period between 1 April 2019 to 31 March 2020

- Failure to comply with our recommendations is rare. An authority with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

### Satisfactory remedies provided by the authority



In **25%** of upheld cases we found the authority had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **11%** in similar authorities.

**2**  
satisfactory remedy decisions

Statistics are based on a total of 14 detailed investigations for the period between 1 April 2019 to 31 March 2020

**BARNLEY MBC AUDIT AND GOVERNANCE COMMITTEE – INDICATIVE WORK PROGRAMME June 2020 – March 2021**

	Mtg. No.	1	2	3	4	5	6	7	
<b>Committee Work Area</b>	<b>Contact / Author</b>	<b>3.06.20</b>	<b>29.07.20*</b>	<b>16.09.20</b>	<b>28.10.20* (2pm start)</b>	<b>Oct/Nov - Extra Mtg for the A/cs / AGS?</b>	<b>02.12.20*</b>	<b>20.01.21</b>	<b>17.03.21</b>
<b>Committee Arrangements</b>					<b>Workshop</b>				
Committee Work Programme	AS	X	X	X		X	X	X	X
Minutes/Actions Arising	WW	X	X	X		X	X	X	X
Review of Terms of Reference	MMc/AS	X			X		X		X
Self-Assessment Review	AS/CHAIR				X		X		
<b>Internal Control and Governance Environment</b>									
Local Code of Corporate Governance (Draft)	MMc/AS		X						
Annual Governance Review Process and Timescales	MMc/AS	X							X
Annual Governance Statement & Action Plan	MMc/AS					X			
AGS Action Plan Update	MMc/RW	X					X		
Corporate Whistleblowing Update & Annual Report	SL/RW							X	
<b>Anti-Fraud</b>									
Annual Fraud Report	RW	X							
Corporate Fraud Team - Report	RW			X					X
<b>Corporate Risk Management</b>									
Risk Management Update	RW/AS	X	X						
Risk Management Policy & Strategy	RW/AS						X		
Annual Report	RW/AS						X		
Strategic Risk Register **	RW/AS						X		
<b>Internal Audit</b>									
Internal Audit Charter (Annual)	RW	X							X
Internal Audit Plan	RW	X	X						X





	Mtg. No.	1	2	3	4		5	6	7
<b>Committee Work Area</b>	<b>Contact / Author</b>	<b>3.06.20</b>	<b>29.07.20*</b>	<b>16.09.20</b>	<b>28.10.20* (2pm start)</b>	<b>Oct/Nov - Extra Mtg for the A/cs / AGS?</b>	<b>02.12.20*</b>	<b>20.01.21</b>	<b>17.03.21</b>
<b>Other Corporate Functions contributing to overall assurance programme to be determined:</b>									
Update on Glassworks	DS	X							
Update on Covid-19 Response	?	X							
Information Governance and Cyber Security update (twice yearly)	SJH	X					X		
DPO Update (twice yearly)	RW	X					X		
Human Resources (annual)	MP/JH				X				
Business Continuity/Emergency Resilience and Health & Safety Resilience (Annual***)	MP/SD						X		
Procurement (Annual)	NC/CA						X		
Performance Management (Annual)	MP/MR							X	
Asset Management (Annual)	DS/DS								X
Ethical Framework (Annual)	SL/RW								X
Equality and Inclusion (Annual)	MP/HD							X	
Partnerships (Annual)	MP								
Insurance Claims (Annual)	NC				X				
Local Government and Social Care Ombudsman Annual Letter	MP/KL			X			X		

\* Dates may change depending on legislative changes/impact of Coronavirus re Accounts/AGS

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

\*\*\* Report to October meeting in 2020 only – thereafter September annually

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