

<b>MEETING:</b>	Audit Committee
<b>DATE:</b>	Wednesday, 11 September 2019
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	Reception Room, Barnsley Town Hall

## MINUTES

**Present** Councillors Richardson (Chair), Barnard, P. Birkinshaw and Lofts together with Independent Members - Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

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

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

### 24. MINUTES

The minutes of the meeting held on the 22<sup>nd</sup> July, 2019 were taken as read and signed by the Chair as a correct record.

### 25. RISK MANAGEMENT UPDATE

The Head of Internal Audit, Anti-Fraud and Assurance provided an update on current Risk Management issues.

He reported that following the departure from the Authority of the Risk and Governance Manager he had taken over the responsibility for risk management. This had allowed opportunity to reflect on the overall corporate capacity and approach to risk management and to this end an external consultant had been appointed to report to the Senior Management Team on suggested ways forward to develop both governance and engagement as well as the formatting of risk registers so that they could be developed into a more useable and easily manageable tool for senior management. In summary, this would be an overarching review of operational and strategic procedures in relation to risk management.

An initial presentation had been made by the Consultant to the Senior Management Team and officers were reflecting on the information presented in order to produce a framework for development. It was hoped that a presentation on the future proposals could be made to the training/awareness session to be held on the 30<sup>th</sup> October, 2019.

Members were then informed that the Risk and Governance Manager post had been replaced by a Corporate Governance and Assurance Manager post. The post holder, once appointed, would report directly to the Head of Internal Audit, Anti-Fraud and Assurance and would focus mainly on responsibilities centring on governance processes, Corporate Governance, the Annual Governance Statement and the further development of the role of the Audit Committee. This post was to be advertised on Friday 13<sup>th</sup> September, 2019.

**RESOLVED** that the report be received and that a further update be provided for the training/awareness session planned for the 30<sup>th</sup> October, 2019.

## **26. CORPORATE FINANCIAL PERFORMANCE REPORT - QUARTER ENDED 30TH JUNE, 2019**

The Executive Director Core Services and Service Director Finance submitted, for information, a joint report that was submitted to Cabinet on the 4<sup>th</sup> September, 2019 outlining the financial performance of the Authority during the first quarter ended 30<sup>th</sup> June, 2019 and assessing the implications against the Council's Medium Term Financial Strategy.

It was noted that the position for Council was a projected operational underspend of £2.579m for 2019/20. The overall position on Corporate Budgets showed an operational underspend of £1.000m. Although the first quarter was reporting a positive position, the Council still had some significant savings to deliver over the next three years within a financial climate that remained both uncertain and challenging.

The Cabinet, in noting the forecast underspend for 2019/20, had approved the recommended write off totalling £0.575m of historic debt which amounted to £0.510m from the General Fund and £0.0655m from the Housing Revenue Account as detailed within paragraph 7.3 of the report. The Cabinet had also approved various Virements as detailed within Appendix 1.

In the ensuing discussion the following matters were raised:

- It was noted that the outturn position as at the end of June 2019 for the People Directorate was £4,000 which was pleasing to note given the issues of the past. It was further noted that the Directorate had a projected balance budget for the end of the year
- There was a discussion of the Authority's policy with regard to bad debt/arrears provision, of the difficulties of pursuing historical debt as well as the rationale for writing off such debt. It was noted that whilst current bad debt provision had increased from the start of the year, it was anticipated to reduce throughout the rest of the year as more income was collected. In response to further questioning, it was reported that provision for bad debt detailed within paragraph 7.2 had been included within the budget. It was stressed that debts were pursued where ever possible, however, resources had to be targeted to where there was a realistic opportunity for recovery
- Reference was made to the involvement with 29 other local authorities in the HMRC12 month pilot trialling the use of data sharing powers under the Digital Economy Act 2017 which would allow attachment of earnings to be made for monies owed. The pilot was still in its infancy but initial feedback indicated that it would be successful and further information would be provided once this became available
- There was a discussion of the Delegated DSG budget particularly in relation to Penistone Grammar. It was noted that the school had a reported deficit projected for the current year. The Service Director Finance stated that he would provide an update of the current position with regard to the implementation of the plan agreed with the school to address or reduce that deficit

- Arising out of the above, reference was made to the recent announcement by the government of additional funding for schools which it was noted would have a massive positive impact for all schools in the borough
- The concerns now raised with regard to alleged problems encountered by some individuals with the Allpay system would be investigated
- Reference was made to the reasons for the underspend of £2.133m within the Public Health Directorate and it was noted that this was earmarked to support the delivery of the current 4 year Public Health Plan which would then result in a balanced year-end position
- It was noted that the cost of opioids was having a cost pressure on the Healthier Communities Business Unit and that work was continuing to identify alternative solutions

**RESOLVED** that the report be received.

## **27. CAPITAL PROGRAMME PERFORMANCE REPORT - QUARTER ENDED 30TH JUNE, 2019**

The Executive Director Core Services and Service Director Finance (Section 151 Officer) submitted, for information, a joint report, which had been considered by Cabinet on the 4<sup>th</sup> September, 2019 on the financial performance of the Council's Capital Programme to the quarter ended 30<sup>th</sup> June, 2019 and assessing the implications against the Council's Medium Term Financial Strategy.

The Service Director Finance stated that there were no major issues to report, however the key headlines for the report indicated that:

- The position of the Capital Programme for the 2019/20 financial year was currently projected to be lower than anticipated expenditure of £6.219m; and
- The position of the Capital Programme over the five year period to 2023/24 was currently projected to be lower than anticipated expenditure of £1.872m

The Cabinet had noted the 2019/20 and overall five year Capital Programme positions and had approved the 2019/20 scheme slippage totalling £4.347m. It had also approved a total net decrease in scheme costs in 2019/20 of £1.872m which all related to restricted funding.

Particular reference was made to the authority's strategy for the utilisation of Section 106 monies and to the way in which such funding was allocated to various schemes.

**RESOLVED** that the report be received.

## **28. TREASURY MANAGEMENT UPDATE - QUARTER ENDED 30TH JUNE, 2019**

The Executive Director Core Services and Service Director Finance submitted, for information, a joint report which had been considered by Cabinet on the 4<sup>th</sup> September, 2019 reviewing the treasury management activities carried out by the Council during the quarter ended 30<sup>th</sup> June, 2019 in accordance with statutory guidance.

The report gave details of the following:

- The overarching Treasury Management Strategy for 2019/20
- An Economic Summary
- The Council's borrowing and leasing activity
- The Council's Investment activity
- Prudential and Treasury Indicators for 2019/20

The Cabinet had noted the latest expectations for interest rates, the Treasury Management activities undertaken during the first quarter which supported the Council's borrowing and investment strategies together with the Prudential and Treasury Indicators as detailed within Appendix 1 of the report.

The Service Director Finance Committee stated that there were no major issues to report, however, he briefly touched upon the current position with regard to interest rates and on the implications this could have for the Authority and for future borrowing requirements.

**RESOLVED** that the report be received.

## **29. ANNUAL AUDIT LETTER**

The Council's External Auditor (Grant Thornton) submitted their Annual Audit Letter summarising the key findings arising from the work undertaken for the Council and its subsidiaries for the year ended 31<sup>st</sup> March, 2019, detailing the reports issued to August 2019, the audit fees charged (including the way these had been calculated), outlining the scope of the audit and the arrangements for undertaking additional work for which separate fees were applicable.

Mr G Mills, from Grant Thornton, reminded Members that their External Audit Governance Report had been approved by the Council at its meeting held on the 25<sup>th</sup> July, 2019 and that an unqualified audit opinion had been issued in relation to the Authority's financial and Value for Money statements. This was a pleasing end to their first year as the Authority's External Audit.

**RESOLVD** that the Annual Audit Letter be received.

## **30. BUSINESS IMPROVEMENT, HUMAN RESOURCES AND COMMUNICATIONS PROGRESS REPORT**

The Service Director Business Improvement, Human Resources and Communications submitted a report providing an overview of the functions of the Business Improvement, Human Resources and Communications Business Unit and related elements of the Annual Governance Statement process. The Annual Customer Feedback report was provided as an Appendix to that report.

He reported that this was a new Business Unit that had been established from the 1<sup>st</sup> June, 2019 the functions of which were then outlined. The report, which had been framed around the Annual Governance Statement, had been presented to Cabinet on the 4<sup>th</sup> September, 2019.

In the ensuing discussion, the following matters were highlighted:

- Reference was made to the need for and success of the workplace counselling that was available via the Occupational Health Unit. It was noted that 178 employees had been supported during 2018/19
- Arising out of the above, it was reported that the Corporate Peer Review had identified that a number of members of staff appeared to be feeling overworked. This was perhaps understandable given the staffing reductions that had taken place as a result of the financial restrictions. As a result, a review of the wellbeing service and strategy was being undertaken. The service continued to respond well to all referrals, but, of course, could always do more. These type of issues had been raised by the Trade Unions nationally. It was hoped that well-being and health could be incorporated into an overarching mental health strategy
- There was a discussion of the levels of sickness absence for 2018/19
  - it was noted that total absence per employee for 2018/19 was 7.84 days per employee which was an improvement from 7.87 for the previous year
  - there had been a year on year improvement from 2013/14 onwards
  - Barnsley also compared favourably to other authorities
  - It was noted that stretch target for days lost was 6 days
  - In response to questioning, the Service Director stated that he could provide absence information for the whole economy compared to the local authority sector

**RESOLVED** that the report be received and that the Service Director Business Improvement, Human Resources and Communications be thanked for attending the meeting and for answering Members questions.

### **31. AUDIT COMMITTEE WORK PLAN 2019/20 AND 2020/21**

The Committee received a report providing the indicative work plan for the Committee for its proposed scheduled meetings for the remainder of the 2019/20 municipal year and for 2020/21.

It was noted that the training/awareness session was planned for 30<sup>th</sup> October, 2019 and any member wishing to have any issues/items included should inform either the Head of Audit and Corporate Anti-Fraud, the Service Director Finance or Chair. Items already submitted would automatically be included.

The following suggestions were made as potential topics/items for discussion:

- Audit Committee self-assessment/assessment of skills and training needs – the External Auditor was happy to share anonymised information in relation to the Health Services self-assessments for comparison purposes
- Risk management development
- Accessibility requirements/guidance
- The role of the newly created post of Corporate Governance and Assurance Manager
- An examination of issues currently not discussed within Committee that would merit further audit scrutiny

## **RESOLVED**

- (i) that the core work plan for future meetings of the Audit Committee be approved and reviewed on a regular basis; and
- (ii) that Members with suggesting for discussion at the training/awareness session scheduled for the 30<sup>th</sup> October, 2019 inform either the Head of Internal Audit, Anti-Fraud and Assurance, the Service Director Finance or Chair as a matter of urgency.

.....  
Chair