

<b>MEETING:</b>	Audit and Governance Committee
<b>DATE:</b>	Wednesday 16 November 2022
<b>TIME:</b>	2.00 pm
<b>VENUE:</b>	Council Chamber, Barnsley Town Hall

## MINUTES

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

### 43. ANNOUNCEMENTS

The Chair informed the Committee that Steve Wragg was attending today's meeting to observe the proceedings.

The Chair also informed Members of the Committee that this would be the last meeting attended by Mr M Marks, Co-opted Independent Member.

He, and Members of the Committee, asked to place on record their thanks to Mr Marks for his hard work and commitment to the Committee and to the authority whilst being an Independent Member. They gave him their best wishes for the future.

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

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

### 45. MINUTES

The minutes of the meeting held on 14 September 2022 were taken as read and signed by the Chair as a correct record.

The Head of Internal Audit, Anti-Fraud and Assurance informed the Committee that the feedback which had been received from business units in relation to the Fraud Risk Vulnerability Self-Assessment, highlighted that there was good awareness, but also identified opportunities for further improvement in individual and corporate awareness.

### 46. COMMITTEE ANNUAL REPORT 2021/22

The Head of Internal Audit, Anti-Fraud and Assurance presented the Audit and Governance Committee's Annual Report for 2021/22.

The Annual Report had been prepared in accordance with recommended guidance and aimed to demonstrate the Council's commitment to operating the highest standards of governance. The report described the role of the Audit and Governance Committee, its structure and membership, and how it has discharged its responsibilities during 2021/22.

Subject to the Committee's approval, the Annual Report would be included as a link document in the Annual Governance Statement and would also be published as a standalone document on the Council's website.

A copy of the Committee's Annual Report was appended to the report.

**RESOLVED:**

- i) That the Committee considered the Audit and Governance Committee Annual Report 2021/22; and
- ii) **RECOMMENDED TO FULL COUNCIL ON 24 NOVEMBER 2022** that the Audit and Governance Committee's Annual Report for 2021/22 be approved.

**47. EXTERNAL AUDIT FINDING REPORT 2021/22 (ISA 260)**

The Committee considered a report of the External Auditor (Grant Thornton) which had been submitted in accordance with International Standard on Auditing (UK) 260, the External Audit Governance Report 2021/22.

Thilina De Zoysa representing the External Auditor attended the meeting to present the report and to answer Members questions.

The following key highlights were presented:

- The External Auditor had substantially completed its audit of the Authority's financial statements for the year ended 31 March 2022.
- Subject to successfully concluding the outstanding matters listed in the report, including the infrastructure assets issue, Grant Thornton expected to issue an unqualified audit opinion on the Authority's financial statements by January after the Statutory Instrument (SI) is published by DLUHC.
- The External Auditor's Value for Money work was not yet complete and the reasons for this were outlined within the report.
- The Value for Money findings would be reported to the Committee in the Auditor's Annual Report in January 2023.
- The External Auditor was currently awaiting a final piece of audit assurance associated with the Council's net pension fund liability from the South Yorkshire Pension Fund Auditor.
- Section 2 of the report set out the significant risks as communicated in the Audit Plan.
- Key findings arising from the Group Audit were contained within Section 3 of the report, noting that work was currently in progress. From the work completed to date, there were no issues to report.
- Several new issues and risks which had been identified during the course of the audit were presented in the report.
- In relation to the Valuation of Infrastructure Assets, the External Auditor would continue to brief the Finance Team and Committee on any developments as they arise. It was anticipated that the External Auditor would be in a position early in the New Year to sign-off.
- A possible significant VFM weakness had been identified in relation to the Council's arrangements for 2021/22 to improve the economy, efficiency and

effectiveness in implementing the Special Educational Needs and Disabilities (SEND) reforms in Barnsley. Further work on this matter would be undertaken and a summary of findings would be included in the Auditor's Annual Report in January 2023.

- The External Auditor's note on Independence and Ethics and Audit Fees were detailed in Section 4 of the report.

Thanks were expressed to officers and Members for their continuing help and co-operation throughout the audit work.

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

- With regards to the Dedicated Schools Grant Deficit, it was noted from management responses in the report, there are ongoing discussions with the Department for Education for funding to reduce the deficit and this cannot be charged to general fund reserves. This is an unusable reserve, and the Council has correctly reported this in line with LG Code guidance.
- It was confirmed that the Council were comfortable with the External Auditor's recommendations and adjustments had been made to the Accounts.
- Assurances were provided that the Council was fully aware that the current version of the SAP reporting system used by the Council would no longer be supported by SAP beyond 2025. With this in mind, an independent assessment of options has been commissioned with regards to the future of SAP. Regular updates would be provided on progress to Cabinet and the Audit and Governance Committee, when appropriate.
- Reference was made to an Audit Adjustment in relation to the incorrect treatment of a supplier invoice for the Glassworks construction. Confirmation was received that an accrual had been made in the accounts, prior to the invoice being received. No overpayment was made to any supplier, the correct amounts had been paid by the council and that the adjustment made was only an accounting adjustment. The adjustment had been made in the 2021/22 accounts.

**RESOLVED** that the Committee place on record their thanks and appreciation for the hard work of the External Auditor and the Service Director Finance and his Team in this process; and

**RECOMMENDED TO FULL COUNCIL ON 24 NOVEMBER 2022:-**

- (i) That the External Auditor's (ISA 260) Report 2021/22 be approved;
- (ii) That the findings on the current position with regard to the Value for Money conclusion be noted (as not completed); and
- (iii) That the findings from the audit work in relation to the 2021/22 Financial Statements be noted.

#### **48. ANNUAL GOVERNANCE STATEMENT 2021/22**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report presenting the Authority's 2021/22 Annual Governance Statement (AGS) as required by the Accounts and Audit Regulations 2015.

The report requested the Committee to refer the AGS to the Council for consideration and adoption as part of the process for approving the 2021/22 Statement of Accounts. A copy of the final AGS was appended to the report.

An Action Plan had been prepared to capture issues raised throughout 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 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.

#### **RESOLVED:**

- i) That the Committee considered the final AGS which reflects the annual review of the effectiveness of the governance arrangements in place and the actions arising;
- ii) **RECOMMENDED TO FULL COUNCIL ON 24 NOVEMBER 2022** that the final Annual Governance Statement 2021/22 be approved and adopted; and
- iii) Noted that the Committee would receive updates on the progress of the actions identified in the AGS Action Plan at future meetings.

#### **49. AUDITED STATEMENT OF ACCOUNTS 2021/22**

The Service Director Finance submitted the revised audited Statement of Accounts for 2021/22 following the statutory audit period.

Appendix B to the report set out the Council's Letter of Representation which was to be sent to the External Auditor.

It was noted that there remained a relatively low-level number of queries outstanding, none of which were expected to impact on the Auditor's opinion on the accounts.

Steve Loach, Head of Corporate Finance and Business Partnering wished to place on record his thanks to Grant Thornton colleagues, Gareth Mills and Thilina De Zoysa for their professional approach to this year's audit of the Authority's accounts.

#### **RESOLVED:**

- i) That the Audit and Governance Committee noted the revised 2021/22 Statement of Accounts following the statutory audit period;
- ii) That the Audit and Governance Committee noted the Council's Letter of Representation; and

- iii) That the Audit and Governance Committee **RECOMMENDED TO FULL COUNCIL ON 24 NOVEMBER 2022** that the audited Statement of Accounts 2021/22 and Letter of Representation be approved.

## 50. ELECTION REVIEW 2022

A report of the Executive Director of Core Services was submitted to update the Committee on the review and learning from the Local Elections held on 5 May 2022.

Sarah Norman, Returning Officer and Peter Clark, Elections Manager were in attendance to answer any specific questions.

The Committee were reminded that, in the May 2022 Local Elections a serious breach was found in respect of the Royston count. The Association of Electoral Administrators was commissioned by the Returning Officer to complete an independent investigation into the Royston ward count and a separate end-to-end review of the election count processes, together with an engagement exercise with candidates and agents at the local elections and people who worked at polling stations.

The Committee noted that the investigation was now complete and an independent report into the Royston ward count had been received from the Chief Executive of the Association of Electoral Administrators and the most Senior Electoral Administrator in England.

The report provided 14 recommendations to improve the Council's processes and concluded that there was no evidence of actual or attempted electoral fraud and that the incident was human error. In addition, the report stated that there was no single point of failure, but several issues, which had independently and collectively contributed.

The Returning Officer informed the Committee that a task and finish group chaired by the Executive Director of Core Services was leading on an Improvement Plan. This Plan would be fully implemented by the end of 2022 so that all changes would be in place for the next scheduled local elections on 4 May 2023.

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

- The timing of when the verification and counting of the votes take place had also been reviewed. The Association of Electoral Administrators' review of the Royston ward count suggested that the count taking place overnight might have contributed to the errors that occurred. In response to this, and where circumstances allow, the verification and counting of the votes will now take place on the morning following the election.
- Confirmation was received that extra checks would be made at future counts. This would include secondary checks to allow Election Agents to also check figures.
- Confirmation was received that a briefing would be arranged for January / February 2023 to set out all the lessons learnt. In addition, normal meetings for candidates and agents would be held during March and April 2023 to communicate the changes made in the process.

## **RESOLVED:**

- i) That the Committee considered the assurances provided in the report to ensure the standards of delivery at future elections; and
- ii) Recognises the reviews that have taken place and the implementation and delivery of the improvement plan.

## **51. INFORMATION GOVERNANCE AND CYBER SECURITY**

The Committee received a presentation from Sara Hydon (Head of Service Design and Compliance) on the Council's recent Local Government Association's 360° Peer Review of Cyber Security.

The Committee noted that the objectives of the LGA Cyber 360° Peer Review were to:

- To support reduction of cyber risks
- To offer perspective on cyber culture
- To build on existing cyber capabilities
- To improve the understanding of cyber security principles

Cyber experts had focused upon governance, risk management, asset management, supply chain, etc. A leadership 'check and challenge' process had been undertaken to understand the various capabilities of the Council. A detailed report is to be received on the findings which highlighted a number of strengths and indeed opportunities for the Council to consider.

The findings of the review noted that:

- The Council had a Cyber Security Strategy in place, however they would encourage managers to get involved in its further development
- IT are well informed and respected, however there needed to be further challenge from non-IT leaders
- There were strong links between senior and operational levels via the SIRO
- Security awareness of Members was increasing
- There was a detailed cyber security risk register, however this needed to have senior visibility
- Managers need to understand their critical data assets
- There was a need for Leaders to develop their knowledge of cyber and responsibility for risk
- The Council's Learning and development around cyber security was seen as a positive
- Business continuity plans across the Council should be tested in preparedness for a cyber attack regularly

**RESOLVED** that the presentation be noted and Sara Hydon be thanked for attending the meeting.

## 52. STRATEGIC RISK REGISTER

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report that introduced the next scheduled strategic risks for the Audit and Governance Committee meeting.

It was noted that the Strategic Risk Register was recently reviewed by the Senior Management Team (SMT) and continued to contain 15 risks. 6 risks were classified as high (red response rating), 9 risks were classified as medium (amber rating). No risks were classified as low (green rating).

The Executive Director – Public Health and Communities attended the meeting to provide the Committee with a review of the Health Protection Emergency strategic risk.

The Executive Director – Public Health and Communities made particular reference to the following:

- Action 1 – Health Protection Plans (RAG rating Green) – it was confirmed that Health Protection Plans are reviewed and tested yearly by the Health Protection Board to reflect health protection issues.
- Action 2 (RAG rating Green) – it was confirmed that Health Protection Plans are reviewed and agreed by the multiagency Health Protection Board which includes partners from the UK Health Security Agency and the NHS. It is chaired by the Executive Director of Public Health and Communities. Multi agency exercises are arranged on a regular basis; the most recent one being held in November 2022 on avian flu.
- Action 3 (RAG rating Amber) – it was confirmed that debriefs took place after every event to develop lessons learnt.
- Action 4 (RAG rating Amber) – This was a new action in relation to the UK COVID-19 National Inquiry. Evidence would be submitted by the Council.

The Executive Director – Core Services then discussed two strategic risks in relation to Partnership and Collaboration Governance and Emergency Resilience.

In relation to Partnership and Collaboration Governance, it was noted that work was underway to collect data on the public services which are delivered through partnerships or collaboration. A report would be presented in February/March 2023 to Cabinet and to the Audit and Governance Committee to set out details of the work undertaken to develop a new corporate framework and guidance to support partnership and collaborative working.

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

- The new corporate framework would ensure that there was a consistent approach with partnerships and collaborations.
- It was noted that an element of financial monitoring would be included in the framework, potentially at the start and end of the contract to ensure that there were no significant or financial risks to the Council when entering into partnerships and collaborations.

With regards to Emergency Resilience, the Council would continue to monitor closely its readiness and preparedness for emergency events and review lessons learnt from recent events. Refresher training had been limited due to the pandemic; however, Heads of Service were skilled-up and were undertaking work around assurance resilience. Work also continued with the South Yorkshire Emergency Resilience Forum.

In relation to cyber security, the Council continued to learn lessons from other Councils who had been victims of cyber-attacks.

The following discussion ensued:

- The Committee questioned if the Council had commissioned an independent review of its emergency resilience procedures to gain the necessary assurances.
- In response, the Head of Internal Audit, Anti-Fraud and Assurance said that Internal Audit could schedule an independent review to be undertaken in future years. In addition, the Executive Director – Core Services said that he would welcome and support a check and challenge Peer Review from the LGA.

**RESOLVED** that Strategic Risk Register report be noted.

### **53. INTERNAL AUDIT PROGRESS REPORT**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report which provided a summary of the Internal Audit activity completed, and the key issues arising from it, for the period 27 June 2022 to 30 October 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.

The following key points were noted:

- As reported at the Committee's June 2022 meeting, the Internal Audit Plan is currently under resourced by circa 180 days.
- Internal Audit are currently slightly ahead in terms of delivery on a pro rata basis (61%) of the resourced plan.
- During the period, there had been four changes to the Internal Audit Plan as set out on page 2 of the report.
- Four audit reports had been finalised in the period.
- There were no audit reports issued during the period that had received a limited assurance opinion.
- Internal Audit productivity at the end of Q2 was slightly down (69%) from the annual target (73%) due to the profile of annual and statutory leave.
- There are no concerns with regards to the implementation of agreed management actions.
- Based on the work completed to date, an annual reasonable assurance opinion would be provided.



In the ensuing discussion, it was noted that the Internal Audit Annual Plan includes circa 40% of days providing real time independent advice, support, challenge and objective assurance to add value in relation to initiatives, projects, programmes and transformation programmes.

**RESOLVED** that the Audit and Governance Committee considered the assurances it needs on the effectiveness of the Authority's internal control, risk and governance arrangements through the work of Internal Audit by:-

- i) Considering the issues arising from completed Internal Audit work in the period along with the responses received from management;
- ii) Noting 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; and
- iii) Noting the progress against the Internal Audit plan for 2022/23 for the period.

#### **54. DATA PROTECTION OFFICER ASSURANCE REPORT**

The Council's Data Protection Officer (DPO) submitted a report highlighting the key areas of his work which provided the Committee with information and assurances regarding the Council's compliance with the Data Protection Act 2018 and UK General Data Protection Regulations (GDPR).

The report, in outlining the DPO's activities and assurances, gave details of the areas in which he was to undertake or commission independent reviews of various aspects of Information Governance.

In summary, whilst the Committee could be assured, there would inevitably be data and information incidents. There is however, a robust and comprehensive suite of policies and guidance in place supported by a strong and committed Information Governance Team.

The joint working and liaison between the DPO, Information Governance Team, the Senior Risk Information Officer, Customer Feedback and Improvement Team and Legal Services provides a robust basis to guide the Council to ensuring that data protection responsibilities were understood and complied with as effectively as was reasonably possible.

As a key source of assurance for the Committee, and to properly discharge the responsibilities of the DPO, the Committee noted that the DPO role requires independence from management, unfettered access to senior management and access to the necessary resources. These key requirements were confirmed to be in place.

**RESOLVED** that the Committee considered the report and the information and assurances within it and agreed to receive a further update report in 6 months' time in contribution to wider assurances as part of the Annual Governance Review process.

## **55. EXTERNAL AUDIT PROGRESS REPORT**

Thilina De Zoysa (representing the External Auditor) reported that Grant Thornton had received a 'good' grading in relation to its Regulatory Review of VFM Audit work for 2021. The grading confirmed that good practices were being followed.

In addition, Public Sector Audit Appointments (PSAA) had concluded that Grant Thornton would continue as the Council's External Auditor to 2027-28.

**RESOLVED** that the verbal update be noted.

## **56. WORK PROGRAMME AND WORK PROGRAMME REPORT**

The Corporate Governance and Assurance Manager submitted a report which detailed the updates to the 2022-23 work programme, with the work programme appended.

It was noted that one item had been added to the agenda for 16 November 2022 in relation to a Report on Elections Issues.

One item had been removed from the work plan for 16 November 2022 in relation to Financial Regulations – these are undergoing a final round of consultation with subject matter experts and will be re-scheduled for presentation to the January 2023 meeting of the Committee.

The Committee were informed that Audit and Governance Committee meeting currently scheduled for 26 April 2023 would need to be rescheduled to the end of May 2023 to coincide with the new timescales for presenting the draft Statement of Accounts and Annual Governance Statement. Members would be notified of the meeting date change following approval by full Council.

**RESOLVED** that the updated work plan be noted.

## **57. 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).

## **58. GLASSWORKS UPDATE**

Kathy McArdle (Service Director Regeneration and Culture) provided an update on the progress made with the Glassworks Development and the wider Town Centre.

The Committee noted that following key highlights:

- The Glassworks centre was currently 91% let, with a further 6% in advanced/legal discussions. There had also been interest in the remaining units.
- The Glassworks Board had recently approved four lettings and an extension to the Barnsley CCG for three further units.

- Businesses within the Glassworks were trading well and exceeding targets.
- Fridays had opened in the Glassworks today and Urban Burger would be opening shortly on Cheapside. Dolly's Desserts would also be carrying out a soft launch of its second larger outlet on 5 January 2023.
- Updates were provided in respect of a change to the centre's management agent. An inception meeting would be held shortly to refresh the centre's leasing strategy.
- A 25-year Life Cycle Asset Management Plan for the Glassworks would be developed.
- In relation to carbon emissions for the Glassworks, data was now available and would be analysed.
- In relation to the construction of the new Market Gate Bridge, the Committee were advised that the current timeframe for completion was by late summer 2023. Efforts would be made to minimise any disruption during the football season.

Sharon Bradley, Internal Audit Manager, informed the Committee that as the Glassworks centre moved from the phase two construction stage to the operational stage three, she had supported the Glassworks Board in providing independent advice and support to assist in reviewing the Board's governance arrangements.

In the ensuing discussion, the Committee noted that Cineworld continued to trade well, despite the Chapter 11 proceedings occurring in the US.

The Committee suggested that the Service Director Regeneration and Culture may wish to engage with Preston City Council to obtain any key learning points in relation to its city centre redevelopment scheme.

It was agreed that an update would be provided at the January 2023 Audit and Governance Committee in relation to the Alhambra Centre and voids in the Town Centre.

## **RESOLVED**

- i) That the report be noted, and Kathy McArdle (Service Director Regeneration and Culture) be thanked for attending the meeting and for answering Members questions.
- ii) That the Committee receives an update at its January 2023 meeting in relation to the Alhambra Centre and voids in the Town Centre.

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Chair