

MEETING:	Audit and Governance Committee
DATE:	Wednesday 31 May 2023
TIME:	2.00 pm
VENUE:	Reception Room - Barnsley Town Hall

AGENDA

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Minutes (*Pages 3 - 10*)
To receive the minutes of the meeting held on 15 March 2023.
3. Appointment of Vice Chair
4. External Audit Annual Report VFM 2021/22 (*Pages 11 - 54*)
5. External Audit Plan 2022/23 (*Pages 55 - 80*)
6. Information Governance/Cyber Security Update (*Pages 81 - 88*)
7. Data Protection Officer Assurance Report (*Pages 89 - 92*)
8. Confidential Reporting (Whistleblowing) Annual Report (*Pages 93 - 96*)
9. Strategic Concerns/Risk Register (*Pages 97 - 98*)
10. Annual Risk Management Report (*Pages 99 - 104*)
11. Internal Audit Charter 2021-24 (*Pages 105 - 120*)
12. Global IA Standards (*Verbal Report*)
13. Audit Committee Work Plan 2023/24 (*Pages 121 - 128*)

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

Councillors Lofts (Chair), Barnard, Richardson and Wray; together with Co-opted members Dr R Adams, Ms K Armitage, Mr G Bandy, Mr P Johnson and Mr S Wragg

Sarah Norman, Chief Executive

All Executive Directors

Wendy Popplewell, Executive Director Core Services

Neil Copley, Director of Finance (S151 Officer)

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

Alison Salt, Corporate Governance and Assurance Manager

Sukdave Ghuman, Service Director Law and Governance (Monitoring Officer)

Michael Potter, Service Director Business Improvement, HR and Communications

Council Governance Unit – 3 copies

Please contact Daisy Thorpe on email governance@barnsley.gov.uk

Tuesday 23 May 2023

MEETING:	Audit and Governance Committee
DATE:	Wednesday 15 March 2023
TIME:	2.00 pm
VENUE:	Council Chamber, Barnsley Town Hall

MINUTES

Present Councillors Lofts (Chair), Barnard and Richardson together with Independent Members - Ms K Armitage, Mr G Bandy, Mr S Gill, Mr P Johnson and Mr S Wragg

74. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

75. MINUTES

The minutes of the meeting held on the 18 January 2023 were taken as read and signed by the Chair as a correct record.

76. EXTERNAL AUDIT PROGRESS REPORT

Members received the report from representatives of Grant Thornton, external auditors; Gareth Mills (Key Audit Partner and Engagement Lead) and Thilina De Zoysa (Engagement Senior Manager). The report provided Members with an update on the external auditor's progress in delivering their Audit Code responsibilities.

Members were advised the audit of the 2021-22 accounts had concluded in January 2023, which was ahead of other comparable authorities. It was highlighted that the work on Value for Money was on track for a March 2023 conclusion and that this information would be circulated informally to Members on completion before being formally presented at the next meeting of the Audit and Governance Committee.

It was explained to Members that the 2022-23 accounts deadline set by national government was September 2023 and that assurance could not be given that this would be met. A November 2023 completion date was set by Grant Thornton as a realistic target. Members were signposted to Appendix A of the report which set out some of the challenges faced by local authorities across the country in meeting deadlines for the publication of audited accounts.

RESOLVED:-

1. That the External Audit Progress report be noted; and
2. That the Value for Money report be circulated to Members ahead of the next meeting of the Audit and Governance Committee; and

3. That the Head of Internal Audit, Anti-Fraud and Assurance work with Governance colleagues to ensure meeting dates of the Committee in late 2023 were scheduled to compliment Grant Thornton's report publication timetable.

77. STRATEGIC RISK - FINANCIAL SUSTAINABILITY

Members received the report of the Director of Finance to provide an update on the Council's Financial Sustainability Strategic Risk, in particular referencing the 2023/24 Budget, Council Tax Setting and updated Medium Term Financial Strategy for the period covering 2023-2026.

During Member discussion it was raised that some schools across the borough were under significant financial pressure and questioned whether this could have budgetary impacts. Members additionally advised that negative feedback had been received due to school budgets being linked to SEND provision, despite fixed costs being consistent. The Council was working with schools to overcome budget challenges, but ultimately support would not be funded by the Council. It was advised that the Head of Internal Audit, Anti-Fraud and Assurance was to meet with the Executive Director Children's Services to look at working with a cluster of schools on identifying where efficiencies could be made.

An additional query raised by Members related to the local government finance settlement and monies being set aside. It was advised that the only element not allocated in the budget was a general social care grant of £7 million which was being held back.

RESOLVED:-

1. That the report be noted; and
2. That the Director of Finance arrange a briefing to Members on the detailed content of the report.

78. STRATEGIC CONCERNS/RISK REGISTER

Members received the report of the Head of Internal Audit, Anti-Fraud and Assurance to introduce the next scheduled strategic risks to consider. These risks were presented by the Director of Finance and were Financial Sustainability (considered as part of the MTFS Report to the Committee) and Threat of Fraud.

Members were informed that the online training provision for officers on the topic of general anti-fraud awareness had recently been refreshed and that specific training on procurement fraud risk was being developed. Engagement with the Communications and Marketing Service was underway to ensure there was a general awareness of the risk of fraud, with various events and campaigns planned throughout 2023.

Cyber risk was identified as key and work was underway to prepare the Council for “when” this were to happen, rather than “if”. Members were advised that some cyber attacks had left Councils inoperable for months and therefore this work was a major focus in terms of resilience. An exercise had taken place with senior officers as a means of conveying that cyber risk was service-owned and not the sole responsibility of IT colleagues.

During Member discussion, it was questioned as to what work internal audit undertook to address financial sustainability. Members were advised that this was captured in transformation work and that this work aimed to elicit as much efficiency and effectiveness over its course. If a service was particularly large, complex, or transformative then time would be provided to support this transformation. Regular discussions were taking place on strategic oversight and planning, to ensure an effective response and diversion of resources where required.

Members additionally discussed the threat of fraud and the counter to this being related to a zero tolerance Council culture. It was questioned as to whether this was already strong among the workforce or whether it was something that needed addressing to counteract existing behaviour. Members were advised that a Governance and Ethics Board of officers had been created to identify and discuss issues, with one of the unfortunate issues being the risk of a small minority who were opportunistic or driven by external factors to commit fraud.

RESOLVED that the update be noted.

79. CORPORATE FINANCIAL PERFORMANCE - QUARTER 3 2022/23 (FOR INFORMATION ONLY)

Members received the report of the Service Director – Finance (Section 151 Officer) to consider the financial performance of the Authority during the third quarter ended 31st December 2022 and assess the implications against the Council’s Medium-Term Financial Strategy (MTFS). £12 million budget pressures were being faced which had been fully funded by reserves set aside.

During Member discussion it was queried as to whether budget had been set aside for agency staff payments given recruitment issues. This was confirmed as having been factored into forward budgets.

RESOLVED that the update be noted.

80. INTERNAL AUDIT PROGRESS REPORT 2022/23 - 31ST OCTOBER, 2022 TO 19TH FEBRUARY, 2023

Members received the report of the Head of Internal Audit, Anti-Fraud and Assurance to provide a summary of the Internal Audit activity completed, and the key issues arising from it, for the period from 31st October to 19th February 2023.

RESOLVED:-

1. That Members considered the issues arising from completed Internal Audit work in the period along with the responses received from management; and
2. 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 be noted; and
3. That the progress against the Internal Audit plan for 2022/23 for the period be noted.

81. CORPORATE ANTI-FRAUD TEAM PROGRESS REPORT - MARCH 2023

Members received the report of the Head of Internal Audit, Anti-Fraud and Assurance which provided an account of the work of the Corporate Anti-Fraud Team.

RESOLVED:-

1. That Members note the progress report and are assured of the effectiveness of the work of the Corporate Anti-Fraud Team; and
2. That Members should continue to receive regular progress reports on internal and external fraud investigated by the Corporate Anti-Fraud Team.

82. CORPORATE ANTI-FRAUD STRATEGY 2021-2024

Members received the report of the Head of Internal Audit, Anti-Fraud and Assurance to present the proposed Corporate Anti-Fraud Strategy for the Committee's consideration and comment. Members were advised that this was an annual update and that the national Fighting Fraud and Corruption Locally strategy had been utilised, as the recommended framework for local authorities to adopt.

Members queried outcomes on the proceeds of crime and were advised that at criminal prosecution stage investigations were taken over by South Yorkshire Police. No recent investigations had triggered that result.

Members were signposted to Appendix A, which detailed real savings arising from the work undertaken.

RESOLVED that the proposed Corporate Anti-Fraud Strategy be noted, and that Members are assured that it provides the appropriate framework to direct anti-fraud activity over the next 12 months.

83. HEALTH AND SAFETY REPORT 2021/22

Members received the report of the Head of Corporate Health, Safety and Emergency Resilience to provide an update on progress against the actions identified within the report.

In presenting the report, the Head of Corporate Health, Safety and Emergency Resilience signposted members to the 3 priorities identified. Work was ongoing to aid reduction of some to the bureaucracy around audit and risk assessments, it was advised risk assessment compliance had improved and projected that campaigns planned would help improve this further. The program of service audits commenced in mid-2022 and all had been deemed “satisfactory” at audit stage. Every service had been provided with a prioritised action plan to work through where appropriate.

Members challenged the figures on violent incident reporting in primary schools against a zero figure for secondary schools. It was explained that as the authority only managed this data from one secondary school, there were no figures to report. Members were also advised that the figure reported wasn’t an outlier and there had always been a degree of violence and aggression reported in schools. Members discussed how data broken down by whether these violent incidents were initiated by parents, pupils or staff would be useful.

During Member discussion, it was queried why a priority was to increase incident report rather than reducing incidents. It was explained that minor incidents are experienced by Council employees daily and go unreported, skewing the data and health and safety work. Members additionally highlighted figures where managers had stated there was no risk assessment available. This was explained as a potential misunderstanding of the form during completion and that in the majority of incidents some form of risk assessment was indeed available.

RESOLVED:-

1. That the report be noted; and
2. That the actions identified in the Executive Summary of the Health and Safety Report 2021-2022 be noted.

84. REVISED CIPFA GUIDANCE FOR AUDIT COMMITTEES IN LOCAL GOVERNMENT

Members received the report of the Head of Internal Audit, Anti-Fraud and Assurance which reminded Members that the CIPFA Guidance for Audit Committees in Local Government was considered at the previous meeting of the Audit and Governance Committee. The report provided an update on the proposals to meet the requirements of the CIPFA guidance, taking account of feedback from committee members.

RESOLVED that the proposed actions in Appendix 1 to meet the requirements of the CIPFA guidance be agreed.

85. AUDIT COMMITTEE WORK PLAN 2022-23

Members received the report of the Head of Internal Audit, Anti-Fraud and Assurance to share the current version of the work plan and to note any amendments.

RESOLVED that the work plan for meetings of the Audit and Governance Committee be noted.

86. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED that the public and press be excluded from the meeting during consideration of the following items, because of the likely disclosure of exempt information as described by the specific paragraphs of Part I of Schedule 12A of the Local Government Act 1972 as amended, as follows:-

<u>Item Number</u>	<u>Type of Information Likely to be Disclosed</u>
87	Paragraph 7
88	Paragraph 7
89	Paragraph 3

87. DRAFT INTERNAL AUDIT PLAN 2023-24

Members received the report of the Head of Internal Audit, Anti-Fraud and Assurance to advise of the proposed Internal Audit Plan for 2023-24. The plan had been drafted, following consultation with individual Directorate Management Teams (DMTs), Senior Management Team (SMT) and the Audit and Governance Committee, to ensure that the plan was focused on priority areas. The consideration and approval of the audit plan was one of the key responsibilities of the Audit and Governance Committee.

RESOLVED:-

1. That the draft Internal Audit plan 2023-24 is approved, acknowledging the need for the Head of Internal Audit, Anti-Fraud and Assurance to exercise his professional judgement during the year to apply the Plan flexibly according to changes in priority, risk and the audit resources available; and
2. That the Committee were to receive quarterly monitoring reports from the Head of Internal Audit, Anti-Fraud and Assurance to demonstrate progress against the plan including information where the plan had materially varied from the original plan.

88. COUNTER FRAUD PLAN 2023-24

Members received the report of the Head of Internal Audit, Anti-Fraud and Assurance to inform the committee of the Corporate Anti-Fraud Team's plan for 2023/24.

RESOLVED:-

1. That the Corporate Anti-Fraud Team (CAFT) plan 2023/24 is agreed, acknowledging the need for the Head of Internal Audit, Anti-Fraud and Assurance to exercise his professional judgement during the year to apply the

plan flexibly, allowing for planned proactive or detective days to be diverted to respond to reactive investigation work as required; and

2. That the Audit and Governance Committee were to receive regular monitoring reports from the Head of Internal Audit, Anti-Fraud and Assurance to demonstrate progress against the plan including information where the plan has materially varied from the original plan; and
3. That Members were to continue their support in embedding a culture of zero tolerance and high levels of awareness regarding fraud and corruption.

89. GLASSWORKS - UPDATE

Members received a verbal update from the Service Director Regeneration and Culture on leasing of units at The Glass Works and work being conducted to tackle unoccupied town centre retail premises, i.e., voids.

RESOLVED:-

1. That the report be noted; and
2. That the Service Director Regeneration and Culture schedule a visual presentation on this topic to Members.

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Chair

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Auditor's Annual Report on Barnsley Metropolitan Borough Council

2021-22 VFM arrangements

28 April 2023





We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2021-22 is the second year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We considered the Council's arrangements in respect of:

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness.

Our conclusions are summarised in the table below along with our findings from last year to show the direction of travel.

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Criteria	Risk assessment	2020-21 Auditor Judgment	2021-22 Auditor Judgment	Direction of travel
Financial sustainability	No risks of significant weakness identified	A No significant weaknesses in arrangements identified. Improvement recommendations raised.	A No significant weaknesses in arrangements identified. Some improvement recommendations have been made.	↔
Governance	No risks of significant weakness identified	A No significant weaknesses in arrangements identified. Improvement recommendations raised.	A No significant weaknesses in arrangements identified. Some improvement recommendations have been made.	↔
Improving economy, efficiency and effectiveness	Ongoing significant weakness identified in relation to the Ofsted/CQC report on SEND, issued in November 2021.	R Significant weaknesses in arrangements identified and key recommendation made in relation to the findings from Ofsted/CQC on SEND.	R The ongoing significant weakness in arrangements as at 31 March 2022 regarding findings from Ofsted / CQC on SEND with associated ongoing key recommendation. We note the actions taken by the Council in response to the findings, but no formal follow up inspection by the regulatory bodies had occurred at 31 March 2022. In addition, one improvement recommendation has been made.	↔

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

1. Executive summary (continued)

Overall Summary

Like many other local authorities, the Council continues to face increasing demands on its services with the context of a challenging and uncertain financial environment. Our work indicates the Council continues to face these challenges with resilience. The recent announcement that the Council was awarded £22.9m in 'safety valve' funding to deal with its significant deficit on the Dedicated Schools Grant reserve was a good outcome for the Council and a positive reflection of the Department for Education's (DfE) assessment of the Council's arrangements.

The Council has been nominated and shortlisted for the 'Council of the Year' award in the 2023 Local Government Chronicle awards, with an announcement expected in June. Governance arrangements continue to be appropriate. The only significant weakness we have identified is in relation to the ongoing findings of the Ofsted/CQC inspection into Special Educational Needs and/or Disabilities (SEND) services in the borough from 2021, which remain relevant to this review of the Council's arrangements to 31 March 2022. We note the actions taken by the Council in relation to the Review, however, no formal follow up by the regulatory bodies had occurred as at 31 March 2022. We have identified a small number of improvement recommendations to further enhance the Council's finance, governance and performance arrangements, and also followed up the recommendations raised in the prior year within Section Eight of this report.

Financial sustainability

The Council has a good track record of delivering a balanced financial position over a number of years. For 2021-22, the Council delivered a general fund underspend outturn of £4.9m on business as usual services after c£26m Covid-19 funding. It was agreed that this underspend would be earmarked and carried forward for future Council expenditure through the Medium Term Financial Strategy (MTFS).

The Council approved the 2022-23 budget in February 2022. However, since the approval of the 2022-23 budget, the financial outlook has worsened with inflation posing a real risk alongside rising energy prices and a higher than anticipated pay award. The impact of rising energy, fuel and other prices is directly impacting on both the Council's revenue and capital budgets for 2022-23. The Quarter 3 Corporate Finance Performance Report for 2022-23, presented to the Cabinet on 8 March 2023, noted a projected additional overspend of £12.1m. According to this report, this is to be funded from reserves in 2022-23. The Council is continuing to look at ways to manage the additional costs in 2022-23 and beyond.

Despite the Council's good record on financial sustainability, it is better placed than many authorities to meet the economic challenges currently facing the local authority sector. As such our work has not identified any significant weaknesses in arrangements to secure financial sustainability. However, regular overspends of the level quoted in the Q3 Finance Report would quickly start to impact on the Council's financial position, therefore this should be closely monitored by Members.

We have raised two improvement recommendations to further strengthen the Council's current arrangements around financial sustainability. They cover the identification and reporting of savings requirements and enhancing capital programme reporting. Further details can be seen on pages 9-18 of this report.

Governance

Overall the Council continues to have appropriate governance arrangements in place. The Council has risk management and monitoring arrangements in place that are regularly reviewed to detect, update and mitigate risks.

Our work has not identified any significant weaknesses in the governance arrangements at the Council. However, we have raised two improvement recommendations to further strengthen Council's governance arrangements in respect of ensuring the Council considers its group entities when drafting the Annual Governance Statement and also on further enhancing arrangements in relation to providing satisfactory remedies to complainants, before matters are raised and escalated to the Local Government and Social Care Ombudsman. Further details can be seen on pages 19-26 of this report.

Improving economy, efficiency and effectiveness

The Council has demonstrated an appropriate understanding of its role in securing economy, efficiency and effectiveness in its use of resources. The only significant weakness we have identified is in relation to the findings of the Ofsted / CQC inspection on SEND from November 2021. We reported this in our 2020-21 Auditor's Annual Report (AAR) in March 2022. However, it remains relevant to our 2021-22 review of the Council's arrangements to 31 March 2022 as the inspection was conducted and reported during 2021-22 financial year and no formal follow up by the regulatory bodies had occurred as at 31 March 2022.

We have noted the actions taken in relation to the findings from the SEND review in this report and will continue to monitor this matter as part of our 2022-23 VFM work. We have not identified any other significant weaknesses in arrangements or need for any other key recommendations in relation to improving economy, efficiency and effectiveness. However, we have made one improvement recommendation to further strengthen Council's procurement arrangements. Further details can be seen on pages 27-33 of this report.



We issued an unqualified 'clean' audit opinion on the Council's financial statements on 20 January 2023, following the publication of the Statutory Instrument on infrastructure assets accounting.

Our findings are set out in further detail on section 2.

2. Opinion on the financial statements and use of auditor's powers

Audit opinion on the financial statements

We issued an unqualified 'clean' audit opinion on the Council's financial statements on 20 January 2023, following the publication of the Statutory Instrument on infrastructure accounting. Our audit work was completed by the end of November 2022 as planned, with the exception of the national issue on infrastructure.

Other key findings

We have not identified any significant findings in relation to other information produced by the Council, including the Narrative Report and Annual Governance Statement.

Audit Findings (ISA260) Report

More detailed audit findings can be found in our ISA260 Report, which was reported to the Council's Audit and Governance Committee on 16 November 2022 and the final ISA260 Report dated and issued on 20 January 2023, coinciding with the date of our audit opinion on Council's financial statements.

Preparation of the accounts

The Council provided draft accounts in line with the national deadline and provided a good set of working papers to support it. The Council's finance team demonstrated a good level of engagement in the 2021-22 audit process and throughout the year. This is something we have come to expect from the Barnsley finance team and this helped to ensure the audit process progressed smoothly.

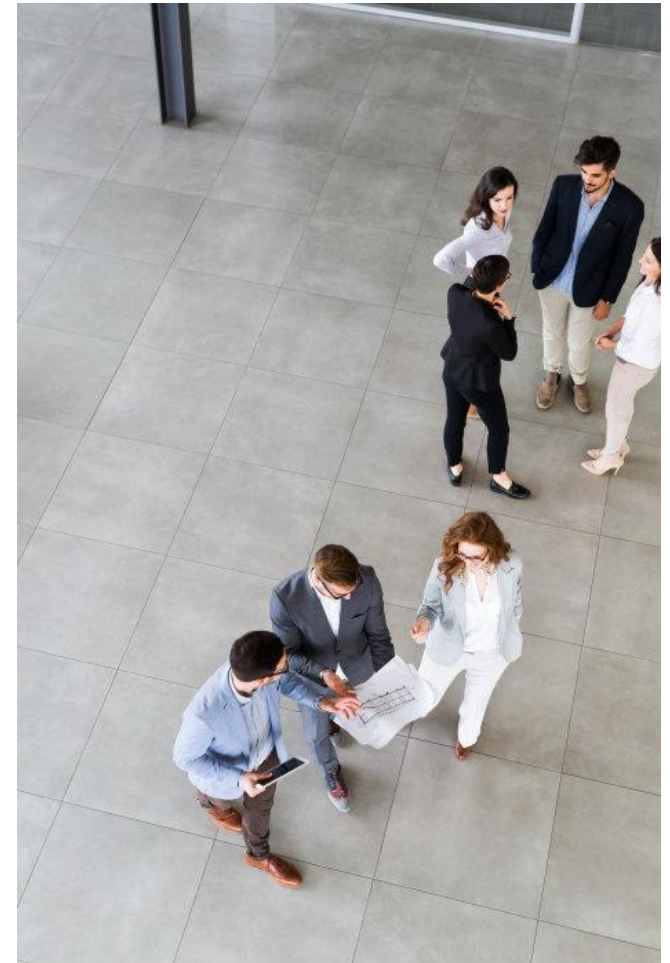
Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office (NAO).

The WGA audit guidance for 2021-22 was recently issued and, as in the prior year, the Council falls below the threshold for detailed audit procedures. We completed the high-level assurance statement on the WGA consolidation pack in line with the national guidance and submitted it to the NAO on 30 March 2023.

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation.



2. Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention of auditor's powers:

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We have not issued any statutory recommendations at the Council.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We have not issued any Public Interest Report at the Council.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We have not applied to the Court for any purpose relating to the Council.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We have not issued any advisory notices to the Council.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We have not made an application to court for a judicial review.

3. Key and statutory recommendations



The NAO Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Authority. We have defined these recommendations as 'key recommendations'.

Our work has not identified any new significant weaknesses in arrangements since we issued our 2020-21 VFM report in March 2022 and therefore, we have not made any new key recommendations for 2021-22.

However, as noted previously, we identified a significant weakness and an associated key recommendation on SEND, which was reported in our 2020-21 AAR. The issue remains relevant in our review of the Council's arrangements to 31 March 2022, as the CQC / Ofsted inspection was conducted and reported during the 2021-22 financial year. We note the actions taken by the Council in response to the report, however, no formal follow up review of the SEND arrangements had taken place as at 31 March 2022 by the regulators.

Section 2 outlines the use of auditor's statutory powers. These powers include the use of written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Authority to discuss and respond publicly to the report.

As reported at Section 2, we have not made any statutory recommendations or had to discharge any other wider powers under the Local Audit and Accountability Act 2014, for the 2021-22 audit year.

The range of recommendations that external auditors can make is explained at Appendix B.



4. Securing economy, efficiency and effectiveness in the Council's use of resources

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out at Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 9 to 33.

5. Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Identifying Significant Financial Pressures and building them in to Council Plans

The key tool the Council uses to identify significant financial pressures and builds them into the Council Plan is the Annual Budget and the Medium Term Financial Strategy (MTFS). The Council's budgets are presented, discussed and formally approved by full Council in February, prior to start of the new financial year from 1 April.

The budget document is a comprehensive report covering key financial challenges, assumptions relevant to the year ahead and the MTFS period. It also covers how these challenges are mitigated to achieve a balanced budget. It particularly covers the following areas:

- The S151 Officer's section 25 report covering budget recommendations, including the prudence of the assumptions included in the budget and the adequacy of the Council's reserves
- How the Budget and the MTFS aligns with the latest Council Plan
- A detailed MTFS, generally covering the budget year, plus two additional years identifying budget gaps and how those can be resolved
- The Council's Reserves position and reserves strategy going forward
- Fees and Charges
- Spending Plans
- Capital Programme and Capital Investment Strategy based on the Council's Strategy
- Treasury Management Strategy
- Savings and efficiency proposals.

The 2023-24 budget and the associated MTFS was the latest available approved document at the time of this report. It included the key challenges facing the Council and key estimates of the budget forecast.

The key challenges included:

- Adult Social Care:** The impact of the National Living Wage for 2023-24 together with continuing inflationary & energy costs pressures, adult social care provider costs are likely to increase significantly in 2023-24 according to the latest Budget. It is currently assumed that these will be funded from a combination of a 2% increase in the Adult Social Care council tax precept, the Council's own base budget resources together with the specific adult social care grant confirmed as part of the settlement. That assumption will be revisited as part of the ongoing dialogue with care providers around fee levels for 2023-24. This is a continuing challenge for most single tier local authorities.
- Children Services:** With demand on children with Special Educational Needs and Disabilities (SEND) increasing in the Borough, this is considered a key challenge to balance the in year budget.
- Inflation & supply chain issues:** The well known inflation and supply chain issues relating to energy, fuel, food, and construction costs will continue to put pressure on the cost of council services during 2023-24. Additionally, the impact of rising prices on household disposable incomes and on business cashflow / profitability could increase the volatility, unpredictability, and uncertainty on the levels of council tax and business rate collection.

The Budget also included key estimates and assumptions, such as:

Council Tax income assumptions: The budget assumes a 95% collection rate which has been achieved in previous years. The Council is aware that this is considered a challenge for 2023-24 under the current economic conditions and the rising cost of living. However, this is mitigated to an extent via assumptions around growth in the tax base to be achieved through a combination of new properties coming into rating and a reduction in the number of households claiming local council tax support. It was noted that the support scheme increased significantly during 2020-21 and the early part of 2021-22, as described in the budget reports.

5. Financial sustainability

Identifying Significant Financial Pressures and building them in to Council Plans (continued)

Business Rates Income assumptions: Under the current Business Rate Retention scheme, Barnsley retains 49% of the total income collected. Government has confirmed that there will be no major changes to the Business Rate System in 2023-24 and that the planned move to reset the business rate baseline will not take place until 2025-26 at the earliest. The budget also takes into account the Government's intention to compensate for the reduction in income as a result of there being no inflationary increase to business rates in 2023-24, whilst the impact of the revaluation exercise is anticipated to be fiscally neutral.

Pay and other inflationary assumptions: The pay award for 2022-23 was resolved in November 2022 and equated to an average 7% uplift in the Council's pay bill. This was considerably higher than the budgeted assumption of 2% for 2022-23 which resulted in additional unbudgeted costs of £5m. Pay is forecast to be increased by 4% in 2023-24 and then at 3% per annum for the remainder of the MTFS period. The budget highlights that this could be kept under review, in light of the levels of inflation, the general cost of living, energy challenges and the funding position across the local government sector.

Interest rates assumptions: The Council continues to aim for 70:30 fixed to variable rate borrowing ratio to reduce exposure to interest rate risk. Due to the current economic climate, higher levels of interest rates (compared to the previous 15 years) are expected in 2023-24 before they gradually stabilise and then possibly reduce according to current economic forecasts. The 2022-23 budget has incorporated these interest rate risk assumptions.

Service / demand pressures and related assumptions: There have been significant increases in the demand for all Council services in recent years, particularly in Children's and Adult Social Care services. These pressures are expected to continue into 2023-24 and beyond and provision for this has been made within the budget and MTFS.

After identification of such financial pressures and key assumptions within 2023-24 budget, the planned deficit for 2023-24 was £7.223m before savings/efficiency plans of £7.336m, finally forecasting a small budgeted surplus of 113k, after savings. The Council's budget clearly identifies an approved detailed efficiency programme of £7.336m for 2023-24.

From the points above, and from our cumulative knowledge and experience, it is evidenced that there is a process at the Council to identify significant financial pressures with various assumptions that are relevant to the Council's short to medium-term plans which are then built into its financial planning.

Plans to bridge funding gaps and identify achievable savings

Our previous value for money reviews have reported that the Council is good at delivering its overall savings plans, including how they are monitored at a directorate level. The Covid-19 pandemic undoubtedly had an impact on delivering efficiency savings but that challenge was not specific to this Council. All public services were impacted by the pandemic and this unprecedented situation was experienced by all local government organisations.

The 2021-22 budget, approved in February 2021, included plans to bridge funding gaps and identify a savings targets amounting to £7.192m. The budget identified these across each individual directorate with a brief description of the proposal and the targeted specific saving.

2021-22 outturn position: The Council's approved budget for 2021-22 totalled £186.6m. In the final 2021-22 outturn, the Council reported an underspend of £4.9m at the year end. This was after c£26m of Covid related funding from the government. Without the government funding, coupled with increased service demands, the Council could not have achieved this performance in 2021-22.

The underspend was taken to a strategic reserve to mitigate against future cost pressures. This underspend position of £4.9m was mainly attributable to a reduction in the level of expected spend in dealing with the pandemic (for example some adult social care services could not be delivered due to the pandemic environment) combined with lower than anticipated spend (e.g. business as usual spend and additional grant income received during the period).

2022-23 year to date position: The Council approved budget for 2022-23 totalled £211.4m with a savings target of £2.1m to achieve a break even position. At the end of Month 9 (Dec 2022), the Council is predicting an operational overspend of £12.1m. According to the latest corporate finance performance report, this gap is to be funded from general fund reserves. The most significant contributor to this overspend was on Children's Services which was c£7.6m ahead of the budgeted spend.

In common with a number of local authorities with children's services, the budget pressures experienced by the Council in respect of children with SEND is an increasingly financially demanding service pressure for the Council. This is further discussed under Dedicated School Grant Deficit section (see pages 15 and 16).

5. Financial sustainability

Plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

Plans to bridge funding gaps and identify achievable savings

From our previous VFM review work in 2020-21 and also from this year, it is evident that the budget is developed in a manner to bridge the funding gaps required and identify savings. The 2021-22 and 2022-23 savings targets were £7.192m and £2.1m respectively. The £7.192m savings target for 2021-22 was 3.7% of 2021-22 core spending plans of £193.8m, before efficiencies.

However, what is not very clear is how monitoring and achievement of these saving targets are reported during the year and at the year-end outturn. Having reviewed the 2021-22 final outturn report, and the 2021-22 and 2022-23 quarterly corporate financial performance reports, it is not overly clear what level of savings have been achieved across the relevant directorates and any such gaps in achievement. For example, the £7.192m savings target was reported as below for respective directorate in the 2021-22 Budget.

Directorate	2021/22 Saving £
Adults and Communities	1,485,000
Children's Services	0
Police	827,000
Public Health	(290,000)
Core	968,000
Sub Total - Directorates	2,990,000
Organisational Wide	4,202,000
TOTAL	7,192,000

[Figure 1 : Extracted from 2021-22 budget report]

From our review of the 2021-22 outturn report, it is not really clear, in summary, how much of the £7.2m was delivered, against each of the directorates' target savings, or what has been delivered recurrently or non-recurrently. The budget report is also not clear the recurrent and non-recurrent nature of these savings targets, although our discussions with management note that all savings delivered by the Council are deemed recurrent.

Our view is, reporting this clearly in the budget, outturn and financial monitoring reports would further enhance financial reporting of the Council. Whilst this is not an indication of a significant weakness, we have raised an improvement recommendation.

The key financial planning document of any year is the annual budget which covers how services are to be funded and costed. The proposals identified within the budget provide the foundation around which the Barnsley 2030 Plan and Council Plan (covered in more in Section 7) can be delivered, in a financially sustainable manner.

The annual budget captures the spending plans for each of the five directorates. See figure 2 below which was extracted from 2023-24 budget.

DIRECTORATE SUMMARY SPENDING PLANS 2023/2024

Figure 2

DIRECTORATE	OPENING 2023/24 RESOURCE ENVELOPE	ADD		LESS		REVISED 2023/24 RESOURCE ENVELOPE
	£M	Pay £M	Demography & Demand £M	SUB-TOTAL PRE EFFICIENCIES	Efficiencies £M	
PLACE HEALTH & ADULTS						
Adults Assessment and Care Management	47.835	0.498	6.532	54.865	-3.010	51.855
TOTAL PLACE HEALTH & ADULTS	47.835	0.498	6.532	54.865	-3.010	51.855
CHILDRENS DIRECTORATE						
Education and Early Start Prevention	10.104	0.504		10.608	-0.283	10.325
Children Assessment and Care Management	33.057	0.449	7.000	40.506	-0.480	40.026
TOTAL CHILDRENS	43.161	0.953	7.000	51.114	-0.763	50.351
GROWTH & SUSTAINABILITY						
Regeneration and Culture	15.589	0.702	3.110	19.401	-1.540	17.861
Environment and Transport	34.760	0.695	3.725	39.180	-0.200	38.980
TOTAL GROWTH & SUSTAINABILITY	50.349	1.397	6.835	58.581	-1.740	56.841
PUBLIC HEALTH & COMMUNITIES						
Public Health	4.276	0.330	0.000	4.606	-0.700	3.906
Safer, Stronger & Healthier Communities	7.223	0.327		7.550	-0.360	7.190
TOTAL PUBLIC HEALTH & COMMUNITIES	11.499	0.657	0.000	12.156	-1.060	11.096
CORE DIRECTORATE						
Finance	3.743	0.365	1.286	5.394	-0.190	5.204
IT	7.596	0.221	0.150	7.967	-0.299	7.668
HR, Performance & Communications	4.799	0.353		5.152	-0.025	5.127
Legal & Governance	5.693	0.147	0.500	6.340		6.340
TOTAL CORE	21.831	1.086	1.936	24.853	-0.514	24.339
CORPORATE BUDGETS						
Levies	0.947	0.000		0.947		0.947
Corporate & Democratic Core	0.463	0.005		0.468		0.468
Capital Financing	19.271	0.000	0.570	19.841		19.841
Corporate Budgets & Provisions	16.039	4.415	-5.521	14.933	-0.250	14.683
TOTAL CORPORATE	36.720	4.420	-4.951	36.189	-0.250	35.939
TOTAL NET BUDGET	211.395	9.011	17.352	237.758	-7.337	230.421

5. Financial sustainability

Plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

From figure 2 at page 11, it is evident how statutory and other services are planned at high level. This is replicated for the entire MTF5 period up to 2025-26 and reported as such in the MTF5. The pay, demography and demand costs (see figure 2 at page 11) are then added to the starting position for budget planning. After that, the efficiencies required to achieve a sustainable and balanced budget are determined before arriving at the revised net budget priorities for the Council.

The sustainable delivery of this plan also depends on setting prudent assumptions which are built into this plan, regular monitoring of the budget, taking mitigating actions on budget to actual variations and what is happening in the real world on these demand driven costs and activities. For example, Adult Social Care and Children's Services are two key demand driven activities of the Council that can be volatile and sometimes not easy to estimate at the start of the year.

From our work on the budget reports, we note that there are key assumptions reported such as inflation, interest rates, increase in pay costs, efficiency targets and these are built into the annual budget and MTF5. Also the current Minimum Working Balance held by the Council remains at £20m, a level that is considered prudent in line with the risks faced by the Council around volatile economic conditions and increased demand on key services.

As mentioned earlier, sustainable delivery of services in accordance with strategic and statutory priorities needs budget monitoring and our work indicated that quarterly monitoring of the budget is reported to the Cabinet.

Overall, the Council has a good system of financial planning to deliver services in accordance with its strategic and statutory priorities, however, we highlight below some scope for improvement.

Glass Works Operational Phase - running costs:

Glass Works (GW) is the flagship Council project to regenerate and develop the town centre. The c£210m development project was completed in September 2021 providing new civic, leisure and retail facilities in the heart of Barnsley.

The net running costs of Glassworks operational phase, according to the latest Council management information is c£5.2m for 2022-23, after taking income into account. The main elements to this in 2022-23 are c£5m on debt servicing costs (capital and interest elements) mainly offset by c£1.7m rent and service charge income. The management accounts also include costs such as repairs and maintenance, marketing, staff and other centre running costs. Overall, according to the current records the gross running costs amount to £7.2m for 2020-23. We understand, going forward the Council also needs to consider lifetime replacement costs of maintaining the GW buildings. This will form part of on going costs.

The management accounts are prepared on a monthly basis and reported to the Glassworks Project Board, which mainly consists of officers from the Council. This includes the S151 and Deputy S151 Officers.

We also understand the current 2022-23 income reported to Glassworks Project Board does not account for market rents (part of GW) and additional business rate income due to the Council from GW buildings. If accounted for, the net costs would further reduce from c£5.2m.

The Council's 2023-24 budget report indicates the net cost of Glassworks is de-risked. What this actually means is the financial risk (e.g. the costs and income) attached to running the Glassworks is provided for within the current budget and MTF5.

2022-23 was the first full year Glassworks was fully operational. This flagship regeneration project is funded through borrowings and other Council resources and run by the Council on a day to day basis. This is a discretionary service activity of the Council where significant investment and resources have been committed during the last 3-4 years.

According to the Month 10 Glasswork Board meeting minutes for January 2023, we understand there was a c£2m overspend on the current agreed budget. By separately identifying the budgeted net costs and actual net costs of the scheme and reporting to members it would improve accountability and transparency of the operational performance of this flagship project.

With the current challenging economic climate and other future possible risks (e.g. rent arrears, changing consumer habits), it may be possible that actual net cost of the Glassworks scheme may increase – with a resulting impact on the Council's financial position. Informed and timely decision making is critical in such circumstances.

Whilst we acknowledge that the Glassworks was always a regeneration scheme as opposed to a commercial venture, in our view, given the significance of the scheme, it should be separately identified and its financial performance (associated income and expenditure) should be reported to the Cabinet and Audit and Governance Committee.

We acknowledge there are updates on GWs to the Audit and Governance Committee. These mainly focus on commercial aspects rather than financial performance of running this flagship project. Currently the financial performance is monitored at senior management level through the Glassworks Project Board. By making this more transparent, the Council can further improve its informed decision making not just for senior management but also for Members. Additional scrutiny on GW's financial performance would further enhance Council's financial management and sustainable delivery of key Council services.

We have not raised a new improvement recommendation on this matter but have followed up our prior year's recommendation at section eight and commented accordingly.

Overall, the Council has arrangements in place in planning its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities and we have not identified any significant weaknesses.

5. Financial sustainability

Financial plans are consistent with other plans such as workforce, capital, investment and other operational planning

The Council's budget report has a detailed section on the Capital Investment Programme. The Capital Investment Programme is aligned to Barnsley 2030 - the key Council Strategy. Barnsley 2030 sets out Council's long-term vision and how the Council plans to achieve it.

The Capital Investment Programme is largely derived via detailed consideration of three key strategies.

1. The Capital Investment Strategy: it sets out the overall framework for identifying and prioritising Council's capital expenditure priorities.
2. External Funding Strategy: it sets out the framework to support funding requirements in support of capital expenditure.
3. The Reserves Strategy: this keeps a check on the Council's reserve balances that could support the capital spend in line with strategic priorities.

These strategies are supported by Council's Treasury Management Strategy (TMS). The TMS and capital programme are monitored and reported to the Cabinet and the Audit and Governance Committee. The Council's capital expenditure plans are key drivers of its treasury management activities.

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quarterly Corporate Finance Performance reports to Cabinet include the overall capital programme position at the end of the specific quarter for a corresponding year, actual expenditure, projected outturn and reasons for the variations. The Council has an yearly and a five year capital programmes which are reported in these quarterly monitoring reports.

Our review of these reports indicate that it is not overly clear to follow the actual approved capital programme for a particular year and for the five year period. The numbers reported are not consistent to the previous quarterly report. The linkage between capital spending to the respective budget report and capital programme was also not clear.

For example, the quarterly reports for 2022-23 indicated the following:

Extracts from Corporate Finance Performance Reports 2022-23

	2022-23 Capital Programme	2022-23 Forecast Spend	5 year Capital Programme
Quarter one	£149.3m	£147m	174.3m
Quarter two	£154.2m	£134.2m	182m
Quarter three (Latest available)	£140.7m	£129.1m	191.5m

From the table, a clear observation is the inconsistency in numbers reported from quarter one to quarter three of 2022-23, of the capital programme, forecast spend and five year capital programme

We understand this reporting is based on approved funding and in some cases what is in the pipeline.

However, in our view, the reasons for the movements are not clear to the reader and there is some scope for improvement on how the Council reports its approved capital programmes in the budget and follows that through consistently during quarterly Corporate Finance Performance reports.

This would further improve transparency, accountability and consistency in reporting. We have raised an improvement recommendation on this matter.

The Full Council receives and approves, the annual capital plan, minimum revenue provision (MRP) policy, TMS and Annual Investment Strategy. The MRP is the calculated annual charge to the revenue account to repay debt incurred in respect of capital expenditure financed by borrowing or other long term credit arrangements. As reported in our 2021-22 Audit Findings (ISA260) Report we consider the current MRP charges to be appropriate.

Like many other local authorities, the Council uses the Link Group as their Treasury Management advisors. It is clear from the reporting that the Council recognises the responsibility for TM decisions remain with the organisation at all times but considers there is value in employing external providers with experience on treasury management services.

5. Financial sustainability

Financial plans are consistent with other plans such as workforce, capital, investment and other operational planning

Council Borrowing: As reported in our 2020-21 Auditors Annual Report, the Council has relatively high debt compared to similar Metropolitan Borough Councils. The graph below has analysed total borrowings as a proportion of total assets. The average in Metropolitan Councils is 34% where Barnsley is showing 43% (the blue line). The high borrowing is due to previous policy decisions including Glassworks and other key regeneration projects. The Council borrowings in last five years per the audited Financial Statements are as follows:

Council Borrowings in the last five years per audited Financial Statements	
Year	Council Borrowing £'000
2017-18	568,404
2018-19	666,270
2019-20	676,879
2020-21	650,018
2021-22	690,465

As noted above, Council borrowing has increased by c21% over the 5 year period however, this is within the borrowing limits permitted. According to the 2023-24 Budget and MTFS up to 2025-26, the Council has more capital investment plans that require additional borrowing of c£78m – increasing the Council’s debt levels. Out of this total of c£278m, the Council is planning to borrow c£90m on fixed rate and the remaining c£188m through short term temporary borrowing. The budget reporting is clear that any required additional borrowings will be obtained within the required Prudential Borrowing Limits as permitted in the public sector financing regime.

Exposure to Interest Rate Risk

The Cost of living challenge, increasing energy costs and a war in Europe have increased the economic volatility in the UK and around the world. The UK economy avoided a technical recession in Q1 of 2023, although the Bank of England raised interest rates for the eleventh consecutive time since December 2021 to 4.25%, the highest in 14 years.

The Council is potentially exposed to interest rate risk with its relatively high levels of borrowing. Although, according to the latest budget reporting, the Council mitigates this risk by maintaining a proportion of fixed rate borrowing at 70% through to 2025-26. This proportion of fixed rate borrowing will ensure interest cost certainty for the Council for the MTFS period.

To achieve this 70% fixed rate borrowing strategy and reduce the exposure to interest rate risk, it is anticipated that the Council will need c£90m of fixed rate borrowing over the period to 2025-26. The Council is aiming to fulfil the remaining borrowing requirements through temporary borrowing for a very short period or via internal cash resources.

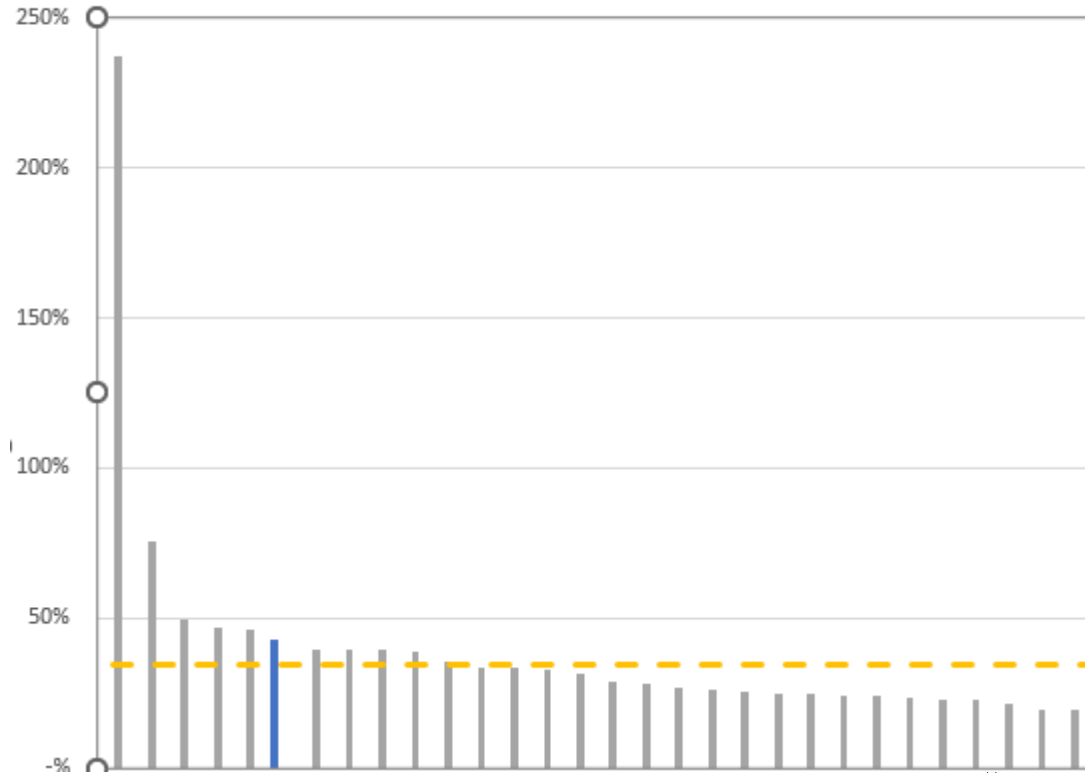
Our work during the current and prior year indicates the Council is fully aware of the level of increasing debt, increasing cash outflows to service these debts, and interest rate risks and these are captured in the budget and MTFS. Also, as indicated, the borrowing limits are within the prudential borrowing limits and public sector financial regime.

It is good to note that in budget reporting to the Council, the S151 Officer acknowledges that future borrowing should be considered subject to robust business cases, due diligence and funding guarantees, based on affordability.

We do not intend to make any further improvement recommendations on borrowings, based on our review of Council’s current financial planning other than following up our 2020-21 improvement recommendation around borrowings, which is reported at section 8 of this report.

The Council’s increasing debt profile, arrangements in place to manage the interest rate risk, and availability of funds to service debt, are all areas we will continue to focus on in our future audit work, as part of our value for money responsibilities.

Total borrowing as a proportion of total asset (%)



5. Financial sustainability

Identifies and manages risk to financial resilience

How the Council identifies significant financial pressures and builds them into Council plans is reported at pages 9 and 10. This covers the risks associated with the budget and the MTFs, and how they are incorporated into the Council's financial planning.

The Council has a Strategic Risk Register and financial sustainability has been identified as a red risk within the RAG rating. This red rating is assigned not because there is an imminent risk to the financial sustainability of the Council, but as a result of assessing the impact if no actions are taken on a timely manner to mitigate financial risks. This risk is regularly monitored, reported and discussed. For example, this was an agenda item in the recently held Audit and Governance Committee meeting in March 2023, where the S151 Officer presented and explained the actions being taken. This risk has four key continuing actions as follows:

1. Actions on current socio economic factors impacting the country such as inflation, interest rates, and demand on Council services
2. Actions on achieving more funding into the local government sector and Council through working with various departments (e.g. with the DfE on the DSG deficit), lobbying government departments through the local MPs and other bodies such as LGA to understand cost pressures and obtain more funding
3. Actions around national and local policy issues – for example working with South Yorkshire Mayoral Combined Authority (SYMCA) on partnership working and additional funding into the Barnsley borough
4. Actions on developing and monitoring prudent budgets and MTFs

Overall, there are sufficient arrangements in place to identify risks to financial resilience, manage and mitigate those risks.

DSG deficit:

As reported in our prior year VFM Report, the Council's DSG deficit had increased by 120% within the two year period up to 31 March 2021 from £5.3m to £11.8m. This was further increased by £6.1m to £17.9m by 31 March 2022. The estimated deficit at the year end 31 March 2023 is £22.1m, a further increase of £4.2m in year.

We acknowledge that under the time limited statutory requirement, the DSG deficit is now ringfenced as an unusable reserve – so there is no immediate risk of this deficit being a draw on the reserves of the Council. However, this may change in 2024-25 when the current statutory override is due to finish.

It is important for the Council to have arrangements in place to address cost pressures within the High Needs Block linked to Special Educational Needs including Disabilities (SEND) and ensure that DSG related spending is brought in line with budget in order to aim to breakeven in year.

Our continuing work in this area highlighted:

- the Council engaging with DfE to manage this deficit
- the Council has a deficit recovery plan with assumptions based on current available information
- the Council understands the reasons for these deficits and there is a clear correlation, for example, between increasing demands in children with Educational and Health Care Plans (EHCP) and rising costs in the SEND budget
- quarterly reports on various aspects of SEND are presented at Cabinet level and reports are also taken to the SEND Oversight Board. Therefore, those Members in Cabinet or the SEND Board have a reasonable understanding of this financial challenge facing the Council.

We made an improvement recommendation on DSG deficit reporting in our 2020-21 AAR and this is followed up in Section 8 of this report.

Latest update on DSG deficit (March 2023):

As a result of Council's proactive work with all relevant stakeholders and constructive discussions with the DfE, the Council has reached an agreement on DSG deficit elimination funding with the DfE during March 2023. This is called a Safety Valve Agreement (SVA) and the total SVA funds due to the Council from 2022-23 to 2026-27 is £22.9m.

This is a very good outcome for the Council, a positive reflection on the Council's arrangements in this area, and should ease the financial pressures on the DSG deficit.

5. Financial sustainability

Identifies and manages risk to financial resilience

New DSG deficit operational plan and DfE funding as agreed in the SVA are as follows:

Year	Forecast DSG Deficit Profile at each year end agreed with the DfE (£m)
2022-23	22.1
2023-24	24.7
2024-25	25.5
2025-26	24.8
2026-27	22.9

Subject to the above deficit operational plan being achieved by the Council, the DfE would provide the following funding according to the SVA, to eliminate the full deficit by 2026-27.

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Year	DfE agrees to pay BMBC an additional DSG funding by each year end (£m)
2022-23	9.16
2023-24	2.75
2024-25	2.75
2025-26	2.75
2026-27	5.5

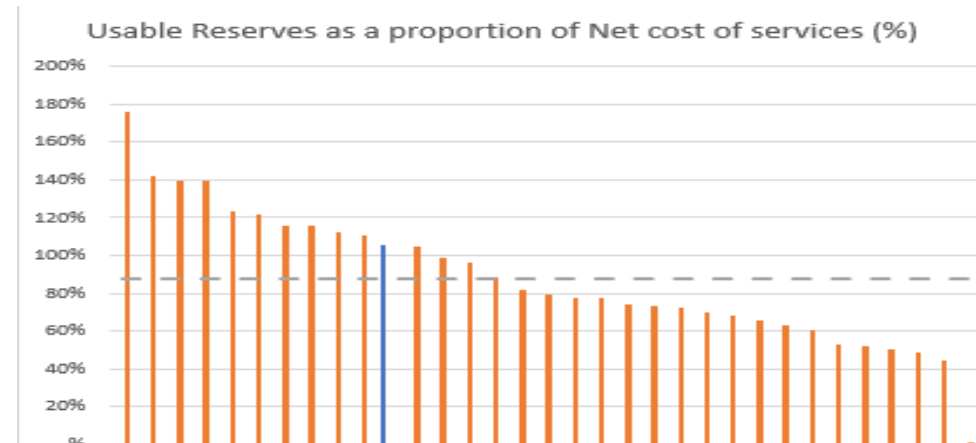
We will perform further work in this area including how this funding has been accounted for, as part of our 2022-23 audit.

Usable and General Fund Reserves

As reported in our 2020-21 AAR, the Council continues to have relatively strong Usable and General Fund Reserve balances, compared to other Metropolitan Borough Councils. For example Council's Usable Reserves as a proportion of Net Cost of Services is 106% [see the blue line in the graph opposite], whereas the average for Metropolitan Borough Councils is 88%. [see grey horizontal line]

Year	Council's General Fund Reserves (£m)	Total Usable Reserves (£m)
2017-18	135,793	197,956
2018-19	130,114	198,862
2019-20	133,875	206,177
2020-21	195,302	273,416
2021-22	217,132	308,760

The budget report highlights the S151 Officer's Section 25 report. This includes reporting on the adequacy of Council reserves. General Fund Reserves are unearmarked and available to be utilised by the Council. The Council continues to set a side a minimum working balance reserve of £20m which is a contingency for unforeseen events. The reserves strategy for the latest MTFs from 2023-24 to 2025-26 has been reported in the latest approved 2023-24 budget and MTFs in February 2023. Overall, Council's relatively strong general fund and total reserves position further strengthen the financial position and helps to manage risks to financial resilience.



Conclusion – financial sustainability : Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability. We have not identified any risks of significant weaknesses, however, we have identified two improvement recommendations which are set out overleaf. In addition, we have followed up progress against our 2020-21 recommendations at section eight of this report.

Improvement recommendations



Financial sustainability – Clearly summarising savings delivery in reports and identifying recurring savings targets and delivery

- Recommendation 1**..... In order to enhance the Council’s identification, monitoring and reporting of its savings, the Council should:.....
- Clearly summarise and report the savings delivery in the Corporate Finance Performance and the annual Outturn reports, linking to the relevant budget report savings previously identified and approved by the Council
 - Make clear that all proposed savings and savings delivered are recurrent (ie the Council does not deem any savings non-recurrent).

Why / impact Local authorities are operating within a very challenging environment where demands for Council services have significantly increased but the funding has not proportionately kept pace. In addition, the UK is experiencing economic challenges with increasing inflation, interest rates rises, a cost of living and energy crisis, and in addition, a war in Europe. This creates significant challenges to develop and monitor a balanced budget for local authorities. Developing and monitoring savings strategies (recurrent and non current), and clearly reporting on savings delivery and achievements is an essential part of budget delivery and financial sustainability.

Auditor judgement We acknowledge that the budget report does identify clear savings targets and they are detailed and explained within the annual budget report linking to the respective Directorate, as we indicate on page 11. Our recommendation is based upon:

- how these identified savings are followed up and reported in quarterly Corporate Finance Performance and annual Outturn reports, including clarity in linking such reporting to approved savings targets in the respective annual budget.
- Identification of the split between recurrent and non recurrent savings which will highlight to key stakeholders the level of any ongoing financial challenges arising from possible high levels of non-recurrent savings, and the impact this may have on the longer term financial sustainability of the Council.

Summary findings As part of our work on identification of savings targets, we reviewed savings identified for 2021-22 (£7.2m) in the corresponding budget report which was approved by the Full Council in February 2021. We also reviewed savings identified for 2022-23 (£2.1m) in the corresponding budget report which was also approved by the Full Council in February 2022.

We then reviewed the relevant quarterly Corporate Finance Performance reports for both 2021-22 and 2022-23, and the 2021-22 annual outturn report to track the achievement of savings targets set in line with approved budgets. Our work indicated that it was not very clear from the 2021-22 outturn report whether or not the savings target of £7.2m was achieved. Additionally, it was not overly clear how the 2022-23 savings target of £2.1m is monitored and reported in the quarterly monitoring reports for 2022-23 to date.

We also noted that, the budget report had not identified and distinguished any split of recurrent or non-recurrent savings. Although we understand from subsequent discussions with management that all savings are deemed to be recurrent – the reports should make this point clearer.

Management Comments *Agreed. Robust monitoring arrangements are already in place to ensure tracking of all efficiencies. General performance / issues of non-delivery will be reported as part of the 22/23 final accounts report and during 23/24 as part of the quarterly financial performance reports.*



Improvement recommendations

Financial sustainability – Clear reporting of approved capital programme through quarterly finance monitoring and annual outturn reports

Recommendation 2 We recommend the Council’s approved capital programme for the year should be consistently and clearly reported in the quarterly corporate finance performance reports and in an annual outturn report.

Why / impact Understandability and consistency of the capital programme reporting through appropriate monitoring tools are an important part of financial reporting and informed decision making. When that understanding and consistency is not overly clear, there is a risk that capital programme reporting on a quarterly basis may not manage to achieve the real purpose of such reporting – in terms of check and challenge, and diminish the audit trail. Therefore, we propose there should be a clearer audit trail starting from the capital element of the budget report and into the quarterly corporate finance performance reports and the annual outturn report.

Auditor judgement As part of the Barnsley 2030 strategy and under the ‘growing Barnsley’ theme, the Council has ambitious plans to develop infrastructure facilities within the borough. The Council’s capital programme which forms part of the overall budget plays a vital role in these ambitions for the future and should be closely monitored and reported consistently against the approved budget.

Summary findings The Full Council receives and approves the annual capital programme. The quarterly Corporate Finance Performance reports to the Cabinet include the overall capital programme position at the end of the specific quarter for a corresponding year, actual expenditure incurred, projected outturn and reasons for the variations. The Council has an annual and a five year capital programme which are reported in these quarterly corporate finance performance reports.

However, our review of these reports [see page 13] indicated that it is not overly clear to follow the actual approved capital programme for a particular year and for the five year period. Additionally, linking the numbers to the respective approved budget report was also not clear in a number of cases.

We understand this reporting is based on approved funding and in some cases what is in the pipeline. However, in our view, the reasons for the movements are not clear to the reader and there is some scope for improvement on how the Council reports its approved capital programmes in the budget and follows that through consistently during quarterly Corporate Finance Performance reports and the final outturn report.

Management Comments *Agreed. Any changes to the approved capital programme budget are tracked throughout the year and reported to Cabinet as part of the quarterly finance performance update. However, improvements will be made to more clearly reconcile/demonstrate all changes back to the approved budget. This has already been included within the 22/23 final accounts report and will also be included within the 23/24 quarterly finance performance reports ongoing.*

6. Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests)

Monitoring and assessing risk

As reported in our 2020-21 Auditor's Annual Report, the Council's strategic risk management arrangements were reviewed following feedback from a corporate peer review. The revised approach is now embedded in how the Council monitors and assesses risks. The strategic risk register (SRR) enables decision makers to focus on key risks and update those on a regular basis, as necessary, using a digital platform.

The SRR is now operated using a Microsoft Power BI platform and is aligned to the Council's objectives and priorities. The process is owned, reviewed and updated by the Senior Management Team (SMT) on a regular basis. It is maintained together with individual service and specific registers for key priorities such as children's safeguarding, financial sustainability and adult safeguarding.

The Audit and Governance Committee receives regular updates including presentations on the strategic risks from the relevant Executive Directors. This provides assurances on the operation of the SRR and how 'live' it is for the Council's day to day affairs and medium to longer term risks.

For example, the S151 Officer presents the current strategic risk on financial sustainability issues faced by the Council and answers member queries arising on this issue. These presentations provide the Committee with a detailed overview into the strategic risk, an opportunity to gain assurances and also to check and challenge the relevant Executive Director about the effectiveness of the mitigations and action plans in place to address the risks.

The Council Plan captures the risk management arrangements and describes how they will be used to improve business processes, deliver corporate outcomes and priorities and the importance of reviewing the risk register to ensure it contains real and current risks for the Council.

The Corporate Governance and Assurance Manager is working alongside individual business unit leaders to identify and record their risks on the SRR. These will then be monitored on a monthly basis by Service Directors and quarterly by individual Directorate Management Teams. This system contributes towards completion of the Annual Governance Statement at the year-end.

The Head of Internal Audit (HoIA) provides assurances on anti-fraud work during the year and this is captured in the annual HoIA Report. For 2021-22, a reasonable (positive) assurance opinion was provided, which included pro-active and re-active work on fraud prevention at the Council. The Annual Governance Statement also reports on work done on fraud matters carried out during 2021-22 and the outcome.

The Council was a victim of immaterial fraud in June 2021 and this was reported in both 2020-21 and 2021-22 Annual Governance Statements. This was also reported in detail in our 2020-21 Audit Findings Report and VFM Report alongside the actions taken by the Council. Our 2020-21 recommendation is followed up in section eight. We can confirm that all actions relating to this issue are now implemented and no further action is required as part of our VFM work.

Overall, there are arrangements in place within the Internal Audit Plan to capture the required work on prevention and detection of fraud.

Annual Governance Statement (AGS):

The Council produces an AGS which complies with required guidance. It captures and summarises the overall governance framework at the Council, assurances obtained, action plans on matters that need to be followed up, together with timescales for those actions.

These actions are followed up and updates are provided to the Audit and Governance Committee during the year before the next draft AGS is produced. This gives an opportunity for the Members of the Committee to check and challenge on the progress of the action plan from the previous AGS. This is a good approach and the Council continues to adopt these arrangements.

Our review of the AGS also highlighted that there is no mention of any assurances obtained on governance arrangements on the two fully owned subsidiaries of the Council, which are Berneslai Homes Limited (which includes c£25m net pension liability) and Penistone Grammar Trust (which includes c£32m of funds).

The Council is the ultimate controlling party to these two organisations and how well they are governed and their key risks are relevant and to the Council's controls and reputation. We have raised an improvement recommendation to report the assurances obtained on these two subsidiaries in future AGS. Any reporting should be proportionate and focus only on key matters arising that are relevant to the Group.

Overall, the Council has sufficient arrangements to assess and monitor risks, gain assurances over the effective operation of controls, including arrangements to prevent and detect fraud.

6. Governance

Budget Setting Process and budgetary controls

The Council has an established budget-setting process in place for agreeing its annual budget. The budget-setting process is thorough and includes several stages. The budget for the forthcoming year is approved by the full Council in February prior to start of the Council's operational year on 1 April. Routine monitoring of the budget takes place via the Corporate Finance Performance Reports which are presented to the Cabinet on a quarterly basis.

The budget and Medium Term Financial Strategy (MTFS) are considered and approved at the same time during February. The Council's MTFS is incorporated into the budget report and captures a three year time horizon.

The Executive Directors for respective directorates are responsible for their individual budgets and lead on key budget setting and control activities, including:

- monitoring and controlling overall expenditure against budget allocations and reporting to the Cabinet on projected income and expenditure compared with the budget on a regular basis. This includes potential material changes which have corporate implications and for recommending corrective action where required
- administering the Council's scheme of virement
- developing and maintaining a resource allocation process in conjunction with Executive Directors that ensures due consideration of the Council's policy framework
- maintaining budgetary management and control within their directorate, in adherence to the framework set down by the Executive Director of Finance and ensuring that all income and expenditure is properly recorded and accounted for
- ensuring that no expenditure is incurred from other than approved resources and income is not reduced without approval of the full Council
- in conjunction with the Executive Director of Finance monitoring, managing, regulating and reporting upon financial performance throughout the financial year to ensure that approved estimates are not overspent and that budgeted income levels are attained
- ensuring that budget holders are involved in budget preparation and are held accountable for budgets under their control.

Budgetary controls are mainly led by the budget holder and reported to the respective Executive Director including any actions on variations to the budget. These feed in to the Corporate Finance Performance Reports which are reported quarterly to the Cabinet.

Overall, the Council continues to maintain good budget setting processes, budgetary controls and there are no significant weaknesses to report.

Making properly informed decisions, supported by appropriate evidence

The Council has a Committee Structure which mainly consists of :

- Full Council
- The Executive (the Cabinet)
- Nine Regulatory Committees, one of which is the Audit and Governance Committee
- Two scrutiny committees, one of which is the Overview and Scrutiny Committee
- Six area councils which focus on developing each area of the borough.

Minutes of these meetings are published on the Council website. For example, Cabinet meetings, the agenda includes the items for noting and items where members need to discuss and take a decision / make recommendations.

Also the key Cabinet and Committee papers are focused and help assist in informed decision making by Members. For example, at the top of Cabinet papers it denotes the purpose of the paper, how the paper links to Council's strategic objectives (e.g. Healthy, Learning, Growing, and sustainable Barnsley) and whether or not the Members need to approve or make a recommendation. At the end of papers it highlights the implication of the paper, such as financial, legal, employee, sustainability and communication impacts.

These matters indicate that relevant information is provided to decision makers before major decisions are made, alongside the impact of these decisions on key Council priorities.

6. Governance

Making properly informed decisions, supported by appropriate evidence

The Council has a vision and aspiration that is supported by a strategy to develop the borough. This is linked to the Council Plan and Barnsley 2030 agenda and is also evident in the continuing town centre regeneration development projects.

The Council's vision is to create a place of possibilities to everyone living in Barnsley by 2030. There is evidence that the Council thinks strategically with longer term objectives for economic growth. This has been acknowledged with the Council recently shortlisted for 'the Council of the Year' at the Local Government Chronicle Awards. This is a real positive recognition for the Council and the winner will be announced in June 2023.

The S151 Officer is a key member of the Council's Senior Management Team (SMT) and all key decisions are subject to legal approval by the Monitoring Officer. The SMT meets on a weekly basis to discuss key decisions, categorised between Business, Consent or Strategic. These are then progressed to formal approval as necessary via the Council and the Cabinet.

Our observations from attending the Audit and Governance Committee are that sufficient evidence is provided to Members to support proposed recommendations or seek approval of the Committee papers.

The Audit and Governance Committee is made up of four elected councillors and five independent members, who are not elected councillors. Therefore, more than half (55%) of the Committee members are independent which is very unusual in the local government sector, although is a direction of travel that CIPFA wishes to move towards nationally.

We consider the high proportion of independent members as a good governance practice adopted by the Council. This provides an environment on increased independent challenge and scrutiny on Council's governance, controls and processes.

Overall, our work indicates that there are arrangements in place at the Council to make properly informed decisions, supported by appropriate evidence.

Update on Glass Works (GW)

The GW is a c£210m capital development project, completed in September 2021, providing new civic, leisure and retail facilities at the heart of the town centre. It includes a new town square, newly refurbished market, new library, 13 screen cinema, bowling alley, and high-end retail, cafés, bars and restaurants.

From presentations and reporting to the Audit and Governance Committee, we understand that footfall in the town centre has increased after the opening of GWs and more local people are spending their money within the borough than before. This is part of the Council's 2030 Strategy of creating a Healthy, Learning, Growing and Sustainable Barnsley. According to the latest data provided by the Council, 86% of the shops are now let with Cineworld, one of the key anchor tenants, going live before the end of 2022.

Following the completion of the capital build of the scheme, the governance of this project is now at an operational level, including financial management. The key element of the operational governance overseeing the Glassworks is the Project Management Board which meets monthly and mainly consists of Council officers. There is a monthly management report that goes to this Board. The report covers:

- financial performance including rent and service charge income, expenditure to date and budgeted expenditure and income for the year. This also includes the debt servicing costs, both principal and interest which are c£5m a year. As indicated in our financial sustainably section, the latest management information indicates the current operational net running cost is c£5.2m after rent income for 2022-23.
- income per tenant
- rent arrears and challenges facing the Board in the shorter and longer term. For example, there was £52k rent overdue as end of Month 9 (December 2022) and actions taken to recover it.
- Footfall, car park income, service charge income, void units and health and safety aspects.

6. Governance

Making properly informed decisions, supported by appropriate evidence

Update on Glass Works (GW)

Internal Audit input:

A representative from Internal Audit attends GW Board meetings. Internal Audit has also recently reviewed and updated the Terms of References (ToR) for the GW Board and other associated GW sub groups to reflect the change in focus from capital programme to operational delivery. There are ToR for the following:

- GW Board
- GW Capital Oversight sub group
- GW Leasing Subgroup
- GW Finance Subgroup

We also understand that Internal Audit is currently supporting the Service Director (Growth & Sustainability) to review the Board / sub group risk registers. Until recently, there was a risk included in Council's Strategic Risk Register in terms of Glass Works, however, this has recently being removed, to reflect the change in risk profile, according Council's assessment. This change was reported to the Audit and Governance Committee meeting in March 2023.

As attendees of the Audit and Governance Committee meetings, we have seen regular updates on Glass Works operations to the Committee, mainly covering new lease tenants and general operations activities - other than financial performance.

As we indicated under the Financial Sustainability section of this report, we have commented on our prior year GW related recommendation (in section eight) on budget reporting and financial monitoring of the GW operational performance going forward.

Monitoring and ensuring appropriate standards

The Council has various means to monitor and ensure that appropriate standards are followed and reported to key committees. Some of these include:

- The Constitution
- Annual Governance Statement
- Local Code of Corporate Governance
- Health and Safety arrangements and compliance with legal obligations as a Council
- Customer Complaints and Compliments reporting to Cabinet
- Register of Members interest and code of conduct for Members and all employees
- Head of Internal Audit work through the Internal Audit Plan
- Strategic Risk Register, identifying and monitoring key risks which include ensuring appropriate standards are monitored and reduce the risk of those adversely impacting the Council's objectives.

The Monitoring Officer (one of the three key statutory positions) is responsible for ensuring that key standards are followed and complied with at the Council, including:

- promoting and maintaining high standards of financial conduct
- ensuring that procedures for recording and reporting key decisions are operating effectively
- advising full Council, the Executive or the Executive Spokesperson about any actual or potential vices, maladministration, financial impropriety, probity and as to whether a decision is likely to be considered contrary to the law or contrary to or not wholly in accordance with the policy framework or budget.

These are key responsibilities to ensure key standards are maintained and continue to be monitored and complied with at the Council. The main compliance reports are presented to the key committees of the Council which are responsible for monitoring standards and to provide checks and challenge.

6. Governance

Monitoring and ensuring appropriate standards (continued)

Matters arising from May 2022 Local Election Process

A situation arose in one of the Council wards in the local elections of 5 May 2022. The counting of votes in one ward were not completed to an acceptable standard. The Council failed to count a box of postal ballot papers – attributed to simple human error. The postal votes were counted and the voting figures in the ward recalculated.

Whilst the result for the ward in question did not change, the situation did significantly impact on trust in the electoral process. As part of our VFM review, we met with the Council's Head of Elections to understand what happened and importantly what actions have been subsequently undertaken.

Council wanted to learn from this experience, to ensure something of a similar nature would happen again. The Council took various actions, including:

- Barnsley Returning Officer (BRO) meeting with the Election Commissioner and actioning feedback from the Commissioner
- BRO commissioning the Association of Electoral Administrators to carry out an independent investigation to this particular ward count and accepting all 14 recommendations in full
- BRO commissioning an engagement exercise with candidates, their agents and people working at the polling stations to provide assurances that lessons have been learnt and there are arrangements in place to eliminate such human errors in future elections
- Conducting an end to end review of how the Council would deliver future elections, with the review completed in December 2022. This was led by the Executive Director of Core Services. The review covered the election planning process, staff identification and recruitment, location and equipment to be used at polling stations, communications with the candidates and their agents, postal vote opening and the counting of votes
- Conducting a trial election at the Barnsley Metrodome in January 2023.

Overall, our work indicated how seriously the Council reacted to the issue, with arrangements put in place to prevent a similar situation occurring in the future.

We are content with the actions taken by the Council regarding this matter and there is no indication of residual significant weakness in this area. Due to actions taken and implemented, we are also of the view that an improvement recommendation is not considered necessary.

Local Government and Social Care Ombudsman (LGSCO)

The Local Government and Social Care Ombudsman (LGSCO) looks at complaints about councils including education admissions appeal panels and adult social care providers (such as care homes and home care providers).

This is a key regulator service in the local government and social care system and each council should have arrangements in place to address such complaints and LGSCO findings. Like every other local authority, the Council receives a LGSCO annual report, normally by July each year, covering complaint statistics.

The statistics focus on three key areas, complaints upheld, compliance with recommendations and satisfactory remedy provided by the council. The LGSCO compares the three key annual statistics with similar local authorities. In the case of the Council it is compared with similar metropolitan borough councils.

According to the LGSCO's 2021-22 annual review, the summary and comparison data for Barnsley Council was as follows:

- 69% of complaints were upheld and the national average was 68%
- The Council had successfully implemented all (100%) LGSCO recommendations and the national average was 100%
- On none of the 9 upheld decisions in 2021-22 (0%), the Council provided satisfactory remedy before the complaint reached the Ombudsman. The national average for similar authorities is 11%.

As part of the LGSCO report review and overall arrangements in place to address matters arising from the LGSCO review, we met with the Customer Resolutions Manager at the Council. (see overleaf)

6. Governance

Monitoring and ensuring appropriate standards (continued)

Local Government and Social Care Ombudsman (LGSCO) – continued

Our work highlighted that the Council takes customer complaints very seriously and there are arrangements in place to address customer complaints and working with respective directorates to address, provide remedies and minimise such complaints.

The majority of complaints relate to the two demand driven key services of the Council which are adult social care and children's services. According to the national statistics reported on the previous page, the Council is performing relatively in line with other similar local authorities other than in providing satisfactory remedies to the complainants before going to the LGSCO.

This is an area the Council could enhance existing performance by working more with the complainant, providing reasonable solutions, dealing with the relevant directorate to which the complaint relates, and all other relevant stakeholders to understand the root cause of this issue. Accordingly, we have raised an improvement recommendation on this.

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The Council also publishes an annual customer complaints and compliments report (Annual Customer Report) which is also presented to the Cabinet, usually in October. This Annual Report includes action plans to address LGSCO annual review matters (normally issued in July) and improve proactive and re-active work in relation to customer complaints.

Some of these actions, planned for 2022-23, include:

- launch a training course on an introduction to customer services complaints for all staff members – this is now completed
- hold a workshop with those services who are receiving the highest number of upheld complaints to review processes on how to manage complaints and learn from them
- review the online customer complaint and compliment form to improve how complaints and compliments are captured and routed through the organisation
- review the present system for the management of complaints and compliments with a view to implement identified changes which will improve service delivery

Overall, we consider the Council is taking customer complaints seriously and there are arrangements in place to address customer complaints, including monitoring procedures. We have also noted work is continuing and there is no evidence of any significant weaknesses. We have, however, raised an improvement recommendation in relation to providing satisfactory remedies to the complainant before it goes to the LGSCO.

Conclusion – Governance

Overall, we are satisfied the Council has appropriate governance arrangements in place and we have not identified any significant weaknesses in the Council's arrangements.

Our work identified two improvement recommendations to further enhance the Council's governance arrangements in respect of including any significant and relevant governance issues in its group entities within the AGS. We have also followed up the Council's progress against our 2020-21 governance recommendations at section eight.

Improvement recommendations



Governance – capturing governance assurances on the Council’s subsidiaries in the Annual Governance Statement

Recommendation 1

The Council reports a group accounts structure, which in addition to the Council, also includes two wholly owned subsidiaries, which are Berneslai Homes Limited and Penistone Grammar Trust. The AGS which accompanies the group accounts, should summarise the key governance arrangements and any governance issues arising for the group as a whole. We recommend the Council should include any key governance arrangements, assurances and any issues arising of all the group entities within AGS.

Why / impact

The Council’s accounting framework is within a group structure with two other entities. The Council is required to prepare an Annual Governance Statement for the group as a whole in order to report publicly on the extent to which they comply with their own code of governance, which in turn is consistent with the good governance principles in Delivering Good Governance Framework issued by CIPFA. This includes how the group/Council monitor and evaluate the effectiveness of the governance arrangements in the year, on any planned changes in the coming periods and any significant issues arising.

Auditor judgement

The Council has two wholly owned subsidiaries - Berneslai Homes Limited and Penistone Grammar Trust, which together with the Council form the group accounting structure. The Council is the ultimate controlling party to these two organisations. How well they are governed and their key risks are relevant and important to the group operations.

Not considering the subsidiaries’ key risks and operating effectiveness of their respective internal control environments may impact the operation of the whole group, including the Council. There is also the risk that full and appropriate disclosures in the AGS are not made. The Council should ensure the other two group entities’ governance arrangements are considered, and key assurances and any gaps in assurance should be included in Council’s AGS.

Summary findings

The Council produces an annual AGS, which complies with required guidance. It captures and summarises the overall governance framework at the Council, assurances obtained, and action plans on matters that need to be followed up together with timescales for those actions. These actions are followed up and updates provided to the Audit and Governance Committee during the year before the next draft AGS is produced. This gives an opportunity for the Members of the Audit and Governance Committee for check and challenge on the progress of the action plans from the previous AGS. This is a good approach and the Council continues to adopt these arrangements.

Our review of the AGS highlighted that there is no disclosure regarding any assurances obtained pertaining to governance arrangements on the two fully owned subsidiaries of the Council. This is an omission which should be rectified from the 2022-23 AGS.

Management Comments

Agreed. The inclusion of assurances regarding the Council’s two wholly owned subsidiaries, Berneslai Homes and Penistone Grammar School, will be incorporated in the AGS for 2022/23.

Improvement recommendations



Governance – Improving arrangements in relation to providing a satisfactory remedy to the complainant before raising an issue with the LGSCO.

Recommendation 2 We recommend the Council further enhances their arrangements in relation to providing satisfactory remedies to complainants before matters are raised and escalated to the Local Government and Social Care Ombudsman (LGSCO).

Why / impact

Providing satisfactory remedies to the complainant before the matter is raised with the LGSCO would enhance customer service, and is likely to reduce additional resource time to address these issues in the future. Overall, this would help to make this process more efficient and effective for both the Council and the Ombudsman.

Failing to provide satisfactory remedies could increase dissatisfied local residents and consume more Council resources in the future to rectify these. Additionally these matters would be reported in the annual public letter from the Ombudsman to the Council's Chief Executive.

Auditor judgement

This is an area the Council should engage more with the complainant, trying to provide reasonable solutions, dealing with the relevant directorate to which the complaint relates, and all other relevant stakeholders in order to understand the root cause of the issue. Ideally this will ensure the complainant is provided with satisfactory remedies at that stage with no reason to take the issue forward to the LGSCO.

Summary findings

Our work highlighted the Council takes customer complaints very seriously and there are arrangements in place to address customer complaints and working with respective directorates to address, provide remedies and minimise such complaints. The majority of complaints relate to the two demand driven key services of the Council which are adult social care and children's services. According to the national statistics, the Council's performance in this area is relatively in line with other similar local authorities, other than in providing satisfactory remedies to complainants prior to raising issues with the LGSCO.

The Council also publishes an annual customer complaints and compliments report (Annual Customer Report) which is presented to the Cabinet, usually in October. This Annual Report includes action plans to address LGSCO annual review letter matters (normally issued in July) and improve proactive and re-active work in relation to customer complaints.

Management Comments

Agreed. A number of measures have been implemented to support services in this area. These include:

- *an easy-to-follow checklist for Investigating Officers, helping to ensure that they follow the key steps when investigating and writing responses.*
- *A guidance document for Investigating Officers when undertaking Stage 2 investigations, and we're planning on doing the same for Stage 1.*
- *A remedy guidance document written by the LGSCO in every task allocation to Investigating Officers, which helps them to consider appropriate remedies should fault be found as part of the outcome of their investigation findings.*
- *Training sessions have been/continue to be delivered for services highlighting where they can look for exemplary areas of best practice on the LGSCO's website.*
- *Focused support for services, advising around learning and actions identified by Investigating Officers.*

In addition we continue to progress and evolve our response to complaints using learning and best practice and supporting services to meet both statutory requirements and our own performance targets.

7. Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Performance Management and monitoring

The Council continues to have an established Performance Management Framework in place. Performance is reported through the quarterly Corporate Performance Report and is structured around the Council's Plan 2021-2024 priorities and presented to Cabinet. These performance monitoring reports are publicly available through Council website.

The Council Plan for 2021 to 2024 sets out what the Council aims to achieve over three years. It gives the direction of travel of the Council. The Plan focuses on how the Council collectively delivers the services to best support residents, communities, partners and businesses.

The Plan explains what the Council wants to achieve, how it plans to do it, how the performance is measured, and whether it is on track to achieve it. This is where the quarterly Corporate Performance Report is useful for the Cabinet and the senior management to monitor the performance against the Critical Success Factors (see below) to achieve the Council Plan.

The Council Plan has been developed alongside the work that has taken place for the Barnsley 2030 vision, a series of activities with residents, businesses, employees and other key stakeholders across the borough.

The Barnsley 2030 strategy has four priorities to enable the borough to be modern, inclusive and efficient. These 4 priorities are supported by 12 Outcomes and currently 57 Critical Success Factors (CSF) – in effect key performance indicators of the Council, which have been aligned to the Outcomes.

This allows the Council to assess the performance against each outcome (which is linked to the Council Plan and vision) and monitor the direction of travel to achieve the Council Plan linked to the Barnsley 2030 vision.

In summary the 12 outcomes are:

1. People are safe and feel safe
2. People live independently with good physical and mental health
3. Reduce inequalities in health and income
4. People have the opportunity for lifelong learning
5. Children and young people achieve the best outcome
6. People have access to early help and support
7. Business startups and existing local businesses are supported to grow and get new investments
8. People have a welcoming, safe and enjoyable town centre
9. People are supported to have safe, warm and sustainable homes
10. More recycling and wasting less, feel connected in the borough
11. Barnsley heritage and green spaces promoted to all people to enjoy
12. Fossil fuels are being replaced by affordable and sustainable energy.

From quarterly cabinet reporting which is also publicly available, there is sufficient evidence to conclude the Council has arrangements in place for performance monitoring to achieve its corporate objectives. Further, the communication and reporting of the Council's performance is open for check and challenge.

Overall, our work indicates that the Council has arrangements in place to manage performances in a constructive way to identify areas for improvement.

7. Improving economy, efficiency and effectiveness

Evaluates the services it provides to assess performance and identify areas for improvement

One of the key tools for evaluation of services at the Council is the quarterly Corporate Performance Report, as indicated in the previous page. Based on the findings from these performance monitoring reports, the council evaluates the services and identify areas for improvement. These are captured by respective Directorates. Overall, the Council continues to monitor these and publicly available.

The Council also uses other means of evaluation of services, such as (not limited to), for example:

- External inspections and reports
- Local Government and Social Care Ombudsman (LGSCO) annual report
- Internal Audit reports in relation to the internal control environment where impacting on Council services, for example, internal audit work on benefit payments may highlight internal control improvements which once implemented could improve the service for the end user.

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External inspections and reports:

Ofsted/CQC Report:

In September 2021, Ofsted and the Care Quality Commission (CQC) conducted a joint inspection of the local area of Barnsley. This was to assess the effectiveness of the borough in implementing the special educational needs and/or disabilities (SEND) reforms as set out in the Children and Families Act 2014.

The inspection was led by Ofsted, supported by a team of inspectors from the CQC. The report was issued in November 2021. As a result of the findings and in accordance with the Children Act 2004 (Joint Area Reviews) Regulations 2015, Her Majesty's Chief Inspector (HMCI) determined that a Written Statement of Action (WSOA) was required because of significant areas of weakness in the borough's practices and arrangements.

HMCI also determined that the Council and the then Barnsley Clinical Commissioning Group (now within NHS South Yorkshire Integrated Care Board) were jointly responsible for submitting the written statement to Ofsted. In reaching their judgements, inspectors took account of the impact of the Covid-19 pandemic on the SEND arrangements in the borough. More detailed findings of this inspection and the full report can be obtained from Ofsted website.

As a result of these findings from Ofsted and CQC, our view was there was a significant weakness in the Council's arrangements for 2020-21 in relation to improving economy, efficiency and effectiveness in Barnsley in implementing SEND reforms as set out in the Children's and the Families Act 2014. As such, we issued a key recommendation on this issue in our 2020-21 Auditor's Annual Report on the Council's VFM arrangements.

Our work in this area in 2021-22 indicates that, progress has been made in actioning Ofsted/CQC report recommendations. Some of those actions taken by the Council include:

- submitting a detail WSOA as required by the Ofsted/CQC report
- developing a SEND Strategy 2022-25
- developing a SEND Improvement Programme that underpins the SEND Strategy
- producing quarterly Cabinet updates on SEND improvement programme progress and financial position. These reports update on support and provision for children and young people with SEND in the local area
- working closely with South Yorkshire Integrated Care Board on WSOA plan implementation and progress to date.

Whilst the Council has made progress in implementing Ofsted and CQC recommendations during 2021-22, not all WSOA recommendations were fully actioned as at 31 March 2022 and Ofsted/CQC have not performed a full re-inspection on WSOA actions.

Our view is under the terms of the NAO's VFM guidance, we believe it is appropriate to report this matter once again as an ongoing significant weakness in the Council's arrangements as at 31 March 2022.

Therefore, the resulting key recommendation (detailed at page 39) remains relevant to our 2021-22 VFM work. We note the actions taken by the Council during 2022-23 and we will further consider these as part of our 2022-23 VFM work later this year.

7. Improving economy, efficiency and effectiveness

Evaluates the services it provides to assess performance and identify areas for improvement

Partnership working

The Council continues to have appropriate partnership working arrangements in place. An integral part of the Barnsley 2030 Strategy is partnership working. The four themes of this vision are Healthy, Growing, Learning and Sustainable Barnsley and all these themes include elements of partnership working.

In developing the Barnsley 2030 strategy, the Council has closely worked, and continues to do so, with the communities, businesses and various organisations across all sectors and with local councillors, and Members of Parliament.

There is a formal structure that supports the delivery of the Barnsley 2030 strategy. This includes the Barnsley 2030 Board and the Barnsley 2030 delivery groups. The Barnsley 2030 Board includes various external key individuals and organisations, such as:

- Principal at Barnsley College
- Chief Executive of the Business Village (formerly Barnsley Business and Innovation Centre)
- Chief Executive of Barnsley and Rotherham Chamber
- Executive Director, Infrastructure and Place, South Yorkshire Mayoral Combined Authority
- Deputy Chief Executive, Barnsley NHS Foundation Trust
- Various very senior members from South Yorkshire Partnership NHS Foundation Trust, South Yorkshire Integrated Care Board, Barnsley School Alliance, CEO Barnsley Football Club, South Yorkshire Police, the National Trust and leading business people from South Yorkshire.

This is a demonstration of how the Council works with various partners to achieve its vision and aim to improve services to its local residents. The Board meetings for Barnsley 2030 are held quarterly and review of the agenda items indicate how the Council is working together in partnership with various individuals, organisations and stakeholders.

The Council also works in partnership with the following key people, organisations and government departments to move forward its agenda. For example, working with:

- The South Yorkshire Mayor and South Yorkshire Mayoral Combined Authority senior executives to develop the borough infrastructure and access to required funding
- Rotherham and Doncaster Councils which together run a Waste Partnership called BDR Partnership. This manages waste recycling across the three boroughs. Barnsley, Doncaster and Rotherham have almost 350,000 households, which between them produced around 340,000 tonnes of waste each year, almost one tonne per household.
- All key Government departments such as Department for Levelling Up, Housing and Communities (DLUHC), Department for Work and Pensions, Department for Education (DfE). A good example of demonstrating the collaborative partnership working with government departments is the Council's successful access to Safety Valve Funding in relation to the DSG deficit which was agreed in March 2023 – see pages 15 and 16.
- South Yorkshire Integrated Care Board in respect of the response to the Written Statement of Action (WSOA) as a result of Ofsted/CQC report on SEND – see more details at page 28.

Overall, the Council has arrangements in place for partnership working, and demonstrates a good level of collaborative working with local and national partners.

7. Improving economy, efficiency and effectiveness

Procurement

More than a third of all UK government spending on goods and services is spent by local government, so it is important for local authorities to have effective arrangements in place for procurement and contract management.

The local authority sector's ongoing focus on efficiency, and other priorities, such as net zero and local growth, mean that local government procurement has a real opportunity to make a difference to the wider efficiency, growth and environmental agenda.

Strategic planning, internal controls, technical expertise, commercial awareness and contract management are all key attributes for effective procurement. Appropriate governance arrangements and deploying appropriate skills and resources are critical for successful procurement that is compliant with legislation. Where things go wrong, there are potentially significant risks to public money, service delivery and reputation.

New Procurement Legislation - Transforming Public Procurement

Procurement rules and legislation are continually changing. The latest legislation "Transforming Public Procurement" is currently going through parliament with approval expected later this year and the rules anticipated to come into force by early 2024.

According to the government website, this new legislation will have differences in terms of how public sector procurement should be conducted and that will require specialist people to implement these in local government.

The Council has a procurement strategy which has been updated in previous years as a result of internal audit reviews and other changes to the operational and legal environment. The latest update was presented to the Audit and Governance Committee in January 2023.



Public-sector procurement

The new revisions reflected the growing remit and development of procurement within the Council, including innovation performed by the Strategic Procurement and Contract Management Team.

The key changes and updates to the Contract Procedure Rules (CPR) were both strategic and operational. Some of the strategic updates were:

- Social Values on how the Council would improve economic, social and environmental wellbeing through procurement policies
- Zero Carbon 40/45
- Minimum value for undertaking a competitive quotation exercise through requesting at least three quotes has been increased from £10,000 to £20,000
- Grants/State Aid

Some of the operational updates were:

- Conflict of Interest signed by all procurement participants
- Rejection of late Standard Questionnaires, Quotations and Tenders
- Record of all procurement documentation
- Second Signature for contracts under £70K
- Guidance in Estimating Contract Values and approvals

As part of our work, we met with Head of Strategic Procurement & Contract Management to discuss the recent updates to CPR and procurement related challenges facing the Council. Our discussions highlighted that:

- The Council takes procurement requirements very seriously and is aware of the developing legislative agenda in this area
- Social value and Zero Carbon 40/45 are incorporated into CPR
- There is growing remit of procurement need at the Council. This is evident from the recently approved 2023-24 budget and MTFs where there is a significant amount of capital investment and other programmes over the next 2-3 years. Closely linked to these requirements are sound and effective procurement of goods and services to protect public money.

7. Improving economy, efficiency and effectiveness

Procurement (continued)

- With the changing legislation coupled with increasing procurement activities going forward, there are challenges around capacity, skill mix and experience within the procurement function at the Council
- There has been no external independent review of the Council's procurement function. The Council has acknowledged this, and considering the specialist and changing nature of this area, a form of independent scrutiny and advice by specialists could further improve, efficiency and effectiveness of this key activity.

Tacking these factors in to consideration we have raised an improvement recommendation on procurement to further enhance the current procedures and assist the Council to successfully face future challenges. The recommendation focuses on:

- Page 41
- Reviewing capacity levels and expertise within the Council's procurement function given the current and future activities it is expected to deal with
 - Within reasonable intervals, seek a level of independent, external professional input on the Council's procurement activities (both compliance and controls), in order to provide a level of assurance over the procurement function given the level of remit of this key service.

Overall, other than our proposed improvement recommendation above, we consider there are sufficient arrangements in place at the Council to evaluate, monitor and comply with Contract Procedure Rules and there is no indication of any significant weakness.

Climate Change

The Council has various projects in place to tackle the climate change agenda. A key part of this agenda is reducing carbon emissions to help limit the effects of climate change. In September 2019, the Cabinet declared a climate emergency to bring these issues to the top of the Council's agenda and to the attention of all within the borough.

To support Barnsley to reduce its carbon emissions the Council has two programmes:

1. Programme one is for the Council to become net carbon zero by 2040. Zero 40 will focus on improvements in the Council's environmental performance. This will be measured by reducing carbon emissions against agreed milestones.
2. Programme two is Zero 45 where the borough as a whole aims to become net carbon zero by 2045. Zero 45 is a programme where the Council would help the whole of Barnsley including its residents, communities, partners and businesses to support Barnsley's changeover to be net carbon zero by 2045. The Council has approved its first Sustainable Energy Action Plan (SEAP) in October 2020 which guides Barnsley's carbon reduction work through to 2025.

7. Improving economy, efficiency and effectiveness

Climate Change (continued)

To achieve these significant targets, the Council is working on five key areas:

1. **Energy Efficiency and procurement of energy:** The aim is for this to be done with insulation and better equipment, with the Council wanting to make sure its energy is from renewable sources
2. **Resource Efficiency:** This is around making the most from the resources the Council has and waste less and recycle more. Some of these objectives are fed in to BDR Waste Partnership covered at page 29
3. **Sustainable Transport:** This is about reducing the need to travel, encourage walking and cycling, and reduce the amount of carbon emitted through travel, such as by using electric and low emission vehicles. Barnsley 2030 visions captures some of these in terms of more cycling lanes, electric vehicle charging points, walking paths, and vehicle replacement programme of the Council focusing on ultra low vehicle emissions
4. **Renewables:** These are sources of energy that do not reduce and disappear with use, unlike fossil fuels. For example, the design and build of solar panels at Glass Works. Berneslai Homes is working with Energise Barnsley to install solar panels on roofs of council dwellings
5. **Decentralised Heating:** This means heating homes via zero or low carbon measures away from traditional sources of heat. The Council is looking at the potential for expanding district heat networks where several buildings are heated from a single source. Berneslai Homes currently manage 24 district heat networks across Barnsley.

There are other projects the Council is engaged in relating to the environment such as working with community groups. The Council is also aiming to increase the number of trees planted in Barnsley with a target to plant 10,000 trees before 2025.

According to the Council's current strategic risk register (March 2023), it has included a red risk, showing the importance and the urgency of the Council to become net carbon zero by 2040 and the borough aiming to achieve this by 2045. It includes the current actions being taken and the latest updates on those actions. The red rating is given to this key area not due to lack of actions by the Council at the current moment but consequences if no actions are taken. The action ratings against specific milestones are mainly green (e.g. actions taken by the Council to date and continuing are in line with plans).

Overall, there is sufficient evidence to demonstrate the Council's desire, commitment and direction of travel in this area and no indication of any significant weakness.

Conclusion – Improving economy, efficiency and effectiveness:

Overall, we are satisfied the Council has appropriate arrangements in place in relation to improving economy, efficiency and effectiveness.

However, as highlighted at page 28, there is one ongoing significant weakness from 2020-21 in relation to arrangements in implementing special educational needs and / or disabilities (SEND) reforms. Therefore, we have an ongoing key recommendation on this matter and this is followed up at section eight. We have also raised one improvement recommendation on Council's procurement arrangements.

Improvement recommendations



Improving economy , efficiency , effectiveness – enhancements in relation to procurement activities

Recommendation 1

Given the levels of significant activities requiring procurement input at the Council, and the developing legislative environment impacting on procurement, the Council should consider:

- reviewing capacity levels, expertise and experience within the procurement function to ensure it is ready and ‘match fit’ to meet these future challenges
- seeking an independent, external professional review of the Council’s procurement activities, gaining a level of assurance in terms of how well the Council is placed to face the future demands on the procurement function.

Why / impact

Given the level of significant schemes the Council is currently dealing with and is expected to do so in the future, it is important to have a procurement function that is well placed to deal with these challenges. There are financial, legal and reputational risks when things go wrong in procurement.

Auditor judgement

More than a third of all UK government spending on goods and services is spent by local government, so it is important for local authorities to have effective arrangements in place for procurement and contract management.

Appropriate governance arrangements and deploying appropriate skills and resources are critical for successful procurement that is compliant with legislation. Where things go wrong, there are potentially significant risks to public money, service delivery and reputation. The latest legislation “Transforming Public Procurement” is currently going through parliament for approval later this year and the rules are anticipated to come into force by early 2024.

Summary findings

Our work indicated:

- with the changing legislation coupled with increasing procurement activities going forward, there are challenges around capacity, skill mix and experience within the procurement function at the Council
- there has not been an external independent review of procurement arrangements at the Council. The Council acknowledges that, considering the specialist and changing nature in this area including change in legislation, that independent scrutiny and advice by specialists could further improve, efficiency and effectiveness of this key activity.

Management Comments

Agreed. An independent strategic review of the Council’s procurement and contract management function concluded in the early part of 2023 with an improvement plan / new operating model currently subject to approval with an estimated implementation date of December 2023.

8. Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date per management:	Addressed?	Further action?
1	<p>DSG deficit:</p> <p>As a good governance measure, going forward, the Council should consider reporting the actions and outcomes on the DSG deficit reduction plans to the Audit and Governance Committee on a regular and timely basis.</p>	Improvement	March 2022	<p>Quarterly reports on the position for SEND and DSG Deficit together with actions being taken to address the deficit are reported through the following forums on a quarterly basis.:</p> <ul style="list-style-type: none"> • Lead Cabinet spokesperson briefings • Council's Senior Management Team (SMT) meetings • Cabinet • Schools Forum • SEND Oversight Board <p>A summary position is reported to the Audit and Governance Committee as part the quarterly performance report but moving forwards the detailed report will be submitted to the Audit and Governance committee during 23/24.</p> <p>Furthermore through ensuring a robust deficit reduction plan is in place, the Council has been able to secure financial support from the DFE as part of their Safety Value programme.</p>	Yes	N/a
2	<p>Borrowings:</p> <p>With the increase in borrowings over the years at the Council and associated financial risks such as interest rate increases, coupled with increasing inflation, going forward, the Council should prudently continue to monitor future cash flows to service and repay current and future borrowings without any significant impact on the delivery of key Council services.</p>	Improvement	March 2022	<p>The 2022/23 Treasury Management Strategy outlined an external borrowing requirement of £90M over the planning period to 2024/25. In light of rising interest rates throughout the year and the increasing cost of external borrowing, recommendations were made to the Treasury Management Panel to delay long-term borrowing at this time. The Council has also followed advice from our Treasury Management Advisors, Link Group, and during 2022/23 have focussed on a policy of internal and temporary borrowing, utilising cash balances and reserves in lieu of external borrowing. This position is being continually reviewed and changes in approach are recommended and discussed at Treasury Management Panel.</p>	Yes	None required. The Council's borrowing levels will be continually monitored in our future audit work.

8. Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date per management:	Addressed?	Further action?
3	<p>Bank Mandate Fraud:</p> <p>The Council should:</p> <ul style="list-style-type: none"> Have proactive mechanisms of fraud awareness training to relevant colleagues summarising the issues which resulted in this fraud – as a reminder to all Council staff to be alert to such schemes in order to reduce the chances of another fraud of this nature taking place again Ensure mandatory fraud awareness training is completed by all relevant employees, monitoring this requirement and taking appropriate action if compliance is not achieved Fully action all the recommendations arising from Internal Audit’s November 2021 report. 	Improvement	March 2022	<p><i>New training courses have been created on the Council’s POD system covering broad fraud awareness and communicated to all employees. Additional courses are being developed covering fraud awareness around procurement, recruitment, direct payments, anti-bribery and corruption, whistleblowing and money laundering fraud. These will be rolled out during 2023/24.</i></p> <p><i>A new mandatory general fraud awareness course was implemented earlier in 2023.</i></p> <p><i>All actions have been implemented from the original Internal Audit report in November 2021. Internal Audit continue to support and provide advice to the Accounts Payable function in the constant review and development of effective and efficient controls.</i></p>	Yes	N/a

	Recommendation	Type of recommendation	Date raised	Progress to date per management:	Addressed?	Further action?
4	<p>Strategic Risk Register:</p> <p>The Council should have a formal process of sharing the Strategic Risk Register (SRR) with the Cabinet for consideration and discussion at least every six months</p>	Improvement	March 2022	<p>Regular updates have been provided to Cabinet on risk during the year:</p> <p>27 June 2022 – explanation of the new risk management process, outlining the role of the Audit and Governance Committee in reviewing strategic risks, a comprehensive review of every strategic risk details were shared with a slide presentation and individual ED’s outlined the key issues and actions in relation to those risks where they are the Risk Owner.</p> <p>29 March 2023 – update on the strategic risk register, assurance provided that the Audit and Governance Committee are continuing to undertake regular deep dives into strategic risks, a detailed presentation of 3 high rated strategic risks (these risks were identified by SMT as the most important for Cabinet to have detailed oversight/understanding on) by the responsible ED considering key issues and actions, and an offer of training on risk management to Cabinet colleagues (training to be provided to 2 Cabinet leads on Children’s Services in May who have expressed an interest in this) – further training sessions to be set up as required.</p> <p>13 September 2023 – next session booked in for strategic risk review at Cabinet.</p>	Yes	N/a
5	<p>Glass Works:</p> <p>At this early operational stage of the Glassworks, to further enhance transparency, accountability and also assist in informed decision making, we recommend management continue to share relevant financial performance reports (income and associated expenditure) to the Cabinet and Audit and Governance Committee</p>	Improvement	March 2022	<p>Monthly updates have been provided to the Council’s GW Management Board. Audit and Governance Committee has also received verbal updates on a regular basis during the construction and initial operational phase.</p> <p>Detailed operational and financial performance reports will be submitted to SMT/Cabinet/Audit and Governance committee moving forwards.</p>	Ongoing	<p>As indicated in the management response, we will follow up future financial performance reports on GWs to the Cabinet and Audit and Governance Committee as part of our 2022-23 audit work.</p> <p>As we note on page 12, with the current challenging economic climate and other future possible risks it may be possible that actual net cost of the Glassworks scheme may increase – with a resulting impact on the Council’s financial position.</p> <p>Whilst we acknowledge that the Glassworks was always a regeneration scheme as opposed to a commercial venture, in our view, given the significance of the scheme, it should be separately identified and its financial performance (associated income and expenditure) should be reported to the Cabinet and Audit and Governance Committee.</p>

8. Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date per management:	Addressed?	Further action?
6	<p>Members and Officers Register of Interest and gifts and hospitality:</p> <p>The Council's arrangements around (a) recording and reporting members' gifts and hospitality and (b) recording of officers' register of interests could be further improved by having:</p> <ul style="list-style-type: none"> a clear evidenced based audit trail of Members declaring gifts and hospitalities (within the 28 days requirement), including confirmation of nil returns and then evidencing this on the Council's website a complete, accurate and up to date list of senior officers' Register of Interest to comply with Council's own Code of Conduct for employees. 	Improvement	March 2022	<p><i>A process is in place that assures that all Members complete a declaration of interests form within 28 days of being elected.</i></p> <p><i>A revised process for all employees to submit and maintain their declaration of interests has been implemented through the POD system. Almost 70% of staff have now completed this (as at the end of April 2023). Reminders have been issued to increase this percentage. All senior officers, Executive Directors and Service Directors have completed their declarations.</i></p>	Partially and progress made	We will further follow this up in our 2022-23 VFM work.

8. Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date per management:	Addressed?	Further action?
7	<p>Performance Management:</p> <p>As part of Council's continuous performance improvement agenda, it should consider:</p> <ul style="list-style-type: none"> Revisiting the number of Critical Success Factors (CSF) and see whether there is any opportunity to reduce the current number of CSFs whilst achieving the same intended outcomes Benchmarking relevant CSFs against similar and neighbouring local authorities to understand how the Council is performing comparatively and identify any opportunities to further improve performance. 	Improvement	March 2022	<p>A review of all corporate Critical Success Factors (CSF) is undertaken at the start of each financial year and new targets set for the forthcoming year. For 2022/23 we added one new CSF target and deleted seven, meaning the total CSF for 2022/23 period was 57, a net reduction of 6 CSF compared to 2021/22. A further review is ongoing for 2023/24.</p>	Yes	<p>No immediate action required as continuous review of CSFs occur at the Council.</p> <p>We will review this area and any use of benchmarking by the Council in our future VFM work.</p>

8. Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date per management:	Addressed?	Further action?
8	<p>Ofsted/CQC report on SEND - November 2021:</p> <p>Following the Ofsted and CQC SEND inspection, the Council should:</p> <ul style="list-style-type: none"> • have a clear “Written Statement of Action (WSOA) in response to Ofsted and CQC report on joint area SEND inspection, which identified significant areas of weaknesses in implementing SEND reforms as set out in the Children and Families Act 2014 • a clear action plan to implement this WSOA, working with all stakeholders including parents, carers, the CCG officers, Ofsted and the CQC • The action plan should be subject to formal monitoring and challenge by the Cabinet. Action should be taken against any elements of the action plan not implemented within the agreed timescales. 	Key	March 2022	<p><i>On the back of the SEND Inspection by Ofsted/CQC, the Council produced a Written Statement of Action – aimed at addressing the identified areas of weakness in the inspection.</i></p> <p><i>Progress on the WSoA has been reported to SMT/Cabinet on a regular basis via the quarterly SEND reports and has been subject to monitoring discussion with the DfE on numerous occasions since the inspection.</i></p>	<p>Partially.</p> <p>Good progress has been made since the regulator report was issued in November 2021.</p>	<p>It remains relevant to our 2021-22 review of the Council’s arrangements to 31 March 2022 as the inspection was conducted and reported during 2021-22 financial year and no formal follow up by the regulatory bodies had occurred as at 31 March 2022.</p> <p>We have noted the actions taken in relation to the findings from the SEND review in this report and will continue to monitor this matter as part of our 2022-23 VFM work.</p>

Appendices

Appendix A – Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No Statutory recommendations have been raised in 2021-22.	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No. There are no new key recommendations raised in 2021-22. However, there is one ongoing key recommendation relating to the findings from Ofsted /CQC Report on SEND.	Please see comments on page 39 in the follow up of prior year recommendations section. The key recommendation relates to the significant findings arising from the Ofsted / CQC review of SEND. We note the actions the Council and its partner have taken but as at 31 March 2022 this remained a significant weakness. We will follow up this matter as part of our 2022-23 VFM work.
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes. There are five improvement recommendations that have been raised in this report. Two on financial sustainability, two on governance and one on improving economy efficiency and effectiveness.	Financial sustainability: pages 17, 18 Governance: pages 25, 26 3Es: page 33

Appendix C – Key sources of evidence

In undertaking our work, we have considered a range of key sources of evidence and obtained information from or met with various Council Officers, including the following:



Key Staff involved

- Chief Executive
- Section 151 Officer
- Monitoring Officer
- Head of Internal Audit
- Core Services – Executive Director
- Head of Corporate Finance and Deputy s151 Officer
- Head of Strategic Procurement & Contract Management
- Head of Elections
- Customer Resolutions Manager



Key Documents Reviewed

- Annual Budgets 2021-22, 2022-23, 2023-24
- Quarterly Finance Performance Reports for 2022-23 and 2021-22
- Outturn report for 2021-22
- Treasury Management Strategy
- Glassworks Monthly Management Report for 2022-23 month 9
- Glassworks Board meeting – January 2023 minutes
- Strategic Risk Register
- Council Constitution
- Council Plan and Strategy
- Barnsley 2030 Plan
- Quarterly Corporate Performance Reports for 2021-22 and 2022-23 to date
- Annual Governance Statement 2021-22
- Head of Internal Audit Annual Report 2021-22
- Local Government and Social Care Ombudsman (LGSCO) website and 2021-22 LGSCO Annual Letter to Barnsley Council
- Updated Contract Procedural Rules
- Ofsted / CQC report on SEND - issued in November 2021
- Sustainable Energy Action Plan (SEAP)



Key Meetings Observed

- Attendance of Audit and Governance Committee meetings by the Key Audit Partner and Senior Audit Manager during 2021-22 and 2022-23
- Attendance of the Council Meeting by Key Audit Partner in November 2022
- Minutes review of the Cabinet and Council 2021-22



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Your key Grant Thornton team members are:

Gareth Mills

Key Audit Partner & Engagement Lead

T 0113 200 2535

E Gareth.Mills@uk.gt.com

Thilina De Zoysa

Engagement Senior Manager

T 0113 200 1589

E Thilina.De.Zoysa@uk.gt.com

Haz Anjum

Engagement Assistant Manager

T 0161 953 6363

E haz.anjum@uk.gt.com

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

1. Key matters

National context

Local Government funding continues to be stretched with increasing cost pressures due to the cost of living crisis, including higher energy costs, increasing pay demands, rise in interest rates, higher agency costs and increases in supplies and key services, such as adult social care and children's services.

Local authority front-line services play a vital role in protecting residents from rising costs; preventing the most vulnerable from falling into destitution and helping to build households long-term financial resilience. At a local level, councils are also essential in driving strong and inclusive local economies, through their economic development functions such as integrating skills with employment provision and prioritising vulnerable households to benefit from energy saving initiatives. Access to these services remains a key priority across the country, but there are also pressures on the quality of services. These could include further unplanned reductions to services and the cancellation or delays to major construction projects such as new roads, amenities and infrastructure upgrades to schools, as well as pothole filling. Overall, Local Government continues to operate in a very challenging environment, both financially and operationally.

Local Context:

The Council's financial performance

2021-22: For 2021-22, the Council delivered a general fund underspend outturn of £4.9m on business as usual services after c£26m Covid-19 funding. It was agreed that this underspend would be earmarked and carried forward for future Council expenditure through the Medium Term Financial Strategy (MTFS).

2022-23: The Council's approved budget for 2022-23 totalled £211.4m with a savings target of £2.1m to achieve a break even position. At the end of Month 9 (Dec 2022), the Council was predicting an operational overspend of £12.1m. According to the latest published corporate finance performance report, this gap is to be funded from general fund reserves. The most significant contributor to this overspend was on Children's Services which was c£7.6m ahead of the budgeted spend. At the time of producing this Plan, our discussions with senior management note the final outturn position is yet to be fully finalised for 2022-23. However, it is anticipated that the operational overspend is now reduced to c£10.5m. This is c£1.6m lower than anticipated at Month 9, mainly due to lower than anticipated Adult Social Care expenditure towards the end of the financial year. The savings target of £2.1m for 2022-23 has been fully delivered as planned. As previously agreed and reported to the Cabinet, this gap of c£10.5m is to be mitigated by earmarked general fund useable reserves to deliver a balanced budget for 2022-23. Per the latest audited accounts for 2021-22, the Council has general fund reserves of c£217m. This is a relatively stronger reserves position compared to a number of other similar metropolitan councils as we recently reported in our Auditor's Annual Report on VFM arrangements.

Medium Term Financial Strategy (MTFS): The Council's current three year MTFS which covers the period up to 2025-26 was approved in February 2023, alongside the 2023-24 budget. There is a balanced budget for 2023-24 after the setting of an efficiency savings target of £7.3m. For 2024-25 and 2025-26, there are currently £6.3m and £7.6m budget shortfalls respectively, before any efficiency targets. We understand an updated MTFS and mitigating efficiency plans will be submitted to Cabinet in due course in lieu of the ongoing financial and economic challenges faced by the Council.

Key matters

Dedicated School Grant (DSG) deficit and Safety Valve Funding:

As reported in our audit reports in the past, the Council's DSG deficit has increased by 120% within the two year period up to 31 March 2021 from £5.3m to £11.8m. This was further increased by £6.1m to £17.9m by 31 March 2022. The estimated (unaudited) deficit as at 31 March 2023 is c£22.1m, a further increase of £4.2m in year. As a result of Council's proactive work with all relevant stakeholders and constructive discussions with the Department for Education (DfE), the Council has reached an agreement on DSG deficit elimination funding with the DfE. This is called a Safety Valve Agreement (SVA). The SVA funds due to the Council from 2022-23 to 2026-27 totals up to £22.9m. Providing the Council breaks even in year, the Council has a great opportunity to eliminate the DSG deficit in full by 2026-27. The success in the Council obtaining the SVA funding is a positive outcome and a good reflection on the Council's arrangements in this area.

Glassworks (GW):

The Council's flagship town centre regeneration project is now operational, with 2022-23 the first full year since it was opened. The challenges have now moved from construction to the operational phase and there are costs and benefits associated with running GWs. The Council has set up the GW Project Board that mainly oversees the performance and operational activities. We understand there are regular meetings of GW Project Board to oversee the operations, including discussions around actual financial performance against the budgeted costs. We reported on GWs operations and governance activities in more detail on our latest 2021-22 report on the Council's VFM engagements and this will be a continuing area of focus for us as part of our VFM audit work.

Local Recognition:

In February 2023, it was announced that Barnsley Council has been shortlisted for Council of the Year and Social Care award in Local Government Chronicle (LGC) Awards. The LGC awards celebrate excellence in local government and recognise the talent, dedication, and innovation across the local government workforce. This shortlisting is a positive achievement for the Council. The winner will be announced in June 2023.

Audit reporting delays – context

In a report published in January 2023, the NAO highlighted that since 2017-18 there has been a significant decline in the number of audited local government body accounts including audit opinions published by the required deadlines set by the government. The NAO outlined a number of reasons for this and proposed actions.

In March 2023, Grant Thornton published 'About time?', which explored the reasons for the delay in publication of audited local Council accounts. The report explores several of the causes of delay and the steps which might be taken to reduce the incidence of delays. These steps relate to systems leadership, holding both authorities and auditors to account for their performance, a continued focus on the quality of accounts preparation and audit, and the effective engagement between auditors and audited bodies. The Grant Thornton report made a number of recommendations for improving timeliness in publishing audited accounts. Copies of the Grant Thornton report have been already circulated to members of the Audit and Governance Committee in March 2023.

It is pleasing to note that such audit delays have not been an occurrence at Barnsley Council. This is clearly evident from the last four years of audits that are now fully closed. We would hope this performance continues in 2022-23 and we will continue to work closely and effectively with senior management and the Audit and Governance Committee. We reported the planned timetable for the 2022-23 audit in our progress report to the Committee in March. This is set out in more detailed in section 10 and page 20 of this Plan.

Key matters



Our Responses on key Council matters

- As a firm, we are absolutely committed to high standards and continually improving audit quality and financial reporting in the local Council sector. Our proposed work and fee, as set out further in this Audit Plan, has been agreed with the Service Director for Finance, Chief Financial Officer
- We will continue to review the Council's financial position and performance through our regular discussions with the Service Director for Finance, Chief Financial Officer, including budget monitoring, anticipated revisions to the MTFs, management of general fund and useable reserves, Glassworks operations and DSG deficit reduction plans
- We will assess the accounting treatment for DSG Safety Valve Funding in your 2022-23 financial statements and evaluate whether it complies with current LG Code and relevant Statutory Instrument guidance
- We will continue to discuss Council's strategic direction and associated challenges with the Chief Executive, Service Director for Finance, Chief Financial Officer and the Monitoring Officer through our regular liaison meetings
- We will continue to consider your arrangements for managing and reporting your financial resources as part of our 2022-23 audit of your financial statements and value for money work (VFM).
- Our VFM work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will follow up progress in implementing the actions agreed in respect of matters identified in 2021-22 audit work relating to the financial statements audit as well as recommendations made as part of our 2021-22 review of your VFM arrangements
- We will continue to provide Audit and Governance Committee with sector updates providing our insight on issues from a range of sources and other sector commentators. We will also participate in your Audit and Governance Committee training sessions as applicable
- We will continue to hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretations, discuss topical issues with our technical specialists and create networking links with other audited bodies to support consistent and accurate financial reporting across the sector.
- We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures. We continue to identify a significant risk in regards to the management override of controls (see page 9) which is our key response to this risk.

2. Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of the Barnsley Metropolitan Borough Council ('the Council') for those charged with governance.

Respective responsibilities

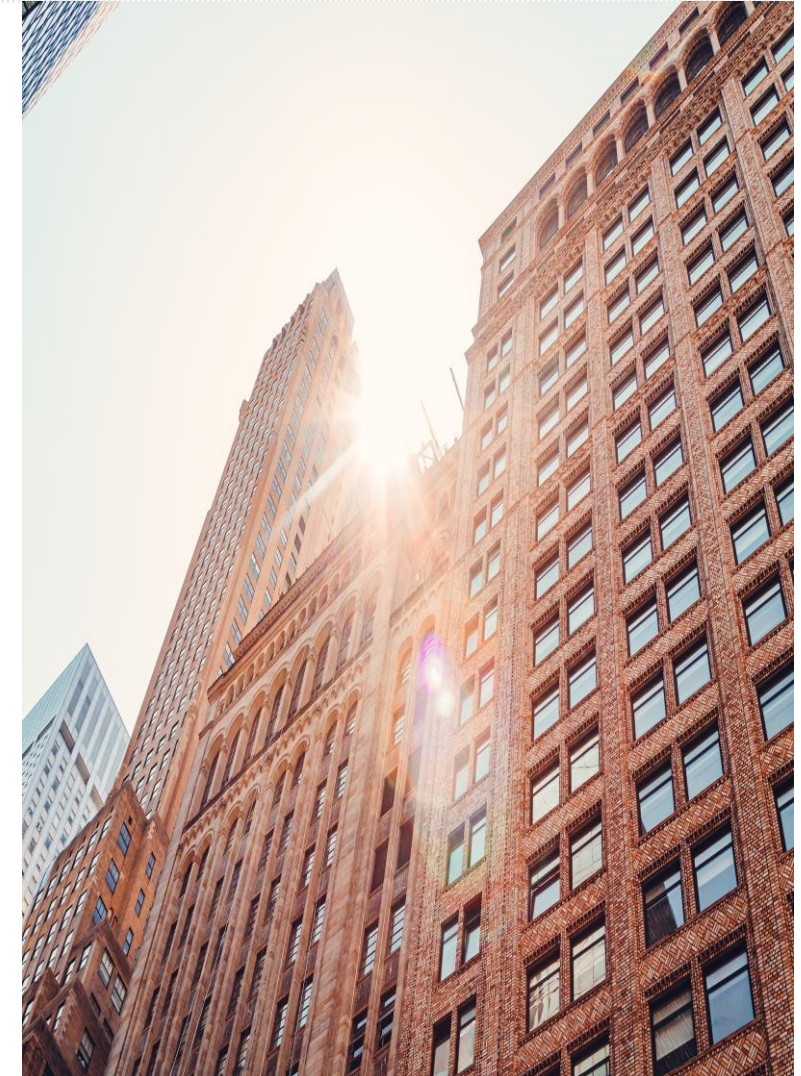
The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments Limited (PSAA), the body responsible for appointing us as auditor of the Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Full Council); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management, Full Council or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's operations and is risk based.



Introduction and headlines

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- Valuation of land and buildings
- Valuation of the net pension fund balance

We will communicate significant findings on these areas as well as any other significant matters arising from our audit to you in our Audit Findings (ISA 260) Report.

Sup Audit

The Council is required to prepare group financial statements that consolidate the financial information of the following group components:

- Barnsley MBC (the Council)
- Berneslai Homes Limited (BHL)
- Penistone Grammar Trust (PGT).

Materiality

We have determined planning materiality to be £10,750k (PY £10,750k) for the group and £10,692k (PY £10,692k) for the Council, which equates to 1.5% of your prior year gross expenditure in net cost of services for the year for the group and the Council respectively.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors.

Clearly trivial has been set at £537k (PY £537k) for the group and £534k (PY £534k) for the Council.

We will reassess our materiality calculation upon receipt of your 2022-23 draft accounts.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified one potential continuing risk of significant weakness at planning stage.

This is in relation to the Ofsted and CQC Inspection (November 2021 report) on implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley. We have identified this as a significant weakness in both our 2020-21 and 2021-22 VFM work and raised a key recommendation.

At the time of this Audit Plan, we are unable to confirm whether this still is a significant weakness for 2022-23 as there has not been a formal follow up inspection by the regulators and subsequent reporting as yet. We will continue to review this issue as part of our 2022-23 VFM work and will report our finding to you in our Auditor's Annual Report (AAR), which we aim to finalise by 31 December 2023.

We have not identified any additional potential or actual significant weaknesses at this time.

More information on this potential significant weakness is reported at section nine.

We will continue to update our risk assessment until we issue our 2022-23 AAR.

New Auditing Standards

There are two auditing standards which have been significantly updated this year. These are ISA 315 (Identifying and assessing the risks of material misstatement) and ISA 240 (the auditor's responsibilities relating to fraud in an audit of financial statements). We provide more detail on the work required later in this Plan.

Audit logistics

Our planning and interim audit work will take place during April and in late June to early July. Our final audit work will take place during late July to October.

Our key deliverables are this Audit Plan, our Audit Findings (ISA260) Report (expected in November) and our Auditor's Annual Report on our VFM work (expected by December 2023).

Our proposed fee for the audit will be £179,968 (PY: £180,468) for the Council, subject to the Council delivering a good set of financial statements and working papers. More detail analysis of our fee is included at section 11.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

3. Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Risk of fraud in revenue recognition and expenditure - rebutted	Council	<p>Revenue Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including at the Council, mean that all forms of fraud are seen as unacceptable. <p>Expenditure Whilst not a presumed significant risk we have had regard to Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom). Having considered the nature of the expenditure streams at the Council, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayers funds • Covid -19 funding has been sufficiently provided for additional expenditure and loss of income in prior years • the culture and ethical frameworks of local authorities, including at the Council, mean that all forms of fraud are seen as unacceptable. 	<p>As we do not consider this to be a significant risk for the Council, we will not be undertaking any special audit work in this area other than our normal audit procedures which include:</p> <p>Accounting policies and systems</p> <ul style="list-style-type: none"> • Evaluate the Council’s accounting policies for recognition of income and expenditure for it’s material income and expenditure streams and compliance with the CIPFA Code • Update our understanding of the Council’s business processes associated with accounting for income and expenditure. <p>Fees, Charges and other service income</p> <ul style="list-style-type: none"> • Agree, on a sample basis, income and year end receivables from other income supporting evidence. <p>Taxation and non specific grant income</p> <ul style="list-style-type: none"> • Income for national non –domestic rates and council tax is predictable and therefore we would conduct substantive analytical procedures • For other grants we will sample test items for supporting evidence and check the appropriateness of the accounting treatment in line with the CIPFA Code. <p>Expenditure</p> <ul style="list-style-type: none"> • Agree, on a sample basis, non pay expenditure and year end payables to supporting evidence • Undertake detailed substantive analytical procedures on pay expenditure <p>We will also design and carry out appropriate audit procedures to ascertain that recognition of income and expenditure is in the correct accounting period, for example undertaking cut off testing.</p>

‘Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.’ [ISA (UK) 315]

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Council	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied and made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Closing valuation of land and buildings, including Council dwellings	Council	<p>The Council re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £1.01bn) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified the closing valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • discuss with the valuer the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • engage our own auditor's expert valuer to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation • test revaluations made during the year to see if they had been input correctly into the Council's asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end • consider, where the valuation date is not 31 March 2023 for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2023.

'In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.' (ISA (UK) 315)

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund balance	Council	<p>The Council's prior year pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability for 2021-22 was considered a significant estimate due to the size of the numbers involved (c£327.4m) in the Council's balance sheet and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund balance as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> <p>The Council is an admitted body of South Yorkshire Pension Fund. We understand from our early discussions with management that South Yorkshire Pension Fund may be in a surplus position following the recent triennial valuation process. This situation may give rise to a net pension asset rather than a net pension liability.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net balance is not materially misstated and evaluate the design of the associated controls • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation • assess the accuracy and completeness of the information provided by the Council's to the actuary to estimate the liability • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions including the net pension balance, by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • evaluate the triennial pension fund valuation outcomes and assess the reasonableness and prudence in that overall valuation through our audit approach as applicable. Audit approach to be determined upon relevancy. • undertake procedures as relevant, if there is a movement from a net pension liability to a net pension asset and ensure that movement is materially correct, and any recognition of a proportion of the pension fund surplus is in line with accounting standards • obtain assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

4. Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Barnsley MBC	Yes	Audit of the financial information of the component using component materiality	Please refer to the significant risks identified in this Plan on pages 8 to 11.	Full scope audit under ISA(UK) performed by Grant Thornton UK LLP.
Berneslai Homes Limited (BHL)	No	Audit of one or more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements	The BHL net pension fund liability is not considered a significant risk at group level because we do not consider there is a material estimation uncertainty in the BHL pension fund balance. However, we set out our targeted audit approach in the next column.	<p>Audit of the specific area of BHL net pension fund balance and related disclosures for the year ended 31 March 2023.</p> <p>Targeted testing of any material other balances (other than net pension liability) and transactions outside the group boundary.</p> <p>This will be performed by Grant Thornton group audit engagement team.</p>
Penistone Grammar Trust (PGT)	No	Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements	The PGT land and buildings valuation is not considered a significant risk at group level because we do not consider there is a material estimation uncertainty in PGT land and buildings valuations. However, we set out our targeted audit approach in the next column.	<p>Audit of PGT's valuation of land and buildings as at 31 March 2022.</p> <p>Targeted testing of any material other balances (other than land and buildings) and transactions outside the group boundary, of PGT financial statements for the year end 31 March 2022.</p> <p>This will be performed by Grant Thornton group audit engagement team.</p>

Key changes within the group:

There are no key changes to the group structure or components for the year ended 31 March 2023. However, we will continue to discuss the group structure and components with management. At the time of this Audit Plan, we can confirm that these are the only three components within the group that form part of the group consolidation process, which are identified above.

We have requested a paper from management assessing other entities with which the Council has an interest in, to consider whether there are any other components which would be required to form part of the group.

Audit scope

- Audit of the financial information of the component using component materiality (this is relevant to Barnsley MBC as indicated above)
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements (this is relevant to BHL and PGT as indicated above)
- Review of component's financial information
- Specified audit procedures relating to significant risks of material misstatement of the group financial statements
- Analytical procedures at group level.

5. Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules (as relevant to 2022-23 NAO guidance which is not yet published) for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2022-23 financial statements, consider and decide upon any objections received in relation to the 2022-23 financial statements
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act)
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'.

All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this Plan.

6. Progress against prior year audit recommendations

We raised one recommendation in our 2021-22 audit of the Council's financial statements. We have followed up the progress against that recommendation below. Please note, in addition to the point below, there were some additional recommendations on IT general controls as a result of work undertaken by our specialist IT audit team. We will follow up those recommendations as part of our 2022-23 Audit Finding Report (ISA260).

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<p>To be made in November 2023 at the completion of 2022-23 accounts audit</p>	<p>Long Term Sustainability of the current version of the SAP reporting System:</p> <p>The Council has been using the SAP Reporting System as the main general ledger system for over 15 years. It is understood that the current version of the SAP reporting system has been used for a number of years by the Council.</p> <p>Our Observations:</p> <ul style="list-style-type: none"> • During our work performed relating to journal testing we observed an inability to run transaction reports for all ledger codes for the purpose of our journal testing - this has not prevented us from performing our testing as we have been able to gain sufficient assurances of the ledger balance as a whole from alternative procedures. However, such procedures are excessively time consuming for both the auditor and Council staff. • Since the SAP system was installed over 15 years ago, the number of transactions and data which are posted to the general ledger has significantly increased. This gives rise to increased data management and security challenges to consider when obtaining the key outputs from the system. • The Council's current version of the SAP system does not have cloud-based functionality. This could potentially lead to loss of financial data. The current version of the system, the data is backed up onto physical hardware which may not be a sustainable option in the longer term. This leaves the Council open to potential data loss through physical damage to hardware along with increased funding requirements to maintain required hardware, to keep up with increasing demand in data storage. <p>Whilst we acknowledge the current system is doing what is required, we believe, there are challenges around long term sustainability of the current version of the SAP system that may impact the Council's financial reporting if no action is taken in the medium term.</p>	<p>Recommendation</p> <p>We recommend the Council to consider other options available on financial ledgers including consideration on a more up to date version of the SAP reporting system than the current version of SAP. This could increase efficiencies that can be gained from a general ledger system, would also assist to keep up with the increasing demand on data management and protection.</p> <p>Management response (Nov 2022):</p> <p><i>The Council is fully aware of the long-term sustainability of the SAP system, specifically the current version used by the Council will no longer be supported by SAP beyond 2025. With this in mind SOCITIM Advisory group have been engaged to review the options available to the Council with regards to the SAP system. A strategic drivers board has been organised and a series of operational workshops are now taking place to review the use and future requirements for the Council. Regular updates will be provided on progress to Cabinet and the Audit and Governance Committee</i></p> <p>Management response (May 2023):</p> <p><i>Work is ongoing with the SOCITIM advisory group regarding the long-term replacement of the SAP system as part of the wider digitisation and transformation programme. However, it has recently been confirmed that support to the existing version of SAP used by the council will now be supported through to 2030.</i></p> <p>Auditor Comment (May 2023):</p> <p>Management comments (May 2023) have been noted. We will further observe this during 2022-23 accounts audit and will make our final assessment and report to you via our Audit Finding Report (ISA260), due in November 2023.</p>

7. Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	<p>Determination</p> <p>We have determined the planning financial statement materiality based on a proportion of the gross expenditure in cost of services of the group and Council for the financial year.</p> <p>We have determined planning materiality to be £10,750k (PY £10,750k) for the group and £10,692k (PY £10,692k) for the Council, which equates to 1.5% (PY 1.5%) of your prior year gross operating costs in net cost of services for the year.</p>	<p>We determine planning materiality in order to:</p> <ul style="list-style-type: none">– establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements– assist in establishing the scope of our audit engagement and audit tests– determine sample sizes and– assist in evaluating the effect of known and likely misstatements in the financial statements.
2	<p>Other factors</p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements.</p>	<p>An item may be considered to be material by nature where it may affect instances when greater precision is required.</p> <ul style="list-style-type: none">– We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £15,000 (PY £15,000).

Our approach to materiality

Matter	Description	Planned audit procedures
3	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality. We will review our materiality calculation upon receipt of your 2022-23 draft accounts.</p>
4	<p>Other communications relating to materiality we will report to the Audit and Governance Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the Group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £537k (PY £537k) for the group and £534k (PY £534k) for the Council.</p> <p>If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.</p>

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

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Materiality area	Group Amount £000	Council Amount £000	Qualitative factors considered
Materiality for the financial statements	10,750	10,692	We have determined materiality at 1.5% of gross operating expenditure based on the prior year. We consider this as the most appropriate criteria given stakeholders interest in the Council delivering its budget.
Performance materiality	7,525	7,484	Assessed to be 70% of financial statement materiality.
Trivial matters	537	534	This equates to 5% of materiality. This is our reporting threshold to the Audit and Governance Committee for any errors identified.
Materiality for senior officer remuneration disclosures	15	15	The senior officer remuneration disclosures in the Financial Statements have been identified as an area requiring specific materiality due to its sensitive nature.



8. IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs.

The following IT system has been judged to be in scope at audit planning stage. Based on the financial statement audit approach we will perform the level of assessment required. We will keep this under review as the audit progresses and will update our understanding if there are additional IT systems within the scope of the audit. We will report that to you including our assessments (as applicable) in our ISA(UK) 260 report.

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IT system	Audit area	Estimated value	Planned level IT audit assessment
AP reporting system	Financial reporting, including Payroll	£800m (estimated 2022-23)	<ul style="list-style-type: none"> Detailed ITGC assessment (design and implementation) Application controls assessment (Revenue, Procurement, Payroll)
Northgate (Revenues & Benefits system)	Council Tax, Business Rates, Benefits	£250m (estimated 2022-23)	<ul style="list-style-type: none"> Detailed ITGC assessment (design and implementation) Application controls assessment (Interface to SAP finance system)
Open Housing (Housing rents system)	Housing rents	£75m (estimated 2022-23)	<ul style="list-style-type: none"> Detailed ITGC assessment (design and implementation) Application controls assessment (Interface to SAP finance system)

9. Value for Money arrangements

Approach to Value for Money work for the period ended 31 March 2023

The National Audit Office (NAO) issued its latest Value for Money guidance to auditors in January 2023. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

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Potential Significant Weakness - Ofsted and CQC Inspection on implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley.

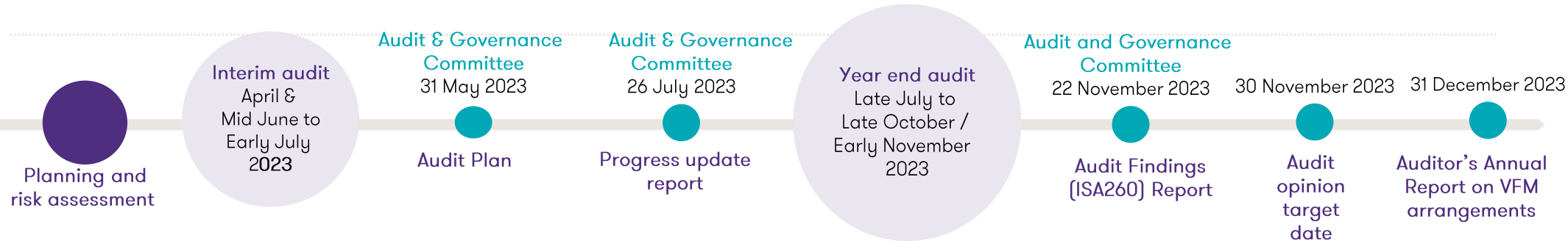
Our risk assessment regarding your arrangements to secure value for money has identified one potential continuing risk of significant weakness at the planning stage. This is in relation to the Ofsted and CQC Inspection (November 2021 report) on implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley.

As you are aware from our previous reporting to the Audit and Governance Committee, we have identified this as a significant weakness in both our 2020-21 and 2021-22 VFM work and raised a resulting key recommendation in line with the NAO guidance. At the time of this Audit Plan, we are unable to confirm whether this is a significant weakness for 2022-23 or not. We note the actions taken by the Council in response to the findings since November 2021 which were reported in our 2021-22 AAR VFM Report. However, no formal follow up inspection by the regulatory bodies has occurred to date. Regulator follow up inspections and subsequent reporting with any new findings are key part of our risk assessment regarding this issue. We will continue to review this as part of our 2022-23 VFM work and will report our findings to you in our Auditor's Annual Report (AAR), which we aim to finalise by 31 December 2023. During our 2022-23 VFM work, we will specifically focus on:

- Any CQC/Ofsted re-inspection and subsequent reporting by the regulators
- Two way communications between the regulatory bodies and the Council regarding the progress made in addressing November 2021 report recommendations.

We have not identified any other potential significant weaknesses to date, other than what is reported above.

10. Audit logistics and team



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Gareth Mills, Key Audit Partner & Engagement Lead

Gareth leads our relationship with you and takes overall responsibility for the delivery of a high quality audit, ensuring the highest professional standards are maintained and a commitment to add value to the Council.

Thilina De Zoysa, Engagement Senior Manager

Thilina plans, manages and leads the delivery of the audit, is your key point of contact for your finance team and is your first point of contact for discussing any issues.

Haz Anjum, Engagement Assistant Manager

Haz assists in planning, supervising and delivering the audit fieldwork liaising with your finance teams, ensuring that the audit is delivered effectively and efficiently. Haz also co-ordinates with the audit team on delivery of field work.

Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations, we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations, we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

11. Audit fees and updated Auditing Standards, including ISA 315 Revised

In 2017, PSAA awarded a contract of audit for the Council to begin with effect from 2018-19. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2022-23 audit. For details of the changes which impacted on years up to 2021-22 please see our prior year Audit Plans.

The major change impacting on our audit for 2022-23 is the introduction of ISA (UK) 315 (Revised) - Identifying and assessing the risks of material misstatement ('ISA 315'). There are a number of significant changes that will impact the nature and extent of our risk assessment procedures and the work we perform to respond to these identified risks. Key changes include:

- Enhanced requirements around understanding the Council's IT Infrastructure and IT environment. From this we will then identify any risks arising from the use of IT. We are then required to identify the IT General Controls ('ITGCs') that address those risks and test the design and implementation of ITGCs that address the risks arising from the use of IT.
- Additional documentation of our understanding of the Council's business model, which may result in us needing to perform additional inquiries to understand the Council's end-to-end processes over more classes of transactions, balances and disclosures.
- We are required to identify controls within a business process and identify which of those controls are relevant to the audit. These include, but are not limited to, controls over significant risks and journal entries. We will need to identify the risks arising from the use of IT and the general IT controls (ITGCs) as part of obtaining an understanding of relevant controls.
- Where we do not test the operating effectiveness of controls, the assessment of risk will be the inherent risk, this means that our sample sizes may be larger than in previous years.

These are significant changes which will require us to increase the scope, nature and extent of our audit documentation, particularly in respect of your business processes, and your IT controls. We will be unable to determine the full fee impact until we have undertaken further work in respect of the above areas. However, for a similar Council of your size, we estimate an initial increase of £6,000. We will let you know if our work in respect of business processes and IT controls identifies any issues requiring further audit testing.

The other major change to Auditing Standards in 2022-23 is in respect of ISA 240 which deals with the auditor's responsibilities relating to fraud in an audit of financial statements. This Standard gives more prominence to the risk of fraud in the audit planning process. We will let you know during the course of the audit should we be required to undertake any additional work in this area which will impact on your fee.

Taking into account the above, our proposed work and fee for 2022-23, is detailed overleaf and has been agreed with the Service Director for Finance, Chief Financial Officer.

Audit fees

	Actual Fee 2020-21 £	Actual Fee 2021-22 £	Proposed fee 2022-23 £
Barnsley Metropolitan Borough Council	£180,218	£180,468	£179,968
Total audit fees (excluding VAT)	£180,218	£180,468	£179,968 Note 1

Note 1

See detailed analysis at page 23.

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis:

PSAA Scale fee for 2022-23	£120,968
Increased challenge and depth of audit work and testing in order to meet the audit quality challenge of the regulator	£3,750
Enhanced audit procedures for Property, Plant and Equipment, including the use of an Auditor’s Expert	£5,000
The revised Value for Money (VfM) approach, introduced under the new NAO Code in 2020-21 (after the 2017 PSAA tender)	£20,000
Increased audit requirements relating to ISA 540 Revised - Auditing Accounting Estimates and Related Disclosures	£6,000
Enhanced audit procedures for journals and grants testing, given the risk of management override of controls	£5,000
Enhanced audit procedures for Payroll – Change of circumstances	£500
Enhanced audit procedures for Collection Fund – reliefs testing	£750
Increased audit requirements of ISA 315 Revised - identifying and assessing the Risks of Material Misstatement	£6,000
Technical ‘hot review’ of the draft 2022-23 accounts given the audit sits within the FRC population of a ‘major’ audit	£1,500
Enhanced audit procedures for Infrastructure assets	£2,500
Additional testing within the Housing Revenue Account	£500
Additional work on ‘local risks’ for the audit, including the material DSG deficit on financial statements, VFM work and accounting on Safety Valve Funding. Also group accounts audit work and the IT General Controls work on SAP	£7,500
Total proposed audit fees 2022-23 (excluding VAT)	£179,968

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Note: All variations to the scale fee will need to be approved by PSAA

12. Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken or undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings (ISA260) Report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related:			
Certification of Housing Benefit [See note below]	39,675*	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £39,675 in comparison to the total fee for the audit of £179,968 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Teachers' Pension Return	10,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £179,968 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Pooling of Housing Capital Receipts	7,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,500 in comparison to the total fee for the audit of £179,968 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related:			
None	-	-	-

* NOTE on Housing Benefit work and fees:

In addition, as per prior years, for each 40+ HB testing undertaken, there will be additional fees to be raised. The value will be dependent on whether the detailed testing is performed by the Council and re-performed by us, or directly by Grant Thornton.

13. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management / those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud (deliberate manipulation) involving management and / or which results in material misstatement of the financial statements (not typically council tax fraud)		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.



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Cyber Security Strategy Update



What is the Cyber Security Strategy?



Produced on the basis of
NCSC Guidance and LGA
Cyber 360 Review



A Strategic view ahead, not
prescriptive



Linked into the Council's
Visions, IT Strategy and
Transformation Programme



Following best practice
guidance from multiple
sources

What is the Cyber Security Strategy?



Aligned to International best practice and advice from the NCSC, DLUHC, ISO and NIST



Forming part of 3 year strategy with annual review



Something that progress can be measured against



Draft version nearly ready to be shared wider

Progress so far...



Looking ahead and supporting major migration to Cloud



Modern security controls, to protect the Council now and into the future



Focus on using existing tools and tooling from existing suppliers, to give an integrated view



Based around NCSC CAF (Cyber Assessment Framework), future replacement for standards to connect to Government and NHS data networks

What will the strategy look like

- Governance Framework
- Risk Management
- Asset Management
- Supply Chain Management
- Protection Policies and Procedures Framework
- Identity and Access Controls
- Data Security
- System Security

What will the strategy look like continued

- Resilient Networks
- Staff Training
- Security Monitoring
- Proactive Security Discovery
- Response and Recovery Planning
- Lessons Learned Culture



Thank you, for your time..!

Are there other areas you think the strategy should cover or focus on?

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Item 7

Report of the Data Protection Officer

AUDIT AND GOVERNANCE COMMITTEE – 31st May 2023

DATA PROTECTION OFFICER ASSURANCE REPORT

1. Purpose of the Report

- 1.1 This report highlights the key areas of work of the Council's Data Protection Officer (DPO) to provide the Committee with information and assurances regarding the Council's compliance with the Data Protection Act 2018 and UK GDPR.

2. Recommendation

- 2.1 **It is recommended that the Committee consider the report and the information and assurances within it and receive a further update in 6 months' time to contribute to wider and continuous assurances as part of the Annual Governance Review process.**

3. Background

- 3.1 The Council is required to appoint a DPO under the General Data Protection Regulations and Data Protection Act 2018. The key aspect of this role is to provide the Council with independent assurance regarding compliance with data protection law.

4. Assurance Update

- 4.1 The DPO has regular meetings with officers from the Information Governance and Security Team and the Senior Information Risk Officer (SIRO) and reports to the Information Governance Board. The DPO also undertakes or commissions specific assurance reviews to support that independent assurance, when required.
- 4.2 Overall, recent activity and general oversight, continues to provide a generally positive picture regarding compliance with UK GDPR. To support that, the Information Governance Board provides a clear focus on compliance and awareness. Strategic issues are escalated to the Senior Management Team as required thus ensuring data protection, security and general information governance matters are considered at the highest level.
- 4.3 The Information Governance and Security Team have continued to provide regular reminders to all staff regarding various aspects of information governance, as well as mandatory training through the POD on-line training

system. Such mandatory training has covered information governance generally, incident management, protecting personal data, subject access requests and a general UK GDPR reminder. The take-up of mandatory training is relatively good with around 85% of networked employees completing the training. The figure is around 40% for non-networked employees where they receive verbal briefings from team managers. This is an area of particular focus of the Information Governance Board.

- 4.4 Compliance with the statutory timescales for responding to FOI and SAR requests remains very high at over 98% which reflects the work undertaken to support staff receiving such requests and significant improvements in the system that manages requests and responses making it easier and more efficient for services to meet the timescales.
- 4.5 During 2023, there have been three phishing campaigns which have also highlighted improved awareness amongst staff to spot any irregular emails and report them to IT. This threat is further mitigated by the comprehensive technical framework in place to prevent malicious emails and general cyber-attacks entering the Council's network and systems. However, it is acknowledged that whilst employee awareness is good and good technical measures are in place, attacks from phishing and whaling remain a high risk to the Council and rely on staff being constantly alert to the risk. Incidents at other councils highlight the significant risk posed by phishing and whaling attacks.
- 4.6 Significant work continues to be undertaken around cyber and IT security generally. Password cracking exercises are periodically undertaken to ensure high levels of awareness and firm security posture. It remains a priority of the Information Governance and Security Team to constantly reduce the number of data incidents and help improve the timeliness of management actions to minimise the risk of incidents recurring. There has been a steady reduction in incidents over the last 3 years and this continued during 2022/23. An analysis of data incidents is presented to the Information Governance Board for monitoring.
- 4.7 The Information Governance and Security Team along with the Emergency Resilience Team have run a number of simulated cyber-attack exercises with leaders across the Council to raise awareness and highlight any areas where improvements are needed to ensure we are able to respond should an attack be successful and render IT systems unavailable. These exercises were very useful with follow-up work being planned to ensure that resilience. The threat from a cyber-attack is a key strategic risk discussed at Senior Management Team and Cabinet level given the impact attacks have had on a number of other councils.
- 4.8 The DPO is regularly contacted to provide advice and guidance on data protection concerns and particularly where the Information Commissioner's Office is involved in a matter.

4.9 The DPO undertakes or commissions independent reviews of various aspects of information governance. Those undertaken in 2022/23 have been:

Area Covered	Key Issues
CCTV review (on-going)	Oversight of work to ensure compliance with best practice in the use of CCTV across the Council.
Incident management (Feb 2023)	Reasonable assurance. Key issue was ensuring there was consistency in reviewing incidents and providing evidence of closure of the incident and follow up of lessons learned.
Cyber security (March 2023)	Limited assurance. At the time of the review a number of policies required review and the PSN accreditation was due. This remains outstanding but is scheduled to be achieved by the end of June. Policies have now been reviewed. The Cyber team and DPO will attend Scrutiny Committee on 6 th June 2023 to present the developments made over the last 12 months to elected members.
DPIA review and compliance (Dec 2022)	Limited assurance. Key issue was the need to ensure DPIAs were reviewed and that responsibility was re-assigned where staff had changed roles or left the Council. The DPIA process is undergoing a full review which will improve management assurances, providing a streamline and dynamic eform.
Information sharing agreements (on-going)	Oversight of work to create and maintain a corporate process to manage data/information sharing agreements.
Data retention / records management (Feb 2023)	Limited assurance. Key issues raised were the capacity of the Records Management Team to adequately support services in their responsibilities, and issues around legacy systems holding data beyond normal retention periods. SMT have requested a Records Management Strategy to be developed, due for release June 2023.

4.10 In all cases management actions have been implemented as agreed or are on schedule for completion by the agreed dates.

4.11 A key issue raised and discussed at the Information Governance Board is to review the role of information asset owners across the Council. This role is key to embed good awareness and compliance with various aspects of information

governance within services. It is important to stress that corporate arrangements for information governance management are good. There does however need a renewed focus to ensure services are fully aware of their responsibilities to maintain those good levels of compliance.

- 4.12 The DPO and Internal Audit will continue to monitor management's response to the issues raised and conduct further independent reviews and audits on a continuous rolling basis. These will be reported to the Information Governance Board and the Audit and Governance Committee.
- 4.13 As a key source of assurance for the Committee and to properly discharge the responsibilities of the DPO, the role requires independence from management, unfettered access to senior management and access to the necessary resources. These key requirements are in place.
- 4.14 As stated, overall, the Committee can be assured that whilst there will inevitably be data and information incidents there is a robust and comprehensive suite of policies and guidance in place supported by a strong and committed Information Governance and Security Team. The joint working and liaison between the DPO, Information Governance, Cyber Security, the SIRO, and Legal Services provides a robust basis to guide the Council to ensuring that data protection responsibilities are understood and complied with as effectively as is reasonably possible.
- 4.15 A section within the Annual Governance Statement is also included to provide the assurances from the DPO.

Contact Officer: Data Protection Officer
Email: DPO@barnsley.gov.uk
Date: 17th May 2023

Item 8

Report of the Executive Director Core Services

AUDIT AND GOVERNANCE COMMITTEE – 31st May 2023

CONFIDENTIAL REPORTING (WHISTLEBLOWING) POLICY ANNUAL REPORT

1. Purpose of the Report

- 1.1 This annual report presents the Committee with a review of the activities and current issues regarding the Council's Confidential Reporting (Whistleblowing) Policy and supporting procedures.

2. Recommendation

- 2.1 **It is recommended that the Committee consider the report and the assurances it provides and commits to continue to support the Council's overall counter fraud culture and the work of Internal Audit and the Corporate Anti-Fraud Team.**

3. Background

- 3.1 The Council has had a Corporate Whistleblowing Policy since 2000. It has undergone a number of reviews and revisions to ensure it remains fit for purpose and meets best practice and any guidance that may have emerged and changed over the years. The Committee will recall that the title of the policy was changed to Confidential Reporting when it was last reviewed and approved by Cabinet in January 2020.
- 3.2 The specific confidential reporting arrangements are of course just one vehicle for concerns to be raised. The degree and extent of the specific use of the procedures is therefore not considered significant when taken with the other means by which concerns are raised. What is important of course is ensuring there are clear and understood routes for raising concerns and that there are suitable resources and arrangements in place to ensure appropriate investigations are undertaken.
- 3.3 Again as the Committee is aware a number of other policies, strategies and procedures are periodically reviewed and considered by the Committee (and approved by Cabinet).
- 3.4 The threat of fraud is one of the strategic areas of focus of the Senior Management Team that is presented to the Committee for assurance purposes. Having appropriate arrangements in place to allow for confidential reporting and

for employees and others to have confidence in those arrangements is a key part of managing that fraud threat.

4. Confidential Reporting Activity

4.1 As referred to above the confidential reporting arrangements are part of a wider framework of how employees, particularly can raise concerns. However, specifically in relation to the use of the whistleblowing arrangements, during the last 12 months there have been 9 instances of contact, all received via either email or letter. Of the concerns raised, 6 were made anonymously. The table below summarises the concerns raised.

		Nature of Concern	Action Taken	Status
1	Anonymous	Management behaviour	Current investigation	Open
2	Anonymous	Abuse of position	Investigation concluded no evidence to support allegation	Closed
3	Named	Safeguarding matter	??	??
4	Named	Working practices	Investigation concluded no evidence to support allegation	Closed
5	Anonymous	Employee behaviour	Investigated and appropriate action taken	Closed
6	Named	Management behaviour	Investigated and appropriate action taken	Closed
7	Anonymous	Practices at an Academy	Independent investigation undertake and no evidence to support allegation	Closed
8	Anonymous	Alleged criminal activity	Investigated and appropriate action taken	Closed
9	Anonymous	Practices at a school	Independent investigation undertake and no evidence to support allegation	Closed

4.2 Although there have only been these 9 instances where the specific Confidential Reporting arrangements have been used, there have been other matters raised directly with senior management, both anonymously and with names provided. In these cases, advice is sought from the Corporate Anti-Fraud Team, Internal Audit or one of the Corporate Whistleblowing Officers. In all cases the circumstances of the matter are considered to identify any opportunities for learning and particularly in the improvement of controls.

4.3 As has been highlighted in previous reports, whilst this level of activity may be regarded as relatively low in this particular period, it is difficult to speculate what would be an appropriate figure. There are several ways to judge the volume of referrals through this process; more positively, a low number could indicate on the one hand there are only a few instances of irregularity or concern that are being identified, or less positively, that the process for reporting is not trusted. A higher number of referrals could indicate a greater level of trust with the process but less positively, an indication that there are more instances of irregularity occurring.

- 4.4 Using the procedure does of course provide the additional safeguard of a protected disclosure when a matter is raised in the public interest and in good faith, but employees raising concerns do not necessarily look for that assurance – which is in fact reassuring that they have confidence that concerns will be acted on in an appropriate way. That employment protection is of course also provided where an employee raises a concern directly with management.
- 4.5 The Committee will appreciate that dealing with concerns raised anonymously are often more difficult to investigate, relying on the level of detail provided and the ability to follow-up and seek corroboration. Great care is taken to try and establish the motives for an anonymous concern where there is an obvious risk of a matter being raised maliciously. However, all concerns raised are investigated and discussed with relevant senior officers.
- 4.6 In relation to the confidential reporting arrangements themselves, of particular focus is to have regard to the extent to which firstly, we feel the policy and procedures meet best practice, secondly, that we have appropriate means to publicise the policy, and thirdly, that when the arrangements are used, there is an appropriate response – i.e., the arrangements work.
- 4.7 Whilst not prompted by any particular issue, the confidential reporting arrangements will be further reviewed over the next 6 months. This will incorporate revised employee awareness training, the revision of the policy and guidance and publicity. A re-launch of the confidential reporting arrangements will follow.
- 4.8 Although unpleasant to consider, there is a recognised increased risk to all organisations that when the general economic situation worsens and individuals are put under personal financial pressure, there can be a temptation for employees, and those external to organisations to undertake some kind of wrongdoing. As we know and appreciate, the vast majority of employees in the Council (and in all organisations) are honest and trustworthy and won't tolerate others depriving the Council of its scare resources. The Council is committed to having a robust and effective process to facilitate the raising of concerns as a key part of our armoury to protect its assets and resources.

5. Risk Management Considerations

- 5.1 Having effective arrangements for confidential reporting is a key element to any organisation's attempts to minimise the risk and incidence of fraud, corruption, and other wrongdoing. Whilst fraud risk cannot be reduced to nil, having good policies and procedures supported by proactive awareness and regular reviews can contribute considerably to minimising this risk.

5.2 Fraud and corruption risks have been reviewed across all the Council's Business Units and will contribute to the Corporate Anti-Fraud Team's annual workplan.

6. Financial Implications

6.1 There are no financial implications arising directly from this report. The very modest annual costs associated with publicity materials, the telephone 'hotlines' and dedicated P.O. box number are met within the Internal Audit budget.

6.2 There are however indeterminate but potentially significant financial implications arising from confidential reporting in terms of the issues raised and their specific consequences. It is also impossible to calculate the cumulative deterrent effect of the whole suite of policies and procedures that may have prevented wrongdoing occurring.

7. Employee Implications

7.1 As with the financial implications, there are no employee implications arising directly from this report.

7.2 There are of course major implications for employees, elected and co-opted members and all those likely to utilise the Policy and arrangements in fulfilling their duty to report concerns. In raising a concern in the public interest through this Policy, or in the other ways identified in the Policy, employees are afforded employment protection provided by the Public Interest Disclosure Act. Those individuals who become the subject of concerns raised will be themselves subject to the normal procedures around investigations and any subsequent disciplinary procedures.

8. Background Papers

Confidential Reporting (Whistleblowing) Policy and supporting guidance.

Contact Officers: Executive Director Core Services and the Head of Internal Audit, Anti-Fraud and Assurance as the Council's designated Corporate Whistleblowing Officers.

Date: 16th May 2023

Item 9

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

Audit and Governance Committee – 31st May 2023

STRATEGIC CONCERNS / RISK REGISTER

1. Purpose of the report

- 1.1 To introduce the next scheduled strategic risks for the Audit and Governance Committee meeting to consider as presented by the appropriate Executive Director / Service Director.
- 1.2 One strategic risk will be considered at this meeting:
 - Health Protection Emergency – Executive Director of Public Health & Communities

2. Recommendation

2.1 The Committee is asked to note the update.

3. Current Position

3.1 The Strategic Risk Register was reviewed by the Senior Management Team (SMT) on 16th May and now contains 13 risks, it was agreed that the Community Resilience Risk should be removed from the Strategic Risk Register and added as an operational risk to the BU8 Risk Register.

SMT determined that 4 risks be classified as **high** (red response rating*) and 9 risks be classified as **medium** (amber rating). No risks are classified as **low** (green rating) in relation to the level of response and intervention required.

* NOTE - The response rating reflects the degree of urgency and importance of the interventions and management oversight rather than the inherent risk.

3.2 The actions associated with the 1 risk to be considered in the meeting are included in the attached summary in Appendix 1.

Contact Officer: Corporate Governance and Assurance Manager
Email: alisonsalt@barnsley.gov.uk
Date: 11th May 2023

Strategic Risk to be reviewed in the meeting – 31st May 2023

Risk Title	Risk Description	Impact	Status	Response Rating	SMT Owner
Health Protection Emergency	<p>Risk Description: To continue working with regional and national partners to ensure a strong and robust local health protection system and leadership to implement effective outbreak management processes in place to monitor disease, prevent harm and protect the health of the population of Barnsley. Arrangements are in place and understood by all stakeholders and complied with, to deal with any health protection emergencies which may arise, and which require an emergency or business continuity response.</p> <p>Risk Assessment: Robust arrangements are required to deal with health protection emergencies - both those already known and those that may arise in the future. Such arrangements are flexible and responsive to deal with emerging threats as well as being able to immediately respond to emergency unforeseen issues.</p> <p>Action 1 All Health Protection Plans are reviewed and tested and reflect health protection issues. RAG Rating – Green</p> <p>Action 2 In light of the current national picture and the risk of communicable disease outbreaks in our vulnerable populations (e.g. asylum seekers and refugees) our local health protection plans outline the necessary multi-agency arrangements to deal with the health protection emergency and that these are communicated and tested. RAG Rating – Amber</p> <p>Action 3 At suitable points in the planning, response and recovery process undertake proportionate debriefing and evaluation with a view to developing a "lessons learnt" from both exercises and incidents and track progress against any actions identified as part of the process. As necessary share lessons learnt with both South Yorkshire and Bassetlaw Health Resilience Partnership and South Yorkshire Local Resilience Forum. RAG Rating - Amber</p>	Actual	Actual	Medium	Executive Director Public Health and Communities

Item 10

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

AUDIT AND GOVERNANCE COMMITTEE – 31ST MAY 2023

ANNUAL RISK MANAGEMENT REPORT

1. Purpose of the report

- 1.1 This report provides the Audit and Governance Committee with a summary of the risk management activity over the last 12 months to contribute to the assurances the Committee requires as part of the annual governance statement process. The report also takes a forward look at the work planned for the current financial year.

2. Recommendations

- 2.1 **The Committee is asked to consider the report as a contribution to the Committee's assurances regarding the Council's governance arrangements.**

3. Update on the Use of the Risk Management System

- 3.1 The new risk management system went "live" on 7th May 2021 and has now been operational for 2 years. Throughout the last year support has been given by the Corporate Governance and Assurance Manager and Officer to colleagues across the Council, to provide training in the use and navigation of the system to ensure they are confident in adding and updating risks, and support in reviewing the contents of risk registers in Directorate Management Teams (DMTs) and Business Unit (BU) meetings whenever requested.
- 3.2 The new system is user friendly, has easily accessible risk recording templates which are quick to complete and can be used on a variety of electronic devices. The process has a simpler 'RAG' rating and assessment of risk, and a greater emphasis on the effective mitigation of actions to address the risk. The system is designed to be "self-service" for Risk Managers and their teams, enabling risks to be proactively owned, updated and managed by teams across the Council.

The 'risk' approach introduces the concept of concerns, issues and areas of focus. The term 'risk' is used generically to cover these three concepts.

- 3.3 A quarterly quality assurance process has been established which provides BUs with feedback on their risk registers including prompts to review actions, RAG ratings and reviews dates. This system aims to encourage the regular review of risks and the embedding of the consideration of risks within BU and management teams.

- 3.4 Currently (as of 18th May 2023) there are 218 risks on the system of which 13 relate to the Strategic Risk Register, 177 relate to Business Units Risk Registers and the remaining 28 risks relate to Boards or Projects. A breakdown of the BU risks is shown at Appendix 1.
- 3.5 The Risk Management System can be interrogated to filter risks by Senior Management Team (SMT), DMT, BU, Board or Project enabling managers to focus on those risks relevant to their areas of responsibility. There has been a satisfactory level of engagement across the Council with the new system.
- 3.6 Strategic Risks are reviewed on a quarterly basis by SMT where consideration is given to each risk to highlight any changes and therefore the status of the risk. SMT also determine whether there are any other issues, concerns or areas of focus that need to be added or removed from the register or whether they should be managed at a lower organisational level.
- 3.7 Strategic Risks are formally reviewed by the Audit and Governance Committee. A programme of reviews is established, and the Committee receives a briefing report and a “deep dive” presentation of two or three risks at each meeting presented by the Executive Director as Risk Owner for the relevant strategic risk being considered.
- 3.8 A system of six-monthly review of strategic risks has been established with Cabinet. A review session was undertaken on 29th March with Cabinet which provided an opportunity to update them on the Strategic Risk Register and provide a specific focus on 3 high rated risks presented by the Executive Director as Risk Owner. Training is planned for Cabinet and all members on the risk approach and system. The next scheduled review of strategic risks is 13th September.
- 3.9 All BUs have added their Risk Registers onto the Risk Management System and are encouraged to review and proactively update these in their management teams on a quarterly basis.
- 3.10 Several Boards and Projects have added their Risk Registers onto the Risk Management System. Further support is planned to develop the use of the system by Boards and Projects.

4. Review of the Risk Management System

- 4.1 Internal Audit undertook an independent review of the risk management arrangements and compliance in Autumn 2022. The review assessed the efficiency and effectiveness of the risk management framework in relation to the identification, management, monitoring and reporting of strategic risks, concerns, and issues.

- 4.2 The audit confirmed that the risk management system had been successfully developed and implemented using Power BI tools to facilitate the recording, monitoring and management of strategic risks, concerns and issues.
- 4.3 The audits final assurance opinion was 'reasonable' in relation to the internal control framework. There were 2 agreed management actions as follows:
- The need to embed the risk management process within BUs, with their better proactive ownership of risks and ensuring they regularly review and update risks and actions
 - Production of updated documented guidance to reflect some minor improvement changes to the system, which will support users with the risk management process

5. Future Developments 2023/24

- 5.1 There remains a need to continue to collaborate with colleagues to embed the regular review of risks into a "business as usual" approach within management teams
- 5.2 Given some recent amendments to the risk system, there will be new updated Risk Management Guidance documentation provided to all BUs.
- 5.3 Revised risk management training materials will be developed on the POD system. This training will include information about the Council's approach to risk management and the Risk Management System used with a step-by-step guide explaining how to add and update risks on the system.
- 5.4 Work will continue to ensure that organisational changes are reflected in the risk system and that BU Risk Registers are reflective of any changed structures.
- 5.5 In the next 12 months when we feel that the system is fully embedded, we intend to undertake a corporate assessment of the Council's risk maturity. This is not a requirement but good practice as it would offer another level of assurance on our risk management approach and highlight any further opportunities to improve the risk arrangements.

Contact Officer: Corporate Governance and Assurance Manager

Email: alisonsalt@barnsley.gov.uk

Date: 18th May 2023

Number of Risks on the Risk Management System (Business Unit and SMT Risks) as of 18th May 2023

Directorate / Business Unit	Number of Risks
Children's Services	15
Public Health and Communities	24
Growth and Sustainability	31
Place and Adult Social Care	20
Core Services - Finance	19
Core Services – Law and Governance	25
Core Services – Customer, Information and Digital Services	21
Core Services – Business Improvement, HR and Communications	22
Senior Management Team (Strategic risks)	13
Boards and Projects	28
Total	218

The above table shows the number of risks for each Directorate and the Core Service BUs, the strategic risks overseen by SMT and project and board risks.

It should be noted that there is no predetermined target number for the risks identified. Regular reviews mean the number of risks ebbs and flows.

When developing their risk registers managers are asked to consider the key areas where they require assurance, their key issues, concerns, and areas of focus, and use these to develop their risk registers.

The system does not use a scoring approach based on probability and impact unlike traditional risk management systems. The focus instead is on an assessment of confidence, encouraging risk managers to consider what actions are required and by when to provide positive assurance by asking:

- Are we satisfied that we are doing everything reasonable to influence and manage risk?
- What do we need to have in place to ensure we do all the right things in the right way?

The emphasis throughout is to consider how do we achieve, deliver and succeed rather than the traditional focus on possible failure.

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Item 11

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

AUDIT & GOVERNANCE COMMITTEE – 31st MAY 2023

INTERNAL AUDIT CHARTER 2021-2024

1. Purpose of the Report

- 1.1 This report presents to the Committee the Internal Audit Charter (attached as Appendix 1) for approval as required by the Public Sector Internal Audit Standards (PSIAS).

2. Recommendation

- 2.1 **The Committee is recommended to consider and approve the Internal Audit Charter and consequently be assured that the Internal Audit function operates in accordance with the relevant standards.**

3. Background

- 3.1 The first Standard in the PSIAS – 1000 Purpose, Authority and Responsibility, states that:

“The internal audit charter is a formal document that defines the internal audit activity’s purpose, authority and responsibility. The internal audit charter establishes the internal audit activity’s position within the organisation, including the nature of the Head of Internal Audit’s functional reporting relationship with the Board (Audit Committee); authorises access to records, personnel and physical properties relevant to the performance of engagement; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the Board.”

- 3.2 The Charter is structured to explain the various aspects of the function, its Mission and Core Principles, authority and scope, purpose, definitions, responsibilities of Internal Audit and Senior Management, the position of Internal Audit within the organisation, the resources, skills, competencies and standards, access to people and information, the scope of activity, planning, reporting and quality assurance.
- 3.3 Once approved the Charter will be presented to the Audit Committees of our other client organisations. In that context some of the language is generic to cover the various organisations Internal Audit serves.

- 3.4 It is good practice to review the Charter periodically to ensure it reflects how the function operates but also to ensure that the requirements and provisions of the PSIAS are adequately covered.
- 3.5 The Charter was considered by the external assessor as part of the External Quality Assessment reported to the Committee in September 2021. As part of that the process, the Charter was held up as an exemplar, particularly for an Internal Audit function supporting numerous clients.
- 3.6 The Charter remains representative of how the Internal Audit service currently operates and therefore no changes have been made. However, the service is currently under review as part of the Council's Transformation Programme which is looking at a revised operating model being adopted in future. The Charter will be re-visited following the conclusion of that review, and an updated version will be presented to Members for their review and approval.

4. Appendix

Appendix 1 – Internal Audit Charter 2021 – 2024

Officer Contact: Head of Internal Audit, Anti-Fraud and Assurance
Email: robwinter@barnsley.gov.uk
Date: 15th May 2023



BARNSLEY
Metropolitan Borough Council

INTERNAL AUDIT SERVICES

Internal Audit Charter

2021 – 2024

Updated March 2021

1. Introduction

- 1.1 The Internal Audit function is a key component of an organisation's governance framework. As such, it aims to provide a quality objective and independent management support function in order to influence and contribute to the achievement of strategic objectives. An important part of this support is the development and maintenance of excellent client relationships and adopting an innovative and flexible approach to the delivery of the service. This Charter provides the framework for the management and delivery of the Internal Audit function and is applicable to all client organisations.
- 1.2 This Charter therefore defines the mission and core principles for Internal Audit, its authority and scope, purpose, responsibilities, position in the organisation, resources and standards, planning and reporting. This is consistent with and in compliance with the Public Sector Internal Audit Standards (PSIAS).
- 1.3 The PSIAS defines internal audit as:

“... an independent, objective assurance and consulting function designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”.

2. Mission and Core Principles

- 2.1 The PSIAS also provides a mission for the Internal Audit function that articulates what it aspires to accomplish within the Council and for its external client organisations.
- 2.2 The mission for Internal Audit is:
- “To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.*
- 2.3 A set of core principles have also been defined through the PSIAS aimed at articulating internal audit effectiveness. The function aims to demonstrate these principles in all it does and across all the organisations it serves. The core principles and how they are met are: -

Principle	How Discharged
Demonstrates integrity	All IA staff are obliged to adhere to the Code of Ethics within the PSIAS (see para 8.8) and confirm annually that they have read, understood and will comply.
Demonstrates competence and due professional care	IA have a performance management process of specific job supervision and management complimented by regular 1:1s and the corporate PDR process. Feedback from clients and peers on each piece of work is also utilised for this purpose. IA staff undertake regular specific and general training and development activities in accordance with the agreed training plan. (See para 8.9)
Is objective, free from undue influence and therefore demonstrates independent thought	As individuals, the ability to operate objectively and with an independent mind is a core attribute of being in IA and a requirement within PSIAS (see paras 8.5 and 8.6). The HoIA’s position within the organisation also sets this tone and is further reinforced by the specific access to information and other officers afforded to IA.
Aligns with the strategies, objectives, and risks of the organisation	IA planning and delivery is built upon the knowledge of the organisation’s strategies, objectives, and key risks. Consideration of these is an integral part of annual and specific job planning.

Principle	How Discharged
Is appropriately positioned and adequately resourced	The HoIA has the necessary reporting lines and unfettered access to the relevant statutory officers, audit committees and the external auditors of all client organisations. The resources of the IA function are assessed annually as part of the audit planning process. It is the duty of the HoIA to highlight any concern regarding the resources available for IA to the organisation.
Demonstrates quality and strives for continuous improvement	The HoIA maintains a Quality Assurance and Improvement Programme (QAIP) as required by PSIAS. This aims to ensure the delivery of high-quality IA services but to also identify any opportunities for further improvement. The client feedback process is a key element of this and liaison with other external parties (e.g. S&WY HoIA Group, CIPFA Special Interest Group for IA and Police Audit Group).
Communicates effectively	A key output from IA is the audit report. These are compiled in a clear and concise manner to highlight the key areas for management to address. Regular liaison meetings are held with each client throughout the year via client update meetings with nominated SPOCs, DMTs, to ensure the sharing of information and that operational working arrangements, job planning and delivery are effective. The HoIA's annual report is also a key element of organisational communication.
Provides risk-based assurance and advice	All IA planning (formal assurance work and advice/consultancy) considers the risk, concerns, issues and threats to an organisation, a service or system in whatever capacity IA work is focussed. IA reports refer to these matters such that management are alerted to undertake any actions to address risks etc. The HoIA's annual opinion focusses on assurance about the effectiveness of an organisation's risk management, control and governance arrangements.
Is insightful, proactive and future-focussed	The scoping of IA work includes prompts and opportunities to provide innovative solutions, provide advice and consider future activities, capacity and efficiencies. This is particularly an area of focus in the advisory work IA undertakes.
Promotes organisational improvement	All IA work as referenced above, is designed to assist management and the organisation deliver its strategic and operational objectives in the most efficient and effective way.

2.4 The Barnsley Internal Audit Service operates within a challenging environment across all client organisations to deliver the services each requires and to ensure it provides added value. The Service needs to be able to react and adapt to the rapid pace of change which is taking place both locally, regionally and nationally. Accordingly, and in addition to the core principles in the PSIAS, the Charter has been extended to include even wider aspirations of the Internal Audit Service, which are to:

- ✓ Develop, maintain and enhance relationships particularly where a client organisation is undergoing significant change to ensure that the service is aware of and understands its needs and objectives;
- ✓ promote and support clients with regards to an increase in regional and collaborative working;
- ✓ understand its position with respect to the organisation's other sources of assurance and plan our work accordingly;
- ✓ be seen as a catalyst and support for change at the heart of the organisation;
- ✓ be the auditor of choice, delivering exceptional client service;
- ✓ add value and assist the organisation in achieving its strategic objectives;
- ✓ be forward looking – knowing where the organisation wishes to be and being aware of the relevant national agenda and its impact;
- ✓ be innovative and challenging;

- ✓ help to shape the ethics and standards of the organisation, reducing bureaucracy whilst maintaining high standards of governance and compliance;
- ✓ ensure the right resources are available recognising that the skills mix, capacity, specialisms, qualifications and experience requirements all change constantly;
- ✓ ensure all staff are supported in undertaking relevant professional qualifications and continuous professional development;
- ✓ share best practice with other internal auditors, clients and other professional services;
- ✓ seek opportunities for joint working with other organisations' auditors and assurance providers.

3. Authority and Scope of Internal Audit

- 3.1 The requirement for an internal audit function is detailed within the Accounts and Audit Regulations 2015 which state that a relevant body must “*undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards and guidance [PSIAS]*”.
- 3.2 In accordance with the PSIAS, the scope of Internal Audit allows that in fulfilment of audit responsibilities there will be unrestricted coverage of all the organisation’s activities and unrestricted access to all functions, records, data, personnel, premises and assets of the organisation and its partner organisations, as deemed necessary in the course of audit work and as set out in relevant partnership agreements and contracts. Internal Audit has therefore the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.
- 3.3 All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. The Head of Internal Audit (HoIA) and staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.
- 3.4 The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the governance, risk management, and internal control processes in an organisation as well as the quality of performance management arrangements in carrying out assigned responsibilities to achieve the objectives of the organisation.

4. Purpose of Internal Audit

- 4.1 Each client organisation is responsible for establishing and maintaining appropriate risk / concern management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising whether effective and efficient arrangements exist. The annual HoIA opinion, which informs the annual governance statement, both emphasises and reflects upon the importance of this aspect of Internal Audit work. The response to Internal Audit activity should lead to the strengthening of the control environment and therefore contribute to the achievement of the corporate objectives, improvement and support innovation and change.
- 4.2 This is achieved through internal audit providing a combination of assurance and consulting / advisory activities. Assurance work involves assessing how well the systems and processes are designed (adequacy) and how well they are working (application). Consulting and advisory activities are available and complimentary to assist management make improvements to systems and processes where necessary.

5. Definitions

- 5.1 As the Internal Audit function serves a number of different organisations and for the purpose of this Charter the following definitions apply:

The Board – generally the governance group charged with seeking independent assurance on the adequacy of the control, risk management and governance framework, and the main oversight body for the delivery of the internal audit function. Such Boards are usually the group performing the role of an audit committee.

Senior Management – generally those responsible for the leadership and direction of the organisation as a collective, incorporating the ‘chief executive’ role.

6. Responsibilities of Internal Audit and Senior Management

6.1 The responsibilities and objectives of Internal Audit are as follows:

- i. To be a valuable asset to the organisation by supporting senior management in meeting their corporate responsibilities.
- ii. To contribute to assurances to those charged with governance in relation to the robustness and reliability of internal controls, risk / concern management and governance to support the Annual Governance Statement (AGS).
- iii. To support the Statutory S151 Officer / Responsible Financial Officer in discharging their duties.
- iv. To periodically review, appraise and report on the extent to which the assets and interests of the organisation are accounted for and safeguarded from loss and the suitability and reliability of financial and other management data and information.
- v. To support the requirement to seek efficiency including the arrangements for achieving value for money and effective change management.
- vi. To provide soundly based assurances to management on the adequacy and effectiveness of their internal control, risk / concern and governance arrangements. Such assurances include information technology governance and ethical behaviour.
- vii. To assess the adequacy and effectiveness of the organisation's contracts, procurement, commissioning and associated governance arrangements.
- viii. To assess the adequacy and effectiveness of the organisation's corporate risk / concern management process and the level of embeddedness in business as usual, whilst ensuring that Internal Audit does not adopt management responsibilities for managing risks.
- ix. To evaluate the risk of fraud and the manner in which it is managed by the organisation. In addition, to reduce the incidence of fraud and irregularity by publicising the findings of fraud investigations to act as a deterrent and provide a quality fraud and irregularity prevention, detection and investigation service.
- x. To disseminate examples of best practice in the application of an effective control, risk / concern and governance framework.
- xi. To provide an Internal Audit advisory service intended to add value and improve governance, risk / concern management and control processes.
- xii. To provide advice and an objective and supportive consulting service in respect of the development of new programmes and processes and / or significant changes to existing programmes and processes including the design of appropriate controls. This is usually achieved through membership of Officer Groups, Governance and other Boards or working parties as well as direct contact with officers within services / functions / departments. Such advice and consultation work forms an important part of the audit plan.
- xiii. To prepare timely, concise and informative reports to management to facilitate the improvement of the control environment.
- xiv. To undertake Audit support activities in respect of assisting the Audit Committee (or equivalent) to discharge its responsibilities; monitoring the implementation of agreed management actions; disseminating across the entity better practice and lessons learnt arising from its audit activities and having oversight of the audit function.

6.2 Under the PSIAS, the HoIA has a specific responsibility to lead and manage the Internal Audit function and have the necessary and unfettered access to senior management and audit committees.

6.3 Senior management also have responsibilities under this Charter in order to maximise the effectiveness and efficiency of the Internal Audit function. These are to:

- Engage fully and flexibly in the audit planning process, providing information and insight into high risk areas or areas of strategic focus or concern
- Nominate and commit to lead officers for each internal audit assignment and a point of reference for the overall management of the internal audit service
- Engage in a timely manner with Internal Audit in the scoping of work and agreeing terms of reference, dealing with audit queries and discussing draft and final reports

- Provide evidence to Internal Audit (and the audit committee) of the implementation of agreed management actions.
- 6.4 Arrangements will be made with each client organisation to monitor joint compliance with these responsibilities.
- 6.5 It should be noted that internal audit is not responsible for the operation of control functions within the Council (or other organisations); these responsibilities rest with senior management. Internal audit should not be regarded as a substitute for good management.
- 7. Position of Internal Audit in the Organisation(s)**
- 7.1 Within the Council the HoIA reports functionally to the Audit Committee and organisationally to the Service Director – Finance (Section 151 Officer).
- 7.2 With regards to non-council client organisations the HoIA reports functionally to the respective audit committee / Board. Whilst the organisational relationship is different in the external client organisations, to fulfil professional responsibilities the HoIA will report to the respective Chief Finance Officer and/or Chief Executive.
- 7.3 Irrespective of the organisation, the HoIA has direct and unfettered access to the Chief Executive (or equivalent), Monitoring Officer (or equivalent) and Responsible Financial Officer. The HoIA also has access to the respective audit committees where this is deemed necessary in the discharging of professional responsibilities.
- 8. Internal Audit Resources / Skills / Competencies and Standards**
- 8.1 In accordance with PSIAS, the HoIA will be professionally qualified and suitably experienced in the leadership and management of an internal audit function. These requirements reflect the responsibilities of the HoIA in leading a professional discipline, demonstrating personal independence and objectivity and the need to liaise with senior management, members and other professionals.
- 8.2 It is the responsibility of the HoIA to establish and maintain an appropriately skilled and experienced team and to set a culture of continuous improvement for the function. Resources will be set aside in the operational budget for the purposes of staff development and general and professional training.
- 8.3 At least annually, the HoIA will submit to the 'Chief Executive' and the Audit Committee an Internal Audit plan for review and approval. The plan will consist of a work schedule and resource requirements for the next financial year(s). The plan will include the impact of any resource limitations and significant actual or planned changes.
- 8.4 The Standards element of the PSIAS highlights some key expected competencies. These are:
- 8.5 Independence:
- 8.5.1 An independent approach and mind-set is essential to the effectiveness of the Internal Audit function. To ensure this, Internal Audit operates within a framework that allows: -
- Unrestricted access to the relevant senior officers; the Chair of the Audit Committee and Audit Committee Members; individual Senior Management Officers; employees and the responsible External Auditor.
 - The HoIA to report in his own name.
 - Segregation from line operations. Where the Head of Internal Audit has management responsibility for an operational area (i.e. Data Protection Officer for the Council and Clients, Risk Management, Governance and Assurance, Corporate Anti-Fraud), the Audit Manager will be responsible for managing reviews of those areas and for approving the final reports.
- 8.5.2 The Head of Internal Audit reports directly to the Board and it is the Board's responsibility to:

- Approve the internal audit charter;
 - Approve the risk based internal audit plan (within the approved resource envelope);
 - Receive updates on internal audit activity and performance relative to the delivery of the plan and other matters;
 - Make appropriate enquiries of management and the Head of Internal Audit to determine whether there are inappropriate scope, operational responsibility or resource limitations.
- 8.5.3 The Internal Audit function has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities.
- 8.5.4 Internal Auditors are generally not involved in undertaking non-audit activities and an Auditor will not be involved in the audit of any system or process for which they had previous operational responsibility for a period of two years, where they have secondary employment or where there is a conflict of interest.
- 8.5.5 Audit responsibilities are periodically rotated to avoid over-familiarity and complacency and to provide for service continuity and resilience.
- 8.6 Objectivity:
- 8.6.1 Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Auditors must make a balanced assessment of all the relevant circumstances and:
- not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
 - not accept anything that may impair or be presumed to impair their professional judgement.
 - disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.
 - declare any real or perceived interests on an annual basis. In addition, a prompt is included at the assignment planning phase of each audit and officers are reminded each year (and asked to confirm understanding) that they will comply with the Council's Code of Conduct plus that of their professional body (e.g. AAT, CIPFA, IIA).
- 8.7 Confidentiality:
- 8.7.1 Internal Auditors are expected to display confidentiality and:
- Shall be prudent in the use and protection of information acquired in the course of their duties.
 - Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.
- 8.8 Integrity:
- 8.8.1 In the conduct of audit work, Internal Audit staff will:
- perform their work with honesty, diligence and responsibility.
 - observe the law and make disclosures expected by the law and the profession.
 - not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organisation.
 - respect and contribute to the legitimate and ethical objectives of the organisation.
 - comply with relevant professional codes/standards of conduct and declare any real or perceived conflicts of interest.
 - respect and contribute to the legitimate and ethical objectives of the organisation.
 - observe the Standards of Public Life's Seven Principles of Public Life.

8.9 Competency:

8.9.1 Internal Auditors are competent in their role by:

- engaging only in those services for which they have the necessary knowledge, skills and experience.
- performing internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- continually improving their proficiency and effectiveness and quality of their services.

8.9.2 The allocation of audit work to an Internal Auditor is based on consideration of their knowledge, skills and experience and any expression of interest to develop in a particular field/business area. Internal Auditors are encouraged to undertake continuous professional development and opportunities for further development are discussed and agreed during day to day on the job supervision, mentoring, 1:1s and PDR meetings. A training plan is maintained for the Service.

8.9.3 The HoIA maintains a Quality Assessment and Improvement Programme (QAIP) as required by the PSIAS and reports this to each client audit committee on an annual basis.

9. **Access to Relevant Personnel and Information**

9.1 Each member of the Internal Audit Team will carry with them at all times an ID card that clearly shows their responsibilities and authority as auditors. In the fulfilment of their audit duties this entitles them to unrestricted access to all records, assets, personnel and premises belonging to each client organisation. In addition, internal auditors have the authority to obtain such information and explanations as is considered necessary to meet the requirements of the audit activity. Where necessary, such access will be granted on demand and not subject to prior notice.

10. **Scope of Internal Audit Activity**

10.1 The HoIA is responsible for producing an annual report to each client organisation's audit committee providing an opinion on the adequacy and effectiveness of the control, risk / concern management and governance arrangements. Through careful annual audit planning and based on a programme of audit activities of sufficient breadth and depth covering the whole organisation, the HoIA is able to produce such an annual opinion.

10.2 The overall approach is determined by the HoIA and will take into account the level of assurance required, the significance of the objectives of the organisation, the degree of change within the organisation, the prevailing risk appetite and culture, and previous audit findings and implementation of agreed management actions.

10.3 To fulfil the scope of internal audit, the programme of audit activities is usually varied covering assurance work, advice, consultancy, anti-fraud work and irregularity investigations. The types of internal audit work are shown as annexe 1.

10.4 Increasingly, a major contribution to the HoIA's annual opinion is through advisory/consultancy type work where in a more proactive and timelier basis input can be given and assurance obtained regarding the adequacy and effectiveness of the activities of the organisation, e.g. through attendance at key management meetings, steering groups and project and programme boards. This work is also valuable for audit planning and generally ensuring a high level of awareness of the organisation's direction, objectives, pressures and performance.

11. **Internal Audit Planning**

11.1 Setting an annual or periodic risk-based plan is the responsibility of the HoIA. The audit plan is determined through a process of information gathering, reflection, forward looking and above all consultation and engagement with senior management and the Board.

11.2 The following are the key issues in the development of the risk-based audit plan: -

- An understanding of the organisation's vision and ambition, as articulated within the organisation's strategic plans and ensuring that audit coverage is directed and links to these areas of corporate importance.
- Identification of the significant (key) risks, concerns and issues arising from the above and understanding which areas of service delivery the significant risks impact upon.
- Internal Audit provides support to management and directs resources to areas where the Service can add value and support change and innovation.

11.3 The HoIA will advise senior management and the Board regarding the planned coverage and if/where this is potentially compromised due to limited resources.

11.4 Each year the HoIA will set out the planning process and key issues as part of senior management and Board engagement.

12. Reporting

12.1 The key output from internal audit activity is a report, a written and formal product to show the outcome from the assignment.

12.2 Audit Assignment Reporting

12.2.1 In reporting the outcome of individual audit assignments, the lead Internal Auditor will follow a proactive and consultative approach to engage management. The key principles of which are: -

- Advance discussion and agreement of the scope and objectives of audit assignments, the timescales for the completion of the work, and key client / audit contacts along with the recipients of the final audit report.
- Immediate reporting of any significant or critical issues arising during the course of audit work.
- Post audit meetings to discuss the conclusion and outcome of audit work on a prioritised basis and to agree management actions and timescales.
- Any areas of disagreement which are not resolved by discussion are recorded in the action plan and the residual risk highlighted within the report.
- Providing management with the opportunity to give feedback on the conduct of the work and how valuable and effective they found the audit process and report.

12.2.2 The process for the communication of audit work is designed to conform with the PSIAS.

12.2.3 Final audit reports will normally include an overall assurance opinion on the adequacy and effectiveness of the system of risk / concern management, controls and governance arrangements. The report will be issued on a timely basis and responses sought monthly from senior management on the implementation of high and medium agreed management actions. The non-receipt of a response will be followed up with the responsible manager, on a quarterly basis with the Executive Director or equivalent and also reported to the Audit Committee.

12.2.4 A process has been established with each organisation to ensure the high and medium categorised agreed actions are implemented or that senior management have accepted the risk of not taking action. Internal Audit will in certain circumstances undertake specific further work to obtain direct evidence of management actions having been taken as planned. The implementation of agreed management actions is reported to each audit committee where senior management may be invited to explain any delays in taking action.

12.2.5 All low categorised agreed management actions are reported to senior management (i.e. Executive Directors) on a 6-monthly basis. It is management's responsibility to obtain assurance that these have been implemented, and they are required to declare that they have fulfilled this responsibility within the annual declaration which forms part of the Annual Governance Review.

12.3 Reporting of Ad Hoc Advice and Development / Consultancy Work

12.3.1 Internal Audit undertakes a variety of tasks which do not always justify a formal audit report, e.g. responding to one-off queries, advice and consultancy type work given verbally at meetings e.g., projects and developments. Internal Audit does however ensure that details of advice given are recorded by the retention of memos / copy e-mails, or file notes and minutes of meetings. Such records are retained in respect of advice given which is likely to (or intended to) influence management decisions or effect changes in systems and processes. The result of this work is considered as part of the HoIA's overall assurance opinion.

12.3.2 Issues and risks / concerns arising would also be recorded within project and operational risk / concern registers in order to be managed by project lead officers. Details of issues arising would not necessarily be reported separately to the Audit Committee. However, details of the engagement and work undertaken would be recorded within the respective Audit Committee Report and any material issues would be followed up in accordance with the standard reporting and monitoring process.

12.4 Reporting to the Audit Committee

12.4.1 Internal Audit reports as follows: -

- Details of audit plans, performance against plans and against key performance measures, and on significant control or compliance issues arising from audit work, longstanding agreed management actions and management responses, completed projects / advice, unplanned, cancelled or deferred audit work.
- To client Audit Committee's on its performance and on individual audit reports.
- Audit Committees provide a route for the escalation of a failure to respond to audit reports, or the non-implementation of agreed management actions, with the potential for management to be called to answer to the Committee.
- The Audit Committee receives an annual report summarising the outcome of the review of the effectiveness of the internal audit function which is required under the PSIAS.

12.5 Annual Report of the Head of Internal Audit

12.5.1 The annual report to the Audit Committee includes the HoIA's opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk / concern management and control as determined from the programme of work undertaken. The following elements are incorporated into annual audit reports: -

- The HoIA's opinion on the overall effectiveness of the organisation's internal control, risk / concern management and governance environment based on work undertaken.
- Disclosure of any qualification to this opinion, together with the reason for the qualification.
- The disclosure of any impairments or restriction in scope of audit work.
- A summary of the audit work undertaken to provide this opinion, including any reliance placed on assurance work by other bodies.
- Details of any issues that the HoIA judges to be particularly relevant to the AGS.
- A comparison of work actually undertaken with the work originally planned and a summary of the performance of Internal Audit against its performance measures and criteria.
- A statement to confirm work has been completed independently and in accordance with the PSIAS.
- The results of the Quality Assurance Improvement Programme (QAIP).
- Any other issues that the HoIA judges is relevant to the preparation of the AGS.

13. **Quality Assurance**

13.1 Internal Audit is committed to provide a high-quality service to all client organisations and encourages clients to give feedback. A programme of internal quality assurance reviews of completed work are undertaken during the year to provide assurance that these have been undertaken in compliance with PSIAS and operational procedures. All matters relating to the

quality of the function are captured within the Quality Assessment and Improvement Plan (QAIP) which is maintained by the HoIA and reported to each audit committee annually.

14. **Contacts**

The key contacts for the Internal Audit Service are:

Rob Winter FCPFA

Head of Internal Audit, Anti-Fraud and Assurance

robwinter@barnsley.gov.uk

07786 525319

Sharon Bradley CMIIA

Audit Manager

sharonbradley@barnsley.gov.uk

07795 305846

The office address is:

Barnsley MBC
Internal Audit Services
Westgate Plaza
Barnsley
S70 9EY

Types of Internal Audit Work

Advice	To meet requests from management for information and guidance on matters of internal control, procedures, compliance with relevant policies etc.
IT Audit	Operational IT audit designed to assess and review the operating procedures supporting key IT policies, environmental controls and input into system developments and new systems.
Information Governance	<p>Work specifically looking at the adequacy and effectiveness of the management, use, control and security of information, compliance with the requirements of data protection legislation as well as internal policies and procedures.</p> <p>Support the Data Protection Officer in undertaking specific compliance reviews in relation to Data Protection legislation.</p>
Regularity	<p>Audit work designed to review and assess compliance with policies and procedures to ensure internal controls exist and are effective.</p> <p>Such work covers the functional areas of services and establishments.</p> <p>Important Internal Audit work to demonstrate presence at an operational level. Work supported by risk based and themed audit work.</p>
Financial Systems	<p>Work designed to assess and review the adequacy of the internal controls within the financial systems of the Organisation. Such work will take the form of either a walkthrough or full compliance audit on a risk-based approach set out in the annual strategy.</p> <p>This work is also considered by External Audit as part of their work on the statutory opinion on the accounts.</p>
Grant Claims	Work necessary to independently verify grant claims as required by the awarding body.
Management Audit (Incl. Corporate items)	<p>Provision for work on corporate procedures and processes. Also incorporates work specifically for management on an advisory basis.</p> <p>These jobs also tend to be of a significant length in terms of Internal Audit days and elapsed time due to their detail and nature.</p>
Anti-Fraud and Investigations	<p>This work, undertaken or led by the Corporate Anti-Fraud Team, focuses on prevention, detection and investigations.</p> <p><u>Prevention</u> work focuses on developing good procedures, policies and guidance for managers and ensuring awareness so that appropriate controls are in place to avoid irregularities.</p> <p><u>Detection</u> work focuses on proactively examining the transactions of the organisation and other information to identify potentially fraudulent activity.</p> <p><u>Investigations</u> work is largely in response to allegations of irregularity being brought to Internal Audit's attention. This work is often extremely sensitive and requires great care, tact, diplomacy and attention to detail. A report to management is most often the output from this work where audit findings</p>

are described along with recommendations regarding potential disciplinary action or referral to the Police, and guidance on improving controls to minimise the risk of such matters arising again.

**Commissioning,
Procurement and
Contract Audit**

Commissioning & Procurement - generally focussed on the policies, procedures and systems in place to identify, assess and deliver a requirement; including compliance with procurement regulations (EU requirements and/or Contract Procedure Rules, Commissioning and Procurement Strategies/Policies).

Contract - this work focuses on the controls within the organisation's contractual policies and procedures to ensure that individual contracts are entered on a timely basis and that these protect the organisation's interests. In addition, that the contract management arrangements are robust, and payments made are appropriate.

**Project
Management**

Work which evaluates the effectiveness of the application of project management principles in order to achieve given outcomes / deliverables.

**Corporate
Governance
Assurance**

Requirements under the Accounts and Audit Regulations mean that all client organisations have to prepare and publish a statement on the overall adequacy of their governance arrangements (annual governance statement).

A key element to providing assurance to the organisation is the work of Internal Audit overall and particularly in the key areas of corporate governance, risk management, performance management and general policy and procedure compliance.

**Audit Committee
Support**

Time is allocated to support the various audit committees. This work involves the provision of reports, guidance and training.

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Item 13

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

Audit and Governance Committee – 31st May 2023

WORK PLAN 2023 – 2024

1. Purpose of the Report

- 1.1 To share with the Committee the current version of the Work Plan – Appendix 1 and to note any amendments to the plan.

2. Recommendation

- 2.1 **The Committee is asked to note the updated Work Plan.**

3. Updated Position

- 3.1 The Contract Procedure Rules have been deferred to the 26th July meeting.
- 3.2 The draft Annual Accounts and draft Annual Governance Statement will be published as required on the Barnsley Council website at the end of May. There is no specific requirement for the draft accounts and AGS to be approved by the Audit and Governance Committee prior to publication. It is however good practice to have both key statutory documents reviewed and considered by the Committee. As such the draft accounts and draft AGs will be presented to the Committee at the meeting on 26th July.
- 3.3 An verbal update on the Global IA Standards will be presented to the meeting on 31st May.

Contact Officer: Corporate Governance and Assurance Manager
Email: alisonsalt@barnsley.gov.uk
Date: 18th May 2023

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AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME

2023/2024 Municipal Year

NOTE – all Meetings to commence at 2.00 p.m.

	Mtg. No.	1	2	3	Dev. Mtg.	4	5	6	1
Committee Work Area	Contact / Author	31.05.23	26.07.23	20.09.23	11.10.23	22.11.23	17.01.24	20.03.24	29.05.24
Committee Arrangements									
Committee Work Programme	AS	X	X	X		X	X	X	X
Minutes/Actions Arising	DT	X	X	X		X	X	X	X
Review of Terms of Reference	AS				X				
Committee Effectiveness Review	RW		X		X	X			
Committee Annual Report 2022/23	RW/AS		X (D)	X (F)					
Internal Control and Governance Environment									
Local Code of Corporate Governance	SG/AS						X		
Annual Governance Review Process	AS						X		
Annual Governance Statement (Draft/Final)	AS		X(D)	X(F)		X(F)			
AGS Action Plan Update	AS		X			X		X	
Anti-Fraud									
Annual Fraud Report	RW		X						
Corporate Anti-Fraud Plan	RW							X (Ex)	
Corporate Anti-Fraud Strategy	RW							X	
Corporate Fraud Team – Update Report	RW			X				X	
Corporate Risk Management									
Risk Management Policy & Strategy	AS								X
Annual Risk Management Report	AS	X							
Strategic Risk Register	AS	X	X	X		X	X	X	X
Internal Audit									
Internal Audit Charter (Annual)	RW	X							
Internal Audit Plan (Consultation / Draft Plan)	RW						X	X	
Internal Audit Quarterly Report	RW		X			X		X	

	Mtg. No.	1	2	3	Dev. Mtg.	4	5	6	1
Committee Work Area	Contact / Author	31.05.23	26.07.23	20.09.23	11.10.23	22.11.23	17.01.24	20.03.24	29.05.24
Internal Audit Annual Report (Interim / Final)	RW		X (I)	X(F)					
IA Effectiveness Report / Update	RW			X					X
Global IA Standards	RW	Verbal							
External Audit (Grant Thornton)									
Audit Finding Report (ISA260 Report)	GT					X			
External Audit Plan (2022/23)	GT		X						
Auditors Annual Report on 2022/23 VFM Arrangements	GT	X						X	
External Audit Progress Report/Update	GT	X	X	X		X	X	X	X
Financial Reporting and Accounts									
Financial Regulations	NC								
Contract Procedure Rules	NC/JL		X						
Medium Term Financial Strategy	NC							X	
Statement of Accounts (Draft / Final)	NC		X(D)	X(F)		X(F)			
Corporate Finance and Performance Management & Capital Programme Update	NC			X				X	
Treasury Management Annual Report	NC		X						
Treasury Management Progress Report (inc. in the corporate finance update)	NC							X	
Treasury Management Policy & Strategy Statement (inc. in the MTFS update)	NC							X	
Designated Schools Grant (inc. in the MTFS update)	NC							X	
Other Corporate Functions contributing to overall assurance programme to be determined:									
Update on Glassworks	KMcA		X (Ex)			X (Ex)		X (Ex)	

	Mtg. No.	1	2	3	Dev. Mtg.	4	5	6	1
Committee Work Area	Contact / Author	31.05.23	26.07.23	20.09.23	11.10.23	22.11.23	17.01.24	20.03.24	29.05.24
Information Governance and Cyber Security update (twice yearly)	SJH	X				X			
DPO Update (twice yearly)	RW	X				X			
Human Resources (annual)	MP/PQ						X		
Health & Safety Resilience (Annual)	MP/SD							X	
Confidential Reporting (Whistleblowing) Annual Report	RW	X							X
Civil Contingencies (Annual)	MP/SD						X		
Procurement (Annual)	NC/CA								
Performance Management (Annual)	MP/MR						X		
Asset Management (Annual)	KMc								
Ethical Framework (Annual)	MP/RW								
Equality and Inclusion (Annual)	MP						X		
Partnerships (Annual)	NC/RW								
Local Government and Social Care Ombudsman Annual Letter	MP			X					
Review of Peer Challenge Activity Across the Council								X	
Constitution Review	SG/CT	X							
DSG Grant/SEND Updates (quarterly)	NS/SD	X							

Strategic Risk Presentations

Risk	SMT Lead	31.05.23	26.07.23	20.09.23	11.10.23 (Dev. Mtg.)	22.11.23	17.01.24	20.03.24	29.05.24
Community Resilience	JB	X							
Health Protection (CV19)	JB	X							
Safeguarding Children	CS		X						
SEND	CS		X						
Educational Outcomes Progress	CS							X	
Inclusive Economy	MO'N			X					
Zero Carbon and Environmental Commitments	MO'N			X					
Emergency Resilience	Core ED					X			
Organisational Resilience	Core ED					X			
Safeguarding Adults	WL						X		
Responsibilities under the Care Act 2014	WL						X		
Partnership and Collaboration Governance	NC							X	
Financial Sustainability	NC								X
Threat of Fraud	NC								X

Training / Awareness Sessions

NOTE – Training session to commence at 1.00 p.m.

Subject / Theme	Contact / Author	31.05.23	26.07.23	20.09.23	11.10.23 (Dev. Mtg.)	22.11.23	17.01.24	20.03.24	29.05.24
Budget Training Session	NC/SL							X	
Cyber Security Threat	SW/SM			X					
Climate and Sustainability Commitments	PC/SC								
People Strategy	MP/PQ		X						
Designated Schools Grant Safety Valve Programme	JA/NS					X			
Partnership Governance	NC/RW								
MCA – Understanding the Finances	GS/MT*								
VFM	NC						X		
Council Plan									

*GS – Gareth Sutton MT – Mike Thomas from SYCMA

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