

<b>MEETING:</b>	Audit and Governance Committee
<b>DATE:</b>	Wednesday 15 November 2023
<b>TIME:</b>	2.00 pm
<b>VENUE:</b>	Council Chamber, Barnsley Town Hall

## MINUTES

**Present** Councillors Lofts (Chair), Barnard and Richardson together with Independent Members – Dr R Adams, Mr G Bandy, Mr P Johnson and Mr S Wragg

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

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

### 49. MINUTES

The minutes of the meeting held on the 20 September 2023 were taken as read and signed by the Chair as a correct record.

### 50. INFORMING THE AUDIT RISK ASSESSMENT

Members were provided with a presentation regarding Informing the Audit Risk Assessment.

The key points were noted as follows:

- The purpose of the report was to contribute towards the effective two-way communication between Barnsley Metropolitan Borough Council's External Auditors and the Audit and Governance Committee.
- The report covered key areas of the auditor risk assessment where the auditors were required to make inquiries of the Audit and Governance Committee under auditing standards.
- The report included a series of questions on each of these areas and the response External Audit had received from Barnsley Metropolitan Borough Council's management.
- The Audit and Governance Committee should consider whether these responses were consistent with its understanding.

**RESOLVED** that the report be noted.

### 51. REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) 2022/23

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 2022/23.

G Mills and T 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 2023.
- External Audit received the Council's draft accounts on 31 May 2023, in line with the statutory deadline for unaudited accounts. The Council was in a minority of approximately 30% of local authorities that managed to achieve the draft accounts deadline.
- The External Auditor's Value for Money work was not yet complete and the reasons for this were outlined within the report.
- External Audit expected to present the Auditor's Annual Report to the Committee in January 2024.
- The Council continued to be assessed against progress made on the key recommendations in relation to implementing SEND reform and findings from OFSTED, further detail would be provided in the Auditor's Annual Report.
- Section 2 of the report set out the significant risks as communicated in the Audit Plan.
- New issues and risks which had been identified during the course of the audit were presented in the report.
- The External Auditor's note on Independence and Ethics and Audit Fees were detailed in Section 4 of the report.
- Audit adjustments were outlined in Appendix D of the report.
- Subject to the outstanding queries being satisfactorily resolved, External Audit anticipated issuing an unqualified ('clean') audit opinion.

Thanks were expressed to Neil Copley, Steve Loach and Vanessa Hunter and the wider Finance Team for their continuing help and cooperation throughout the audit work.

Discussion arose regarding the valuation of Authority's defined benefit pension scheme; it was noted that the pension fund was now an asset on the Council's balance sheet, but it was highlighted that this did not affect the usable reserves of the Council. The significant accounting change regarding local government pension schemes was influenced by bond yield fluctuations and was mirrored across the country with guidance on how to account for this asset issued in the Summer for both practitioners and auditors.

It was noted that a section in the forthcoming Value for Money report would detail borrowing and interest costs for the Council, which would be presented to the Committee at the January meeting.

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

**RECOMMENDED TO FULL COUNCIL ON 23 NOVEMBER 2023:-**

- (i) That the External Auditor's (ISA 260) Report 2022/23 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 2022/23 Financial Statements be noted.

## **52. ANNUAL GOVERNANCE STATEMENT 2022/23**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report presenting the Authority's 2022/23 Annual Governance Statement (AGS) as required by the Accounts and Audit Regulations 2015.

S Norman, Chief Executive Officer, attended to present the AGS 2022/23.

The report requested the Committee to refer the AGS to the Council for consideration and adoption as part of the process for approving the 2022/23 Statement of Accounts.

The Committee noted that the Council faced particular challenges including financial pressures, pressures in Children's Services and the pressures of inflation and the recently agreed pay award.

It was noted that the Council had received a 'Good' rating from OFSTED in its recent inspection of Children's Services which highlighted that the extra investment in Children's Services was producing positive outcomes.

The Council was responding to financial pressures with its extensive transformation programme which was detailed within the AGS.

Since the draft AGS was considered by the Audit and Governance Committee in May 2023 there had been a number of changes made to the document. Of particular note were reference in the Executive Summary to the Council winning 2 prestigious awards and a new section 10 on Council wholly owned companies.

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.

Member discussion arose regarding governance improvement actions that had been in place for a period of years. It was noted that this was because those actions were kept in place until it was satisfied that they were embedded.

Members provided feedback on wording within the report, it was noted that this would be looked at in the future drafting of the AGS.

**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 23 NOVEMBER 2023** that the final Annual Governance Statement 2022/23 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.

### **53. AUDITED STATEMENT OF ACCOUNTS 2022/23**

The Director of Finance submitted the revised audited Statement of Accounts for 2022/23 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.

#### **RESOLVED:**

- (i) That the Audit and Governance Committee noted the revised 2022/23 Statement of Accounts following the statutory audit period (subject to any final amendments being made up to the issue of the final audit opinion);
- (ii) That the Audit and Governance Committee notes the Council's Letter of Representation; and
- (iii) **RECOMMENDED TO FULL COUNCIL ON 23 NOVEMBER 2023** that the audited Statement of Accounts 2022/23 and Letter of Representation be approved.

### **54. HEAD OF INTERNAL AUDIT, ANTI-FRAUD AND ASSURANCE ANNUAL REPORT 2022/23**

The Head of Internal Audit, Anti-Fraud and Assurance submitted the Head of Internal Audit, Anti-Fraud and Assurance Annual Report 2022/23 for Members' consideration.

The report provided the Head of Internal Audit, Anti-Fraud and Assurance's annual opinion on the adequacy and effectiveness of the Authority's governance, risk management and internal control arrangements based on the work of Internal Audit for 2022-23 and had been prepared in accordance with the Public Sector Internal Audit Standards.

It was noted that the Council continued to have a positive culture in regard to embracing challenge and the work of internal audit.

Considering the overall results of Internal Audit work undertaken, together with management's implementation of agreed management actions, the opinion given was reasonable (positive) assurance.

It was noted that the internal audit team continued to follow up agreed management actions every month.

**RESOLVED:**

- (i) That the Committee considered the opinion provided by the Head of Internal Audit, Anti-Fraud and Assurance based on the work undertaken and completed relating to 2022-23 regarding the adequacy and effectiveness of the Authority's framework of governance, risk management and internal control;
- (ii) That the Committee noted the key issues arising from the work of Internal Audit in the context of the Annual Governance Statement (AGS).

**55. 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 1 July 2023 to 31 October 2023.

It was noted that one piece of work was deferred, Council Wide (Core) Partnership Governance, and 9 reports of reasonable assurance had been issued.

The Committee noted that the SAP replacement system had been cancelled after discussion with finance colleagues due to SAP delaying the end of their support nationally for the system for a number of years.

**RESOLVED** that the Audit and Governance Committee:-

- (i) Considered the issues arising from completed Internal Audit work in the period along with the responses received from management;
- (ii) Noted 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) Noted the progress against the Internal Audit plan for 2023/24 for the period.

**56. 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.

The Strategic Risk Register was reviewed by the Senior Management Team (SMT) on 5th September and at that time there were no changes to the number or ratings given to the 13 strategic risks.

C Speechley, Executive Director Children's Services, N Sleight, Service Director Education, Early Start and Prevention and S Day, Head of SEND and Inclusion attended to present the report.

Following the outcome of the recent Ofsted inspection which rated Children's Services as Good, the Safeguarding Risk had been reviewed and reclassified from a high rating to a medium rating by the Executive Director Children's Services.

In regard to SEND, the following key action points were highlighted in the report:

- Action 1 (RAG rating green) - the implementation of the SEND Improvement Programme.
- Action 2 (RAG rating green) - ensuring multi-agency arrangements were robust and adequately governed and effective and the Oversight Board arrangements were fit for purpose.
- Action 3 (RAG rating amber) - the strengthening of consistent and effective co-production, engagement and participation, strengthening the strategic engagement and influence of parent carers.
- Action 4 (RAG rating green) - the implementation of the DSG Management Action Plan to ensure effective use of resources and the reduction of the in-year deficit which would be scrutinised under the safety valve programme.
- Action 5 (RAG rating amber) - the increase of the number of children receiving SEN support in local provision supported by early identification of need, leading to long term positive outcomes.

Regarding safeguarding in Children's Services, particular reference was made to the following:

- Action 1 (RAG rating green) - assurance that the suite of policies and procedures are in place and are routinely updated twice yearly and immediately where required. Robust review was undertaken by the BSCP Policy and procedure Subgroup, under the governance of BSCP.
- Action 2 (RAG rating amber) - a suite of metrics, indicators and data existed to be able to identify changes that could impact on the risks to safeguarding.
- Action 3 (RAG rating green) - staff workloads were adequately monitored to ensure consistency and the adherence to good practice.
- Action 4 (RAG rating amber) - multi-agency arrangements were robust, adequately governed and effective. The Safeguarding Partnership arrangements that oversee these had been strengthened with the establishment of a multi-agency Development Board, which was independently chaired.

- Action 5 (RAG rating green) - quality of practice across children's services was too variable. Practice workstreams had been set up and were being overseen as part of new developments.

Discussion arose regarding risk and assurance, it was noted that routine audits with dip sampling of cases took place, and learning from serious case reviews was disseminated across the country.

The Committee noted that training was undertaken with schools and partners such as GPs on safeguarding and signs to look out for when concerned about a young person's safety.

**RESOLVED** that the Committee noted the update.

## **57. CORPORATE ANTI-FRAUD TEAM UPDATE REPORT**

The Head of Internal Audit, Anti-Fraud and Assurance submitted the Corporate Anti-Fraud Team Update Report.

This report provided the Audit and Governance Committee with an account of the work of the Corporate Anti-Fraud Team from 1st April 2023 to 31st October 2023.

It was noted that various activities for Fraud Awareness Week were currently taking place such as news articles on the intranet for employees.

Discussion arose regarding the emerging threat of 'moonlighting' i.e., working two full time jobs at once. It was noted that work was taking place nationally on data matching for example in regard to HMRC information.

It was noted sample sizes and areas of investigation were guided by the National Fraud Initiative.

**RESOLVED** that the Committee:-

- (i) Noted the progress report covering the period 1st April to 31st October 2023.
- (ii) Continued to receive regular progress reports on internal and external fraud investigated by the Corporate Anti-Fraud function.

## **58. CONTRACT PROCEDURE RULES**

A report of the Director of Finance was submitted regarding contract procedure rule amendments.

J Lockwood, Interim Head of Strategic Procurement & Contract Management, attended to present the report.

A proposal for revisions was taken to the Audit and Governance Committee in January 2023, however, additional clarification was requested and therefore these were not progressed, and the Project Team took away actions to provide additional detail in the document to provide clarity.

The proposed amendments reflected the recommendations of the 2022 Arum review which was commissioned to support the zero-based review of the Strategic Procurement and Contract Management Team.

The changes would allow the Council to take a proportionate approach to both procurement and contract management to ensure time and resource was invested effectively in the areas which offered most benefit and opportunity to reduce risk.

Member discussion took place regarding waivers. It was noted that in the amendments presented, staff would have to seek approval to proceed earlier in the process before a waiver is necessary. It was hoped that this would allow less bureaucracy in the system.

**RESOLVED** that the update be noted.

## **59. INFORMATION GOVERNANCE AND CYBER SECURITY UPDATE**

S Marshall, Governance and Compliance Manager, and S Waddington, Security and Information Specialist, provided Members with a presentation regarding Server Cloud Migration.

The key points were noted as follows:-

- Migration to the cloud was a sustainable model moving forwards and would provide futureproofing for the Council.
- The purpose-built data centres provided built-in resilience.
- A move to cloud-based systems could provide a 90% reduction in computing carbon emissions and would eventually become carbon neutral.
- Reasons for the migration to the cloud included strategic gains and overall cost reduction.
- Progress so far included 30% of servers moved to the cloud and the number of servers and data had reduced pre-migration.

Discussion arose regarding the transfer of risk; it was noted that the data was encrypted and was stored at two data centres. The contract would be in the highest tier of the contract management system and therefore would be subject to risk assessments and exit planning.

**RESOLVED** that the update be noted.

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



The Council's Data Protection Officer (DPO) submitted a report highlighting the key areas of 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 there would be independent reviews of various aspects of Information Governance.

The key points were noted as follows:

- Compliance with the statutory timescales for responding to Freedom of Information requests (FOIs), subject access requests (SARs) and Environmental Impact Assessment requests (EIAs) remained very high at 99% for FOIs, 86% for SARs and 100% for EIAs.
- During 2023, there had been a number of simulated phishing campaigns which aimed to reinforce awareness amongst staff to spot any irregular emails and report them to IT.
- The Information Governance and Security Team along with the Emergency Resilience Team ran a number of simulated cyber-attack exercises with leaders across the Council to raise awareness and highlight any areas where improvements were needed.
- A section within the Annual Governance Statement was also included to provide the assurances from the DPO.

**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.

## **61. CONSTITUTION REVIEW**

The Head of Governance submitted the Constitution Review report.

It was proposed that a cross party working group be established to consider options and proposals to advise the review and the development of the Constitution. Membership would reflect, but not form part of the Council's political balance and comprise of 4 Labour Group, 1 Conservative Group and 1 Liberal Democrat Group Members.

The proposed Terms of Reference for the working group was attached at Appendix A.

Any drafts of new and/or revised sections would be submitted to the Audit and Governance Committee for formal consideration prior to submission to Full Council for adoption.

Member discussion arose regarding the role of independent co-opted Members in the review process. It was noted that the working group would consist of elected

Members and co-opted Members would provide assurance and challenge when updates were brought to the Audit and Governance Committee.

It was agreed that a training session on the Constitution should be arranged for Audit and Governance Committee Members.

**RESOLVED:-**

- (i) That an elected Member working group be established to consider options and proposals to advise the review and the development of the Constitution;
- (ii) That the terms of reference for the Constitution Review Working Group as set out in Appendix A of the report be noted;
- (iii) That the approach, programme and timeline for the Constitution Review as set out in the report and Appendix B be noted; and
- (iv) A training session on the Constitution for Audit and Governance Committee Members should be arranged in due course.

**62. EXTERNAL AUDIT PROGRESS REPORT**

G Mills provided the Committee with a verbal update on External Audit progress.

In regard to the conclusion of the 2022/23 audit, there remained some main areas of work needed to be completed which included the VFM work and further work on property, plant and equipment (PPE), pensions and liabilities valuations.

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

**63. AUDIT COMMITTEE WORK PLAN 2023/24**

The Corporate Governance and Assurance Manager submitted a report which detailed the updates to the 2023/24 work programme, with the work programme appended.

It was noted that the AGS Action Plan report had been moved to the next meeting, and provision would be made for a Constitution training session as discussed earlier in the meeting.

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

**64. 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 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

**65. SEND QUARTER 1 PERFORMANCE AND FINANCE REPORT**

The Executive Director – Children’s Services submitted the SEND Quarter 1 Performance and Finance Report.

N Sleight and S Day attended to present the report.

The Local Area continued to be subject to monitoring from the DfE and NHS England to ensure sufficient progress is made against the Written Statement of Action (WSOA).

The Council had been focused on improving parent and carer communication and engagement including a questionnaire of which responses gave a clear indication that parents and carers would prefer a consortium model.

The Council’s SEND advisor at the DfE had changed and the Council would continue to prepare for inspection in the next quarter.

In regard to the safety valve programme, the payments for both the first and second instalment had been approved.

**RESOLVED** that the update be noted.

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Chair