

<b>MEETING:</b>	Audit and Governance Committee
<b>DATE:</b>	Wednesday 27 July 2022
<b>TIME:</b>	2.00 pm
<b>VENUE:</b>	Council Chamber, Barnsley Town Hall

## MINUTES

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

### 19. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

### 20. MINUTES

The minutes of the meeting held on 1 June 2022 were taken as read and signed by the Chair as a correct record subject to the deletion of the word 'Chair' from Minute 4 'Appointment of Vice Chair' and the substitution of the words 'Vice Chair'.

### 21. DRAFT STATEMENT OF ACCOUNTS 2021/22

The Service Director Finance submitted the draft 2021/22 Statement of Accounts which had also been the subject of a presentation at the training/awareness session immediately prior to the meeting.

It was noted that following this meeting the accounts would be made available for public inspection from 1<sup>st</sup> August to 12<sup>th</sup> September, 2022. They would also be subject to audit by the External Auditors between July and mid-October following which their ISA 260 report on the Audit findings would be presented to Committee in November and then to Council on the 24<sup>th</sup> November, 2022 for approval.

In response to specific questioning, Gareth Mills, representing the External Auditor commented on the ongoing challenges in recruiting suitably qualified staff, to work on public sector audits. He reported, however, that subject to no unforeseen circumstances occurring, the External Auditors were well placed to deliver the external audit in accordance with the statutory deadline of 30 November 2022.

## RESOLVED

- (i) that the Service Director Finance and his Team be thanked for their hard work and dedication in producing the accounts;
- (ii) that the work that has taken place to prepare the Authority's Draft 2021/22 Statement of Accounts on an International Financial Reporting Standards basis be noted.

## **22. MR S GHUMAN - SERVICE DIRECTOR LAW AND GOVERNANCE**

Mr S Ghuman, the recently appointed Service Director Law and Governance and Monitoring Officer for the Council, was welcomed to this his first meeting of the Committee.

## **23. DRAFT ANNUAL GOVERNANCE STATEMENT 2021-22**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report presenting the Authority's draft Annual Governance Statement (AGS) 2021/22. A copy of the draft Statement was appended to the report.

The Committee noted that the AGS was a statutory requirement as defined in the Accounts and Audit Regulations 2015 and had been prepared following an Annual Governance Review process as previously reported.

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

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

- It was noted that the draft AGS was to be subject to independent audit which it was felt would give reassurance about the robustness of the process
- The format of the AGS was welcomed being easy to read and understand
- There was a discussion as to whether or not a commentary on the outcome of Ofsted Inspections should be specifically included within the AGS. It was noted that information relating to the inspections had been included as it provided a further source of information and assurance about the broader governance arrangements in place. It was also noted that details of the inspections undertaken were available from the Ofsted website
- It was noted that there was no reference to the error made at the count for the municipal elections held in May 2022. A full independent investigation had been undertaken and whilst no systemic failings had been found, as the failings had simply been human error, a number of recommendations had been made for improvements going forward. A report was to be submitted to Cabinet shortly recommending the adoption of the revised arrangements. A discussion then ensued as to whether or not reference should be made to the issue within the AGS. On balance, and on the advice of the Monitoring Officer, it was suggested that inclusion was warranted and was good practice on the basis that it demonstrated that the issue had been investigated and matters arising from it had been addressed
- Reference was made to the action recommended in relation to procurement and Contract Management, the timescale for which was April, 2024. The Service Director Finance stated that there were no particular concerns, but any suggestions as to improvements/efficiencies was welcomed

## **RESOLVED:**

- (i) That the draft AGS, which reflects the governance arrangements in place and the actions arising from the annual governance review process, be noted;
- (ii) That the final AGS be presented to the Committee at its meeting to be held on the 16<sup>th</sup> November, 2022 where the Final Accounts will be presented alongside the External Auditor's ISA 260 report and thereafter to the Council on the 24<sup>th</sup> November, 2022 for approval; and
- (iii) That the Committee receive updates on the progress of the actions identified in the AGS Action Plan at future meetings.

## **24. INTERNAL AUDIT INTERIM ANNUAL REPORT 2021-22**

The Head of Internal Audit, Anti-Fraud and Assurance submitted his interim annual report on the adequacy and effectiveness of the Authority's Internal Control Arrangements based on the work of Internal Audit for 2021/22 which had been prepared in accordance with the Public Sector Internal Audit Standards.

In order to comply with these Standards, the report provided:

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

Appendices to the report provided a summary of Internal Audit reports for the year, details and outcome of other audit activities, projects and work currently in progress, agreed management actions and the Financial Year End Performance Indicators 2021/22.

The report indicated that based on the overall results of Internal Audit work undertaken to date, together with the management's implementation of agreed management actions, the interim opinion given was a reasonable (positive) assurance. This was based on an agreed programme of risk-based audit coverage that had enabled a valid indicative assurance opinion to be provided.

There was clearly a positive culture in the Council to explore where control and governance improvements could be made, and it was important that this culture remained and focused on maintaining an appropriate risk-based and effective framework of governance as the authority faced significant financial and operational challenges whilst continuing to work towards the Barnsley 2030 vision.

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

implementation of agreed management actions to address findings and implications arising from audit work.

The current Audit Plan for 2022/23 focussed on supporting management to consider the approach to controls in the context of the achievement of the strategic objectives and priorities and the major change/transformation programme ahead, for example, the Adults Social Care Funding Reform.

**RESOLVED:-**

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

**25. INTERNAL AUDIT PROGRESS REPORT 2022/23**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report which was presented by Sharon Bradley, Internal Audit Manager, which provided a summary of the Internal Audit activity completed, and the key issues arising from it, for the period 1<sup>st</sup> April to 26<sup>th</sup> June, 2022.

Members were informed of the progress of the delivery of the Internal Audit Plan analysed by the number of plan assignments producing a report and audit days delivered by Directorate/Service and in relation to external clients. It was pleasing to note that there were no concerns raised in relation to the delivery of days. In addition, recent appointments had been made and, once all personnel were in post, the section would be fully resourced.

Members noted the audit reports issued within the period, the other internal audit activity together with details of other work undertaken in an advisory or consultancy basis, contributed to the assurance opinions given, as appropriate.

Sharon Bradley commented on the current position with regard to the follow up of agreed management actions with management. She particularly highlighted one report within the Children's Services Directorate which had not yet been completed and was awaiting a management update at the time of drafting the Audit and Governance report. She stated that work was ongoing, and a revised implementation date was to be agreed with management, but this was reliant on resources within Information Services and the Communications Service to support Children's Services to develop their intranet/extranet.

Information was also provided on the reasons for the number of actual days delivered in relation to Children's Services compared to the number of planned days. It was noted that this was largely in line with the planned schedule.

## **RESOLVED:-**

- (i) The issues arising from completed Internal Audit work in the period along with the responses received from management be noted;
- (ii) That the assurance opinion on the adequacy and effectiveness of the Authority's internal control framework based on the work of Internal Audit in the period be noted;
- (iii) That the progress against the Internal Audit plan for 2022/23 for the period be noted.

## **26. STRATEGIC CONCERNS/RISK REGISTER**

Carly Speechley, the newly appointed Executive Director Children's Services was introduced to Members and welcomed to this, her first meeting of the Committee.

She was attending to discuss the strategic risk associated with Children's Services and specifically the following risks:

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

With regard to the first risk, there was a need to continually appraise the controls to minimise the potential for death of a child or safeguarding failure in Children's Services and a need to be able to identify any changes which may weaken current levels of assurance. It was noted that factors impacting on this, and which should be assessed, included the impact of Covid 19 upon both families and workforce capability, increasing poverty which had increased need and demands for services and increasing caseloads which presented a risk. Future financial settlements could impact on service provision as well as an awareness of system pressures including workload. It was noted that if systems broke down there was a potential for huge reputational damage (as seen in a number of UK authorities) which included the removal of the Director of Children's Services and government imposition of Commissioners to run services until improvements were made. Information was provided about the status of this risk and the response rating in relation to the 6 Actions associated with the risks. Details were also provided about the work that was currently being undertaken to address these actions as well as the progress being made in this respect.

With regard to the second risk, the Joint Area SEND Inspection in 2021 had set out progress made and areas for improvement. The SEND Improvement Programme was addressing the Written Statement of Action which had been submitted to Ofsted by the deadline of 28<sup>th</sup> February, 2022 and approved. The strategic, multi-agency SEND Oversight Board provided governance, oversight and improved capacity to ensure all actions were completed in a timely way. Quarterly performance and finance reports were provided to the Council's Senior Management Team and to Cabinet. The Statement of Action would ensure a clear focus on the two areas of weakness identified during the inspection namely, improving parent engagement and influence on strategic decision making and the early identification, support and improved outcomes of children receiving SEN support in local provision, avoiding

escalation of need and out of borough placements. Key issues were, therefore to ensure accelerated progress against the Statement of Action and the implementation of the Improvement Programme to address the areas for improvement. Information was also then provided about the status of this risk and the response rating in relation to the 5 Actions associated with the risks. Details were also provided about the work that was currently being undertaken to address these actions as well as the progress being made in this respect.

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

- The Executive Director commented on the monitoring of staff workloads that was taking place particularly in relation to Action 3 of the first risk and to the difficulties that had exacerbated issues due to staff vacancies. She particularly commented on the specific challenges associated with the staffing vacancies and of the importance of having staff who were correctly trained and of the calibre required.
- Arising out of this discussion, reference was also made to the arrangements in place to ensure that no issues arose when cases were 'closed'. An assurance was given that all the necessary checks were made to ensure that children were not left in a vulnerable position
- In response to specific questioning an update was provided of the work of the Practitioner Sub Group

**RESOLVED** that thanks be given for the updates and the updates be noted.

## **27. COUNCILLOR DECLARATIONS OF INTEREST**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report confirming the Council's compliance with the requirements for Councillors to submit annual declarations of interest.

In the ensuing discussion, the following matters were raised:

- Whilst there were no specific verification arrangements in place to ensure that Councillors declared the matters they should, some basic checks were made to ensure that various sections were completed. A process was, nevertheless in place, organised by staff of the Council Governance Unit, to ensure that declarations were submitted and appropriately processed. There was also a specific requirement within the Members Code of Conduct to require declarations to be appropriately made. If anything untoward was found appropriate sanctions could and would be taken. From a governance point of view, all the necessary systems were in place to ensure that existing Members were reminded to submit their annual review of their declarations and for new Members to submit their declaration within 28 days of them being elected
- Arising out of the above, Gareth Mills, representing the External Auditor commented that as part of their role they examined both Member and Officer declarations of interest. He made particular reference to sampling checks made including with Companies House to investigate where or not appropriate declarations about transactions with other organisation were made. No particular issues had been found previously although recommendations for improvements had been made within the Value for Money report in March.

Both he and Thilina de Zoyza would be looking at developments and actions arising, and reference would be included within the report later in the year

**RESOLVED** that the report be received and the assurance regarding the Council's compliance with this important element of public accountability be noted.

## **28. EXTERNAL AUDIT PLAN 2021-22**

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

The report outlined factors impacting the Audit and the Audit Plan and particularly reference was made to financial developments, the significant impact on the Council of the Covid 19 pandemic, the overall economic environment as well as the projects in place to tackle climate change.

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

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

The planning materiality had been determined to be £8.805m for the Group and £8.721m for the Council which equated to 1.5% of the gross expenditure on the cost of services in the previous year. The External Auditor would also continue to report uncorrected omissions and misstatements other than those that were 'clearly trivial' – the 'clearly trivial' threshold had been set at £430,000. Following the publication of the 2021/22 draft accounts, and prior to starting the detailed audit work, the auditors would revisit the materiality calculation and update as necessary. Any changes to the materiality levels would be detailed within the ISA 260 report submitted later in the year.

The risk assessments regarding the arrangements to secure Value for Money had identified one possible significant weakness in the council's arrangements relating to the Ofsted Inspection of November 2021 on implementing Special Educational Needs and Disabilities reforms. The External Auditors had also identified this as a key recommendation issue in their 2020/21 Value for Money work and this was included within their Annual Report. As this inspection was carried out and reported in 2021/22 they considered this a continuing issue in the Value for Money arrangements for 2021/22 and as part of the review for 2021/22, they would follow up the Council's actions in relation to the Ofsted findings. In relation to the arrangements to secure Value for Money, no other risks of significant weakness had been identified at this stage, but this would be kept under review as the audit progressed.

Interim visits had taken place in March and April and the bulk of the final visit would take place from late July to September. The finalisation and completion work was targeted to take place in accordance with the national deadline for audited accounts

of 30<sup>th</sup> November, 2022. The key deliverables were outlined in the Audit Plan and the Audit Findings report was due to be presented to this Committee on the 16<sup>th</sup> November, 2022 and the Annual Report on the VFM work would be presented in January 2023.

The audit fee had been set at £180,468 (an increase from £180,218 in the previous year) but was subject to the Council meeting their requirements.

Reference was also made to the requirement for the External Auditor to obtain an understanding of the Information Systems relevant to financial reporting in order to identify and assess any risks of material misstatement. The report then outlined the areas currently identified to be within the scope of the audit.

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

In the ensuing discussion, the following matters were highlighted:

- It was anticipated that from 2023 the previous timetable for the External Audit work would be reintroduced
- The tender process for External Audit Work for the next five-year period had now commenced
- Reference was made to the valuation of land and buildings, to the way in which such valuations were made and to the impact this could have on the accounts, the likelihood of a material financial statement error and why the valuation of land and buildings this was considered to be a significant risk. It was noted that reference to this had also been made within the training/awareness session held prior to this meeting
- In response to specific questioning, the External Auditor gave a brief outline of the progress being made with regard to the Financial Reporting Council inspection of the audit work and Value for Money Work for Barnsley Council. He was hopeful, based on other similar inspections/audits in which he was involved, that the inspection findings would be positive and a report on should hopefully be available by September

**RESOLVED** that the External Audit Plan 2021/22 be noted and, insofar as this Committee is concerned, the action to be taken be supported.

## **29. WORK PLAN 2022-23**

The Committee received a report, presented by Alison Salt, Corporate Governance Assurance Manager, providing the indicative Work Plan for the Committee for its proposed scheduled meetings to 26<sup>th</sup> April, 2023.

It was noted that the Work Plan for this meeting had had the following items removed from the agenda:

- Financial Regulations – these were undergoing a final round of consultation with subject matter experts and would be re-scheduled for presentation to the September meeting



- Covid updates – this item had been removed from the work plan as a regular update as there were other Committees that had oversight of this issue. Information on Covid would be provided on the extranet site for Members of the Committee

**RESOLVED** that the Work Plan be noted.

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

**RESOLVED** that the public and press be excluded from this meeting during the consideration of the following item in view of the likely disclosure of exempt information as defined by Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

### **31. GLASSWORKS UPDATE**

Kathy McArdle, Service Director Regeneration and Culture, provided an update during which Members were informed of progress made in relation to lettings, to potential opening dates for other secured tenants together with details of a number of interested operators for available units.

It was noted that progress was being made with regard to the mix of retail, leisure and social use and reference was also made to the use of various units by the NHS.

Information was also provided in relation to the planning for the opening of the Cinema complex and about the success of recent activities within the Glassworks 'square'.

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

- The current position with regard to the future development proposals for the wider Town Centre and the consideration of the development of a town centre strategy particularly within the context of a national change in the retail landscape
- The proposals to undertake a post investment appraisal and to develop a strategy/proposal to ensure that the Glassworks and town centre remained fit for the future and meet long term and developing needs and aspirations
- The work of the Events Team was noted and their hard work was welcomed. Kathy McArdle commented that there was an ongoing marketing and communications plan, but it was noted that proposals were in hand to improve the communications strategy further for such events. Details of the marketing strategy could be shared with Members
- Work was ongoing to try to ensure that any empty stalls within the market were occupied or repurposed
- Reference was made to the footfall within the town centre and Kathy McArdle stated that performance data on this could be provided

**RESOLVED** that the update be noted.

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Chair