

<b>MEETING:</b>	Audit and Governance Committee
<b>DATE:</b>	Wednesday, 15 September 2021
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	Council Chamber, Barnsley Town Hall

## MINUTES

**Present** Mr S Gill (Vice Chair, in the Chair), Councillors Barnard and Richardson together with Independent Members - Mr S Gill (Chair), Ms K Armitage, Mr P Johnson and Mr M Marks

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

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

### 31. COUNCILLOR P LOFTS (CHAIR)

The Committee was informed that Councillor P Lofts (Chair of the Committee) was unable to be in attendance at this meeting as he had been injured in a car accident.

Members of the Committee wished him well for a speedy recovery.

### 32. MINUTES

The minutes of the meeting held on the 28<sup>th</sup> July, 2021 were taken as read and signed by the Chair as a correct record.

### 33. ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2019/20

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report, which was presented by Mrs A Salt (Corporate Governance and Assurance Manager) providing an update of the Action Plan relating to the issues identified following the Annual Governance Review for 2019/20. A copy of the Action Plan was appended to the report.

Any actions not completed would be carried forward to the following year.

Since the report had been published there were a couple of changes/corrections:

- The Phishing exercise had been completed at the end of August 2021 and the Phishing Dashboard had been completed
- In relation to Training and Awareness, the timeline for the Success Factors Phase 2 would now be September 2022 (from February 2022). In addition, the timeline for the Success Factors in relation to Personal Development Reviews would be September 2022 (from February 2022). Both these issues would be picked up in next year's Action Plan

In the ensuing discussion, the following matters were highlighted:

- An explanation was provided of the reasons for the slippage in the timeline for the Success Factors. This was largely as a result of the impact on staffing and workloads of the Covid pandemic. It was pleasing to note, however, that everything was now back on track
- Work had commenced on a review and development of a defined governance framework and improved reporting arrangements in relation to Partnerships, Relationships and Collaboration Governance. Both the Head of Internal Audit, Anti-Fraud and Assurance and the Service Director Finance were involved in this process. The Service Director Finance commented that in addition to the wider governance review a separate specific review was being undertaken on the partnership and governance arrangements for Berneslai Homes and this was almost complete. The outcome of this would be reported to a future meeting
- It was suggested that in order to gain a greater insight into the governance arrangements further information should be submitted on Non Disclosure Agreements (NDA's)/Confidentiality Agreements. Further information on the process for dealing with such matters and the issues arising therefrom could be provided at the workshop meeting or at a future training/awareness session
- Questions were asked about housing delivery. In response, the Service Director Regeneration and Culture commented on the housing targets set by government that the service had to meet each year. Within the period of the covid pandemic as construction had slowed down, the housing targets had not been met but these had been exceeded in the previous year and they were likely to be exceeded this year. It was noted, however, that the housing target was aggregated over a three-year period, therefore, the service was likely to meet its target over the three-year period. Further information on this could be provided which would give members an assurance that plans were in place to meet all targets

**RESOLVED** that the progress made against each item listed in the Action Plan and the explanations provided regarding various aspects of the progress detailed be noted.

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

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report reminding Members that at the meeting in March 2021 it had been agreed that the Committee have a regular opportunity for a 'deep dive' of some of the strategic risks with the appropriate Executive Director in attendance to update and assure the Committee on the management of their risks.

Members were further reminded that the Strategic Risk Register contained 13 risks of which 2 had been classified as high (red rating), 9 risks had been classified as medium (amber) and 2 had been classified as low (green).

All strategic risks had a number of actions identified to minimise/mitigate the risks and all actions had review/completion dates, status updates, progress RAG ratings and identified owners.

The Service Director Regeneration and Culture attended the meeting to provide the Committee with a review of two strategic risks namely:

- The Glassworks; and
- Serious Economic Downturn in the Local Economy

The risk register system particularly as it related to these risks was displayed using Power BI software.

The Service Director gave details of the background to both these risks and to why they were included within the Strategic Risk Register. She outlined the other risk factors that had been identified that underpinned the Strategic Risks and detailed the actions taken to track and manage those risks making particular reference to the departments and agencies involved and the arrangements that were in place to support the service and manage the risks.

In relation to the Glassworks it was noted that this was a key strategic investment for the Council and there was, therefore, a need to ensure the successful delivery of the project. There were clear financial and reputational implications should the project not be delivered on time, to budget and fail to have the intended economic and social outcomes. It was noted that the impact of the Covid pandemic had exacerbated the challenges to the High Street/town centre retail sector which was having an impact on the uptake of retail lettings.

- Information was provided on the progress in addressing the risks encountered and the mitigating factors that had been put in place to address those issues
- The construction phase had been mitigated and managed well
- Information was provided about the impact of Covid on lettings and the retail sector in general
- It was pleasing to report, however, that the Glassworks Square and several retail units had been successfully opened last week and this had generated an increased footfall and sales within the Town Centre. A pack of information could be provided detailing the initial appraisal of the operation of the first week of operation
- In relation to the assurance regarding the effectiveness of the Glassworks Board and the supporting subgroups, progress was classed as 'green'
- In managing the risks associated with the Glassworks it was noted that a number of subgroups had been established and these reported to the Glassworks Board. Information was provided on their terms of reference, their membership and the work undertaken and proposed. Particular reference was made to the work of the Leasing, Operational, Finance, Legal, Marketing and Events Sub Groups and it was reported that all had been reviewed to ensure that they were performing appropriately and had the correct membership
- The risks and risk register were also discussed and tracked by the Glassworks Board and the Board was kept informed of actions taken by the Authority to manage those risks
- The contract for the Market Gate Bridge had been signed today

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

- In response to specific questioning, information about footfall currently within the town centre with comparisons to two years ago (before the pandemic)

would be provided. It was noted, however, that in view of the pandemic an initial analysis had indicated footfall to be reasonably healthy and was back to 85% of pre pandemic levels. This compared to Leeds and Sheffield which were at 65% of pre pandemic levels. The highest footfall within the region was York which was at 97% and an examination was to be undertaken to establish what arrangements were in place there that could be replicated in Barnsley in order to encourage greater numbers to the Town

- It was thought that the continuation of home working was having an impact on footfall and the Smart Working Team would be able to provide further information on this, however, as more and more businesses returned to 'face to face' working the numbers within the Town Centre were likely to increase although most organisations were looking towards a hybrid model of working in the future. It was important, however, to look at ways of encouraging those staff who returned to Barnsley to spend money in the Town and to put money into the local economy
- Reference was made to the tremendous feedback received from the public and from businesses particularly those who were investigating the possibility of taking on a lease within the Glassworks. Particular mention was made to the quality of the development and of the public realm areas. The leasing agents had commented that Barnsley was performing really strongly in the marketplace

The Service Director then commented on the action relating to assurances of the Glassworks leasing and intelligence around the retail sector to influence lettings. Progress against this action was classed as 'green'. This work was largely undertaken and delivered via the Leasing Sub Group. Particular reference was made in this respect to the discussions held with the leasing agents, to target and timeline to the end of the year, to discussions with those in the retail, leisure and hospitality sectors and to research undertaken about changing trends in those sectors. Such discussions were influencing letting options/choices and for this reason consultation was being undertaken with public sector type organisations (for example healthcare providers), leisure 'experience' operators and 'social type' operators who were considering possible leasing options.

The action in relation to robust and timely financial monitoring and reporting, was managed via the Finance Subgroup. Progress against this action was classed as 'green'. The way in which invoicing was managed was outlined. The Glassworks was still on budget. Arising out of this, the Service Director Finance commented that there had not been that much movement against the budget over the last couple of years which gave confidence and assurance that matters were appropriately managed. Any changes that there had been, for example on construction, related to the changes occurring within the retail sector. The Service Director Regeneration and Culture briefly made comment to the Cabinet report in relation to changing the arrangements for capital contributions and to the arrangements in place to raise additional capital contribution funding from the Sheffield City Region. Further information on the arrangements in place could be provided. Reference was also made to incentives in place to encourage businesses to take up occupation of the Glassworks.

The progress against the action associated with the agreed Centre Management Plan for the effective management of the Glassworks and for the recruitment of an experienced Centre Management Team with prior experience of operating similar

centres was classed as 'amber' and the reasons for this were outlined. The Team would comprise 5 members within the Property and Assets Team and details of their respective roles was outlined. The Centre Manager came into post on the 18<sup>th</sup> October, 2021 and the Operations Manager would follow shortly. The Marketing Manager was already in post. All other posts should be in place before the end of October. In addition, a wider group of associates, officers of the Council, were heavily involved in supporting the Management Team. A third 'layer' of support were the sub-contractors who were commissioned to deliver certain services and who also needed to be managed. To assist in this process a Centre Management Subgroup had been established and the services of a Centre Management Advisor had also been procured to assist in the run up to the opening.

The opening of the Centre had been extremely successful and whilst a number of minor issues had been encountered, remedial action had been taken to address them.

Information was then provided about the Centre Management Action Plan and how this was reviewed, tracked and monitored.

In response to specific questioning, it was reported that the public realm and all other associated construction works would be completed by December 2022. The Council owned the Glassworks and Glassworks square and, therefore, had full responsibility for it and its success. The Glassworks was moving from a construction project to an asset that the Council owned and managed. The way this was to be undertaken and the transition arrangements in place were outlined. This would also involve the reorganisation and change of Terms of Reference of the Glassworks Board and its subgroups and Internal Audit would be involved in developing and monitoring those transition arrangements. The Transition Plan would be submitted to the Board in October and could be shared with Members of this Committee.

In depth information and technical details about the Glassworks would be submitted to the Training/Development session planned for the 13<sup>th</sup> October, 2021 or at a future training/awareness session.

The Service Director Regeneration and Culture then commented upon the second strategic risk which related to the potential impact of a serious Economic Downturn in the Local Economy. It was pleasing to note, however, that this risk had eased somewhat as Barnsley had come out of lockdown whilst recognising there was still a very unpredictable economic environment:

- Some areas had done better than others during the pandemic. Cannon Hall, for example had been among the top 10 UK most visited attraction which was extraordinary
- There had been some concern that the collapse of businesses might have added to the pressure on Council and partner services. Reference was also made to the wider community implications and to increased levels of redundancy as well as the employment prospects for young people and those furthest from the labour market
- The cessation of the furlough scheme and the implications of changes to Universal Credit were also a concern
- Particular reference was made to the mitigating actions undertaken by all parties during the pandemic and details of these actions were outlined. These

included, amongst other things, the issuing of grants to businesses and market traders all across the borough. The work of the Finance Team had been extraordinary in helping to keep businesses afloat

- A recovery Action Plan had been put in place which outlined a range of interventions the Council and its partners would deliver to support businesses and the retail economy. Details of the various elements of the Action Plan were outlined but included, amongst other things, assistance with developing digital services and e-commerce
- An ARG grant programme had been developed to support businesses in Invest to Save initiatives and to help them become more resilient going forwards. The programme had been delivered by Enterprising Barnsley and the Finance Team. This had been noted by Sheffield City Region and nationally as being one of the most responsive in the Country in helping businesses throughout the pandemic
- Reference was made to the work of the Inclusive Economy Board and to the management of the Action Plan. Reference was also made to the work of the Business and Economy Sub Group and the Tactical Co-ordination Group
- One of the strands within the Action Plan was to support community and voluntary sector organisation that had been particularly badly hit by the pandemic. That programme, which was run by an organisation called Mutual Ventures aimed to build capacity and resilience and there were currently 10 organisations across the borough that were benefitting from the programme and were now looking to grow
- A second action being taken, with the assistance of the Business Intelligence Unit and Team, was in relation to seeking assurance that the necessary performance data and metrics were in place to identify trends and issues and to allow timely and responsive interventions. It was reported that a whole range of economic performance metrics data was tracked and these were reviewed as part of the Inclusive Economic Recovery Plan. Information was provided about how this tracking was undertaken and the type of information tracked which included
  - town centre and urban footfall – this provided an understanding of how the high street and businesses were affected by the pandemic impacts
  - payments on business rates and Council Tax – which identified arrears due promptly
- arising from the above, reference was made to the way in which this data was used, and the help and support offered as a result. Particular reference was made to the work of the Employment and Skills Team
- a further action related to the potential impact on the Council in relation to leasing and the collection of Business Rates and Council Tax. A number of mitigations had been implemented to address these concerns. It was pleasing to note that the amount of business rates collected had not fallen that much which was really positive and reflected the fact that not many businesses had closed. There had been a slight dip in collection recently which was probably attributable to the fact that the reliefs that had been issued recently by government had not been quite as generous as the previous year
- the final action related to the work of the Enterprising Barnsley and the Employment and Skills Teams which were running a plethora of business and employment support programmes. Work was also continuing with Barnsley

College and other providers to ensure that opportunities made available were taken up. There was a need to ensure that wherever possible jobs within the borough went to Barnsley residents.

In the ensuing discussion, the following matters were highlighted:

- the work of the Enterprising Barnsley Team was outlined particularly in relation to the way in which data on trends was obtained. This was particularly important as it meant that interventions could be appropriately targeted
- Arising out of the above, reference was made to Kick Start Programme which had been evolving as a result of data received. There were 110 young people to be involved and the scheme had been extended from a 6 month to a 12-month programme
- There had been an increase in the number of jobs available within Barnsley but it was becoming more challenging matching the unemployed to those jobs. Nationally there was a trend of people being reluctant to come back out of lockdown into the job market. The Employment and Skills Team was working hard at stimulating demand. This issue was highlighted by the Service Director Finance who commented on the increased uptake in Universal Credit and Council Tax claims and to the fact that this had not reduced to reflect people going back into employment
- Reference was made to the new approach to risk management and the use of Power BI. After a few technical issues and with the support of the IT Department and staff within Internal Audit, the Service Director Regeneration and Culture stated that the system was really user friendly and gave staff a good tool to be able to identify what key risks were, who risk owners were and how risks were managed. The Head of Internal Audit, Anti-Fraud and Assurance reported that a post implementation review was to be undertaken and a training module was to be put on the Council's Intranet site for officers
- It was reported that there were now 237 risks now logged on the system and more were to be added

**RESOLVED:**

- (i) that the Risk Register and Strategic Concerns update be noted; and
- (ii) that Kathy McArdle (Service Director Regeneration and Culture) be thanked for attending the meeting and for answering Members questions.

**35. LGSCO ANNUAL LETTER/REPORT**

The Executive Director Core Services submitted a report which was presented by the Service Director Business Improvement, HR and Communications prefacing the Annual Review Letter for the Council of the Local Government and Social Care Ombudsman (LGSCO) for 2021 a copy of which was appended.

Ms C Dobby, Complaints Manager, was also in attendance virtually to answer Members detailed questions.

The report, in outlining the background to the work of the Ombudsman, indicated that a key message for 2021 related to a national 'erosion of effective complaint functions in local authorities'.

The letter provided information about three key indicators:

- The percentage of complaints upheld – 83% of complaints were upheld (compared to 72% in other authorities). This was based on 6 investigations for the period 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2021
- Compliance with Ombudsman recommendations – this was 100%
- Satisfactory remedies provided by the authority – In 0% of upheld cases was the authority found to have provided a satisfactory remedy before the complaint to the Ombudsman (this compared to 11% in other similar authorities). Clearly the Council was disappointed with this as it had not previously received such feedback and therefore, questioned what had gone wrong. It was also unclear what criteria had been applied at arriving at this decision. In addition, the Council had not been furnished with examples of where the Ombudsman considered the Council to have not offered a satisfactory remedy and, therefore, further clarification had been sought to enable a better understanding to be obtained of this finding. A benchmarking exercise had been undertaken with other similar authorities and showed a comparative picture citing failings in the provision of satisfactory remedies to complaints received

The Ombudsman had acknowledged that the prolonged budget and demand pressures placed on services in response to the Covid pandemic had amplified the issues highlighted. In addition, reduced capacity had had a great impact on authorities' abilities to deal effectively with complaints. It was accepted, however, that more work needed to be undertaken in seeing a satisfactory remedy before a complaint was referred to the Ombudsman. This was a key priority for the Council and the report provided a brief resume of how this would be undertaken.

It was also noted that whilst there had been a reduction in the number of complaints, those that were submitted were often of a more complex nature than in previous years and were more difficult to work through.

The Council's ability to provide quality services to the public was a top priority but equally it was recognised that a difficult financial period and with ever increasing pressure and public expectations it might not always get things right. The ability to offer satisfactory remedies to complaints, or responses to information requests, would continue to remain of critical importance and the Committee would be kept informed of progress made in the delivery of mandatory complaints training and the impact this had on the quality of complaint responses issued.

There was some concern that particularly in relation to the third indicator the letter provided no indication of the number of complaints compared to other organisations and there was, therefore, no baseline upon which to compare Barnsley against. There was little clarity about what this meant, and it was felt, therefore, that this was unsatisfactory. The Service Director commented that this was the first time that such a comment had been included within the annual letter. Further information and clarification on this matter had been sought from the Ombudsman. Questions had also been asked about the comment regarding the erosion of the complaint functions



within local authorities particularly in view of the investment that Barnsley was putting into dealing with customer feedback and complaints.

**RESOLVED** that the Annual Letter of the LGSCO be noted and the response from the Council with regard to the delivery of mandatory complaints training to staff in order to ensure a higher level of satisfactory remedy is offered before a complaint is escalated to the Ombudsman be acknowledged.

### **36. INTERNAL AUDIT ANNUAL REPORT**

Further to Minute No. 5 of the meeting held on the 2<sup>nd</sup> June, 2021, the Head of Internal Audit, Anti-Fraud and Assurance submitted his finalised Annual Report prepared in accordance with the updated Public Sector Internal Audit Standards. The report provided his opinion on the overall adequacy and effectiveness of the Authority's Framework of Governance, Risk and Internal Control based on the work undertaken by Internal Audit for 2020/21.

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 (AGS)
- 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 concluded in the period, agreed Management Actions and Financial Year End Performance Indicators 2020/21.

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

There was clearly a positive culture within the Council to explore where control and governance improvements could be made and it was important that this culture remained and focussed on maintaining an appropriate, risk based and effective framework of controls as the Council continued to respond to and recover from the Covid 19 pandemic and also as work continued towards Barnsley 2030.

It was noted that the key results of all completed audits reported throughout the year were summarised within this report and that the Committee had been made aware of progress in the implementation of agreed management actions.

The current Audit Plan, therefore, focussed on supporting management to consider the approach to controls in the context of the impact of Covid 19.

The Head of Internal Audit, Anti-Fraud and Assurance gave a brief resume of the way in which he weighted the outcomes of audits in order to provide his assurance opinion. In addition, there was another piece of work which the Committee would receive shortly on a wider governance assurance process which would link developments on the risk management system and would create an approach where there would be a greater emphasis on organisational learning and improvement. In the ensuing discussion, the following matters were highlighted:

- There was a discussion of whether or not Value for Money actions/recommendations should be included within the report. The Head of Internal Audit, Anti-Fraud and Assurance commented on the role of Internal Audit particularly within the context of efficiency savings/control improvements and it was felt, therefore, that this demonstrated the Service contributed significantly to achieving and demonstrating Value for Money. He then commented on the reasons for not undertaking specific VFM studies given that these were often in quite specialised technical areas. A suggestion was made that a statement should be considered for inclusion within the document on the position with regard to Value for Money given its current significance for local government
- Arising out of the above, the Service Director Finance commented that he had led a wider review on the Councils position with regard to Value for Money arrangements and the outcome of this would be brought to a future meeting
- Comments were made about the publication in August of a National Audit Office document relating to climate change and on what Audit Committees should be doing to challenge and assist management in managing such risks. The Head of Internal Audit, Anti-Fraud and Assurance stated that he was to attend an SMT meeting in the near future at which a challenge would be made as to whether the current Strategic Risks still the right ones and whether or not, in the light of this report and the significant importance of climate change, this should be included as a Strategic Risk. The Service Director Regeneration and Culture commented that this whole area was within the remit of the Head of Strategic Housing and it would be useful to bring a report on this whole issue so that Members could have a greater understanding of the breadth of what the Council was doing as an organisation to understand and address climate change. She also then gave a brief resume of current initiatives being undertaken and made reference to the Sustainable Energy Action Plan, the commissioning of work from the Carbon Trust and the launch last Friday of the Positive Climate Partnership
- The Audit Manager reminded Members that as part of the Internal Audit Plan for the following year, a piece of work was to be undertaken with the Executive Director Place and his staff on Zero Carbon and Green Homes initiatives. This was due to commence in quarter 3
- It was noted that the next meeting scheduled for the 13<sup>th</sup> October, 2021 was a training/workshop session at which the Committee would look at and review its Terms of Reference. It was suggested that as part of that review it might be appropriate to consider how Members could monitor initiatives/strategies and how it expected Executive Directors to report to the Committee in the future

## **RESOLVED:-**

- (i) that the 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.

### **37. INTERNAL AUDIT - EXTERNAL QUALITY ASSESSMENT FINAL REPORT**

The Service Director Finance submitted a report presenting the final report following the independent assessment of the Internal Audit function against the Public Sector Internal Audit Standards (PSIAS).

The independent assessment had found that the Barnsley Internal Audit Service self-assessment was accurate and fully confirmed to the requirements of PSIAS and the CIPFA Local Government Application Note.

Two recommendations were made alongside four advisory points. These were shown with the Action Plan on page 10 of the final report which was attached.

This was a pleasing outcome and testament to the hard work and dedication of the whole of the Internal Audit Team. Of particular note was the comment from the Assessor regarding the Internal Audit Charter as being an exemplar.

An update on the implementation of the actions outlined within the Action Plan would be submitted to the Committee in due course.

In the ensuing discussion the following matters were highlighted:

- In response to specific questioning the Head of Internal Audit, Anti-Fraud and Assurance (as well as in his role as Data Protection Officer), stated that he was able to challenge Information Technology in terms of cyber security and other issues by just asking appropriate questions in order to obtain assurance from IT that they were doing everything correctly and appropriately. He was satisfied, therefore, that Internal Audit was covering IT issues. Part of the Annual Assessment involved specific conversation with the Head of IT and other colleagues to ensure that there were no major gaps in assurance that couldn't be met. In the past when needed, an IT auditor had been employed from another Council for a short piece of work and a procurement exercise would be undertaken to do that. He was, however, satisfied that this was not required at the moment
- The consensus of the meeting was that this Assessment report was of a far better quality than previous assessments undertaken under the peer review approach. There appeared to be greater clarity and analysis contained within the final report and it gave greater assurance of the performance of the Internal Audit function and service
- Reference had been made within the report to the benefits of using data analysis tools. Currently the Service was exploring options and an update would be provided on progress

- The Head of Internal Audit, Anti-Fraud and Assurance asked to place on record his thanks to all staff for their hard work and dedication and particularly to Mrs S Bradley (Audit Manager) who ran the Internal Audit Team and who was instrumental in supporting the inspection

**RESOLVED** that the External Quality Assessment report be noted and welcomed in that it gives assurance about the Internal Audit conformance with the PSIAS and that a further update be submitted from the Head of Internal Audit, Anti-Fraud and Assurance on the implementation of actions arising from it.

### **38. CORPORATE ANTI FRAUD TEAM PROGRESS REPORT**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing an account of the work of the Corporate Anti-Fraud Team for the period 1<sup>st</sup> April to 31<sup>st</sup> August 2021.

Specific reference was made to the following:

- The continued work on Covid 19 counter fraud work and payments
- The impact of the current vacancy within the Team and particularly as this had impacted on the National Fraud Initiative (NFI) work
- The continuing recovery work being undertaken in response to NFI investigations
- Reactive Fraud and Preventative work
- The involvement with the National Anti-Fraud Network and the benefits this gave
- The involvement of the Principal Auditor with the Yorkshire and Humberside 'fighting fraud and Corruption Locally' National Operation Group which aimed to identify new and emerging fraud risks and recognise and share examples of good practice
- The arrangements for the Fraud Awareness Week planned for the 15<sup>th</sup> – 19<sup>th</sup> November, 2021 were outlined. It was noted that a meeting of the Committee was scheduled to take place that week and, therefore, a 'real time' update could be provided of activities being undertaken. Detailed information of the plans for the week would be provided at the Awareness Session planned for the 13<sup>th</sup> October, 2021

In response to questioning about reactive work it was noted that the referral to the South Yorkshire Police was still under investigation. In addition, one employee had received a final written warning as part of another investigation.

#### **RESOLVED:**

- (i) That the Corporate Anti-Fraud Team progress report for 1<sup>st</sup> April to 31<sup>st</sup> August, 2021 be noted; and
- (ii) That the Committee continue to receive regular progress reports on the work undertaken by the Corporate Anti-Fraud Team.

### **39. CORPORATE FINANCE AND PERFORMANCE REPORT**

The Service Director Finance submitted a report, which, in his absence, was presented by the Head of Internal Audit, Anti-Fraud and Assurance detailing the financial performance of the Authority during the first quarter ended 30<sup>th</sup> June, 2021 and assessing the implications against the Council's Medium-Term Financial Strategy. The report also provided an update on the ongoing impact of Covid-19 on the Council's 2021/22 budget and beyond.

It was noted that the report would be submitted to the Cabinet meeting on the 22<sup>nd</sup> September, 2021 and was submitted to this meeting for information and reference.

In the ensuing discussion, the following matters were highlighted:

- Reference was made to the publication in August of a National Audit Report on an analysis of the financial sustainability of local authorities. This enabled comparisons to be made of Barnsley's position with Metropolitan and other authorities. It was felt that it would be useful if the Service Director Finance could submit a report to a future meeting giving an analysis of any issues identified or any implications for Barnsley. It would also give the opportunity for the External Auditor to give an independent overview of the Council's arrangements for financial resilience
- It was noted that most of the overspend related to Covid, however, in relation to Children's Services there was a significant overspend and questions were asked as to whether or not this was due to an unrealistic budget being set and also, what strategies were in place to bring the budget back into line. Further information would be provided on this. It was pointed out, however, that certain services were demand led and this could be a factor in any overspend

#### **RESOLVED:**

- (i) that the report be noted; and
- (ii) That the Service Director Finance submit reports on the National Audit Report on the financial sustainability of local authorities and the overspend in relation to Children's Services.

### **40. EXTERNAL AUDIT - PROGRESS UPDATE (VERBAL)**

Mr G Mills (representing the External Auditor) gave an update on the work in which he was involved. Particular reference was made to the following:

- Work was progressing on the 2021 audit. Due to an unexpected vacancy the Team had had to be reshuffled and meetings were now progressing with members of the Finance Team to progress the audit over the next couple of months
- The Barnsley accounts for 2021 were subject to a technical hot review by Grant Thornton Central Technical Team. This was something that was undertaken on a cyclical basis (every 3 years) with all the major audits. That Team had raised a number of queries in relation to the draft accounts and these had been shared with the Barnsley Finance Team. These issues were

currently being worked through as they needed to be resolved (and for the Technical Team to be satisfied) before the audit opinion could be released. It was hoped that all these matters could be dealt within the agreed timeframe for presentation to the Council by the end of November

- Meetings were progressing between Grant Thornton and Senior Management of the Authority to discuss various issues. There was an increased focus this year on the Minimum Revenue Position, given some high-profile issues raised nationally. There was no suggestion that there were any issues for Barnsley but it was an area for increased focus and it was likely that comments would be included within the ISA 260 report
- The Dedicated Schools Grant Reserve which was in material deficit (which was permitted) would be audited to examine what arrangements the Council had in place to deal with this. Work was continuing with the Schools Forum and the DfE to come up with an appropriate plan to bring that more into balance in future years. It was acknowledged, however, that the Council was already doing this. Comments on this would be included within the Value for Money Review

Overall, good progress was being made and there had been a good level of engagement from the Finance Team. Whilst there was still a significant amount of work to do, things were on track to meet the end of November sign off.

Arising out of the discussion, reference was made to the hot review points that were currently being discussed with the Finance Team. It was noted that the issues arising from the review were still being discussed and the Finance Team were actively involved in discussions with the auditors, subject to satisfactory responses being received, then there shouldn't be any issues that were materially critical to the audit opinion. An update on this review would be provided by External Audit at the November Committee meeting. Points raised were largely around enhancing existing disclosures or queries raised around particular accounting treatments.

**RESOLVED** that the report and update be received.

#### **41. AUDIT COMMITTEE WORK PLAN**

The Committee received a report providing the indicative work plan for the period 2<sup>nd</sup> June, 2021 to 1<sup>st</sup> July, 2022.

It was noted that the Workshop/Development session meeting was to be held on the 13<sup>th</sup> October, 2021 at 2.00 pm and the Head of Internal Audit, Anti-Fraud and Assurance stated that he would email Members requesting potential items for discussion to be forwarded to him as a matter of urgency. It was likely that there were more items raised than time allowed and if this was the case, any outstanding issues would be dealt with in the training/awareness sessions planned for immediately before meetings of the Committee.

The date for the receipt of the report from the Auditors and the ISA 260 report was still planned for the 17<sup>th</sup> November with formal approval by Council on the 25<sup>th</sup> November, 2021. The report on Value for Money from the External Auditors would be submitted to the meeting on the 19<sup>th</sup> January, 2022.

The draft accounts were already available on the Council's website and a brief comment from the Council would be published by the 30<sup>th</sup> September, 2021 explaining that the audit was still ongoing. It was the intention that the External Auditor's Opinion would be published by the 30<sup>th</sup> November, 2021 giving a true and fair clean and unqualified audit opinion (assuming that the audit demonstrated this). That opinion would be permitted to go into the accounts which would be published on the website as an audited version by 30<sup>th</sup> November. The one element of the opinion that wouldn't be issued was the Audit Certificate formally concluding the audit year. In view of the 'de-coupling' of the Value for Money work this year from the main audit work and the fact that the VFM work would be finalised at a later date, the accounts published on the 30<sup>th</sup> November would not include the Audit Certificate paragraph. This was no different from any other authority

**RESOLVED** that the core work plan for meetings of the Audit and Governance Committee be approved and reviewed on a regular basis.

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Chair