

MEETING:	Audit and Governance Committee
DATE:	Wednesday, 15 September 2021
TIME:	4.00 pm
VENUE:	Council Chamber, Barnsley Town Hall

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 28th July, 2021

Items for Information

3. Annual Governance Statement Action Plan 2019/20 (*Pages 15 - 30*)
4. Strategic Concerns/Risk Register (*Pages 31 - 32*)
 - Glassworks
 - Serious Economic Downturn in the Local Economy
5. LGSCO Annual Letter/Report (*Pages 33 - 40*)
6. Internal Audit Annual Report (*Pages 41 - 64*)
7. Internal Audit - External Quality Assessment Final Report (*Pages 65 - 84*)
8. Corporate Anti Fraud Team Progress Report (*Pages 85 - 90*)
9. Corporate Finance and Performance Report (*Pages 91 - 108*)
10. External Audit - Progress Update (verbal)
11. Audit Committee Work Plan (*Pages 109 - 112*)

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

Councillors Lofts (Chair), Barnard, Hunt, Richardson; together with Co-opted members Ms K Armitage, 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

Kathy McArdle, Service Director Regeneration and Culture

Claire Dobby, Complaints Manager - Feedback and Improvement Team

Kate Liddall, Senior Licensing Officer

Council Governance Unit – 3 copies

Please contact William Ward on email governance@barnsley.gov.uk

Tuesday, 7 September 2021

MEETING:	Audit and Governance Committee
DATE:	Wednesday, 28 July 2021
TIME:	3.30 pm
VENUE:	Council Chamber, Barnsley Town Hall

MINUTES

Present Councillors Loftis (Chair), Hunt and Richardson together with Independent Members - Ms K Armitage, Mr S Gill, Mr P Johnson and Mr M Marks

17. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

18. MINUTES

The minutes of the meeting held on the 2nd June, 2021, were taken as read and signed by the Chair as a correct record.

19. DRAFT 2020/21 STATEMENT OF ACCOUNTS

The Service Director Finance submitted a report presenting the 2020/21 Statement of Accounts, the Council's eleventh set of accounts prepared in accordance with International Financing Reporting Standards. Thanks were also extended to Mr P Johnson (Independent Member), who had been involved in discussions with the Service Director Finance and his Team during the preparation of the accounts, for the support, challenge and rigour he had brought to the process.

The Committee also received a presentation from Mr S Loach (Head of Finance) giving an introduction to the preparation of the accounts, the impact of Covid 19 on the Statement of Accounts, the key messages and explanations arising therefrom and outlining the next steps to be taken.

He made specific reference to the following matters which he put in the context of and, cross referenced to, the current Statement of Accounts:

- The Statement of Accounts Structure
 - The narrative report
 - The 4 Core Statements
 - The Disclosure notes
 - The Technical annexes
- The Key Messages in relation to the Impact of Covid
 - The costs of the pandemic and the areas of spend. Particular reference was made to the fact that over £80m had been provided to businesses across Barnsley impacted by the pandemic. This expenditure had not, however, been included within the accounts as the Council was effectively acting as an agent on the government's behalf
 - The income losses
 - The overall impact on the financial position. Overall there had been a £3.1m overspend reported in line with expectations of which £2.9m

related to the Collection Fund (taxation losses) leaving a General Fund overspend of £0.2m. This overall overspend was to be addressed through taxation income compensation expected in 2021/22 and Section 31 Grants for reliefs awarded. There was also to be a re-prioritisation of reserves earmarked for planned new investment as agreed in the Covid 19 Financial Recovery Strategy. There had been no call on the Council's Minimum Working Balance which was retained at the increase of £20m

- The Balance Sheet (Net Worth) – particular reference was made in this respect to Property Plant and Equipment and to the long-term liabilities in relation to retirement benefit obligations. Arising out of this, specific mention was made to the total movement in Property Plant and Equipment and, in relation to Pension Liability, the two bases of valuation and the total movement in Pension liability. In this respect, specific mention was made to actuarial (Gains)/Losses and the changes in actuarial assumptions
- The Balance Sheet Reserves – with particular reference to the usable reserves in relation to the General fund and housing Revenue Account
- The next Steps – which involved a Public Inspection period running from the 28th July to the 8th September, 2021, the External Audit process from July to mid-October and the presentation to this Committee and to the Council of the ISA 260 report on the External Audit Findings

The report and presentation engendered a full and frank discussion during which matters of a general and detailed nature were raised and answers were given to Members questions where appropriate. The following matters were amongst those raised:

- The implications of the current increase in inflation was touched upon, however, the Service Director Finance commented that it was anticipated that this was a short term issue and rates would return to around 2%. Particular reference was made to the impact in terms of pensions and public sector pay
- In relation to the Key Performance against Core Outcomes, it was noted that the number of new houses built during 2020/21 was lower than the target. This was largely due to the impact of the pandemic on the construction industry. The target for the number of affordable homes had been exceeded. Further information on this would be provided
- In response to specific questioning, the Service Director Finance reported on the current position with regard to the wiping out of bad debts and to collection rates. He commented that many businesses had received business rate relief which meant that there were less debts to collect, however, he did have some concerns regarding the collection of Council Tax going forward
- Reference was made to the deficit on the SEN Budget, to the way in which this was displayed within the accounts and the reasons for this as well as the measures introduced to tackle that deficit
- There was a discussion of the total income losses which currently stood at £11.4m and the reasons for this were outlined. It was noted that of the £3.1m deficit, £2.9 related to Collection Fund (taxation losses) for which taxation income compensation was anticipated
- An explanation was provided of the way in which grants that were distributed to local businesses throughout the Covid pandemic were addressed within the

accounts. It was noted that the Government had worked on an estimate based on the business rate and it had become apparent that a number of Councils including Barnsley had been overpaid. These overpayments were to be repaid back to the Government

- In response to specific questioning, the Service Director Finance commented that the Pension Authority accounts were intrinsically linked to the Council's accounts. Until these were 'signed off' the Council was unable to sign off its own accounts
- Reference was made to the current position with regard to officers in receipt of an exit package being re-employed by the authority on either a full time, part time or consultancy basis. The Executive Director Core Services commented on the legal position in this respect. Re-employment would generally only occur if a particular individual had a set of skills that was in short supply and these skills were required for a particular piece of work. Further information would be provided in writing
- Reference was made to the re-valuation of assets, how this was undertaken, what factors were taken into account and to the role of External Audit in this process. Further information would be provided

RESOLVED

- (i) that the Service Director Finance and his Team be thanked for their hard work and dedication in producing the accounts in challenging circumstances;
- (ii) that Mr P Johnson (Independent Member) be thanked for his personal support, challenge and rigour he had brought to the process during the preparation of the accounts; and
- (ii) that the work that has taken place to prepare the Authority's Draft 2020/21 Statement of Accounts on an International Financial Reporting Standards basis be noted.

20. CIPFA CONSULTATION ON THE PRUDENTIAL AND TREASURY MANAGEMENT CODES

The Service Director Finance submitted a report presenting the proposals on the CIPFA Prudential Code and the CIPFA Treasury Management Code changes proposed following the recent CIPFA consultation on both Codes.

The report indicated that the changes proposed would be taken forward and incorporated within the revised Codes that were due to be published in December 2021. It was noted that CIPFA expected Local Authorities to apply 'principles' from the publication date and implement a full adoption from 1st April, 2022. The report, in summarising the main issues arising from the consultation, aimed to prepare the Council and Committee for any changes to be introduced particularly in relation to training requirements and also outlined how the proposed changes would be addressed by Treasury Management Officers.

Appendices to the report provided the consultation responses to both Codes together with a summary for clients provided by the Link Group (the Council's Treasury Advisors).

The Service Director Finance commented that there was nothing within the proposals that gave him any cause for concern although there were some potential training issues which would be the subject of a report to a future meeting. He also reminded Members that the Committee had previously allocated two of its Members as Treasury Management spokespersons on the basis that this was a very technical area. This practice had, however, lapsed over time and Members were asked if they wanted to re-adopt this approach going forward as a result of this latest consultation/update. In response, Mr Johnston stated that this was a particular area of interest to him and he felt that we could add value to the process and to the Committee if so appointed.

In relation to the consultation on the Prudential Code and in response to questioning, there was a discussion of the implications of local authorities borrowing to finance acquisitions where obtaining commercial returns was the primary aim. Service Director Finance commented on Barnsley's position in this respect and he stated that this had not been something that the authority had ever entertained or was likely to consider.

RESOLVED:

- (i) that the issues arising from the CIPFA consultations be noted and the Council's approach to the proposed changes and how these would be addressed by Treasury Management Officers be endorsed; and
- (ii) that Mr P Johnson be nominated as the Committee's Treasury Management spokesperson.

21. ANNUAL GOVERNANCE STATEMENT (DRAFT) 2020/21

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report presenting the Authority's draft Annual Governance Statement (AGS) 2020/21. A copy of the draft Statement was appended to the report.

The Committee noted that the AGS was a statutory requirement as defined in the Accounts and Audit Regulations 2015 and had been prepared following an annual governance review process as reported at a previous meeting.

An Action Plan had been prepared to capture issues raised through the review process and this document would form the basis for the Committee monitoring throughout the year. The Action Plan was appended as Appendix 1 to the Draft Annual Governance Statement and outlined the items upon which further action was required. An update of the Action Plan would be submitted to the Committee throughout the year.

With regard to the Action Plan, reference was made to, and there was a discussion of, the need to improve compliance with the completion of annual forms (Declaration of Interest) and their subsequent availability and use. It was noted that a robust process was in place to ensure that Elected Member Declarations were collected and published in a timely manner and in compliance with the required regulations. In addition, appropriate arrangements were in place to ensure that staff declarations were completed correctly. Further work was required, however, to ensure that this

information was easily accessible and available and that managers knew how to access and use this information appropriately.

RESOLVED:

- (i) That the draft AGS, which reflects the governance arrangements in place and the actions arising from the annual governance review process be noted;
- (ii) That the final AGS be presented to the Committee at its meeting to be held on the 17th November, 2021 where the Final Accounts will be presented alongside the External Auditor's ISA 260 report and thereafter to the Council on the 25th November, 2021 for approval; and
- (iii) That the Committee receive updates on the progress of the actions identified in the AGS Action Plan at future meetings.

22. INTERNAL AUDIT COMMITTEE PROGRESS REPORT 2021/22

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing a summary of the Internal Audit activity completed and the key issues arising from it for the period 1st April to 11th July, 2021.

The report, which was presented by Mrs S Bradley (Audit Manager), outlined, amongst other things:

- The progress of the Internal Audit Plan delivery analysed by the number of plan assignments producing a report and audit days delivered by Directorate/Service. It was reported that the Service was currently on track to deliver the planned number of days
- Eight audit reports had been finalised within the period and a summary of the assurances where applicable and the number and categorisation of agreed management actions was detailed
- Two reports had been issued that had a limited assurance opinion and management had proactively taken action to address the findings of these reviews on a timely basis
- Details were provided of the outcome of other Internal Audit activities undertaken in the period that had not resulted in the production of a specific assurance opinion together with details of other Internal Audit work undertaken and current status
- Work was ongoing with management on a monthly basis to monitor the general position with regard to the implementation of management actions and to establish the reasons behind any delays. There were no concerns to report
- There were no issues to report in relation to Internal Audit's performance against the agreed Performance Indicators
- Based on the audits reported in the period an overall reasonable assurance opinion was considered to be appropriate

In the ensuing discussion, the following matters were highlighted:

- Reference was made to the current position in relation to the Youth Justice Service which was one of the limited assurance reports. A request had been

made by the newly appointed Head of Early Start, Prevention and Sufficiency for a review following the identification of concerns around a small number of known instances of non-compliance with Contract Procurement Rules and Financial Regulations by the Service when procuring goods, services and works. The expenditure in the service was of a 'low level' value and appropriate action had been taken by management

- In response to specific questioning, information was provided about work in progress in relation to the following audits
 - Glassworks Contract and Performance Management – work was progressing on this review and it was anticipated that this would be completed to draft report stage by the end of August
 - Future Management arrangements – discussions had been held with the Head of Property and the Service Director Regeneration and Culture to scope out this review – the Council would be managing the Glassworks

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 11th July, 2021 be noted;
- (iii) that the progress against the Internal Audit Plan for 2020/21 for the period to the 11th July, 2021 be noted; and
- (iv) that the performance of the Internal Audit Division for the period be noted.

23. STRATEGIC CONCERNS/RISK REGISTER - UPDATE AND PRESENTATION BY THE EXECUTIVE DIRECTOR CHILDREN'S SERVICES

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report reminding Members that at the meeting in March 2021 it had been agreed that the Committee have a regular opportunity for a 'deep dive' of some of the strategic risks with the appropriate Executive Director in attendance to update and assure the Committee on the management of their risks.

Members were further reminded that the Strategic Risk Register contained 13 risks of which 1 had been classified as high (red rating), 10 had been classified as medium (amber rating) and 2 had been classified as low (green rating). A copy of the current Strategic Risks/Concerns as at July 2021 was appended to the report.

All strategic risks had a number of actions identified to minimise/mitigate the risks and all actions had review/completing dates, status updates, progress RAG ratings and identified Action Owners.

The risk register system particularly as it related to the two Strategic Risks of the Executive Director Children's Services was displayed using Power BI software. This software allowed risk holder to filter and drill down through reports and thereby track and manage risks and ensure that appropriate action was being taken.

Ms Mel Jon-Ross, Executive Director Children's Services attended to meeting and provided the Committee with a review of two strategic risks within her Service namely:

- Special Educational Needs and Disabilities (SEND)
- Potential Death of a Child/Safeguarding failure in Children's Services

Ms John-Ross gave details of the background to both these risks and to why they were included within the Strategic Risk Register. She outlined the other risk factors that had been identified that underpinned the Strategic Risks and detailed the actions taken to track and manage those risks making particular reference to the other departments and agencies involved as well as the partnership and other arrangements that were in place to support the service and manage the risks. In managing the risks, she commented on the overriding importance of ensuring that the service met people's individual needs.

In relation to SEND, it was noted that although a new set of controls was in place and the Oversight Board had been developed to ensure that issues identified in the Peer Review Challenge were in place, there remained a need to focus on whether the systems established would be able to support improvements at pace and to the satisfaction of Service users and reduce the need to send children out of area which was not only expensive but attracted poor satisfactions rates. This strategic risk was classified as a low risk (green).

In relation to the second strategic risk which was classified as a medium risk (amber), there was confidence that appropriate controls were in place to minimise the potential safeguarding failures, however, there was a need to continually appraise these and to be able to identify any changes which may weaken current levels of assurance.

Factors included:

- The impact of Covid 10 on families and workforce capacity which could increase workload pressures
- Increasing incidence of poverty which could impact on demands for services and lead to increases in caseloads
- Future financial settlements that could impact on service provision
- An awareness of pressures in the system such as increasing workload which could lead to a decrease in staff attendance at meetings
- The potential for huge reputational damage in the event of a failure of the system/arrangements

In relation to both strategic risks Ms John-Ross gave a detailed explanation of

- All the risks identified together with their classification/rating and the reasons for that
- How each risk was risk managed and by whom
- Examples of recent risk activity and risk mitigations included

Arising out of the ensuing discussion particular reference was then made to the following:

- The benefits that the new approach to risk management and the use of Power Bi brought, particularly in terms of check and challenge. The ability to review progress and identify future actions, was noted
- Particular reference was made to the work with client groups, partner organisation and other agencies and also to the way in which consultation was undertaken to assist in the development of strategies, policies and approaches to work.
- Reference was also made to the importance of ensuring that clients did not have to 'tell their story' multiple times and to the initiatives that had been introduced to enable this to be avoided
- Congratulations were extended at the success of the service being nominated for a Local Government Chronicle Award for a partnership approach involving the Early Start and Family Services and Barnsley Hospital
- There was a discussion of the monitoring of staff workloads in order to ensure consistency and adherence to good practice. Arising out of this, reference was also made to:
 - The increasing awareness of safeguarding needs and to the additional investment in the service which had allowed additional social workers to be appointed on a temporary basis rather than using agency staff
 - The ways in which long term demand could be reduced by investment in early help initiatives
 - The impact of changes in working arrangements and workloads due to Covid 19. It was noted that continuity of service had been maintained throughout the pandemic and reference was made to ways in which workload pressures were monitored both by the SMT but by the Safeguarding Board and the Trust. There was also a discussion of the increase of home-schooling throughout the pandemic, to the difficulties this brought both in terms of social and welfare needs but also to educational requirements. The ways in which this risk was managed was outlined
- Information was provided about the governance of the multi-agency arrangements and to the work of the Safeguarding Partnership in this respect

RESOLVED:

- (i) That the Risk Register and Strategic Concerns update be noted; and
- (ii) That Mel John-Ross, Executive Director Children's Services, be thanked for attending the meeting and for answering Members questions.

24. COMPLAINT AND REFERRAL TO THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN

The Service Director Regeneration and Culture submitted a report:

- Reviewing the process followed in addressing a complaint made by a resident and its subsequent referral to the Local Government and Social Care Ombudsman (LGSCO);
- detailing the decision made by the LGSCO Investigating Officer; and
- on the subsequent actions taken by the Council in response to the recommendations of the LGSCO.

A letter detailing the Ombudsman's findings was appended to the report.

The complaint related to decision to approve a variation to a planning application. Whilst the Ombudsman had found the Council followed the decision-making process correctly, it was felt that there was a fault in the way in which the Council kept and published its planning records.

The recommendations of the Ombudsman had been accepted and appropriate action was being taken to address the issues identified, to issue an apology and to pay compensation in the sum of £150 to the complainant.

The report included an Action Plan detailing the steps to be taken to address issues and by whom together with the timescales involved.

It was noted that the Ombudsman required the complaint and recommendations to be submitted to this Committee before the 30th September, 2021. This was also a requirement of the Committee's Terms of Reference given the nature of the complaint.

RESOLVED that the report and proposed Action Plan and associated deadlines to comply with the recommendations of the Ombudsman's report be noted and approved.

25. EXTERNAL AUDIT - FINAL AUDIT PLAN 2020/21

The Committee received a report from the External Auditor providing an overview of the planned scope and timing of the statutory audit of the Council.

The report outlined factors impacting the Audit and the Audit Plan and particularly reference was made to the significant impact on the Council of the Covid 19 pandemic. In addition, ISA (UK) 540 (revised) Auditing Accounting Estimates and Related Disclosures included significant enhancements in respect of the audit risk assessment process for accounting estimates. This would require greater disclosure by the Council as well as additional work by the auditor. The Financial Reporting Council had also set out its expectation of improved financial reporting from organisation and the need for auditors to demonstrate increased scepticism and challenge and to undertake more robust testing. The External Auditors work in 2019/20 had highlighted areas where financial reporting in the public sector needed to be improved with a corresponding increase in audit procedures. They had also identified an increase in the complexity of financial transactions in the sector which required greater audit scrutiny.

It was noted that the Council was required to prepare group financial statements that consolidated the financial information for both the Council, Bernesali Homes and Penistone Grammar School Trust

In relation to significant risks, the External Auditor would communicate any significant findings in relation to Management override of controls, Valuation of Land and Buildings and Valuation of the Pension Fund Liability (as well as other significant matters arising from the audit) in their Audit Findings Report.

The planning materiality had been determined to be £8.632m for the Group and £8.593m for the Council which equated to 1.5% of the gross expenditure on the cost of services in the previous year. The External Auditor would also continue to report uncorrected omissions and misstatements other than those that were 'clearly trivial' – the 'clearly trivial' threshold had been set at £430,000. Reference was also made to the way in which the materiality levels had been set.

The risk assessments regarding the arrangements to secure Value for Money had not identified any risks of significant weaknesses at this time but this would be kept under review as the audit progressed.

The planning work for 2020/21 had commenced in February 2021 and would be completed along with the interim audit during July. The final accounts audit would take place from late July to early November. The key deliverables were outlined in the Audit Plan and the Audit Findings report and the Annual Report on the VFM work. Revisions and updates to certain ISA (UK) which were applicable to the 2020/21 audit and beyond were reported in detail within Appendix A. The audit fee had been set at £180,218 (an increase from £144,718 in the previous year) but was subject to the Council meeting their requirements.

The report also detailed other matters within the External Auditor's responsibilities together with the progress made against prior year audit recommendations and the risk assessment against each item.

Details of the additional work to be undertaken were provided within the report.

There was a discussion of the role of the Committee under the Financial Reporting Council update ISA (UK) 540 (revised) and to how it could be demonstrated that Members had fulfilled this role. Thilina De Zoysa, representing the External Auditor, did not feel that this would be an issue. The Committee would be given oversight and would be able to check and challenge the methods and models used to make the accounting estimates and the risks related to them. In addition, the External Auditors had already enquired and held discussions with the Service Director Finance and his Team about the process for making accounting estimates, including the monitoring activities undertaken by management. This information would be shared with the Committee. This should enable the Committee to make a satisfactory evaluation of how the accounting estimates were made.

It was noted that as part of the planning risk assessment procedures, letters of enquiry had been sent to management in April 2021. The responses would be considered by this Committee at a subsequent meeting. In response to specific questioning, it was agreed the letters themselves could be shared with Members of the Committee. This information would give the Committee an insight into the assumptions made in relation to the estimates and risks related to them.

RESOLVED that the External Audit Plan 2020/21 be noted and, insofar as this Committee is concerned, the action to be taken be supported.

26. COVID - 19 - UPDATE BY THE EXECUTIVE DIRECTOR CORE SERVICES

The Executive Director Core Services gave a brief update on the current position with regard to the Covid 19 pandemic in Barnsley and to the action being taken by the Council to address issues identified.

It was noted that as the country had moved to step 4 of the roadmap to ease lockdown restrictions, the Council had agreed to take a significantly cautious approach.

Covid rates within the Borough were currently 800 per 100,000 of the population and there had been 1,900 positive cases within the last 7 days. This meant that Barnsley was currently 19th in the list of 'worst case areas' in the country but this was an improvement from 16th position in the previous week.

Case rates were beginning to fall but the levels were such that people were still being encouraged to be careful as the number of cases across the borough was continuing to cause disruption and people were having to self-isolate.

There had been a resultant impact on the delivery of services as a number of staff had been required to isolate following the receipt of a 'ping' from the NHS App. The Authority was, therefore, drawing up a 'critical workers' list (the finer details of which were still being worked upon) which would allow those who had been 'pinged' to still come into work provided that they had been given both Covid injections and tested negative on the day.

As a result of staff shortages, it had been necessary to suspend the green bin (garden waste) service and a close eye was being kept on all other services to identify potential problem areas.

Hospital admissions remained high but were being managed in the best possible way, however, school related infections had reduced last week due to the summer holidays.

In relation to vaccinations, it was reported that 85% of the population had received their first vaccination and 70% the second. The authority was continuing to try to target those not currently vaccinated in order to try to encourage take-up.

RESOLVED that the report be noted.

27. AUDIT COMMITTEE WORK PLAN

The Committee received a report providing the indicative work plan for the period June 2021 to June 2022.

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

28. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED that the public and press be excluded from this meeting during the consideration of the following item in view of the likely disclosure of exempt

information as defined by Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

29. UPDATE ON THE GLASSWORKS PROJECT AND WIDER TOWN CENTRE IMPROVEMENTS

The Executive Director Place submitted a report which had been considered by the Cabinet at its meeting on the 30th June, 2021 providing an update on progress made with the Glassworks development including construction, leasing, highways scheme, centre management plan and signage. In addition, it highlighted and sought approval from Cabinet to scheme amendments in relation to the Glassworks and the wider town centre.

Any Members wishing to ask questions should submit them in writing so that definitive answers could be provided for the next meeting.

RESOLVED that the update report be noted.

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Chair

Item 3

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

Audit and Governance Committee – 15th September 2021

ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2019/20

1. Purpose of the report

- 1.1 This brief report supports the updated action plan relating to the issues identified following the Annual Governance Review (AGR) for 2019/20. The action plan is attached as Appendix 1 to this report and was approved alongside the Annual Governance Statement (AGS) by the Audit and Governance Committee at the 28 October 2020 meeting.

2. Recommendation

- 2.1 **It is recommended that the Audit and Governance Committee notes the progress made against each item listed in the action plan and seeks any explanations regarding any aspects of the progress detailed from the named action owner.**

3. Action Plan Update

- 3.1 The action plan is used to track the progress of the actions identified as necessary to deal with the issues raised through the AGR process.
- 3.2 Progress against most of the actions have been completed or are on target to be completed. Where there are delays or changes to planned actions the reasons for these are explained in the plan.
- 3.3 Any outstanding actions will be carried forward to the AGS Action Plan for 2021/22 that will be contained within the Annual Governance Statement 2020/21 to be considered by the Committee at its November meeting.

4. Background Papers

- 4.1 Previous Audit and Governance Committee reports covering the Annual Governance Review process and the 2019/20 Annual Governance Statement.

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Date: 6th September 2021

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Barnsley MBC – Annual Governance Statement 2019/20 - Action Plan

Governance Area	Issue Identified	Actions	Timescales	Responsible Officer	Current Status
Risk Management	Fundamental review of the approach to risk management and governance assurance				
	Strategic risk register review	New approach designed and then agreed by SMT	October 2019	Rob Winter/Alison Salt	Completed
		Workshop session held with SMT to identify new strategic risks	August 2020	Rob Winter/Alison Salt	Completed
		New SRR populated onto new RM system	31/10/20	Alison Salt	Completed
		Establish SMT review and monitoring schedule	31/10/20	Alison Salt	Completed - To be routine part of SMT quarterly review of performance
	Revised RM Policy and Procedures	Prepare revised RM Policy and Procedures to support the new approach	31/03/20	Rob Winter/Alison Salt	Completed - Policy Statement and Approach developed and approved
		Approval through Audit and Governance Committee and Cabinet	30/04/21	Rob Winter/Alison Salt	Completed
	Training and Support	Development of training material for inclusion on the POD system	c/f 2021/22	Rob Winter/Alison Salt	Training materials to be developed with IT colleagues
	Roll-out of new approach for Operational and Project risk management	Communication and training plan for HoS supported by guidance and POD training	30/09/21	Rob Winter/Alison Salt	Roll out continuing
	Re-introduction of a specific fraud risk assessment process as part of the new approach	Design and roll-out of fraud risk assessment tool for use by HoS / SDs	31/03/21	Joanne Race	Completed - Fraud risk assessments undertaken with all BU's

Governance Area	Issue Identified	Actions	Timescales	Responsible Officer	Current Status
Information Governance	Security Breaches and Losses - Most Business Units had had some security breaches which had been dealt with using the procedures. A number reported losses of equipment. There may be a need to reassess training and supervision in teams in relation to security breaches and consider if any were repeat offences.				
	Phishing awareness Phishing tests were recognised as useful and there may be a requirement for further staff training.	Phishing exercise completed end of August 2020. Training – currently being rolled out to staff who failed the recent phishing exercise (August 2020). Further roll-out of the training to all staff. Next phishing exercises planned: November 2020 and December 2020 To complete phishing exercises every 3 months following the above Devising phishing dashboard along with BI. This will identify trends etc in BU's so that action can be taken	Roll-out w/c 5 th October to be completed by 13 th November 2020 Mid November to end December 2020 November, December 2020 3-monthly December 2020	Simon Marshall Simon Marshall Simon Marshall Simon Marshall / BI Team	Training completed, this was made available to all staff Rolled out via Keep Barnsley Moving staff newsletter Rolled out March 2021 Planned - work continuing

Governance Area	Issue Identified	Actions	Timescales	Responsible Officer	Current Status
	<p>Training and awareness</p> <p>Most Business Units had had some security breaches which had been dealt with using the procedures. A number reported losses of equipment. There may be a need to reassess training and supervision in teams in relation to security breaches and consider if any were repeat offences</p> <p>Need to reinforce/review information security training for staff</p>	<p>Training plan for coming year – the training suite contains a variety of courses, micro modules, guides, articles and other resources to roll out to employees. This is supported by targeted communications – reminders – relevant topics pertinent at the time (e.g. following an incident or an area of weakness identified) – via corporate communications, IG intranet. Also supported by IG ‘attendance’ at Directorate meetings and events e.g. extended DMT’s on a regular basis and drop-in sessions (when possible)</p> <p>Directorates to reinforce IG/IS training and awareness – incorporate specifically into PDR’s, supervisions and team meetings.</p> <p>The tools available are very limited – e.g. POD and major resources required from IG/IS. To explore more robust technical methods of rolling out training e.g. Metacompliance / POD replacement / Success Factors</p>	<p>Commenced September 2020. Plan extended until December 2021</p> <p>April – June 2021</p> <p>August 2021</p> <p>February 2022</p>	<p>Simon Marshall</p> <p>Simon Marshall</p> <p>Simon Marshall (Metacompliance)</p> <p>Workforce Development Team</p>	<p>In progress - planned end date December 2021</p> <p>Progressing</p> <p>Metacompliance Contract cancelled as product not fit for agile / homeworking</p> <p>Timeline for Success Factors Phase 2 (learning and development) has slipped to February 2022.</p>

Governance Area		Issue Identified	Actions	Timescales	Responsible Officer	Current Status
		Monitoring of incidents data There may be a need to reassess training and supervision in teams in relation to security breaches and also consider if any were repeat offences.	Power BI data is 'live' data on IG and IS incidents. SD's and HoS need to take ownership and regularly monitor the data so that they are aware of incidents in their Directorate, repeat offenders etc. IG to plan awareness session across all BU's DMT's to raise awareness of Power BI and to identify any support needed	December 2020 to January 2021	Simon Marshall	On track – dashboards created IG meetings planned with DMT's to raise awareness
		Home working	Home working – data security – training rolled out by IG (as at 2 nd October 2020 approximately 240 staff not completed the training). SD's to reinforce that the training is mandatory and ensure all staff have completed.	October 2020 October 2020	Diane Arkwright /Simon Marshall Service Directors	Completed Completed
		Account deletion The deletion of accounts or system changes these are not always actioned in a timely manner.	Managers have responsibility to let service desk know in a timely manner, regular reports are run, and SD receive report and they then close down the accounts.	September 2020	HoS update sent out last 29/09/20 to remind of process and responsibility within Policy.	Completed
		Single sign-on Lack of single access passwords – barriers and frustrations in place for people to be able to do their jobs. Variety of different HR systems	Reviewed at every procurement of IT systems. Not always possible. IT is working towards single sign-on for all systems. However reliant on suppliers.	Ongoing – this will be reviewed as part of all new IT procurements	Sara Hydon, Head of IT (Service Management)	In progress

Governance Area	Issue Identified	Actions	Timescales	Responsible Officer	Current Status
	Use of memory sticks - There is the occasion whereby the use of memory sticks has been authorised on an individual basis, the users with access to use USB memory sticks is documented but not the physical memory sticks	IS currently reviewing options – e.g. blocking all USB drives for memory sticks or enforcing encryption on memory sticks.	On hold due to Covid-19	Sara Hydon, Head of IT (Service Management)	On hold due to Covid-19, until people return to the offices it would be difficult to co-ordinate without causing chaos to those using memory sticks
	<p>Brexit –</p> <ul style="list-style-type: none"> • General need to ascertain which countries providers/suppliers to the Council may store data in • General concern that further understanding is required regarding Data Handling/ Sharing / Transferring. <p>Thoughts on the areas for consideration/improvement drawn out from the review process and thoughts on how action plans can be programmed to take forward work to improve governance in these areas going forwards</p>	<p>The EU Transitions Group are continually reviewing Brexit guidance and are holding regular meetings. Specifically, IG will carry out the following:</p> <p>The IG team to contact every Directorate SD to ascertain if there are any data flows outside of the UK in preparation for the Brexit decisions. Once Brexit decisions are made the IG will work alongside services identified to ensure robust agreements (in whatever form UK / other countries agree) are in place to ensure safe sharing/transferring.</p> <p>The IS team have identified systems which are ‘hosted’ outside of the UK.</p> <p>Follow up exercise with system suppliers to ascertain current position. Once clear IS Team will work with services to ensure continued access to data.</p>	<p>October 2020 to November 2020</p> <p>October 2020 to November 2020</p> <p>December 2020</p>	<p>Simon Marshall</p> <p>Simon Marshall</p> <p>Simon Marshall</p>	<p>On track</p> <p>Completed</p> <p>Completed</p>

Governance Area		Issue Identified	Actions	Timescales	Responsible Officer	Current Status
FOI / SAR Compliance		Fundamental review of the process to deal with Customer Complaints, FOI, SAR and EIR requests to improve timeliness				
		Delay in responding to LGSCO enquiries	<ul style="list-style-type: none"> Comprehensive review LGSCO Annual Letter Deep dive six case failings Identification of service delays / failings 	25/09/20	Kate Liddall	Completed
		Delay in dealing with customer complaint	<ul style="list-style-type: none"> Comprehensive review complaint process / procedure 	23/10/20	Kate Liddall	Completed
		Ineffective CFIT management tracking system	<ul style="list-style-type: none"> Implementation new performance management system Migration old system into SharePoint Online User Acceptance Testing Implementation of system improvements Development Power BI Performance Dashboards 	30/10/20	Kate Liddall CFIT IT Rob Winter Stuart Taylor	Completed
		Services failing to meet to statutory/corporate timescales	<ul style="list-style-type: none"> Strengthened communication Impress consequences Regular attendance at DMT's Performance discussed at SMT Comms & Engagement Plan 	In progress	Kate Liddall	In progress – regular meetings scheduled
Personal Development Reviews		Further review of the PDR process, system and guidance to ensure improved compliance and quality of PDRs.				
		<ul style="list-style-type: none"> Technical difficulties were identified e.g. staff completing reviews using one network and then having to upload 	Inaccuracy of reports relating to PDR completions – often a misunderstanding of managers and employees about the need to complete all stages of the	August 2020	Kay Welbourne	Completed

Governance Area	Issue Identified	Actions	Timescales	Responsible Officer	Current Status
	<p>documentation onto another system.</p> <ul style="list-style-type: none"> The details of staff requiring a PDR are often incorrect when supplied to Heads of Service – data quality issues – information taken from POD and not always accurate – wrong coding issues Systems and processes are not helpful – one team tried to start their PDR review process in March – the system doesn't allow this Concerns going forwards about undertaking PDR's when staff are now predominantly home based – lack opportunity for face to face discussion – need to consider how to undertake these in the "new normal" System should follow a structure timetable/calendar flow – e.g. February budget setting, March business planning, April PDR's The review has identified that a further review of the PDR process should be undertaken. 	<p>process for it to be recorded in the system as completed. Amend the PDR PowerBI report to show the stage each PDR is at if not completed</p> <p>Develop guidance on 121 / supervisions to promote ongoing performance conversations and move away from the concept of 'once a year' performance discussions. Include advice about undertaking 121 discussions virtually or, in exceptional circumstances, face to face but adhering to social distancing measures and the latest Government and Council guidance. We will also include this information in the revised PDR guidance.</p> <p>Undertake a full review and rebrand of the performance appraisal process aligned to the new council plan / MTFS / Smart Working</p> <p>Introduce an agreed timescale for the completion of PDRs linked to the business planning cycle</p> <p>Implement Performance and Goals module within Success Factors which should address some of the technical / reporting issues being experienced with the Learning Pool solution</p>	<p>November 2020</p> <p>February 2022</p> <p>February 2022</p> <p>February 2022</p>	<p>Kay Welbourne</p> <p>Amanda Glew / Kay Welbourne</p> <p>Amanda Glew / Kay Welbourne</p> <p>Amanda Glew / Kay Welbourne</p>	<p>Completed</p> <p>Success Factors (performance and goals) now due to be implemented Feb 2022</p> <p>As above</p> <p>As above</p>

Governance Area		Issue Identified	Actions	Timescales	Responsible Officer	Current Status
Performance Management and Data Quality		Further develop KPI's and service standards in some BU's				
			Continue to develop service standards and KPI's with Business Units and ensure increased use of Power BI tools/reports as a routine part of business management	March 2021	Malachi Rangelcroft	Completed
Declarations of Interest		Improve compliance with completion of annual forms and their subsequent availability and use				
			Review of the process to ensure full compliance with the completion of the Declaration of Interests form and their subsequent availability and use	March 2021	Martin McCarthy/Rob Winter	To be incorporated as an Internal Audit to be scoped to be undertaken in Q4.
Managing Staff Absences		Compliance with the Council's Managing and Supporting Attendance at Work Policy				
		The absence management system doesn't help managers to proactively manage absences –the trigger form does not link with information on Fiori.	Comprehensive employee absence dashboard developed on Power BI launched to all managers on 1 st August 2020 and includes: A replacement real time 'absence trigger' process to enable more timely absence discussions to take place. Breakdown of sickness absence measures to directorate and business unit level. New visuals for analysing absence patterns, by time, type, directorate and	December 2020	Phil Quinn	The dashboard is now live and up to date and the BI team can access the KPI information from this on a quarterly basis. The post roll-out review is currently being undertaken by HR, who will be discussing initial findings at a

Governance Area		Issue Identified	Actions	Timescales	Responsible Officer	Current Status
			<p>business unit.</p> <p>A manager-level view of all recorded absence in the team, including sickness, leave and other absence types.</p> <p>Post roll out review to be undertaken December 2020 to review effectiveness</p>			<p>meeting on 7 September 2021. Any further recommendations will be taken forward by the team.</p>
		<p>Training and skills development may be required for managers to ensure they follow the process.</p> <p>Room for BU to ensure consistency of approach in this area – ensuring competency and skills of managers are in place to manage attendance at work</p>	<p>As part of the development of the absence dashboard we have undertaken a number of training sessions for managers in how to use the dashboard along with a refresher on the councils managing attendance policy. 266 managers attended this training up to the point we went into lockdown.</p> <p>114 managers have not been on the training so training session has been recorded and is available on POD so that these managers can be trained and this will also be available as a refresher for managers who have already been on the training and any new managers who start with us moving forward.</p> <p>Post roll out review to be undertaken December 2020 to review effectiveness</p>	December 2020	Janine Hollingsworth	Completed
		Inconsistency in approaches adopted by Heads of Service. Check whether compliance maintained	HRBP's receive absence trigger emails which are then recorded on to the ER Tracker. HRBP's to follow up with services to ensure compliance with	Ongoing	HRBP's	Completed

Governance Area		Issue Identified	Actions	Timescales	Responsible Officer	Current Status
			policy			
Safeguarding Awareness		Need to reinforce who the Safeguarding Champions are (where appropriate) in other BUs (not Children's or Adults)				
			Review the need for Safeguarding Champions within Business Units and general refresher awareness of safeguarding: <ul style="list-style-type: none"> • Appointment of Principal Social Worker • Review of Safeguarding Champions across BMBC by Principal Social Worker 	July 2021 2021/22	Julie Chapman	Principal Social Worker is in the process of reviewing safeguarding processes within the locality teams. It is not clear if Safeguarding Champions will be required going forwards – this will be determined by the review which forms part of the Better Lives Work.
Partnership, Relationship and Collaboration Governance		Need to develop a defined governance framework and improve reporting arrangements				
			Review the governance arrangements and reporting requirements for partnerships and collaborations and develop a defined governance framework with a corporate lead for partnerships and collaborations.	March 2021	Martin McCarthy	Review being scoped to commence in April.

Governance Area	Issue Identified	Actions	Timescales	Responsible Officer	Current Status
Equalities and Inclusion	Review of profile and understanding of the Equalities and Inclusion agenda				
	<p>Some Business Units felt that the importance of the Equalities and Inclusion agenda had diminished in recent years. Reference was made to the emerging Black Lives Matter (BLM) movement and the need for BMBC to be cognisant of this, comments on this aspect of governance were:</p> <ul style="list-style-type: none"> • Feels like the importance of this aspect of governance has been eroded. • Possibility to benchmark BMBC with other LA's on this? • Corporately BMBC had a recent Equalities/Diversity Peer Review – this reflected very positively on the Council • Ongoing problem with demographic data for Equality Impact Assessments • Relook at training plans in relation to BLM – been conversations in teams on this issue – need to offer more training to social workers and managers over next 12 month. This may be something that corporately BMBC should address. 	Revised equality and inclusion statement developed and loaded onto council internet site	September 2020	Helen Derbyshire	Completed
		Develop Religious Observance guidance to raise awareness of the different religious or cultural beliefs and ensure individuals can fulfil these wherever possible	October 2020	Zahid Qureshie	Completed
		Promote the availability of the courses 'The Uncomfortable Conversation' relating to Black Lives Matter as part of Black History Month in staff bulletins and on social media	October 2020	Kay Welbourne	Completed
		Source Unconscious Bias training and include within the council's E&I training offer	November 2020	Amanda Glew	Completed – UB POD Course – communication campaign see below
		Launch the training completions PowerBI dashboard which will show equality and inclusion training completed within business units and directorates with a view to increasing take up of these	November 2020	Kay Welbourne	Completed – dashboard being raised with directorate to increase completions
		Undertake research with other Local Authorities on E&I governance and benchmark where possible	Summer 2021	Helen Derbyshire	Completed – Head of Equalities and Inclusion attends

Governance Area		Issue Identified	Actions	Timescales	Responsible Officer	Current Status
			Develop a communication campaign relating to equality and inclusion to promote all the activities listed above	February – May 2021	Amanda Glew / Kay Welbourne	regional equality leads meetings to benchmark and share best practice Completed – an Equalities and Inclusion campaign took place February – May 2021 which promoted training, the Equalities and Inclusion Team offer and the new Translation and Interpreter provider information
			Implementation of Success Factors solution will help to improve the demographic data we hold relating to employees	Nov/Dec 2022	Helen Derbyshire	In progress Success Factors delayed until end of year. No interim solution available for data collection.
			Develop an equality and inclusion action plan (action included in the Organisation Development Strategy)	March 2021	Helen Derbyshire	Completed - A Diversity and Inclusion Action

Governance Area		Issue Identified	Actions	Timescales	Responsible Officer	Current Status
						Plan has been developed and is in draft format as this will align to the and support the developing People Strategy.
Monitoring Officer role awareness		Ensure awareness of role of Monitoring Officer given staff changes				
			Ensure the awareness of the role of the Monitoring Officer following recent staff changes – communication to all staff across BMBC	October 2020	Martin McCarthy	Completed

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Item 4

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

Audit and Governance Committee – 15th September 2021

STRATEGIC CONCERNS / RISK REGISTER

1. Purpose of the report

- 1.1 As agreed at the Audit and Governance Committee meeting in March 2021 the committee will have a regular opportunity for a “deep dive review” of some of the strategic risks with the appropriate Executive Director in attendance to update and assure the Committee on the management of their risks
- 1.2 The Service Director Regeneration and Culture will provide the committee with a review of two strategic risks:
 - Glassworks
 - Serious Economic Downturn in the Local Economy

2. Recommendation

- 2.1 The Committee is asked to note the update.

3. Current Position

- 3.1 The Strategic Risk Register currently contains 13 risks. Using the new system of risk assessment, SMT have determined that 2 risks be classified as **high** (red rating) 9 risks be classified as **medium** (amber rating) and 2 risks be classified as **low** (green rating) in relation to the level of response and intervention required.
- 3.2 All strategic risks have a number of actions identified to minimise/mitigate the risks. All actions have review/completion dates, status updates, progress RAG ratings and identified Action Owners.
- 3.3 The risk register system will be shown in the meeting.

Contact Officer: Corporate Governance and Assurance Manager
Email: alisonsalt@barnsley.gov.uk
Date: 6th September 2021

Report of the Executive Director – Core Services

AUDIT COMMITTEE – 15th September 2021

Local Government and Social Care Ombudsman Annual Review Letter 2021

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 delivery of mandatory complaints training to staff, ensuring a higher level of satisfactory remedy is offered before a complaint is escalated to the LGSCO.**

3. Background

- 3.1 The LGSCO looks 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 decide if maladministration has occurred and caused injustice, or if a referral back for local resolution is needed (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 no payments in excess of £2,000 was recommended by the LGSCO.

4. Annual Letter 2021 and Action

4.1 The key message from the Letter is in relation to how the Council offers a satisfactory remedy to a complaint before it is escalated to the LGSCO and it is observing a national *“erosion of effective complaint functions in local authorities”*.

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 the latter key indicator which states *‘In 0% of upheld cases we found the Council had provided a satisfactory remedy before the complaint reached the Ombudsman. This compares to an average of 11% in similar authorities’*. The Council has not previously received such feedback, which questions what has gone wrong. It is also unclear what criteria the LGSCO applied when arriving at this decision, nor has the Council been furnished with examples of where the LGSCO considers the Council to have not offered a satisfactory remedy. As a result, the Council has sought clarification from the LGSCO to enable a better understanding of this.

4.4 A benchmarking exercise undertaken with authorities of a similar size showed the LGSCO to have reported a comparative picture; citing failings in the provision of satisfactory remedies to complaints received – a theme also evident in neighbouring authorities.

4.5 The LGSCO acknowledges that prolonged budget and demand pressures placed on services in response to the Covid-19 pandemic in 2020/21 has amplified the issues highlighted. In essence, reduced capacity has had a great impact on local authorities’ ability to deal effectively with complaints. However,

it is accepted more work needs to be undertaken in seeking a satisfactory remedy before a complaint is referred to the LGSCO.

- 4.6 Despite the pressures placed upon services during 2020/21, the Committee should be assured of the Council's priority to address this and its commitment to ensure improvement in this area with the development and delivery of mandatory complaint handling training to services across the Council. This will comprise of several key factors, including the importance of complaints, the opportunities a complaint brings in shaping future service delivery and more so, the learning that can be borne as a result. This will be further complimented by the LGSCO with the introduction of a new programme of work and additional training packages that will also utilise complaints to drive improvements in local complaint systems and services. This will enable targeted support to be provided to services who need it most.
- 4.7 In essence, 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 offer satisfactory remedies to complaints (or responses to information requests) is will continue to remain of critical importance.
- 4.8 The Committee will be kept informed of progress made in the delivery of mandatory complaints training and the impact this has on the quality of complaint responses issued.

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

Email: michaelpotter@barnsley.gov.uk

Date: 2 September 2021

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Local Government & Social Care OMBUDSMAN

21 July 2021

By email

Ms Norman
Chief Executive
Barnsley Metropolitan Borough Council

Dear Ms Norman

Annual Review letter 2021

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 2021. At the end of a challenging year, we maintain that good public administration is more important than ever and I hope this feedback provides you with both the opportunity to reflect on your Council's performance and plan for the future.

You will be aware that, at the end of March 2020 we took the unprecedented step of temporarily stopping our casework, in the wider public interest, to allow authorities to concentrate efforts on vital frontline services during the first wave of the Covid-19 outbreak. We restarted casework in late June 2020, after a three month pause.

We listened to your feedback and decided it was unnecessary to pause our casework again during further waves of the pandemic. Instead, we have encouraged authorities to talk to us on an individual basis about difficulties responding to any stage of an investigation, including implementing our recommendations. We continue this approach and urge you to maintain clear communication with us.

Complaint statistics

This year, we continue to 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 focused statistics on 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.

Compliance with recommendations - We recommend ways for authorities to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the authority upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit authorities that accept fault and find appropriate ways 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.

Your annual data will be uploaded to our interactive map, [Your council's performance](#), along with a copy of this letter on 28 July 2021. This useful tool places all our data and information about councils in one place. You can find the decisions we have made about your Council, 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 resource 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.

As you would expect, data has been impacted by the pause to casework in the first quarter of the year. This should be considered when making comparisons with previous year's data.

Supporting complaint and service improvement

I am increasingly concerned about the evidence I see of the erosion of effective complaint functions in local authorities. While no doubt the result of considerable and prolonged budget and demand pressures, the Covid-19 pandemic appears to have amplified the problems and my concerns. With much greater frequency, we find poor local complaint handling practices when investigating substantive service issues and see evidence of reductions in the overall capacity, status and visibility of local redress systems.

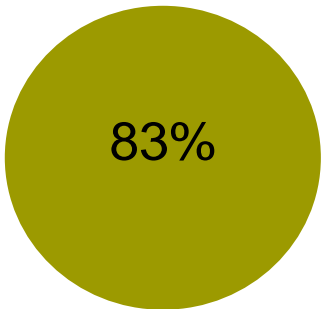
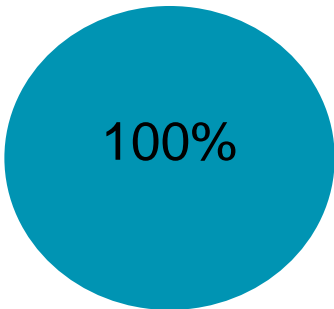
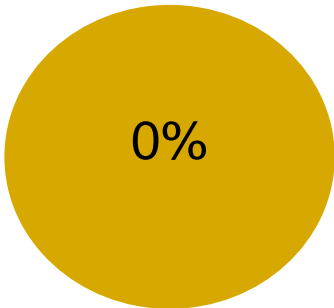
With this context in mind, we are developing a new programme of work that will utilise complaints to drive improvements in both local complaint systems and services. We want to use the rich evidence of our casework to better identify authorities that need support to improve their complaint handling and target specific support to them. We are at the start of this ambitious work and there will be opportunities for local authorities to shape it over the coming months and years.

An already established tool we have for supporting improvements in local complaint handling is our successful training programme. During the year, we successfully adapted our face-to-face courses for online delivery. We provided 79 online workshops during the year, reaching more than 1,100 people. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



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

Complaints upheld		
	<p>83% of complaints we investigated were upheld.</p> <p>This compares to an average of 72% in similar authorities.</p>	<p>5 upheld decisions</p> <p>Statistics are based on a total of 6 detailed investigations for the period between 1 April 2020 to 31 March 2021</p>
Compliance with Ombudsman recommendations		
	<p>In 100% of cases we were satisfied the authority had successfully implemented our recommendations.</p> <p>This compares to an average of 100% in similar authorities.</p>	<p>Statistics are based on a total of 6 compliance outcomes for the period between 1 April 2020 to 31 March 2021</p>
<ul style="list-style-type: none"> 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 remedy provided by the authority		
	<p>In 0% of upheld cases we found the authority had provided a satisfactory remedy before the complaint reached the Ombudsman.</p> <p>This compares to an average of 11% in similar authorities.</p>	<p>0 satisfactory remedy decisions</p> <p>Statistics are based on a total of 6 detailed investigations for the period between 1 April 2020 to 31 March 2021</p>

NOTE: To allow authorities to respond to the Covid-19 pandemic, we did not accept new complaints and stopped investigating existing cases between March and June 2020. This reduced the number of complaints we received and decided in the 20-21 year. Please consider this when comparing data from previous years.

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Item 6

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

AUDIT AND GOVERNANCE COMMITTEE – 15th SEPTEMBER 2021

INTERNAL AUDIT ANNUAL REPORT 2020-21

Executive Summary

- i. This report provides the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Authority's governance, risk and internal control arrangements based on the work of Internal Audit for 2020-21 and has been prepared in accordance with the Public Sector Internal Audit Standards.
- ii. Considering the overall results of Internal Audit work undertaken, together with management's implementation of agreed management actions, the opinion given is **reasonable** (positive) assurance. This has been based upon an agreed programme of risk based audit coverage and input which has enabled a valid assurance opinion to be provided.
- iii. There is clearly a positive culture in the Council to explore where control and governance improvements can be made. It is therefore important that this culture remains and focussed on maintaining an appropriate, risk-based and effective framework of controls as we continue to respond to and recover from the Covid 19 pandemic and as we continue to work towards Barnsley 2030.
- iv. The key results from all completed audits have been reported throughout the year within the Internal Audit progress reports and are summarised in this report.
- v. Throughout the year the Audit and Governance Committee have been made aware of progress in the implementation of agreed management actions.
- vi. The audit plan for 2021-22 is focussed on supporting management to consider the approach to controls in the context of the impact of Covid 19.

AUDIT AND GOVERNANCE COMMITTEE – 15th SEPTEMBER 2021

INTERNAL AUDIT ANNUAL REPORT 2020-21

1. Purpose of Report

- 1.1 This annual report has been prepared adopting recommended practice contained within the updated Public Sector Internal Audit Standards (PSIAS) which came into effect on the 1st April 2017. These Standards require the Head of Internal Audit (HoIA) to report to the appropriate Member body, the Audit and Governance Committee, providing an opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk and internal control based on the work undertaken by Internal Audit.
- 1.2 In order to comply with these Standards the report provides:-
- i. an opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk and internal control;
 - ii. summary of the audit work undertaken to formulate the opinion;
 - iii. details of key control issues identified which can be used to inform the Annual Governance Statement (AGS); and
 - iv. the extent to which the work of other review or audit bodies has been relied upon.

2. Recommendations

2.1 It is recommended that the Committee:-

- i. **considers the opinion provided by the Head of Internal Audit based on the work undertaken and completed relating to 2020-21 regarding the adequacy and effectiveness of the Authority's framework of governance, risk and internal control;**
- ii. **notes the key issues arising from the work of Internal Audit in the context of the Annual Governance Statement (AGS).**

3. Introduction / Background

- 3.1 In accordance with statutory best practice provided by the PSIAS, there is a requirement that the Head of Internal Audit (HoIA) prepares an annual report to the appropriate member body providing, amongst other things, an opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk and internal control based on the audit work undertaken. For the Authority, the appropriate member body is the Audit and Governance Committee.
- 3.2 The Accounts and Audit Regulations require all councils to publish an Annual Governance Statement (AGS) providing a narrative on the Council's internal control, risk management and governance framework, the results of the

annual review process and detailing any actions to be taken in respect of any identified weaknesses. The AGS will address all aspects of corporate governance including internal control and risk management arrangements, in addition to financial controls.

- 3.3 This report provides a summary of key issues arising from the work of Internal Audit covered in the 2020-21 audit plan, which contributes to the overall assurance opinion the HoIA is able to give the Audit and Governance Committee.
- 3.4 Although providing an important and significant contribution to the assurances the Audit and Governance Committee needs in its consideration of the AGS, this report forms only part of the assurance framework. The Committee will receive the draft Annual Governance Statement (AGS) for 2020-21 at its November 2021 meeting. The Committee is therefore encouraged to consider this report in the context of broad controls assurance.
- 3.5 The financial budget for the Internal Audit Team is clearly set covering the period 1st April to 31st March each year and a plan of the days and where they are planned to be delivered is prepared similarly. However, the actual delivery of internal audit work and the constant review and revision of coverage is on a more rolling basis. In order to align the annual Internal Audit report to the AGS and the signing of the Statement of Accounts it is more appropriate that the Head of Internal Audit's opinion is provided reflecting all the work undertaken that relates/covers the financial year at the point at which this report is prepared. This inevitably includes work actually undertaken in the current financial year but that relates to the control environment in the 2020-21 financial year.

4. Head of Internal Audit's Opinion on the Effectiveness of the Authority's Governance, Risk and Internal Control Environment

- 4.1 The Audit and Governance Committee has received Internal Audit progress reports throughout the audit year. In each of these reports a **reasonable** assurance opinion had been given reflecting an overall satisfactory position in terms of the governance and risk arrangements and also level of internal controls and their application.
- 4.2 Taking the whole year into account and the audits completed, it is appropriate to give an overall **reasonable** (positive) assurance opinion for the year. The information supporting this opinion is provided below.
- 4.3 The engagement of senior managers and services across the Authority has once again been excellent and reflects a positive culture to embrace internal audit and look to identify opportunities to improve the effectiveness and efficiency of controls and governance. However the challenges that Services face continue of course and to maintain positive assurance in the future that positive culture needs to continue also. The key issues arising from Internal Audit work in the year, in general terms, continue to relate to the significant pressures in most areas of the Council (particularly reacting to the impact of Covid 19), relentless demand and the drive for greater efficiency and changed ways of working. There is nothing new in these challenges and so the embedded awareness of governance, risk and internal control issues should

stand the Authority in good stead to manage the risks, concerns and issues that will inevitably occur.

- 4.4 The audit work undertaken, and planned for the current year, has sought to support management to embrace and meet these challenges. To highlight this issue, a number of senior managers asked for Internal Audit input during the year to provide support and assurances that the control framework in certain areas was effective (particularly in relation to the impact of Covid 19 and the government funding received to support the public and local businesses). This Internal Audit support was requested to highlight key control, governance and risk issues and assist management in how best to deal with them. Of key importance of course is the consideration and management of the identified and accepted risks moving forward.
- 4.5 It should be noted that the audit work completed has in the main identified weaknesses in the framework and application of controls that present risks to the meeting operational objectives. Any subsequent delay to then address any control weaknesses and agreed management actions clearly adds to this risk.
- 4.6 Section 6 of this report provides more detail regarding the results of the audit work. In summary, 87% of the completed audits resulted in a substantial or reasonable assurance opinion compared with 62% in 2019-20 and 73% in 2018-19.
- 4.7 Within the Internal Audit progress reports a number of key issues were drawn to the Committee's attention. These are summarised in Section 6.
- 4.8 An update with regards to the core financial system reviews for the 2020-21 financial year is given in paragraph 6.14.
- 4.9 Generally, the audit work in the year has found areas where controls remain good and only relatively minor issues have been raised. Six "Limited" assurance opinions have been provided in 2020-21 compared to five in 2019-20.
- 4.10 Although audit work aims to cover a broad range of services, systems and areas of Council activity, it needs to be recognised that Internal Audit coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly the assurance opinion provided is based on reasonable coverage, as resources allow, and cannot be regarded as absolute assurance. Equally, there is a responsibility of senior managers through the annual governance statement process to provide assurances to the Chief Executive regarding the application and effectiveness of the internal control and governance framework in their operational or functional areas.
- 4.11 To remind the Committee, Internal Audit assurance opinions for individual pieces of work and overall, are classified within a range of four options, two positive and two negative. The table below shows in broad terms the basis for the different opinions applied.

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

- 4.12 Internal Audit seeks to work closely as appropriate with other auditors, most significantly External Audit. However, for 2020-21 no work undertaken by other auditors or any other review body has been specifically relied upon in the provision of this annual overall assurance opinion.

5. Summary of Internal Audit Work and Coverage 2020-21

- 5.1 Internal Audit aim to utilise a risk-based approach to planning and delivering its work. This approach seeks to ensure that the key risks facing the Authority are covered where appropriate by Internal Audit work. The audit planning process and details of the 2020-21 audit plan were considered by the Committee at its March and July meetings.
- 5.2 The Committee has received Internal Audit progress reports that incorporate the results of audit work and management's response on a continuous basis. A summary of the Internal Audit reports for 2020-21 is at Appendix 1.
- 5.3 At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for Audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency. Over the last couple of years there has been a notable increase in the number of these adjustments which is indicative of the rapidly changing nature of the service and Authority-wide priorities. The 2020-21 financial year required an extremely flexible and fluid plan to enable Internal Audit to provide assurance to Senior Management that the control framework remained effective whilst the Council reacted to the Covid 19 pandemic. Details of audit work which has been deferred, deleted or requests for specific pieces of work have been reported within the Internal Audit progress reports.
- 5.4 It should also be noted that Internal Audit work is variable both in its nature and timing. The risk-based approach ensures the highest priority work is

undertaken. As with all plans, the audit plan was determined at a particular time (March/July 2020) utilising information available and has been subject to significant changes during the year. The Audit Committee should be assured that within the finite resources available to Internal Audit, the key audit risks identified have either received audit attention during the year or are reflected in the audit plan for 2021-22.

- 5.5 The financial year end position for core internal audit days relating to the 2020-21 plan shows a slight over delivery of 70 days, or 106%, of the original provision.

Position as at 31st March 2021 – Audit Days Delivered Relating to 2020-21 Plan

Directorate	Original 2020/21 Plan days	Revised 2020/21 Plan days	Actual days (% of revised days)
Adults & Communities	68	42	34 (81%)
Childrens Services	166	136	131 (96%)
Core Services	386	468	436 (93%)
Corporate	133	157	321 (204%)
Council Wide	140	160	155 (97%)
Place	167	136	97 (71%)
Public Health	48	33	30 (91%)
General Contingency	26	2	0
Barnsley MBC	1,134	1,134	1,204 (106%)
Corporate Anti-Fraud Team	600	600	528 (88%)
Barnsley MBC Internal Audit Total	1,734	1,734	1,732 (100%)
Corporate Governance & Assurance	210	210	162 (77%)
HolA role as DPO	35	35	33 (94%)
External Clients	1,043	1,043	926 (89%)
Total Chargeable Planned Days	3,022	3,022	2,851 (94%)

NB – Core Services includes all unplanned Covid 19 related assurance work that covers assurance activity across all Directorates. Corporate includes days where the Team have supported other services (i.e. redeployment).

- 5.6 Within the resources there remains a significant amount of time needed to respond to requests for providing advice, support to services, innovation and initiatives, changes, projects and programmes, corporate change projects and general work that does not result in a specific report. Approximately half of operational audit time is spent on work that generates a specific report. Details of the non-report work have been provided through the progress reports, but in summary have covered the following:
- Advice, Support and Challenge to Adults and Communities during its review of 3 Services (Share Lives, Assisted Living and Brokerage)
 - Troubled Families claim verification
 - Grant verification

- Charity Accounts sign-off
- An independent review and challenge of the Council's self assessment against the CIPFA Financial Management Code
- Advice and Support in relation to the Council's Covid 19 Recovery and Renewal Strategy
- Advice, support and challenge at the Glassworks Board in respect of the governance, risk and control arrangements
- General advice to services in relation to controls, risk and governance
- Advice and support in relation to the Council's Information Governance arrangements, including attendance at the Information Governance Board
- Advice and support in relation to procurement arrangements including attendance at the Procurement Working Group
- Advice and support to HR with regards to the SMART Working project
- Advice and support to IS during the SAP Success Factors project
- Advice and support to Core Services (BII) during the development of the Council Plan and Barnsley 2030
- A check and challenge of the revised SEND governance arrangements including the approach to decision making
- Advice, support and challenge during the lead up period to transfer back to the Council Services provided by NPS Barnsley Ltd
- Advice, support and challenge with regards to the Elsecar Heritage RailwayTrust
- Feedback to and liaison with all services
- Audit and Governance Committee support
- Follow-up of agreed management actions
- Annual audit planning process
- Input to the Annual Governance Review
- Corporate whistleblowing input

5.7 Whilst the work covered in the above list has not resulted in a specific assurance opinion, all work undertaken is considered in terms of the overall indicative annual assurance provided in this annual report. Much of this work has also been considered in the 2021-22 planned coverage.

6. Summary of Internal Control Issues Arising from Internal Audit work in 2020-21

6.1 Internal Audit has completed 45 individual reviews of aspects of the Authority's internal control framework during 2020-21 that resulted in a formal report. These 45 audits sought to identify, test and review various controls to ensure management were meeting their responsibilities to establish and adhere to appropriate systems of internal control. It should be noted that 2 reviews are currently in progress. These reviews have not yet been completed due to the significant changes made to the plan during 2020-21 to divert Internal Audit resources to Covid 19 assurance priorities. Details are referenced within the work in progress section (appendix 3).

6.2 A summary of the assurance opinions given for the 45 reports issued are shown below together with a comparison to 2019-20 and 2018-19.

Assurance Opinion		2020-21		2019-20		2018-19	
		No	%	No	%	No.	%
Positive Opinions	Substantial	1	2%	0	0%	4	27%
	Reasonable	38	85%	8	62%	7	46%
Negative Opinions	Limited	6	13%	5	38%	4	27%
	No	0	0%	0	0%	0	0%
TOTAL		45	100	13	100%	15	100%

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

- 6.3 Across the various completed pieces of work to date 158 implications were raised. These are summarised below:

	No.	%	No.	%	No.	%
Category	2020-21		2019-20		2018-19	
High	7	4%	6	6%	1	1%
Medium	101	64%	64	59%	48	51%
Low	50	32%	38	35%	46	48%
Total	158	100%	108	100%	95	100%

- 6.4 Of the 7 high implications:

- 2 were raised in the Youth Justice Service report;
- 2 were raised in the Procurement Compliance reports;
- 1 was raised in the Council Tax Change of Circumstances report, and;
- 2 were raised in the DPO Assurance related reports (Cybersecurity and Information Governance Awareness).

In respect of the 7 high implications above, 5 have been implemented and 2 have agreed implementation dates in the future.

Although there has been significant pressure on management throughout the year and across all services, Internal Audit has continued to get good co-operation from management across the Council and at various levels.

- 6.5 Details of the key issues arising from these reviews have been presented to the Committee in the Internal Audit progress reports. These findings have arisen across audit reviews ranging from specific establishments to areas of governance.
- 6.6 In addition to the formal audit reports attracting an assurance opinion other reports have been issued in an advisory/consultancy context. A number of these reports are the product of significant Internal Audit input and over many

months in some cases. These reports also contribute to the overall assurance opinion. Such input enables Internal Audit to assist management as initiatives, projects or reviews are progressing, thus helping establish effective controls and governance from the outset. The major advisory reports have covered:

- Adult Social Care – Shared Lives, Assisted Living and Brokerage Services;
- SEND – Decision Making;
- Covid19 – Income Compensation Claims.

- 6.7 As stated in the Internal Audit progress reports it is important to note that the identification of control weaknesses does not necessarily indicate that any loss or inefficiency has actually occurred. Weaknesses indicate an increased *potential/risk* that losses or inefficiencies could occur.
- 6.8 An important part of Internal Audit's assessment of controls is undertaken through the annual reviews of the core financial systems of the Authority. This work is considered by External Audit who have regard to Internal Audit's work to assist in their opinion on the financial systems for their audit of the Accounts.
- 6.9 The core financial system reviews in relation to 2020-21 have now been completed. The necessary timing of these reviews is always extremely challenging in coinciding with the preparation of the draft accounts. However, this financial year has been increasingly challenging due to the significant work undertaken to provide Senior Management with assurance of the systems and processes adopted to receive, manage and monitor the Covid 19 government funding. It is appropriate to highlight the excellent co-operation once again received from Financial Services, particularly when considering the pressure on their resources during the reactive phase to the pandemic. A separate section on the core system reviews is given below.
- 6.10 In relation to specific establishments or other minor systems, controls are tested at a lower level to ensure the detailed operation of systems and procedures, and the use of assets and resources are effective.
- 6.11 During the year, all audit report management actions were followed-up in accordance with the current follow-up protocol. As reported through the Internal Audit progress reports, the percentage of management actions implemented by the agreed dates have not given any cause for concern, particularly when considering that the Council was responding to the pandemic and this understandably being management's priority at that time. Appendix 4 provides a breakdown of the current status of all agreed management actions in relation to the 2020-21 planned Internal Audit activity.
- 6.12 The Committee has continued to monitor this situation. Senior management are aware of their responsibilities to implement agreed management actions to ensure any control, risk or governance weaknesses identified through internal audit work are corrected. The Senior Management Team receives regular monitoring reports regarding the implementation of agreed management actions and escalates action accordingly. Clearly, any significant delay in implementation or non-implementation weakens the overall control environment.

- 6.13 In common with the general theme highlighted previously, Internal Audit has found that in many cases any delay in the implementation of agreed management actions has been as a direct consequence of the significant demands placed on management over the year and particularly with the impact of reacting to Covid 19. A follow-up exercise has recently been undertaken, enabling the Committee to be provided with an updated position.

Core System Reviews 2020-21

- 6.14 Overall there are 10 systems regarded as core and fundamental to the financial management of the Authority. Over the last few years there has been a detailed risk assessment undertaken to establish the extent of coverage each system requires given a number of factors, namely any significant changes in the system or key personnel, the audit opinion the previous audit and the results of an analytical review undertaken by Internal Audit. The outcome of this risk assessment is discussed and agreed with the Section 151 Officer. External Audit are also consulted on the risk assessment and proposed coverage.
- 6.15 The assurance opinions given for each of them in previous years and in relation to 2020-21 are shown in the table below:-

Core System	Audit Coverage 2020-21	Assurance Opinion 2019-20	Assurance Opinion 2018-19	Assurance Opinion 2017-18	Assurance Opinion 2016-17
Purchase to Pay	No Audit *	No Audit	Substantial	Adequate	No Audit
Income	Reasonable	No Audit	Not Audit	Adequate	No Audit
Council Tax	No Audit	No Audit	Substantial	No Audit	No Audit
NDR	Reasonable	No Audit			
Housing Benefits	Reasonable	No Audit	Substantial	No Audit	Limited
Pay, Employee Admin & Org. Management	Reasonable	Reasonable	No Audit	Adequate	No Audit
Main Accounting	Reasonable	Reasonable	No Audit	Substantial	No Audit
Housing Rents **	Reasonable	Substantial	Adequate	Substantial	Substantial
Fixed Assets	No Audit	Reasonable	No Audit	No Audit	No Audit
Treasury Management	Reasonable	No Audit	No Audit	Substantial	Adequate
Accounts Payable ***	On-going	No Audit	Substantial	No Audit	No Audit

* A Council wide procurement compliance review has been concluded in 2020/21 (relating to 2019/20). In addition, assurance work in relation to Covid19 emergency funding covered the Purchase to Pay elements.

** Undertaken as part of the Berneslai Homes Internal Audit Plan.

*** Specific audit on the accounts payable process included in 2021-22 plan and still in progress at the time of reporting

Summary of Control Issues

- 6.16 During the year the Committee has received Internal Audit progress reports that highlighted key control issues that could potentially undermine the provision of an overall positive assurance opinion for the year. The major issues that resulted in the issue of high implications in relation to particular audits were:-
- Procurement (BMBC and NPS Barnsley Ltd) – non-compliance with CSOs, policies and procedures. In addition, concerns with regards to the lack of declaration of interests by NPS Barnsley Ltd. The agreed management actions have been implemented in a timely manner during the year, where they remained relevant, upon the transfer of Services provided by NPS Barnsley Ltd back to the Council;
 - Procurement Compliance – Youth Justice Service – support and training is being provided to Officers to mitigate the risk of non-compliance (NB - the type of procurement activity in this Service is relatively low in value);
 - Council Tax Change of Circumstances – the data quality of processing was identified during sample testing which has been immediately resolved by management.
- 6.17 It is noted that the impact of and recovery from Covid 19 and the wider transformation programme will continue to have implications for the structure and nature of the Council's control framework. Internal Audit will continue to support management to identify any potential implications in terms of the effectiveness of control and governance structures to hopefully retain positive assurance overall.
- 6.18 The outcome of the specifically commissioned audit of the wider accounts payable system and process in 2021-22 will be included in a subsequent report to the Committee once the audit has been completed.

7. Local Area Implications

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

8. Consultations

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

9. Compatibility with European Convention on Human Rights

- 9.1 In the conduct of investigations, Internal Audit operates under the provisions of the Data Protection Act 2018, the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

10. Reduction of Crime and Disorder

- 10.1 An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. All pieces of audit work have fraud risks

considered in their scope. Any control issues arising from audit investigations are considered to ensure improvements in overall controls. Additionally, Internal Audit ensures that, in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

11. Risk Management Considerations

- 11.1 Whilst there are no specific risks emanating as a result of this report there are a range of risk issues worthy of consideration and note.
- 11.2 The Committee has received a detailed report on the audit plan including the basis of the plan and the utilisation of risk information. This is a critical aspect of the audit function and seeks to ensure audit resources are targeted at the areas of the Council's business where the most significant risks have been identified.
- 11.3 There is a risk to the Authority as a whole should the Internal Audit function not be effective. This would undermine the internal control, risk and governance arrangements of the Authority and fail to provide the Committee with sufficient independent information upon which to base their assurance views upon. The provision of detailed Internal Audit progress reports during the year, plus this annual report and the report on the QAIP should act as mitigation in ensuring the Committee is in a position to constantly keep the audit function under review.
- 11.4 There is a risk to the Authority should Internal Audit not be in a position to undertake its work independently and objectively. Throughout the year, there has been no impairment of independence or objectivity.
- 11.5 There is a risk to the control and governance of the Authority if management fail to implement their agreed actions to address the implications identified during Internal audit work. In mitigation Internal Audit has introduced a more rigorous 'follow-up' process to ensure the most significant issues are implemented. This is reported to the Audit Committee within the quarterly and annual reports.
- 11.6 In a more general perspective, the Authority and senior management will need to remain alert to the changing nature of risks, particularly those posed by cyber activity. Of equal focus will be needed on how the Authority manages its significant relationships with third parties, whether that is through service level agreements, partnership arrangements or normal contract management.
- 11.7 The new corporate approach to risk management presents an opportunity to capture the key areas where assurances are needed regarding the arrangements in place that will be relied upon to ensure operational and strategic objectives are met.

12. Employee Implications

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

13. Financial Implications

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

14. Appendices

- 14.1 Appendix 1 - Summary of Internal Audit Reports 2020-21
Appendix 2 - Details and Outcomes of other Internal Audit Activities
Appendix 3 - Projects and Work In Progress
Appendix 4 - Agreed Management Actions
Appendix 5 - Financial Year End Performance Indicators 2020-21

15. Background Papers

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

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Date: 23rd August 2021

Appendix 1

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications	Governance / Risk / Control	Governance Themes	Follow-up Action
Core Services	Policy into Practice - Honoraria & Agency Staff 19/06/2020	Reasonable	H - 0 M - 2 L - 1	Control	HR / Management / Workforce x 3 (M2, L1)	N/A
Core Services	Procurement Compliance (BMBC) 08/07/2020	Limited	H - 1 M - 10 L - 11	Governance / Risk / Control	Risk Management x 1 (M) Contracts / Procurement / Commissioning x 14 (M 6, L 8) Performance Management & Data Quality x 2 (M 1, L 1) Democracy x 1 (L) Legislative Compliance x 2 (M 1, L 1) Partnership & Relationships X 2 (H 1, M 1)	3 x Medium – Implementation Date Elapsed & Revised Dates Provided
Core Services	Procurement Compliance (NPS Barnsley Ltd) 24/06/2020	Limited	H - 1 M - 11 L - 5	Governance / Risk / Control	Contracts / Procurement / Commissioning x 17 (H 1, M 10, L 6) Partnership & Relationships X 1 (M)	N/A
Core Services	Payroll (under and overpayments) 16/07/2020	Reasonable	H - 0 M - 1 L - 0	Control	Financial Regulations x 1 (M)	N/A
Core Services	Main Accounting (Journals) 29/05/2020	Reasonable	H - 0 M - 1 L - 2	Control	Information Governance x 1 (L) Financial Management x 2 (M1, L1)	N/A

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications	Governance / Risk / Control	Governance Themes	Follow-up Action
Core Services	DPO Assurance– Cybersecurity 17/09/2020	Reasonable	H - 1 M - 2 L - 0	Governance / Risk / Control	Legislative Compliance x 1 (H) Information Governance x 2 (M)	N/A
Core Services	DPO Assurance – Incident Management 18/11/2020	Reasonable	H - 0 M - 1 L - 0	Governance / Risk / Control	Information Governance x 1 (M)	N/A
Childrens Services	Elective Home Education 11/11/2020	Reasonable	H - 0 M - 2 L - 1	Governance / Risk / Control	Information Governance x 1 (M) Partnership & Relationships x 1 (M) Performance Management & Data Quality x 1 (L)	1 x Medium – Implementation Date Elapsed & Revised Date Provided.
Childrens Services	Attendance: Fixed Penalty Notices 15/10/2020	Reasonable	H - 0 M - 2 L – 2	Governance / Risk / Control	Information Governance x 4	N/A
Core Services	Covid 19 – Emergency Funding Plan Emergency Funding Tracker	Reasonable	H - 0 M - 0 L – 0	Governance / Risk / Control	N/A	N/A
Core Services	Covid 19 – Emergency Funding Plan Adults Social Care 05/10/2020	Reasonable	H - 0 M - 3 L – 0	Governance / Risk / Control	Financial Management x 3 (M)	N/A
Core Services	Covid 19 – Emergency Funding Plan Children's Social Care 05/10/2020	Reasonable	H - 0 M - 1 L – 0	Governance / Risk / Control	Financial Management x 1 (M)	N/A
Core Services	Covid 19 – Emergency Funding Plan Children's Services - Early Start & Family Centres 05/10/2020	Reasonable	H - 0 M - 0 L - 0	Governance / Risk / Control	N/A	N/A
Core Services	Covid 19 – Emergency Funding Plan Public Health 05/10/2020	Reasonable	H - 0 M - 1 L – 0	Governance / Risk / Control	Financial Management x 1 (M)	N/A
Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications	Governance / Risk / Control	Governance Themes	Follow-up Action

Core Services	Covid 19 – Emergency Funding Plan Vulnerable and High Risk	Reasonable	H - 0 M - 2 L - 1	Governance / Risk / Control	Financial Management x 1 (M) Contracts/ Procurement/ Commissioning x 1 (M) Business Continuity / Emergency Resilience x 1 (L)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: Corporate 05/10/2020	Reasonable	H - 0 M - 0 L - 1	Governance / Risk / Control	Financial Management x 1 (L)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: HR 05/10/2020	Reasonable	H - 0 M - 1 L - 0	Governance / Risk / Control	Financial Management x 1 (M)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: Homelessness 05/10/2020	Reasonable	H - 0 M - 3 L - 0	Governance / Risk / Control	Contracts/ Procurement/ Commissioning x 2 (M) Assets x 1 (M)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: IT 05/10/2020	Reasonable	H - 0 M - 0 L - 1	Governance / Risk / Control	Financial Management x 1 (L)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: PPE 05/10/2020	Reasonable	H - 0 M - 1 L - 0	Governance / Risk / Control	Financial Management x 1 (M)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: Place 05/10/2020	Reasonable	H - 0 M - 1 L - 1	Governance / Risk / Control	Financial Management x 2 (M/L)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: Place - Property Services & Culture 05/10/2020	Reasonable	H - 0 M - 1 L - 0	Governance / Risk / Control	Financial Management x 1 (M)	N/A
Core Services	Covid 19 – Emergency Funding Plan Loss of Income Projections – Place 05/10/2020	Reasonable	H - 0 M - 3 L - 2	Governance / Risk / Control	Financial Management x 5 (M 3, L 2)	N/A
Core Services	Covid 19 – Moratorium Compliance SAP Spend 05/10/2020	Reasonable	H - 0 M - 0 L - 0	Governance / Control	Financial Management x 1 (M)	N/A
Core Services	Covid 19 – Moratorium Compliance Procurement Card Spend 05/10/2020	Reasonable	H - 0 M - 0 L - 0	Governance / Control	N/A	N/A
Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications	Governance / Risk / Control	Governance Themes	Follow-up Action

Core Services	DPO Arrangements Compliance 04/01/2021	Substantial	H - 0 M - 0 L - 3	Governance / Risk / Control	Information Governance x 3 (L)	N/A
Core Services	Preventing Illegal Working 23/11/2020	Reasonable	H - 0 M - 5 L - 0	Control	Information Governance x 5 (M)	N/A
Core Services	DPO Assurance – IG Awareness (Surveys) 14/12/2020	Reasonable	H - 1 M - 1 L - 0	Risk/ Control	Information Governance x 2 (H/M)	N/A
Public Health	Quality and Governance Arrangements 07/12/2020	Reasonable	H - 0 M - 3 L - 1	Governance / Risk / Control	Health & Safety x 1 (M) Partnership & Relationships x 2 (M 1, L 1) Performance Management & Data Quality x1 (M)	1 x Medium – Not Yet Due 1 x Medium – Target Date Elapsed & Revised Date Provided
Childrens Services	Take Up of Two Year Old Entitlement	Reasonable	H - 0 M - 3 L - 0	Control	Information Governance x 1 (M) Partnership & Relationships x 1 (M) Performance Management & Data Quality x1 (M)	N/A
Core Services	Covid19 – Isolation Payments 22/02/2021	Reasonable	H - 0 M - 2 L - 0	Risk / Control	Information Governance x 1 (M) Financial Management x 1 (M)	N/A
Childrens Service	Barugh Green Primary School (Interim Report) 19/03/2021	Reasonable	H - 0 M - 2 L - 0	Governance / Risk / Control	Information Governance x 2 (M)	N/A
Childrens Services	Youth Justice Service 07/04/2021	Limited	H - 2 M - 8 L - 1	Risk / Control	Information Governance x 1 (H) Managing People x 1 (H) Contracts/ Procurement/ Commissioning x 6 (M) Financial Management x 3 (M 2, L 1)	1 X High – Not Yet Due 8 x Medium – Not Yet Due
Adults & Communities	Local Welfare Assistance 11/08/2021	Limited	H - 0 M - 4 L - 1	Governance / Risk Control	Information Governance & Data Quality x 3 (2M, 1L) HR / Management / Workforce x 1 (M)	1 x Medium - Completed 3 x Medium – Not Yet Due
Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications	Governance / Risk / Control	Governance Themes	Follow-up Action

Core	Financial System - Income 21/07/2021	Reasonable	H - 0 M - 1 L - 1	Governance / Risk / Control	Financial Management x 2 (M, L)	1 x Medium – Not Yet Due
Core	Financial System - Main Accounting 10/08/2021	Reasonable	H - 0 M - 2 L - 1	Governance / Risk / Control	Information Governance & Data Quality x 2 (M) Financial Management x 1 (L)	2 x Medium – Not Yet Due
Core	Financial System - Treasury Management 15/06/2021	Reasonable	H - 0 M - 0 L - 2	Governance / Risk / Control	Financial Management x 1 (L) Risk Management x 1 (L)	N/A
Core	Financial System - Non Domestic Rates 18/08/2021	Reasonable	H - 0 M - 4 L - 2	Governance / Risk / Control	Financial Management x 2 (M) Performance Management & Data Quality x 2 (M) Information Governance x 2 (L)	1 x Medium – Not Yet Due
Core	Financial System - Housing Benefits 04/08/2021	Reasonable	H - 0 M - 1 L - 1	Governance / Risk / Control	Performance Management & Data Quality x 1 (M) Information Governance & Data Quality x 1 (L)	1 x Medium – Not Yet Due
Core	Financial System - Payroll 12/08/2021	Reasonable	H - 0 M - 5 L - 4	Governance / Risk / Control	Financial Management x 4 (2M, 2L) HR / Management / Workforce x 1 (L) Information Governance & Data Quality x 3 (2M, 1L) Managing People x 1 (M)	3 x Medium – Not Yet Due
Core	Moratorium Follow Up SAP Spend 18/06/2021	Limited	H - 0 M - 1 L - 0	Risk / Control	Financial Management x 1 (M)	N/A
Core	Moratorium Follow Up Procurement Card Spend 18/06/2021	Reasonable	H - 0 M - 1 L - 0	Risk / Control	Financial Management x 1 (M)	1 x Medium – Not Yet Due
Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications	Governance / Risk / Control	Governance Themes	Follow-up Action

Core	Council Tax - Changes of Circumstances 04/08/2021	Limited	H - 1 M - 3 L - 0	Risk / Control	Data Protection x 1 (H) Performance Management & Data Quality x 2 (M) Information Governance & Data Quality x 1 (M)	3 x Medium – Not Yet Due
Core	Data Management Policy – Compliance 19/07/2021	Reasonable	H - 0 M - 2 L – 2	Governance / Risk / Control	Information Governance & Data Quality x 4 (2M, 2L)	2 x Medium – Not Yet Due
Childrens Services	Barugh Green School 14/07/2021	Reasonable	H - 0 M - 4 L – 3	Governance / Risk / Control	Information Governance & Data Quality x 2 (M) HR / Management / Workforce x 1 (M) Legislative Compliance x 1 (M) Financial Management x 3 (L)	2 x Medium – Not Yet Due

Details and outcome of other Internal Audit activities concluded in the period

Audit Work Completed	Details	Contribution to Assurance
Adults & Communities: Troubled Families – Quarterly validation	Grant claim validation.	The work contributes to assurance in respect of financial management.
Adults & Communities: Adult Social Cares Services	Advice, Support and Challenge to Adults and Communities during its review of 3 Services (Share Lives, Assisted Living and Brokerage).	The work contributes to assurance in respect of governance and financial management.
Core/Place: Glassworks Board Attendance	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the phase two scheme can be delivered (i.e. on time, in budget & to standard).	The work contributes to assurance in respect to contract management, governance and financial management.
Core: SAP Success Factors	To continue to support the project throughout its design and implementation.	The work contributes to assurance in respect to contract management, governance and financial management.
Core: SMART working and Managers Toolkit	To develop the audit and assurance elements of the managers toolkit and also to attend the Working Group meetings to provide check and challenge to the process.	This work supports the Council in its objective of increased SMART working arrangements.
Core: Covid19 Income Compensation Claims	Independent validation of 2 x claims submitted to date.	The work contributes to assurance in respect of financial management.
Core: Financial Management Code	Independent check and challenge of the self assessment to measure compliance with the Code.	The work contributes to assurance in respect of financial management.
Core/Place: Covid19 Recovery and Response Strategy	Advice and Support in relation to the Council's Covid19 Recovery and Renewal Strategy.	The work contributes to assurance in respect of governance and financial management.
Core: Council Plan and Barnsley 2030	Advice and Support during the drafting and launch of the Strategic Plans.	The work contributes to assurance in respect of governance arrangements.
Core: NPS Barnsley Ltd	Advice, support and challenge during the lead up period to transfer back to the Council Services provided by NPS Barnsley Ltd.	The work contributes to assurance in respect of governance and financial management.
Childrens Services: SEND – Decision Making	A check and challenge approach to the project in terms of improvement plans and inspection readiness.	The work contributes to assurance in respect of governance and financial management.
Place: Elsecar Heritage Trust	Advice, support and challenge with regards to the Elsecar Heritage Trust.	The work contributes to assurance in respect of governance and financial management.

Work in Progress as at 23rd August 2021

Directorate & Audit Assignment	Status / Comment
Place: Glassworks Themed Review Contract and Performance Management	Testing being completed on site
Place: Funding Review ESIF	Testing being completed on site

Analysis of Agreed Management Actions Relating to 2020-21 Planned Internal Audit Activity

Implication Categorisation	No. of Implications	Not Yet Due – Future Implementation Date Agreed	Completed	Not yet completed – Revised date agreed	Not yet completed – Awaiting Management Update
Adults and Communities					
High	0				
Medium	12	3	7	2	
TOTAL	12	3	7	2	
Place					
High	0				
Medium	5		5		
TOTAL	5		5		
Childrens Services (excl. Maintained Schools)					
High	2	1	1		
Medium	17	8	8	1	
TOTAL	19	9	9	1	
Maintained Schools					
High	0				
Medium	6		4	2	
TOTAL	6		4	2	
Core					
High	5		5		
Medium	57	16	38	3	
TOTAL	62	16	43	3	
Public Health					
High	0				
Medium	4	1	2	1	
TOTAL	4	1	2	1	
OVERALL TOTAL	108	29	70	9	
%		27	65	8	

Internal Audit Performance Indicators - Quarter Four 2020/21

Ref.	Indicator	Frequency of Report	Target 2020/21	This Period (Q4)	Year to Date
1.	<u>Customer Perspective:</u>				
1.1	Percentage of questionnaire received noted "good" or "very good" relating to work concluding with an audit report.	Quarterly	95%	100%	100%
2.	<u>Business Process Perspective:</u>				
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report.	Quarterly	80%	100%	100%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	77%	71%
2.3	Average number of days lost through sickness per FTE	Quarterly	6 days	0 days	2.41 days
3.	<u>Continuous Improvement Perspective:</u>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
4.	<u>Financial Perspective:</u>				
4.1	Total Internal Audit costs v budget.	Quarterly	Within Budget	Yes	Yes

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Report of the Service Director - Finance

AUDIT COMMITTEE – 15th SEPTEMBER 2021

INTERNAL AUDIT – FINAL REPORT – EXTERNAL QUALITY ASSESSMENT (EQA)

1. Purpose of the Report

- 1.1 This brief report presents the final report following the independent assessment of the Internal Audit function against the Public Sector Internal Audit Standards (PSIAS).

2. Recommendations

- 2.1 **It is recommended that the Committee notes the EQA report and therefore be assured on Internal Audit's conformance with PSIAS and receive an update from the Head of Internal Audit, Anti-Fraud and Assurance on the implementation of the actions arising.**

3. Background

- 3.1 The Committee will be aware that the Internal Audit function is required to comply with the PSIAS. This requirement is actually established in law as part of the Accounts and Audit Regulations 2015.
- 3.2 The PSIAS determine that an independent EQA is undertaken at least once every 5 years. The first EQA was undertaken via a peer approach in the latter part of 2015 / early 2016 and reported to the Committee in March 2016.
- 3.3 For this, the second EQA, CIPFA were commissioned to undertake a full review looking at the function's own self-assessment, the Quality Assurance Improvement Programme, the IA Charter and an in-depth review of pieces of work across all client organisations. Interviews were held with key officers and various audit committee chairs across the client base and questionnaires also sent to senior officers.

4. Outcome of the EQA Review

- 4.1 In short as can be seen on page 3 of the report the independent assessment found that:

"It is our opinion that Barnsley Internal Audit Service's self-assessment is accurate and as such we conclude that they FULLY

CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.”

- 4.2 Two recommendations were made alongside 4 advisory points. These are shown in the action plan starting on page 10 of the report. The final report is attached.
- 4.3 This is naturally a very pleasing outcome and testament to the hard work and dedication of the whole Internal Audit Team. Of particular note is the comment from the Assessor regarding the IA Charter as being an exemplar.
- 4.4 The Committee will receive an update on the implementation of the actions in due course.

Contact Officer: Service Director Finance
Email: neilcopley@barnsley.gov.uk
Date: 1st September 2021

External Quality Assessment of Conformance to the Public Sector Internal Audit Standards

Barnsley Metropolitan Borough Council's Internal Audit Service

Final Report

Lead Associate: Ray Gard, CPFA, FCCA, CFIIA, DMS

Internal QA: Policy and Technical, CIPFA.

17th July 2021

1. Introduction

- 1.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS), which have been in place since 1st April 2013 (revised 2016 and 2017). All public sector internal audit services are required to measure how well they are conforming to the standards. This can be achieved through undertaking periodic self-assessments, external quality assessments, or a combination of both methods. However, the standards state that an external reviewer must undertake a full assessment or validate the internal audit service's own self-assessment at least once in a five-year period.

2. Background

- 2.1 The Barnsley Internal Audit Team (BIA) provides internal audit services to Barnsley Metropolitan Borough Council (BMBC), Berneslai Homes; the South Yorkshire Police and Crime Commissioner and the South Yorkshire Police Force; The South Yorkshire Pension Authority; and the Northern College. The Service is managed by the Head of Internal Audit, Anti-fraud and Assurance (HoIA) and is made up of 16.4 full time equivalent employees, including the Corporate Anti-Fraud Team and a Corporate Governance and Assurance Manager, all of which are employed by BMBC, the Service's host authority. The members of the Internal Audit team are well qualified with three CCAB accountants, including the HoIA, and two Chartered Members of the Institute of Internal Auditors (IIA). The remainder of the team all hold the IIA Internal Audit Certificate, with three of them also being qualified Accounting Technicians and one studying for the IIA Certified Internal Auditor qualification. Several members of the team have extensive local government internal audit experience, including the HoIA and the Audit Manager, and some are able to bring knowledge and experience to the team that they have gained from internal auditing elsewhere, such as the NHS, Police, and commercial sectors.
- 2.2 From an operational perspective, BIA reports directly to the executive teams and Audit Committees at their respective clients. These two bodies fulfil the roles of 'senior management' and 'the board', as defined by the Public Sector Internal Audit Standards. For BMBC, the HoIA reports directly to the Service Director Finance (the Council's Section 151 Officer) and has direct access to the Council's Chief Executive Officer, the Chair and full membership of the Audit and Governance Committee (A&GC). Regular reports on the audit plan, progress on delivering the plan and the annual opinion and outturn are made to the Council's BMBC's senior leadership team and the Audit & Governance Committee. Similar arrangements are in place for BIA's other clients.
- 2.3 BIA has been operating under PSIAS since its launch in 2013, and this is the second external quality assessment that they have commissioned, the previous one being in 2016.
- 2.4 BIA has an audit manual that is clear and easy to follow and provides the auditors with a comprehensive guide to all aspects of performing an internal audit or consultancy assignment. Standard templates are used for the engagement working papers and testing schedules, engagement terms of references, action plans and audit reports. All of these documents are held in BIA's audit management application, MK Insight (MKI).
- 2.5 The MKI application is also used for managing the engagements with all staff recording time spent on the assignments in the application. Supervision of the engagements takes place at every stage of the process and is recorded in MKI.
- 2.6 BIA has a quality assurance process in place that feeds into its Quality Assurance and Improvement Programme (QAIP). There are four main elements to this process. The first element is a review of the live engagement by the supervising officer to ensure the audit has been performed properly and conforms to the PSIAS, and to ascertain whether there are any lessons to be learnt for future

reviews or for the auditor. The second element comprises a customer satisfaction questionnaire and survey, with the third and fourth elements being a review of the Service's audit procedures and documents and an annual self-assessment of BIA's overall conformity with the PSIAS. All of the above processes are used to inform BIA's QAIP.

3. Validation Process

3.1 The self-assessment validation comprises a combination of a review of the evidence provided by Barnsley Internal Audit; a review of a sample of completed internal audits, chosen by the assessor, covering all of the Service's main clients; questionnaires that were sent to and completed by a range of stakeholders from BIA's clients; and a series of (virtual) interviews using MS Teams with key stakeholders, again covering all of BIA's main clients. The questionnaire and interviews focussed on determining the strengths and weaknesses of BIA and assessed the Service against the four broad themes of Purpose and Positioning; Structure and Resources; Audit Execution; and Impact.

3,2 BIA provided a comprehensive range of documents that they used as evidence to support their self-assessment and these were available for examination prior to and during this validation review. These documents included the:

- self-assessment against the standards;
- quality assurance and improvement plan (QAIP);
- evidence file to support the self-assessment;
- the audit charter;
- the annual reports and opinions for the main clients;
- the audit plans and strategies for the main clients;
- audit procedures manual;
- a range of documents and records relating to the team members; and
- progress and other reports to the respective Audit Committees.

All of the above documents were examined during the EQA.

3.3 The validation process was carried out from the 7th to the 18th June 2021, and involved interviews with the key personnel from BIA, plus a sample of key stakeholders from BIA's customer base, made up of members of the senior management teams and chairs of Audit Committees. Overall, the feedback from the interviewees was positive with clients valuing the professional and objective way BIA delivered services.

3.4 A questionnaire was sent to a range of other key stakeholders in advance of the assessment commencing and the results analysed during the review. A summary of the survey results is shown at appendix A of the report.

3.5 The assessor also carried out an end-to-end review of a sample of eleven completed audits, covering all of BIA's main clients, to confirm his understanding of the audit process used by BIA and embedded in their MKI audit management system.

4. Opinion

It is our opinion that Barnsley Internal Audit Service's self-assessment is accurate and as such we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

The table below shows Barnsley Internal Audit Service's level of conformance to the individual standards assessed during this external quality assessment:

Standard / Area Assessed	Level of Conformance
Mission Statement	Fully Conforms
Core principles	Fully Conforms
Code of ethics	Fully Conforms
Attribute standard 1000	Fully Conforms
Attribute standard 1100	Fully Conforms
Attribute standard 1200	Fully Conforms
Attribute standard 1300	Fully Conforms
Performance standard 2000	Fully Conforms
Performance standard 2100	Fully Conforms
Performance standard 2200	Fully Conforms
Performance standard 2300	Fully Conforms
Performance standard 2400	Fully Conforms
Performance standard 2500	Fully Conforms
Performance standard 2600	Fully Conforms

5. Areas of full conformance with the Public Sector Internal Audit Standards

5.1 Mission Statement and Definition of Internal Audit

The mission statement and definition of internal audit from the PSIAS are included in the audit charter.

5.2 Core Principles for the Professional Practice of Internal Auditing

The Core Principles, taken as a whole, articulate an internal audit function's effectiveness, and provide a basis for considering the organisation's level of conformance with the Attribute and Performance standards of the PSIAS.

The clear indication from this EQA is that the Core Principles are embedded in the audit manual and the MKI audit management application, and that Barnsley Internal Audit Service is a competent and professional service that conforms to all ten elements of the Core Principles.

One of the core principles requires internal audit services to promote organisational improvement and this EQA has demonstrated that the Service fulfils this requirement. However, there are opportunities to enhance the way the service promotes organisational improvement that the service should consider. The Service already has an action on its QAIP to review and update the Internal Audit pages on the Council's intranet site and work is underway on this task, so we have not included any action in section 8 of this report. Once this review is complete, the Service should consider using the intranet as a means of disseminating briefings to officers on good practice found during audits that could be adopted by other units in the organisation, or drawing officers attention to emerging risks that may have a wider impact on services that are peripheral to the services likely to be effected by the risk. We have included a suggest on this in section 8 of this report.

5.3 **Code of Ethics**

The purpose of the Institute of Internal Auditors' Code of Ethics is to promote an ethical culture in the profession of internal auditing, and is necessary and appropriate for the profession, founded as it is on the trust placed in its objective assurance about risk management, control, and governance. The Code of Ethics provides guidance to internal auditors and in essence, it sets out the rules of conduct that describe behavioural norms expected of internal auditors and are intended to guide their ethical conduct. The Code of Ethics applies to both individuals and the entities that provide internal auditing services.

The clear indication from this EQA is that Barnsley Internal Audit Service conforms to the Code of Ethics and this is embedded in their audit manual and the MKI audit management application. It is part of their overarching culture and underpins the way the Service operates.

5.4 **Attribute Standard 1000 – Purpose, Authority and Responsibility**

The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing). The internal audit charter must be reviewed regularly and presented to senior management and the audit panel for approval.

Barnsley Internal Audit Service has one uniform audit charter that applies to all of its clients. We reviewed this document and the processes used to present it to the various Audit Committees for approval. We found the audit charter to be a comprehensive and well written document and a model example of how a good audit charter should look. We are therefore satisfied that they conform to attribute standard 1000 and the LGAN.

5.5 **Attribute Standard 1100 – Independence and Objectivity**

Standard 1100 states that the internal audit activity must be independent, and internal auditors must be objective in performing their work.

The need for independence and objectivity is covered in Barnsley Internal Audit Service's audit manual and is an integral part of their culture. The Service reports in its own name and directly to senior management and the Audit Committees at all of its clients. All employees sign a declaration of interest each year and declare any potential impairment to independence or objectivity for each audit they undertake. The Head of Internal Audit, Anti-Fraud and Assurance has direct

responsibility for the strategic and operational management for some functions that are subjected to periodic internal audits. This potential impairment to independence is disclosed in the Audit charter and there are mechanisms in place to preserve the independence and objectivity of the auditors that review these functions.

We have reviewed the Service's audit manual, their standard documentation, quality assurance and improvement plan, and a sample of completed audit files, together with their reporting lines and their positioning in the organisations they work with. We are satisfied that Barnsley Internal Audit Service conforms with attribute standard 1100 and the LGAN.

5.6 **Attribute Standard 1200 – Proficiency and Due Professional Care**

Attribute standard 1200 requires Barnsley Internal Audit Service's engagements are performed with proficiency and due professional care, having regard to the skills and qualifications of the staff, and how they apply their knowledge in practice.

It is evident from this EQA that Barnsley Internal Audit Service has a professional and experienced, workforce who all either hold or are working towards obtaining, relevant professional qualifications. The Head of Internal Audit, Anti-Fraud and Assurance holds a CCAB qualification, while the Audit Manager holds the full chartered IIA qualification. There are also three other members of the team that hold CCAB or chartered IIA qualifications, with the remainder of the team holding relevant accountancy, internal audit or counter fraud qualifications.

The Service has staff who are experienced in analysing data and they tend to do this by using the functionality available in generic products such as MS Excel, although the Council is developing its own data analytics processes through the Power BI application. They are not currently using any specialist data analytics applications, although they have held licences for this type of application in the past.

The Service does not have any qualified specialist IT auditors in its establishment, preferring instead to obtain these from external suppliers when required. However, there is no set arrangement in place with any supplier meaning the Head of Internal Audit, Anti-Fraud and Assurance has to go through a procurement exercise each time resources are required. To speed up this process, we suggest consideration is given to setting up a call off contract with a suitable supplier for IT audit resources.

The Service is currently carrying a few vacancies which it plans to fill in the near future following a minor restructure of the Service. We suggest that the Head of Internal Audit, Anti-Fraud and Assurance takes the opportunity presented by the planned restructure to ensure that there is adequate succession planning in place for the key posts. This should ensure the Service can continue to operate should they lose one or more key employees.

It is evident from this review that the Service's employees perform their duties with due professional care. We are satisfied that Barnsley Internal Audit Service complies with attribute standard 1200 and the LGAN, although there are some opportunities to strengthen the services they provide to their clients that we have set out in section 8 of this report.

5.7 **Attribute Standard 1300 – Quality Assurance and Improvement Programmes**

This standard requires the Head of Internal Audit, Anti-Fraud and Assurance to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.

Barnsley Internal Audit Service has developed a robust and effective quality assurance process that ensures engagements are performed to a high standard within the available resources. It is effective and feeds into BIA's quality assurance and improvement programme. We have examined this process during the EQA and are satisfied that Barnsley Internal Audit Service conforms to attribute standard 1300 and the LGAN.

5.8 **Performance Standard 2000 – Managing the Internal Audit Activity**

The remit of this standard is wide and requires the Head of Internal Audit, Anti-Fraud and Assurance to manage the internal audit activity effectively to ensure it adds value to its clients. Value is added to a client and its stakeholders when internal audit considers their strategies, objectives, and risks; strives to offer ways to enhance their governance, risk management, and control processes; and objectively provides relevant assurance to them. To achieve this, the Head of Audit, Anti-Fraud and Assurance must produce an audit plan for each client, and communicate this and the Service's resource requirements, including the impact of resource limitations, to senior management and the Audit Committees at each client for their review and approval. The Head of Internal Audit, Anti-Fraud and Assurance must ensure that BIA's resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

The standard also requires the Head of Internal Audit, Anti-fraud and Assurance to establish policies and procedures to guide the internal audit activity, and to share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.

Last, but by no means least, the standard requires the Head of Internal Audit, Anti-Fraud and Assurance to report periodically to senior management and the Audit Committees on internal audits activities, purpose, authority, responsibility and performance relative to its plan, and on its conformance with the Code of Ethics and the Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues and other matters that require the attention of senior management and/or the audit panels.

Barnsley Internal Audit Service has an audit manual, supervision and quality assurance processes in place that meet the requirements of the PSIAS. They have developed comprehensive planning processes that follow best practice by taking into consideration the client's risks, objectives and risk management and governance frameworks; other relevant and reliable sources of assurance; any key issues identified by the client's managers; BIA's own risk and audit needs assessments; and the resources that are available to undertake the audits. From this information, they produce risk-based audit plans that are designed to enhance the client's risk management and governance frameworks and control processes; and objectively provide them with relevant assurance. These audit plans are reviewed and approved by the senior management and the Audit Committees at each client.

BIA is aware that there is scope to expand the use of other relevant sources of assurance and have included an action on their quality assurance and improvement plan to develop this area. As work is underway to develop a suitable framework, we have not included this item in section 8 of the report.

Details of the completed audits and the risk and control issues found, together with the progress being made on delivering the audit plans and the performance of BIA, is regularly reported to the Audit Committees, with an annual report opinion for each client being issued at the end of the year.

The clear indication from this EQA is that Barnsley Internal Audit Service is effectively managed and conforms to standard 2000 and the LGAN.

5.9 **Performance Standard 2100 – Nature of Work**

Standard 2100 covers the way the internal audit activity evaluates and contributes to the improvement of the organisation's risk management and governance framework and internal control processes, using a systematic, disciplined and risk-based approach.

This is the approach adopted by Barnsley Internal Audit Service and is set out in their audit manual, the MKI audit management system, and their working methodologies. During this EQA, we selected a sample of completed audit engagements from different clients and examined them to see if they conformed to standard 2100 and Service's own methodologies. We found that the sample audits complied with both.

Internal audit's credibility and value is enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact on the organisation. On the whole BIA's clients value the work the Service does in this area and often turn to them for advice and guidance when faced with emerging risks or are developing or changing systems.

The clear indication from this EQA is that Barnsley Internal Audit Service conforms to performance standard 2100 and the LGAN.

5.10 **Performance Standard 2200 – Engagement Planning**

Performance standard 2200 requires internal auditors to develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations. The plan must consider the organisation's strategies, objectives, and risks relevant to the engagement.

As mentioned in section two of this report, Barnsley Internal Audit Service has an audit manual, supervision and quality assurance processes in place that covers engagement planning in detail and meets the requirements of the PSIAS. During this EQA, we selected a sample of completed audit engagements, and examined them to see if they conformed to standard 2200. We found that they all conformed to the standards and the Service's own audit procedures, and therefore we conclude that Barnsley Internal Audit Service conforms to performance standard 2200 and the LGAN.

5.11 **Performance Standard 2300 – Performing the Engagement**

Performance standard 2300 seeks to confirm that internal auditors analyse, evaluate and document sufficient, reliable, relevant and useful information to support the engagement results and conclusions, and that all engagements are properly supervised.

As mentioned above, Barnsley Internal Audit Service has an audit manual, supervision and quality assurance processes in place that meets the requirements of the standards. During this EQA, we selected a sample of completed audit engagements from all of their main clients and examined them to see if they conformed to the standards. We found that they all conformed to the standards and Service's own audit manual, and therefore we conclude that Barnsley Internal Audit Service conforms to performance standard 2300 and the LGAN.

5.12 **Performance Standard 2400 – Communicating Results**

This standard requires internal auditors to communicate the results of engagements to clients and sets out what should be included in each audit report, as well as the annual report and opinion. When an overall opinion is issued, it must take into account the strategies, objectives and risks of the clients and the expectations of their senior management, the audit panels and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information. Where an internal audit function is deemed to conform to the PSIAS,

reports should indicate this by including the phrase "conducted in conformance with the International Standards for the Professional Practice of Internal Auditing".

The audit manual, supervision and quality assurance processes cover the communication of results in detail and meet the requirements of the PSIAS. We selected a sample of completed audit engagements and examined them to see if they conformed to the standards. We found that they all conformed to the standards and the Service's own audit manual although we suggest they make one minor enhancement to the engagement terms of reference.

We also reviewed the progress and annual reports to the Audit Committees and found that on the whole these also conformed to the standards and BIA's own internal procedures. However, to improve clarity we recommend that the Head of Internal Audit, Anti-Fraud and Assurance amends the wording used for the annual opinion to specifically refer to assurance on the control, risk management and governance framework. The current opinions only refer to assurance on the control framework even though the service has examined the risk management and governance frameworks in place at their clients and referred to them in the annual reports. A recommendation has been included in section 8 of this report.

We therefore conclude that Barnsley Internal Audit Service conforms to performance standard 2400, although there are some enhancements that can be made to strengthen their conformance to the standards, and we have set these out in section 8 of this report.

5.13 Performance Standard 2500 – Monitoring Progress

There is a comprehensive follow-up process in place at all of BIA's clients, the objective of which is to monitor the client's progress towards the implementation of agreed actions. The results of the follow-up reviews are reported to the relevant Audit Committees. From this EQA, it is evident that Barnsley Internal Audit Service conforms to performance standard 2500 and the LGAN.

5.14 Performance Standard 2600 – Communicating the Acceptance of Risk

Standard 2600 considers the arrangements which should apply if the Head of Internal Audit, Anti-Fraud and Assurance has concluded that a client's management has accepted a level of risk that may be unacceptable to the organisation. Situations of this kind are expected to be rare, consequently, we did not see any during this EQA. From this external quality assessment, it is evident that Barnsley Internal Audit Service conforms to performance standard 2600 and the LGAN.

6. Areas of partial conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note

- 6.1 There are no areas of partial conformance with the Public Sector Internal Audit Standards.

7. Areas of non-conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note

- 7.1 There are no areas of non-conformance with the Public Sector Internal Audit Standards.

8. Issues for management action

- 8.1 Although Barnsley Internal Audit Service conforms to the PSIAS there are a few issues that management should consider addressing. Some of these relate directly

to the standards while others relate more to the effectiveness of the service they provide to their clients and potential opportunities to grow the business.

- 8.2 The Service does not have any qualified specialist IT auditors in its establishment, preferring instead to obtain these from external suppliers when required. However, there is no set arrangement in place with any supplier meaning the Head of Internal Audit, Anti-Fraud and Assurance has to go through a procurement exercise each time resources are required. To speed up this process, we suggest consideration is given to setting up a call off contract with a suitable supplier for IT audit resources.
- 8.3 BIA has used specialist software applications in the past for data analytics, but they are no longer doing so. The Council is developing its own data analytics processes, but it is likely to be some time before this is fully functional and as such the Head of Internal Audit, Anti-Fraud and Assurance should consider obtaining a suitable application as an interim measure. There are a number of applications on the market that can be considered, although a common application that is used in the local government sector is IDEA, which is often coupled with the SmartAnalyser add-on tool, to provide an effective and efficient way of auditing the core financial and HR systems, and SmartExporter which is a SAP data extraction and analysis solution. BIA is aware of the benefits achievable from developing their data analytics capability and have already included actions on their QAIP relating to the development of Power BI. However, until this is developed, we suggest they explore the functionality available in the specialist applications such as IDEA or one of the alternative products that are on the market.
- 8.4 The Service is currently carrying a few vacancies which it plans to fill in the near future following a minor restructure of the Service. We suggest that the Head of Internal Audit, Anti-Fraud and Assurance takes the opportunity presented by the planned restructure to ensure that there is adequate succession planning in place for the key posts. This should ensure the Service can continue to operate should they lose one or more key employees.
- 8.5 The engagement terms of reference include a section entitled key contacts and lists the people from the client and Barnsley Internal Audit Service that will be involved in the audit process. The standards expect the terms of reference to include an initial distribution list for the draft audit reports and this is not currently included. In practice this tends to be the client key contacts. To enhance conformance with the standards we suggest that the list of key contacts for the client are also designated as the initial recipients of the draft audit report.
- 8.6 The Head of Internal Audit, Anti-Fraud and Assurance's annual opinion for the majority of the Service's clients currently refers to providing assurance on the control framework, whereas the standards require the opinion to specifically provide an opinion on the control, risk and governance frameworks. The one exception to this is the annual opinion used for South Yorkshire Police which does include the three elements. To enhance conformance with the standards we recommend that the annual opinion used for all of the Service's clients is revised to include the control, risk and governance frameworks.
- 8.7 Once the review of the internal audit pages on the Council's intranet is complete, the Service should consider using the intranet as a means of disseminating briefings to officers on topics such as good practice found during audits that could be adopted by other units in the organisation, or emerging risks that may have a wider impact on services that are peripheral to the services likely to be effected by the risk.
- 8.8 A summary of the agreed actions to address the above issues is included at the end of this report.

9. Action Plan

1. Scope of the Head of Audit, Anti-fraud and Risk's annual assurance opinion (Medium priority)	
Rationale	Agreed Action
The Head of Internal Audit, Anti-Fraud and Assurance's annual opinion currently refers to providing assurance on the control framework, whereas the standards require the opinion to specifically provide an opinion on the control, risk and governance frameworks. To enhance conformance with the standards we recommend that the annual opinion is revised to include all three elements.	The annual opinion, reflected in the annual report will be reviewed to ensure there is are three clear opinions in relation to controls, risk and governance.
Action Responsibility	Head of Internal Audit, Anti-Fraud and Assurance
Deadline	For all client annual reports for 2021/22

2. Initial report distribution list in the assignment terms of reference (Low priority)	
Rationale	Agreed Action
The engagement terms of reference include a section entitled key contacts and lists the people from the client and Barnsley Internal Audit service that will be involved in the audit process. The standards expect the terms of reference to include an initial distribution list for the draft audit reports and this is not currently included. In practice this tends to be the client key contacts. To enhance conformance with the standards we suggest that the list of key contacts for the client are also designated as the initial recipients of the draft audit report.	The template for the terms of reference for each piece of work will be changed to show the draft and final report distribution.
Action Responsibility	Head of Internal Audit, Anti-Fraud and Assurance
Deadline	For all terms of reference from 1 st July 2021

3. Call off contract for specialist IT auditors (Advisory)	
Rationale	Agreed Action
The Service does not have any qualified specialist IT auditors in its establishment, preferring instead to obtain these from external suppliers when required. However, there is no set arrangement in place with any supplier meaning the Head of audit, Anti-fraud and Risk has to go through a procurement exercise each time resources are required. To speed up this process, we suggest consideration is given to setting up a call off contract with a suitable supplier for IT audit resources.	Enquiries will be made to identify and secure an appropriate IT audit specialist to advice and/or undertake specific IT audit work.
Action Responsibility	Head of Internal Audit, Anti-Fraud and Assurance
Deadline	31st December 2021

4. Expand the use of data analytics (Advisory)	
Rationale	Agreed Action
BIAS has used specialist software applications in the past for data analytics, but they are no longer doing so. The Council is developing its own data analytics processes, but it is likely to be some time before this is fully functional and as such the Head of Audit, Anti-fraud and Risk should consider obtaining a suitable application as an interim measure. There are a number of applications on the market that can be considered, although a common application that is used in the local government sector is IDEA, which is often coupled with the SmartAnalyser add-on tool, to provide an effective and efficient way of auditing the core financial and HR systems, and SmartExporter which is a SAP data extraction and analysis solution. BIAS is aware of the benefits achievable from developing their data analytics capability and have already included actions on their QAIP relating to the development of Power BI. However, until this is developed, we suggest they explore the functionality available in the specialist applications such as IDEA or one of the alternative products that are on the market.	<p>Option for data analytic software will be explored alongside the in-house development of PowerBi.</p> <p>Subject to the timescales for the use of PowerBi as an analytical tool for Internal Audit, the market leading applications will be considered for use as an interim solution.</p>
Action Responsibility	Head of Internal Audit, Anti-Fraud and Assurance
Deadline	31st December 2021

5. Succession planning (Advisory)	
Rationale	Agreed Action
The Service is currently carrying a few vacancies which it plans to fill in the near future following a minor restructure of the Service. We suggest that the Head of Internal Audit, Anti-Fraud and Assurance takes the opportunity presented by the planned restructure to ensure that there is adequate succession planning in place for the key posts. This should ensure the Service can continue to operate should they lose one or more key employees.	<p>The revised structure needs to address the immediate requirements of the Council and other clients.</p> <p>However, a more medium / longer term resource plan will be developed to ensure succession planning across the structure.</p>
Action Responsibility	Head of Internal Audit, Anti-Fraud and Assurance
Deadline	31st March 2022

6. Using the Internal Audit intranet pages to disseminate information (Advisory)	
Rationale	Agreed Action
Once the review of the internal audit pages on the Council's intranet is complete, the Service should consider using the intranet as a means of disseminating briefings to officers on topics such as good practice found during audits that could be adopted by other units in the organisation, or emerging risks that may have a wider impact on services that are peripheral to the services likely to be effected by the risk.	<p>The review of the Services intranet site is part of the QAIP following a corporate review of the Council's intranet format.</p> <p>A 'FAQ' and general advice element will be developed as part of the intranet site review.</p>
Action Responsibility	Head of Internal Audit, Anti-Fraud and Assurance
Deadline	31st October 2021

10. Definitions

Fully Conforms	The internal audit service complies with the standards with only minor deviations. The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.
Partially Conforms	The internal audit service falls short of achieving some elements of good practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit and conformance to the standards.
Does Not Conform	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the elements of the standards. These deficiencies will usually have a significant adverse impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the board.

Action Priorities	Criteria
High priority	The internal audit service needs to rectify a significant issue of non-conformance with the standards. Remedial action to resolve the issue should be taken urgently.
Medium priority	The internal audit service needs to rectify a moderate issue of conformance with the standards. Remedial action to resolve the issue should be taken, ideally within six months.
Low priority	The internal audit service should consider rectifying a minor issue of conformance with the standards. Remedial action to resolve the issue should be considered but the issue is not urgent.
Advisory	These are issues identified during the course of the EQA that do not adversely impact the service's conformance with the standards. Typically, they include areas of enhancement to existing operations and the adoption of best practice.

The co-operation of the Head of Internal Audit, Anti-Fraud and Assurance, the Audit Manager, and Auditor at BIA in providing the information requested for this EQA, is greatly appreciated. Our thanks also go to chairs of Audit Committees and the Finance Directors from BIA's clients that made themselves available for interview during the EQA process and/or completed questionnaires.

Ray Gard, CPFA, FCCA, FCIIA, DMS

27th June 2021

This report has been prepared by CIPFA at the request of the Barnsley Internal Audit Service's Head of Internal Audit, Anti-Fraud and Assurance, the terms for the preparation and scope of the report have been agreed with him. The matters raised are only those that came to our attention during our work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, we have only been able to base findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the issues that exist with their conformance to the Public Sector Internal Audit Standards that exist, or of all the improvements that may be required.

The report was prepared solely for the use and benefit of the Barnsley Internal Audit Service, including the senior management and boards of Barnsley Internal Audit Service's clients, and to the fullest extent permitted by law, CIPFA accepts no responsibility and disclaims all liability to any other third party who purports to use or rely, for any reason whatsoever on the report, its contents, conclusions, any extract, and/or reinterpretation of its contents. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Appendix A

Summary of Survey Results

As part of the EQA process, CIPFA used a questionnaire to obtain the views of the key stakeholders from Barnsley Internal Audit Service's main clients. The questionnaire was sent to a total thirty-one key stakeholders and nineteen (61%) completed questionnaires were returned.

No.	Question	Percentage (%)			
		Agree	Partially Agree	Not Agree	N/A
1	The internal audit service is seen as a key strategic partner throughout the organisation.	95	5	0	0
2	Senior managers understand and fully support the work of internal audit.	95	5	0	0
3	Internal audit is valued throughout the organisation.	89	11	0	0
4	The internal audit service is delivered with professionalism at all times.	95	5	0	0
5	The internal audit service responds quickly to changes within the organisation.	79	16	0	5
6	The internal audit service has the necessary resources and access to information to enable it to fulfil its mandate.	69	26	5	0
7	The internal audit service is adept at communicating the results of its findings, building support and securing agreed outcomes	74	26	0	0
8	The internal audit service's recommendations consider the wider impact on the organisation	89	11	0	0
9	The internal audit service ensures that recommendations made are proportionate, commercial and practicable in relation to the risks identified.	68	32	0	0
10	There have not been any significant control breakdowns or surprises in areas that have been positively assured by the internal audit service	95	5	0	0
11	The internal audit service includes consideration of all risk areas in its work programme.	79	21	0	0

No.	Question	Percentage (%)			
		Agree	Partially Agree	Not Agree	N/A
12	Internal audit advice has a positive impact on the governance, risk management, and the system of control of the organisation.	95	5	0	0
13	Internal audit activity has enhanced organisation-wide understanding of governance, risk management, and internal control.	74	26	0	0
14	The internal audit service asks challenging and incisive questions that stimulate debate and improvements in key risk areas.	79	21	0	0
15	The internal audit service raises significant control issues at an appropriate level and time in the organisation.	89	11	0	0
16	The organisation accepts and uses the business knowledge of internal auditors to help improve business processes and meet strategic objectives.	74	26	0	0
17	Internal audit activity influences positive change and continuous improvement to business processes, bottom line results and accountability within the organisation	68	32	0	0
18	Internal audit activity promotes appropriate ethics and values within the organisation	84	16	0	0

Below are some comments extracted from completed surveys that management may wish to consider:

- At times Barnsley Internal Audit Service audit specialist, professional services. An 'even better' would be, and where appropriate, for a professional from the relevant service area (or external to the LA) who has the technical knowledge of the specialist area, to be part of the Internal Audit Team's audit. This could add value in supporting the Barnsley Internal Audit Service with providing the context and technical knowledge of that area, informing their audit and findings.
- Internal audit is really valued by services to provide a supportive check, challenge and assurance. It is integral to our programmes for continuous improvement.
- Internal audit support is invaluable on project work which is where my service has most dealings. Notable moves to being a more agile service in the last couple of years.
- The internal audit are a valued strategic partner and are very much an enabling function and critical friend. We work closely with audit colleagues and they play much more of an active role on key boards to have their input as things are developed and designed rather than just assuring it at a later date. I have found all the internal audit officers that I have come into contact with to be professional and competent.

- I have worked with various auditors over the last 5 years within Barnsley; they all approach their assignments with professionalism, listen and respond. They appear to have a good reputation across the Council; and always willing to help and support when required.
- The service provides appropriate challenge while fostering positive working relationships.
- As Internal Audit are external to the organisation the relationship is perhaps more distant than would be the case in an in-house arrangement. The nature of our business also means that some audit topics are "one off" in terms of the experience of the auditors carrying out the work, although this can be a good thing for both auditor and auditee. Given some of the risks we face Internal Audit cannot cover the whole range of risks in the risk register, however, they do address those that are susceptible to audit and have responded positively to our desire to use IA activity in areas where we have identified problems as part of the process of driving improvement. We have noticed a marked and welcome change in the attitude to ensuring both delivery of the plan and the chasing of responses. While we might not always welcome being chased it is right that the auditors should keep us focussed in this way. On a personal level having experienced IA in a number of local authorities and been responsible for managing it as a District Council s151 officer I am impressed by the quality of the service provided by BMBC.

Item 8

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

AUDIT COMMITTEE – 15th September 2021

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 1st April 2021 to 31st August 2021.

2. Recommendations

2.1 It is recommended that:-

- i. **The Audit Committee notes the progress report covering the period 1st April to 31st August 2021.**
- ii. **The Audit Committee continues to receive regular progress reports on the work carried out 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 2021/2022.
- 3.2 The Team comprises a Principal Auditor (Corporate Anti-Fraud) and two Senior Corporate Anti-Fraud Officers. The Team currently has a vacancy due to one of the Anti-Fraud Officers securing another role within the Council.
- 3.3 As part of the Council's response to the pandemic two members of the team were redeployed for a number of months to support other services during 2020. These redeployments, business support grant work and the current vacancy has resulted in a backlog of reactive work within the Team which has also impacted on the Team's pro-active work.

4. COVID-19 Counter Fraud Work

- 4.1 The Corporate Anti-Fraud Team has continued to play an important role in supporting the Council by conducting post event assurance work to verify that business support grants were paid to genuine and eligible businesses.
- 4.2 Datamatching has been undertaken via the Cabinet Office's National Fraud Initiative using Experian data to assist with bank account verification and to identify any discrepancies between the grants, Companies House records and other datasets.

- 4.3 Nine applications have been referred to the National Anti-Fraud Network for intelligence purposes and the Team has one ongoing investigation.
- 4.4 Central Government have confirmed that monthly reporting of assurance work completed is no longer required. However, they have indicated that random sampling, relating to all business grant funding schemes, will be undertaken across all local authorities within the next few months.

5. National Fraud Initiative (NFI)

- 5.1 The NFI is a national public sector data matching exercise. Datamatches relating to the 2021/21 exercise were received at the end of January 2021.
- 5.2 The Corporate Anti-Fraud Team has been responsible for filtering and investigating datamatches since April 2015, however, due to current limited resources a number of reports have been forwarded to services for checks and action:
- Berneslai Homes are dealing with all tenancy reports;
 - Accounts Payable are checking creditor payment reports; and
 - Benefits and Taxation are conducting council tax single person discount datamatch investigations.
- 5.3 Overpayments identified between April 2021 to August 2020/21 are shown below:

Subject	Monetary Value	Number of Cases
Housing Benefit	£5,749	2
Council tax single person discounts	£4,268	8
Total Overpayments	£10,017	10

6. Reactive Fraud Work

Investigations

- 6.1 A summary of the CAFTs reactive investigation work for the period April to August is shown at Appendix A.

Counter Fraud Checks

- 6.2 The CAFT continue to provide counter fraud checks of submitted insurance claims and Right to Buy applications. These checks, including financial and residential verification, provide assurance that the claims/applications are genuine and bona fides.

- 6.3 CAFT has undertaken checks against 14 insurance claims during the financial year to date. A summary of these referrals is shown below.

Details	No.
No evidence of fraud	11
Ongoing	3
Total	14

- 6.4 CAFT has undertaken checks against 57 RTB applications during the financial year 2020/2021. A summary of these referrals is shown below.

Details	No.
No evidence of fraud	56
Referred to DWP	1
Ongoing	0
Total	57

- 6.5 The CAFT has recently been required to complete a DVLA compliance audit regarding the obtaining of vehicle keeper records relating to blue badge fraud investigations. The audit had resulted in a 'green' rating with only one minor recommendation which has already been implemented.

7. Preventative Work

- 7.1 The Council subscribes to the National Anti-Fraud Network (NAFN), which promotes the sharing of information between Authorities and publishes regular bulletins on fraud cases and attempted scams. The Team also receives and circulates intelligence from other organisations such as the National Fraud Intelligence Bureau, CIFAS, Fraud Advisory Service and from neighbouring authorities. Schools are often targeted by fraudsters and use is made of the weekly Schools Bulletin to share fraud alerts.

- 7.2 The Principal Auditor (Corporate Anti-Fraud) is the Yorkshire and Humberside Regional Representative for the 'Fighting Fraud and Corruption Locally' National Operational Group. This group meets quarterly with the aim of identifying new and emerging fraud risks, recognising, and sharing examples of good practice.

- 7.3 Members of the CAFT also attend the:

- North and North West Organised Fraud Investigators Group which discusses the latest fraud threats and trends; and
- South Yorkshire Police District Organised Crime Group Bronze Meetings.

- 7.4 Other work in progress involves:

- participating in a corporate group to consider procurement fraud
- review and development of corporate training material through the POD system

- 7.5 The 2021/22 Fraud Awareness Week is due to take place in November. This corporate exercise is being led and co-ordinated by the CAFT and all Council

Directorates have agreed to participate. The counter fraud activities planned are being linked to the national initiative Fighting Fraud and Corruption Locally (govern, acknowledge, prevent, pursue and protect) and Barnsley 2030 (healthy, learning, growing and sustainable)

- 7.6 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 to 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 Single Person Discount 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
Date: 9th August 2021

Summary of Reactive Work

Fraud Type	b/f from 20/21	Referrals Received	Referrals Total	Referrals Accepted	Referrals Rejected	Investigations Closed	In progress	Frauds No.	Prosecutions No.	Other Action	Value	Notional
Blue Badge	2	2	4	4	0	1	3	1	1	<ul style="list-style-type: none"> • 1 prosecution • 2 cases are currently with Legal Services for prosecution 		
Council Tax	4	1	5	2	3	1	1	0	0	Liability in respect of one account was amended resulting in an increase of CT income being raised		
Council Tax SPD	1	16	17	3	14	0	3	0	0			
CTRS	6	26	32	6	26	0	6	0	0			
Housing Benefit	0	1	1	0	1	0	0	0	0			
Tenancy	10	10	20	10	10	1	9	0	0	<ul style="list-style-type: none"> • The tenancy of one property was terminated 		£93,000
Corporate	4	6	10	10	0	4	6			<ul style="list-style-type: none"> • 1 referral closed due to there being no evidence of fraud; • 1 case was referred to South Yorkshire Police; • 1 referral was forwarded to a different Service to deal with; • 1 employee received a final written warning 		

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Item 9

BARNSELEY METROPOLITAN BOROUGH COUNCIL

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

Report of the Executive Director – Core Services &
Service Director – Finance (Section 151)

CORPORATE FINANCE PERFORMANCE QUARTER ENDING 30TH JUNE 2021

1. Purpose of the Report

- 1.1 To consider the financial performance of the Authority during the first quarter ended 30th June 2021 and assess the implications against the Council's Medium-Term Financial Strategy (MTFS).
- 1.2 This report also provides an update on the ongoing impact of COVID-19 on the Council's 21/22 budget and beyond.

2. Recommendations

- 2.1 It is recommended that Cabinet:

CORPORATE FINANCE PERFORMANCE

- Note the forecast 21/22 General Fund overspend of £22 Million, mostly comprised of the ongoing impact of COVID-19;
- Note the current 21/22 forecast of a balanced position on the Housing Revenue Account;
- Note the overall net impact (after all specific Government funding) of £6.6M;
- Note that this net impact will be funded from resources previously set aside within the 21/22 budget;
- Approve the write off of historic bad debts totalling £0.594M.

CAPITAL PROGRAMME PERFORMANCE

- Note the forecast position on the approved Capital Programme;
- Note the ongoing review of the capital programme.

TREASURY MANAGEMENT

- Note the key messages from the Council's Q1 Treasury Management activities.

3. Overall General Fund Position to the Quarter Ending June 2021

The COVID-19 pandemic is placing a significant strain on the 21/22 revenue budget. The Council is currently reporting an overall projected General Fund revenue overspend for 21/22 of £22M. This is comprised of a forecast overspend on Directorate budgets of £17.8M, and a £4.2M overspend on Corporate budgets.

This position is summarised below with further detail provided where appropriate.

Directorate	Approved Net Budget 2021/22	Projected Net Outturn 2021/22	Variance	Variance Split by:		
				Covid Costs	Covid Income Lost	Business as Usual
	£'000	£'000	£'000	£'000	£'000	£'000
Children's	35,919	38,476	2,557	584	0	1,973
Place	44,798	50,895	6,098	3,623	2,166	309
Adults & Communities	61,974	67,212	5,238	6,719	0	(1,480)
Public Health*	3,694	7,550	3,856	3,856	0	0
Core Services	19,987	20,036	49	140	494	(585)
Service Totals	166,372	184,169	17,797	14,921	2,660	217
Corporate / General Items	20,216	24,423	4,207	4,207	0	0
Sub Total – Council	186,588	208,592	22,004	19,128	2,660	217
HRA	73,098	73,098	0	0	0	0
TOTAL	259,686	281,690	22,004	19,128	2,660	217
COVID-19 Funding	0	-15,871	-15,871	0	0	0
TOTAL			6,133			

* The Public Health outturn includes the cost of the Council's outbreak control, specific funding for which has been received and included in the total Covid 19 Government funding.

- 3.1 The revenue outturn position as at June 2021 is currently reporting a forecast overspend of £22.0M. This overspend is predominately as a result of the ongoing impact of COVID 19; this being summarised in the tables below with further detail provided in the individual Directorate updates in Section 5.

COVID-19 Expenditure

DIRECTORATE	Description	2021/22
		£M's
Children's	Additional Social Workers	0.584
Place	Waste costs, building security and cleaning costs, kick start and business support	3.623

Adults & Communities	Support to the care market and infection control	6.719
Public Health	Outbreak control	3.003
Core Services	IT costs	0.140
Corporate / General Items	Business Support, additional resourcing / resilience, PPE and insurance costs	5.059
	TOTAL	19.128

COVID-19 Income losses

DIRECTORATE	Description	2021/22
		£M's
Place	Car parking, rent relief on commercial properties, training / course fees, culture and sport fee income	2.166
Core	School meals / catering income	0.594
	TOTAL	2.660

- 3.2 The above income shortfall excludes any losses in relation to core taxation (council tax and business rates) where provision has previously been made as part of the 21/22 budget setting process. Council tax collection is currently forecast to be in line with the target of around 96%. However, there is currently a shortfall forecast in business rates collection of 2.4% (current collection rate of 95.09% against a target of 97.5%) which is partly explained by the reduction in reliefs in this financial year. This will be monitored closely as we progress through the remainder of the year.
- 3.3 The overall overspend (£22.0M) will be funded from a combination of specific Government funding received for COVID 19 (£15.9M - see below) with the balance (£6.1M) being funded from resources set aside within the 21/22 approved budget.

COVID 19 Government Support

- 3.4 Government have provided financial support to help Council's through the pandemic. To date, a total of £15.9M of funding is available to support the ongoing costs of COVID 19 in this financial year. This funding is further analysed in the table below:

Support Type	£M	Purpose	Conditionality
Emergency COVID Funding	£5.837	General funding to help councils respond to the pandemic.	No specific conditions attached.
Infection and Prevention Control	£2.632	Funding to help control and prevent infections in care home settings.	Funds required to be spent by 30 th September [on specific interventions].
Outbreak Control & Management	£3.595	Mitigation and management of local outbreaks of COVID-19.	To be used by 31 st March 22 [on specific interventions].
Test and Trace Support	£1.094	Provision to manage the test and trace support programme in Barnsley.	To be used by 31 st March 22 [on specific interventions].

Test and Trace Self Isolation Support	£0.809	Funding to provide financial support to those required to self-isolate.	This funding expires 31 st March 22.
Local Support Grant	£1.116	Funding is to provide support / welfare assistance; specifically, with food & utility costs.	Time limited and specific funding conditions apply.
Income Compensation	£0.400	Compensation for income losses in Qtr. 1 of 21/22.	Subject to final claim which is yet to be submitted.
Community Champions Grant	£0.127	Funding to engage with BAME's and the disabled re Covid.	
Practical Support Grant	£0.261	Practical support for those who are self-isolating e.g. to help with services such as shopping, counselling, befriending, dog walking etc.	
TOTAL	£15.871		

- 3.5 There remains a modest risk of clawback / grants being repaid to Government where timeframes / grant conditions are not met. Specifically, the monies received for Infection and Prevention Control within care settings is predicated on individual care providers evidencing spend on eligible items within the timescales set by Government. Although this is largely outside of the Council's control, colleagues in Adult Social Care and Finance continue to work closely with providers to ensure this funding is maximised as far as is possible.
- 3.6 It remains possible that Government support will be inadequate to cover the full cost of responding to and recovering from the pandemic during this financial year. To mitigate against this risk Cabinet approved the setting aside of specific funding within the 21/22 budget.
- 3.7 This forecast is considered prudent based on the latest 'roadmap to recovery' although this will be kept under close review given the fluid position. To the extent that the above position improves resources may be released for other priorities and / or to support the wider recovery from the pandemic.

CRITICAL SUCCESS FACTORS

- 3.8 The following Critical Success Factors [CSF] measure the financial and commercial performance of the new Council Plan [21-24]:

ID	Critical Success Factor	Q1 Target	Q1 Actual	Q1 Narrative
EB02	% of borrowing to net budget	9.5%	9.37%	The % of debt borrowing costs to net expenditure is higher than previous years due to the requirement to borrow to fund the Glassworks. On the advice of the S151 Officer borrowing outside of

	This indicator shows how much of the Council's budget is being used to fund debt costs.			already approved priorities should be minimised pending the CSR / confidence that risks attached to the funding of debt have been minimised.
EB03	Performance against overall budget This indicator measures the Council's overall financial performance.	100%	88%	The forecast outturn against budget at Q1 is an overspend of £22M or 11.8% over budget. This mainly relates to the ongoing impact of COVID 19. This overspend is fully funded from a combination of grant monies and a separate provision set aside in the 21/22 budget. However, all services should now return spending to within core budgets as the impact of the pandemic subsides. The S151 Officer has requested Executive Directors to establish action plans to mitigate all identified business as usual spending pressures.
GB07	% occupancy of commercial premises This indicator shows how many commercial business properties within Barnsley are currently empty (vacant)	8.8%	9.9%	Total Number of commercial properties per business rate listing is 6,039. Currently 5,442 are occupied (90.1%) and 597 (9.9%) are empty. Some of this is directly related to COVID 19.
	Business Rates Collection Rate This indicator shows the % collection rate against the budget for business rates income	97.5%	95.1%	Business Rates collection is currently forecast to be lower than target due to: - A significant ratepayer (2 nd largest in the Borough) did not make a payment during Q1 reducing the forecast by 0.62%. Payments were subsequently brought up to date in Q2. The entitlement to extended retail leisure and hospitality relief has reduced from 100% to 66% from 1 July 2021 increasing the net collectable debit. The forecast has been updated to reflect the potential risk of non-collection which will be closely monitored over the remainder of the year.
	Council Tax Collection Rate This indicator shows the % collection rate against the budget for council tax income	96%	96.8%	Council Tax collection remains in a strong position and the number of localised council tax support applications has stabilised in Quarter 1. This will be monitored closely as there remains a risk of non-collection / reduced net collectable debit as the furlough scheme is phased out.
EB05	Performance Against Commercial Income Target Holistic overview of all commercially traded income across the council.	100%	88%	A shortfall in commercial income is forecast as a direct result of the ongoing impact of COVID 19. For example, car parking income is predicted to be 20% short of overall target. This and other commercial income streams may improve as we exit restrictions though this will be kept under scrutiny during the remainder of the year.
EB08	Proportion of expenditure with local suppliers The amount of influenceable BMBC expenditure with	30%	34%	£24.1m of influenceable spend with local suppliers against a total spend of £71.5m as at Q1.

	companies that have a Barnsley postcode and therefore meet our local supplier definition. This ties in with our Inclusive Economy agenda to aid economic growth within the Barnsley area.			
HB17	Numbers on local council tax support The number of households claiming Local Council Tax Support.	21,000	23,498	There has been a small reduction in claimants on Local Council Tax Support (LCTS) during the Quarter. However, the number of LCTS claimants remains significantly higher than pre- pandemic levels indicating that jobs / incomes continue to be severely impacted by the pandemic . The current level of claimants is currently being reviewed to ensure there is still an entitlement to LCTS.
	Implementation of Agreed Management Actions	TBD	TBD	This KPI is reported annually.

DIRECTORATE UPDATES

- 3.9 Council services are forecasting a **significant overspend for 21/22 of £17.8M**. This is made up of £17.6M of costs relating to the impact of COVID-19, combined with operational overspends of £0.2M. Details of variances have been split between existing business as usual activities and those relating to COVID-19.

Children's Services Directorate

- 3.10 The Children's Services Directorate is currently forecasting an **overspend of £2.557M**, of which £0.584M is related to COVID-19 pressures, combined with a £1.973M operational overspend.

Children's Services Directorate	Approved Net Budget 2020/21 £'000	Projected Net Outturn 2020/21 £'000	Variance £'000	Variation Split by:		
				Covid Costs	Covid Income Lost	Business as Usual
				£'000	£'000	£'000
Education, Early Start & Prevention	7,602	7,726	124	0	0	124
Children Social Care & Safeguarding	27,688	30,122	2,433	584	0	1,849
Sub-Total	35,290	37,848	2,557	584	0	1,973
Schools	629	629	0	0	0	0
Total – People	35,919	38,476	2,557	584	0	1,973

COVID-19 Costs - £0.584M

- 3.11 A total of **£0.584M** in additional costs are forecast which is attributable to the recruitment of additional Social Worker resource to address increased caseloads brought about by the pandemic.

COVID-19 Income

3.12 The Directorate is not anticipating any COVID 19 income losses.

Business as Usual

3.13 The Children's Services Directorate is forecasting an overspend of £1.973M.

3.14 Children in Care remains an area of concern with a projected overspend of £0.744M. Barnsley's Looked After Children [LAC] population is currently 21 above the target. External residential care is overspent due to several high-tariff placements, combined with an increase in foster care placements. The increasing complexity of the needs of the children is making it more difficult to find appropriate placements and explains the high unit cost (one recent placement costing up to £12k a week as compared to the more usual £3.5k p/w). In addition, there is also slippage in developing the new residential children's home which has resulted in several looked after children staying longer in other higher cost placements than originally envisaged.

3.15 There is also an overspend in Children's Assessment and Care Management [£0.727M] due to the increased cost of one off legal / external counsel support as a result of a rise in care proceedings, combined with an increase in Section 17 support payments.

3.16 Children's Disability & Short Breaks is forecasting an overspend of £0.467M due to an increase in the number of support packages being provided to families with disabled children (18 more since April 2020) combined with a reduction in CCG contributions and increased Section 17 payments.

3.17 Finally, an overspend of £0.124M is forecast within Education, Early Start & Prevention relating to reduced trading income in Inclusion Services [lower income from schools relating to Education Psychology and SEN Support Services], offset partly by vacancies within the Service.

Place Directorate

3.18 The Place Directorate is forecasting an **overspend of £6.098M**, the majority of which (£5.789M) is COVID-19 related.

Directorate	Approved Net Budget 2021/22 £'000	Projected Net Outturn 2021/22 £'000	Variance £'000	Variation Split by:		
				Covid Costs	Covid Income Lost	Business as Usual
				£'000	£'000	£'000
Regeneration & Culture	14,014	17,527	3,513	2,177	1,336	0
Environment & Transport	30,783	33,368	2,585	1,446	830	309
Total Place	44,797	50,895	6,098	3,623	2,166	309

COVID-19 Costs

- 3.19 Regeneration and Culture are forecasting additional costs of £2.177M associated with COVID-19. These include costs associated with extending the Kick Start programme (£0.600M), property related / building adaptations to support strict Government guidelines through to the end of September 21 (£0.531M), additional staffing across the Business Unit (£0.380M), costs associated with a return to adult learning (£0.105M), conducting business health checks (£0.176M), counter terrorism measures (£0.082M) and providing Digital Services (£0.050M).
- 3.20 The pandemic has also resulted in a delay to the town centre buildings review and the delivery of a 21/22 planned efficiency saving (£0.253M).
- 3.21 Environment and Transport continue to incur significant additional costs (£1.446M), primarily due to additional agency / overtime and vehicle costs as a result of ongoing social distancing measures [at Q1] and to provide cover for those staff required to self-isolate (£1.162M). There have also been additional costs incurred at HWRC sites (£0.216M) and additional staffing costs within Street Cleaning and Bereavement Services (£0.068M).

COVID-19 Income

- 3.22 Regeneration and Culture currently forecast a shortfall in income of £1.336M reflecting rent relief provided to support businesses whilst they fully re-open. A shortfall in fees and charges income within Employment and Skills and across the Council's cultural offer is also forecast.
- 3.23 Environment and Transport are anticipating income losses of £0.830M. These losses are predominately associated with an ongoing loss of car parking income (£0.747M). In addition, there are shortfalls anticipated within commercial waste, rental income from fairs / circuses and contributions to day care transport (£0.083).

Business as Usual

- 3.24 Regeneration and Culture are reporting a balanced position on BAU. There is an overspend forecast on the general running costs and under occupancy of buildings (£0.452M) which is currently offset by vacancy management (£0.420M) and underspends on various other items (£0.032M).
- 3.25 Environment and Transport is reporting an overspend of £0.309M mainly due to increased agency and transport costs within the Commercial / Bulky Waste Service, combined with a shortfall in anticipated highways fee income as a result of civil engineering staff vacancies.

Adults & Communities Directorate

- 3.26 The Adults & Communities Directorate is forecasting an **overspend of £5.238M**, of which £6.718M relates to COVID-19 pressures, offset by operational underspends across the Directorate of £1.480M.

Directorate	Approved Net Budget 2019/20 £'000	Projected Net Outturn 2020/21 £'000	Variance £'000	Variation Split by:		
				Covid Costs	Covid Income Lost	Business as Usual
				£'000	£'000	£'000
BU02 – Adult Social Care & Health	55,223	57,890	2,667	3,815	0	(1,148)
BU08 – Safer, Stronger & Healthier Communities	6,751	9,322	2,571	2,904	0	(332)
Total for Directorate	61,974	67,212	5,238	6,718	0	(1,480)

COVID-19 Costs

- 3.27 Additional costs of £3.815M are estimated in relation to continued COVID 19 support for adult social care / care providers. This includes; general support payments to care providers £1.183M, infection control measures £1.563M and support for rapid lateral flow testing within care settings £1.068M.
- 3.28 The Directorate also continues to provide support to the most vulnerable at an estimated cost of £2.904M. This includes providing financial hardship support; ongoing resourcing of the emergency contact centre, funding for charities and voluntary organisations, self-isolation payments and providing food parcels during school holidays (£2.656M). In addition, ongoing support is being provided for the homeless and rough sleepers (£0.248M).

COVID-19 Income

- 3.29 The Directorate is not anticipating any COVID 19 income losses.

Business as Usual

- 3.30 The forecast underspend is mainly due to vacancy/staff turnover savings and reduced operating spend (£1.141M) across a number of services / teams within the Directorate (social worker teams; Reablement; Day Services; and Safe Communities team). This is partly offset by pressures in the Library Service due to not charging for fines (£0.100M). Forecast spend on adult social care provision (i.e. residential / nursing care, Homecare, etc) is currently on target against the budget, however, an increase in client contribution and claw back of direct payment surplus balances is forecast for the year (£0.439M).

3.31 The above reported position, assumes the full commitment of the resources carried forward from 2020-21 and earmarked for specific programmes (e.g. Better Lives Programme) and spend commitments.

Public Health

3.32 Public Health is forecasting an **overspend of £3.856M**, all of which relates to COVID-19 pressures.

Directorate	Approved Net Budget 2020/21 £'000	Projected Net Outturn 2020/21 £'000	Variance £'000	Variation Split by:		
				Covid Costs	Covid Income Lost	Business as Usual
				£'000	£'000	£'000
Public Health	3,694	7,550	3,856	3,856	0	0

COVID-19 Costs

3.33 The Directorate is responsible for delivering the Council's outbreak control plan to support the detection and prevention of COVID 19 across the Borough. Specific funding allocations totalling £4.690M have been provided by Government to support these costs together with costs currently recorded against other directorates (e.g. social distancing in public buildings and waste services) which are included within the Council's overall costs reported for COVID 19.

COVID-19 Income

3.34 No income losses are anticipated associated with the COVID 19 pandemic.

Business as Usual

3.35 A balanced position is forecast for business as usual activities within the Directorate. A detailed review and re-configuration across the Public Health Directorate is currently underway to ensure resources are aligned to priorities in a sustainable way. The outcome of this will be reported in future updates.

Core Directorate

3.36 The Core Services Directorate is forecasting a **minor overspend of £0.049M**, of which £0.634M relates to COVID-19 pressures, offset by operational underspends of £0.585M.

Directorate	Approved Net Budget 2020/21 £'000	Projected Net Outturn 2020/21 £'000	Variance £'000	Variation Split by:		
				Covid Costs	Covid Income Lost	Business as Usual
				£'000	£'000	£'000
IT	6,851	6,971	120	120	0	0
Finance	2,859	2,920	61	0	340	(279)
Business Imp, HR & Comms	4,984	4,818	(166)	16	54	(236)
Legal Services	1,219	1,371	152	0	100	52
Council Governance	4,073	3,955	(118)	4	0	(122)
Total – Core	19,987	20,036	49	140	494	(585)

COVID-19 Costs

3.37 Additional cost pressures of £0.140M relate to additional spend on the Digital First SAP Success Factors project which has been delayed due to the pandemic, combined with additional costs for Occupational Health Unit referrals.

COVID-19 Income

3.38 The Core Directorate is anticipating income losses of £0.494M, predominately related to reduced income from school meals because of school / bubble closures (£0.340M). Other losses relate to a shortfall in court fee income due to reduced activity (£0.100M) and training fee income within Health and Safety / other minor income losses (£0.054M).

Business as Usual

3.39 An operational underspend of £0.585M is forecast, which is mainly comprised of staff turnover and vacancy management (£0.634M) pending restructures later in the year and an underspend in the cost of servicing elections (£0.114M). This is partly offset by under achieved income (£0.161M) relating to the suspension of the 2020 YPO dividend (which is paid the following year), although it is anticipated that this may now be received later in the year based on recent YPO trading results.

Corporate Budgets

3.40 Corporate budgets are forecast to **overspend by £4.207M** entirely as result of costs associated with COVID 19. These costs include provision to support the ongoing economic recovery (£2.0M), the cost of PPE (£0.305M), a provision for increased insurance premium costs (£0.5M) and other miscellaneous corporate costs (£0.271M). In addition, provision has been made for additional staffing resources / resilience across the Council should this be required beyond the end of September 21 (£1.131M).

Housing Revenue Account (HRA)

3.41 The HRA is currently forecasting a balanced position for 21/22.

4. Overall Capital Programme Position as at the end of June 2021

The position on the Council's Capital Programme for 21/22 is currently projected to be an overall lower than anticipated expenditure of £2.4M.

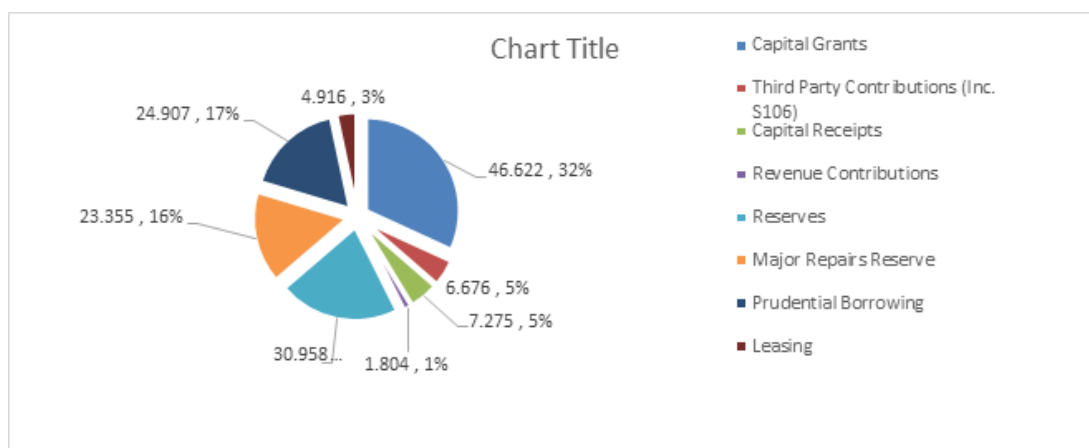
This predominately relates to scheme slippage of £2.1M, together with a reduction in anticipated scheme costs of £0.3M.

A number of new schemes have also been released / approved to commence during the Quarter.

4.1 The Council's capital programme is planned over the five-year period 21/22 through 26/27 and has a total estimated cost of £149.2M. The cost in 21/22 totals £146.5M as highlighted in the table below:

<u>Directorate</u>	2021/22 Capital Programme £M	Later Years' Capital Programme £M	Total Capital Programme £M
Children's Services	2.392	-	2.392
Place	105.269	2.689	107.958
Adults & Communities	9.355	-	9.355
Core Services	3.195	-	3.195
Housing Revenue Account	26.302	-	26.302
Total	146.513	2.689	149.202

4.2 The above costs are to be funded from a variety of sources as highlighted in the chart below, the majority of which are from numerous external grants and reserves specifically earmarked for capital priorities:



Key Messages

Scheme Slippage

4.3 There has been programme slippage of £2.1M during the Quarter, mainly as a result of a delay in appointing the main contractor to construct the Glassworks Market Gate Bridge (£2.0M). The contract has now been issued and the

construction programme is in the process of being finalised with an anticipated start date of December 21.

Variation in Scheme Costs

- 4.4 Reduction in scheme costs of £0.3M have been identified during the quarter, predominately relating to the provision of SEND Heart space at Penistone Grammar School. This savings is from the original scheme at Penistone which has subsequently been replaced with a larger scheme at the site [already included in the programme].

New Scheme Approval

- 4.5 The table below details the investments which are to be progressed in the next period, subject to relevant business cases and formal approvals / reports.

Investment Scheme	Directorate	Value £M
Playground safety / resurfacing	Place	0.080
Crematorium reception replacement	Place	0.130
Allotment improvements	Place	0.250
Investment in WIFI connectivity at visitor attractions	Place	0.500
Safety and efficiency focused Telematics System	Place	0.100
New Children's Home	Children's	1.000
New IT Infrastructure	Core	1.065
Fire safety works	HRA	0.100
Sprinkler installation scheme	HRA	0.350
Lang Avenue flooding resilience works	HRA	1.007
Social housing decarbonisation fund	HRA	0.800
Energy efficiency: air source heat pumps / decarbonisation	HRA	1.100
Total Investment		6.482

External funding currently being progressed

- 4.6 As part of the Council's external funding strategy work is ongoing to maximize all available external funding opportunities:

Future High Street Fund

£15.625M has been secured to support works at the Glassworks and The Seam (Active Travel Hub and Multi Storey Car Park). The first wave of funding, £4.337M has been received with the remainder expected over the following two years, £2.059M in 22/23 and £9.229M in 23/24.

Levelling UP Fund

Bids of £19.837M for Elsecar and £19.668M for the Town Centre have been submitted to Government in June 21. The outcomes are expected to be announced in September 2021.

Transforming Cities Fund [TCF] and Active Travel (SCR Bids)

A £230M Sheffield City Region (SCR) bid has been put forward to Government, of which some £27M (£26.2M for TCF schemes and £1.1M for the Active Travel Hub) relates to transport schemes in Barnsley. The funding is to deliver a range of transport initiatives which directly contribute to public transport and active travel improvements. This funding has been secured in principle including £2.8M related to the Market Gate Bridge.

European Structural and Investment Funds (ESIF)

£7.884M has been awarded to support business productivity comprised of both cash grants and advice. £5.4M will be awarded as grants across South Yorkshire, with £2.7M of this funding being awarded to Barnsley businesses.

Ministry of Housing, Communities and Local Government – Brownfield Sites

£40M is to be passed directly to SCR (£8M per year over a 5-year period) to develop housing on brownfield sites. Several outline submissions have been made to SCR with decisions pending.

5. Treasury Management update as at end of June 2021

Economic Summary

- The UK Bank Rate remained at 0.1% during the quarter;
- There was a slight downward trend in PWLB borrowing rates over the first quarter;
- The annual inflation rate in the UK rose to 2.1% year on year in May 2021 (from 1.5% in April 2021).

Borrowing Activity

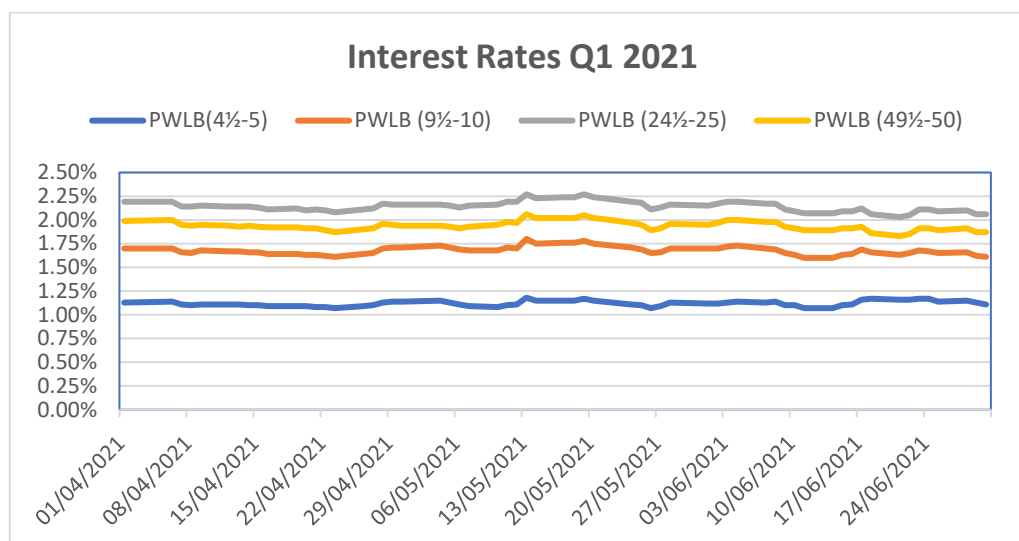
- No new borrowing was undertaken during the quarter in line with the agreed TM Strategy;
- An external borrowing requirement of up to £205 Million has been identified by the end of 2023/24;
- Of this, £108 Million would need to be addressed through fixed rate borrowing in order to meet the Council's agreed interest rate exposure targets.

Investment Activity

- There was a net increase in investment balances of £29.9 Million during the Quarter;
- Security and liquidity remained the key priorities, and with this in mind an appropriate balance of cash was deposited in secure Money Market Funds and instant access accounts;
- The main bulk of transactions during the quarter related to short term deposits as officers continued to take advantage of the competitive rates offered on short term local authority investments.

Key Messages – Economic Summary

- 5.1 Interest rates continue to be monitored closely. The chart below illustrates a slight downward trend in PWLB borrowing rates during the quarter.

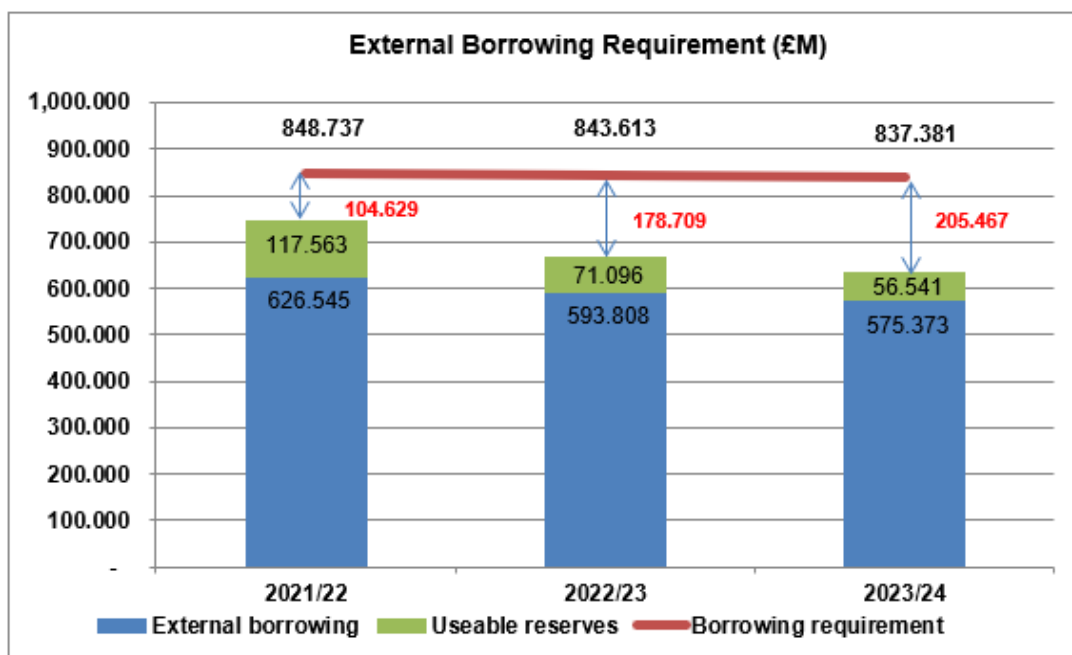


- 5.2 Inflation is forecast to rise in the short-term, although the Council's Treasury Advisers consider this to be a temporary phenomenon and expect it to ease back towards the Central Bank target of 2% by the end of 2022/23.
- 5.3 Given the current outlook for interest rates (shown in the table below), the latest forecasts for the 50-year PWLB interest rate is an increase from 2.00% to 2.20% in March 2022, and then to 2.30% in March 2023. An upward movement in the 50-year PWLB rate may trigger earlier than planned fixed rate borrowing to take advantage of the current low interest rate environment & to deliver the central strategy of debt cost certainty over the longer term. The position will be monitored very closely over the next few months.

	Latest Interest Rate Projections* (Link Asset Services)					
	Latest	Sep-21	Mar-22	Sep-22	Mar-23	Sep-23
UK Base Rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%
PWLB Certainty (50 Years)	1.87%	2.00%	2.20%	2.20%	2.30%	2.30%

Key Messages – Borrowing Activity

- 5.4 As outlined previously the Council's borrowing strategy is to limit its exposure to interest rate risk whilst maintaining an appropriate level of internal borrowing* in order to reduce its financing costs.
- 5.5 Over the next 3 financial years it is anticipated that the Council will need to borrow up to £205M. A breakdown of this borrowing requirement has been provided in the table below:

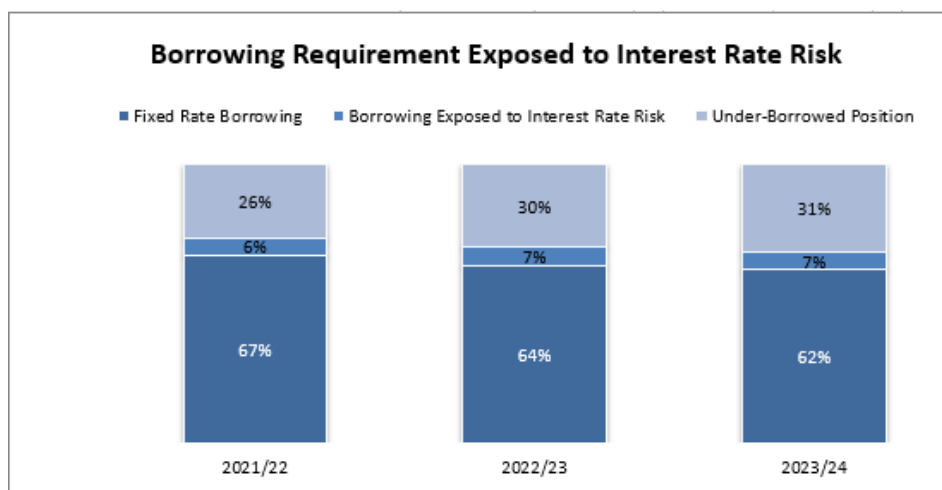


Projected external borrowing requirement 2021/22 – 2023/24		£M
Planned capital investment		24.907
Maturing loans / reduced support from useable reserves		195.560
Amounts set aside to repay debt		(15.000)
Total		205.467

5.6 The Council is committed to maintaining its exposure to interest rate risk within the limits set out below.

Interest Rate Risk Exposure	2021/22	2022/23	2023/24
Limit on Variable Rate Borrowing / Unfinanced CFR	35%	30%	25%

5.7 To deliver against this strategy, it is anticipated that the Council will need to fix out an additional £108M by the end of 2023/24. There is no immediate requirement to do this now as the interest rate exposure targets for 21/22 have already been achieved. However, given the current outlook for interest rates, there is an option to bring some of the fixed rate borrowing requirement forward to benefit from the current low interest rate environment before rates begin to move upwards.



	2021/22 (£M)	2022/23 (£M)	2023/24 (£M)
Fixed Rate Borrowing Requirement (Cumulative)	-	57.493	107.663
Temporary Borrowing Requirement (Cumulative)	104.629	121.216	97.804
Total	104.629	178.709	205.467

Key Messages - Investments

- 5.8 The Council's investment strategy remains to minimise credit risk and ensure that its cash balances are invested prudently and are available when needed to meet its spending commitments.
- 5.9 To reflect this strategy, officers continue to place investments in secure Money Market Funds and instant access accounts. The Council has also placed a significant level of short-term deposits with reputable banks and other local authorities to help to spread counterparty risk.

Background Information – available on request

Corporate Finance Performance Q1 – detailed report
Capital Programme Update Q1 – detailed report
Treasury Management Update Q1 – detailed report

Neil Copley 6.8.2021

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AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME

2021/2022 Municipal Year

	Mtg. No.	1	2	3	Dev. Mtg.	4	5	6	7	1
Committee Work Area	Contact / Author	02.06.21	28.07.21	15.09.21	13.10.21	17.11.21	19.01.22	16.03.22	13.04.22	01.06.22
Committee Arrangements										
Committee Work Programme	AS	X	X	X		X	X	X	X	X
Minutes/Actions Arising	WW	X	X	X		X	X	X	X	X
Review of Terms of Reference	AS				X					
Self-Assessment Review	AS				X					
Internal Control and Governance Environment										
Local Code of Corporate Governance	MMc/AS						X			
Annual Governance Review Process	AS						X			
Annual Governance Statement (Draft/Final)	AS		X(D)			X(F)				
AGS Action Plan Update	AS	X		X		X		X		X
Anti-Fraud										
Annual Fraud Report	RW	X								
Corporate Anti-Fraud Strategy	RW							X		
Corporate Fraud Team - Report	RW			X				X		
Corporate Risk Management										
Risk Management Policy & Strategy	AS								X	
Annual Risk Management Report	AS	X								X
Strategic Risk Register	AS	X	X	X		X	X	X	X	X
Internal Audit										
Internal Audit Charter (Annual)	RW	X								X
Internal Audit Consultation / Plan	RW	X					X		X	X
Internal Audit Quarterly Report	RW		X			X		X		
Internal Audit Annual Report (Interim / Final)	RW	X (I)		X(F)						X
Internal Audit EQA Report	NC			X						

[illegible]

	Mtg. No.	1	2	3	Dev. Mtg.	4	5	6	7	1
Committee Work Area	Contact / Author	02.06.21	28.07.21	15.09.21	13.10.21	17.11.21	19.01.22	16.03.22	13.04.22	01.06.22
Business Continuity/Emergency Resilience (Annual)	MP/SD									
Procurement (Annual)	NC/CA									
Performance Management (Annual)	MP/MR						X			
Asset Management (Annual)	DS	X								
Ethical Framework (Annual)	SLa/RW									
Equality and Inclusion (Annual)	MP/HD						X			
Partnerships (Annual)	MMc									
Local Government and Social Care Ombudsman Decision on Planning Complaint	KMcA		X							
Local Government and Social Care Ombudsman Annual Letter	MP/KL			X						

Strategic Risk Presentations

Risk	SMT Lead	02.06.21	28.07.21	15.09.21	13.10.21 (Dev. Mtg.)	17.11.21	19.01.22	16.03.22	13.04.22	01.06.22
Community Cohesion	WL	X								
Safeguarding Children	MJ-R		X							
SEND	MJ-R		X							
Glassworks	MG			X						
Serious Economic Downturn in Local Economy	MG			X						
Partnership and Collaboration Governance	SLa					X				
Health Protection (CV19)	JB					X				
Organisational Resilience	SLa					X				
Financial Sustainability	NC						X			
Safeguarding Adults	WL						X			
External Market in Adult Social Care Provision	WL						X			
Educational Outcomes Progress	MJ-R							X		
Consistency of Decision Making	SLa							X		

Training / Awareness Sessions

Subject / Theme	Contact / Author	02.06.21	28.07.21	15.09.21	13.10.21 (Dev. Mtg.)	17.11.21	19.01.22	16.03.22	13.04.22	01.06.22
Lessons from Public Interest Reports (Croydon & Nottingham)	GT / NC	X								
Finance Update	NC		X							
Treasury Management Presentation	IR/NC					X				
Commercial Strategy										
Council Plan										
Role of the Monitoring Officer										
SCRMCA				X						

Training and awareness sessions to be confirmed as the year progresses.