

<b>MEETING:</b>	Audit and Governance Committee
<b>DATE:</b>	Wednesday, 17 November 2021
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	Council Chamber, Barnsley Town Hall

## MINUTES

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

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

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

### 43. MINUTES

The minutes of the meeting held on the 15<sup>th</sup> September, 2021 were taken as read and signed by the Chair as a correct record.

### 44. EGRESS PREVENT

The Committee received a presentation from Sara Hydon (Head of Design and Compliance) and Simon Marshall (Governance and Compliance Manager) on Egress Prevent which was the Council's chosen email security solution.

The software gave the authority the ability to secure all critical and sensitive emails from outside threats. It helped prevent information from being sent to unverified sources, enabled the authority to be compliant with Information Governance legislation, promoted strong security practices and used machine learning capabilities to monitor user activity to prevent breaches occurring. A video was then shown of the system 'in operation'.

Information was then provided of the Egress analytics which indicated, amongst other things:

- the number of misdirected emails sent and the 'advice' accepted via the software
- the number of 'display name' impersonation emails received
- information in relation to large recipient list emails and multi-domain emails together with the advice accepted
- the number of emails analysed. It was noted that during 2021, of 1,168,738 emails analyzed, 3,294 incidents had been prevented which amounted to approximately 37 per day

In the ensuing discussion reference was also made to the reasons for why users might legitimately not accept the 'advice' proffered by the software and to the benefits to the Council of using Egress Prevent which could not be overstated.

**RESOLVED** that the presentation be noted and Sara Hydon and Simon Marshall be thanked for attending the meeting and for answering Members questions.

## 45. 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 14 risks of which 3 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 Director of Public Health and the Executive Director Core Services attended the meeting to provide the Committee with a review of three strategic risks namely:

- Health Protection Emergency
- Organisational Resilience; and
- Partnership and Collaboration Governance.

The Director of Public Health and Executive Director gave details of the background to these risks and to why they were included within the Strategic Risk Register. They both gave a brief resume of the risk factors that underpinned the Strategic Risks and detailed the actions taken to track and manage risks making particular reference to the documents, plans and arrangements in place to support each service in managing those risks.

The actions associated with the three risks were included in Appendix 1 to the report and Appendix 2 provided a high-level summary of all other strategic risks which included the high-level risk description, risks impact status and response ratings.

In relation to the Health Protection Emergency, the Director of Public Health made particular reference to:

- The review and testing of all Health Protection Plans all of which reflected health protection issues
- The need to ensure that all Plans reflected necessary multi-disciplinary arrangements to deal with health protection emergency and to the way these issues were communicated and tested. It was noted that in October a new Health Protection Plan had been issued
- The way in which proportionate debriefing and evaluation was undertaken, the way in which 'lessons learned' from both exercises and incidents and progress was tracked against actions identified. Arising out of this reference was made to the liaison with and work of the South Yorkshire and Bassetlaw Health Resilience Partnership, the South Yorkshire Local Resilience Forum and other partners and agencies
- The work of the Health Protection Board

In response to specific questioning, further information was provided about the Health Protection Board which reported to the Health and Well Being Board. Information was also provided about Adult Social Care funding which was still an area for concern.

The Executive Director Core Services then made reference to the following matters in relation to Organisational Resilience and Partnership and Collaboration Governance:

- Organisational Resilience – the need to ensure that the Council had robust mechanisms in place to deal with external issues such as Brexit, Cyber Security, Terrorism or any other impact requiring a Business Continuity Response:
  - Information was provided about the plans in place for all services and functions and how these were reviewed and tested. A report was due to be submitted to SMT in December to increase the robustness and to refresh the Corporate Resilience Plan
  - There was a need to maintain adequate governance controls in respect of cyber security and a review was due to be completed in February 2022 but there were real and positive assurance arrangements in place in relation to IT services and systems
  - Plans were being developed for specific capabilities or risks and specific details of these areas was outlined
  - The work of the South Yorkshire Local Resilience Forum, of which Barnsley was the chair, was referred to. The Council was working with the Forum on developing training and exercising multi-agency arrangements
  - All services within the Directorate had business continuity plans in place and these were currently being refreshed. Particular reference was made in this respect to Workforce resilience particularly in relation to the strains and stresses associated with working through the Covid pandemic
- Partnership and Collaboration Governance – many services were now delivered through partnerships or collaboration/devolution arrangements and these must be robust, well governed, flexible and responsive to ensure that objectives were met. Plans included:
  - the development of a corporate framework and guidance to support partnership and collaborative working
  - assurance regarding the arrangements in place for each partnership/collaboration in relation to, amongst other things, the make-up of boards and their governance arrangements etc.
  - Financial monitoring arrangements
  - The need to ensure appropriate links with the Annual Governance Review process

**RESOLVED:**

- (i) that the Risk Register and Strategic Concerns update be noted; and

- (ii) that Julia Burrows (Director of Public Health) and Shokat Lal (Executive Director Core Services) be thanked to attending the meeting and for answering Members questions.

#### 46. COVID 19 UPDATE

The Committee received a Covid 19 update from Julia Burrows (Director of Public Health) who made reference to the following:

- Current Covid levels within the Borough
  - whilst levels were still high, they were gradually reducing, there was, however, no room for complacency.
  - The over 60's had been a problem area but it was pleasing to see that these were now reducing
  - There were now slightly less patients in hospital, but the health services were still under intense pressure
- Outbreaks
  - There had not been many recent outbreaks in schools or within work places
  - There had been 9 outbreaks within Care Homes recently
  - Residents had mostly been double vaccinated so the results of the outbreaks were not seen to be as intense as they had been in the past
- Vaccinations
  - The number of people being vaccinated was progressing well, but the number not vaccinated within the borough was still around 40,000 and consideration was being given to how this matter could be addressed
  - The uptake was higher than the national average which was pleasing and was a credit to all partners and residents alike
- Variants - Barnsley was largely being impacted by the Delta variant however there were a small number of a new Delta sub variant cases, but this was not currently a major concern

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

- Investigations were progressing to try to encourage vaccine take up and information was provided about the various initiatives introduced
- Whilst a number of people under the age of 60 had been double vaccinated they were still catching Covid, however, the symptoms were far less that had they not been vaccinated. The effectiveness of the vaccine had waned, and this was the reason for the booster campaign. An explanation was provided as to why certain vaccines waned over time
- It was acknowledged that some of the publicity surrounding Covid and vaccination was sending out 'mixed messages' and this was causing difficulties. Comments from members of the Committee about this were noted
- Whilst the vaccination programme was largely effective for 90% of the population, people still needed to be careful and act responsibly

**RESOLVED** that the report be noted, and Julia Burrows (Director of Public Health) be thanked for attending the meeting and for answering Members questions.

#### **47. REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) 2020/21**

The Committee considered a report of the External Auditor (Grant Thornton) which had been submitted in accordance with International Standard on Auditing 260, the External Audit Governance Report 2020/21. Mr G Mills and Mr T DeZoyza representing the External Auditor attended the meeting to present the report and to answer Members questions.

The report incorporated, amongst other things, the following:

- The Financial Statements, including the significant audit risks, key findings from the group audit, new issues and risks, key judgements and estimates, other communication requirements other responsibilities under the Code and Going Concern assumptions and other responsibilities under the Code
- The Value for Money (VFM) arrangements (which, as previously reported, had changed with the introduction of the new Code of Audit Practice), the risks of possible significant VFM weaknesses and the VFM procedures and conclusions which would be reported no later than February 2022
- The Accounts production and audit process
- The current position with regard to the completion of the audit of the financial statements
- The statement of Independence and ethics

Appendices to the report provided the following:

- The Action Plan to address issues identified
- The position with regard to the follow up of prior year recommendations
- The Audit Adjustments
- The audit fees charged for the audit and the provision of non-audit services
- The draft audit opinion. It was anticipated that subject to a number of outstanding matters, an unqualified (clean) audit opinion would be issued by 30<sup>th</sup> November, 2021 following consideration by Council on the 25<sup>th</sup> November, 2021
- The audit letter in respect of the delayed VFM work

In relation to the Financial Statements, the report summarised the key findings in relation to the 2020/21 external audit. To date no audit adjustments had been identified impacting on the Council's useable reserves. A list of presentational audit adjustments was detailed within Appendix C. In addition, a small number of recommendations for management were detailed within Appendix A. Work was nearing completion and there were no matters of which the External Auditors were aware that would require modification of the audit opinion or material changes to the financial statements subject to a small number of outstanding matters as detailed.

The External Auditor's Value for Money work was not yet complete and the reasons for this were outlined both within the report and in the audit letter contained within Appendix F. A possible significant VFM weakness had been identified in relation to the Council's Dedicated School Grant (DSG) deficit and arrangements and appropriate plans had been put in place to ameliorate those risks. It had been concluded that there were no residual significant weaknesses at the time of the

financial statement audit opinion date. Further work on this matter would be undertaken and a report submitted before the end of February, 2022

Finally, thanks were expressed to officers and members for their continuing help and co-operation throughout the audit work in what had been a particularly difficult time.

The presentation engendered a full and frank discussion during which matters of a detailed and general nature were raised and answers were given to Members questions where appropriate.

The following issues were referred to:

- Reference was made to Minimum Revenue Position. It was not anticipated that there would be a significant impact should there be a rise in interest rates
- Information was given in relation to an immaterial error in respect of overstating a supplier invoice as detailed within Appendix C. It was reported that the actual payment was made to the correct invoice value. This was not, therefore, considered to be material to the Council's accounts
- There was a detailed discussion in relation to the possible VFM significant weakness in relation to DSG. It was noted that appropriate plans were in place to deal with this and, in addition application had been made to the DfE for funding towards this deficit. Barnsley was in no different position to many other authorities. A further report would be submitted to a future training/awareness session
- There were no concerns in relation to the accounting for the Pension Fund liability
- In response to specific questioning Mr Mills representing the External Auditor outlined the current position with regard to prior year grant income and he explained that the previous year's accounts were materially correct

**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 THE 25<sup>th</sup> NOVEMBER, 2021:-**

- (i) That the External Auditor's (ISA 260) Report 2020/21 be approved;
- (ii) That the findings on the effectiveness of the Council's internal controls and the current position with regard to the Value for Money conclusion be noted; and
- (iii) That the findings from the audit work in relation to the 2020/21 Financial Statements be noted.

**48. AUDITED STATEMENT OF ACCOUNTS 2020/21**

The Service Director Finance submitted the revised audited Statement of Accounts for 2020/21 following the statutory audit period and incorporating changes suggested by the External Auditor.

**RECOMMENDED TO FULL COUNCIL ON THE 25<sup>TH</sup> NOVEMBER, 2021** that the revised audited Statement of Accounts 2020/21 be approved.

#### **49. LETTER OF REPRESENTATION**

The Executive Director Core Services and Service Director Finance submitted the Letter of Representation which was to be sent to the External Auditor.

**RESOLVED** that the submission of the letter to the External Auditor be approved.

#### **50. ANNUAL GOVERNANCE STATEMENT 2020/21**

Further to Minute 21 of the meeting held on the 28<sup>th</sup> July, 2021, the Head of Internal Audit, Anti-Fraud and Assurance submitted a report presenting the Authority's 2020/21 Annual Governance Statement (AGS) as required by the Accounts and Audit Regulations 2015. The report, which was presented by Mrs A Salt (Corporate Governance and Assurance Manager), requested the Committee to refer it to the Council for consideration and adoption as part of the process for approving the 2020/21 Statement of Accounts. A copy of the Statement was appended to the report.

The Corporate Governance and Assurance Manager gave a brief resume of the contents of the Statement and how the review had been undertaken. The Statement had been updated since its presentation to the July meeting to incorporate appropriate changes. 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.

**RECOMMENDED TO FULL COUNCIL ON THE 25<sup>th</sup> NOVEMBER, 2021** that the final Annual Governance Statement 2020/21 be approved and adopted.

#### **51. INTERNAL AUDIT PROGRESS REPORT**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing a summary of the Internal Audit activity completed and the key issues arising from it for the period 12<sup>th</sup> July to 31<sup>st</sup> October, 2021.

The report, which was presented by Mrs S Bradley (Audit Manager), outlined, amongst other things:

- The progress of the Internal Audit Plan delivery analysed by the number of plan assignments producing a report and audit days delivered by Directorate/Service.
- The current position with regard to Plan Assignments and indicating that there had been no changes to the Internal Audit Plan during the period
- Three audit reports had been finalised within the period and a summary of the assurance opinions where applicable and the number and categorisation of agreed management actions was detailed. One draft report had been delayed in being finalised due to the service lead illness and work in relation to another

had now been completed with a draft report being prepared (delays were due to delays in receiving information due to the service lead being ill). These would be completed before the next meeting

- No audit reports had been issued that had a limited assurance opinion although one report had highlighted a significant number of high and medium implications and work had been taken to address issues identified
- Details were provided of the outcome of other Internal Audit activities undertaken in the period that had not resulted in the production of a specific assurance opinion together with details of other Internal Audit work undertaken and current status
- Work was ongoing with management on a monthly basis to monitor the general position with regard to the implementation of management actions and to establish the reasons behind any delays. There were no concerns to report
- Information was provided about the number of vacancies within the Service as well as temporary long-term absences. Whilst it was highly likely that resources would be insufficient to deliver all the currently planned work, discussions were being held with the management with regard to the prioritisation of work to be completed to ensure efficient deployment of resources and there would be sufficient work completed upon which to base the annual opinion to the Council and other client organisations by the time of drafting the Head of Internal Audit Annual Report. A further update would be provided to the Committee in January 2022
- There were no issues to report in relation to Internal Audit's performance against the agreed Performance Indicators and whilst the percentage productivity was slightly below the target, this was due in the main to the profiling of annual leave taken
- Based on the audits reported in the period an overall reasonable assurance opinion was considered to be appropriate

#### **RESOLVED:**

- (i) that the issues arising from the completed internal audit work for the period along with the responses received from management be noted;
- (ii) that the assurance opinion on the adequacy and effectiveness of the Authority's Internal Control Framework based on the work of Internal Audit in the period to the 31<sup>st</sup> October, 2021 be noted;
- (iii) that the progress against the Internal Audit Plan for 2020/21 for the period to the 31<sup>st</sup> October, 2021 be noted; and
- (iv) that the performance of the Internal Audit Division for the period be noted.

#### **52. DATA PROTECTION OFFICER - UPDATE REPORT**

The Data Protection Officer submitted a report highlighting the work he had undertaken 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.



The report outlined the key activities in which he had been involved, the areas of focus and the work he had undertaken or been commissioned to undertake together with future work planned.

He reported that he felt that whilst there would inevitably be data incidents, there was 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, the SIRO, Customer Feedback and Improvement Team and Legal Services provided a robust basis to guide the Council to ensuring that data protection responsibilities were understood and complied with as effectively as was reasonably possible.

**RESOLVED** that the report and the information and assurances within it be noted and that a further report be submitted in six months' time in order to contribute to wider assurances as part of the Annual Governance Review process.

### **53. AUDIT AND GOVERNANCE COMMITTEE WORK PLAN**

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

Arising out of the above, reference was made to the current position with regard to the recruitment of a Independent Members to fill a vacancy on the Committee.

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

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

**RESOLVED** that the public and press be excluded from this meeting during the consideration of the following items because of the likely discourse of exempt information as defined by the specified paragraphs of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended):

<b>Item</b>	<b>Type of Information Likely to be disclosed</b>
13	Paragraph 3
14	Paragraph 7

### **55. UPDATE ON THE GLASSWORKS PROJECT**

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

Particular reference was made to:

- construction and leasing
- the highways scheme/bridge construction contract
- Glassworks Centre Management arrangements

- Business turnover and footfall both within the Glassworks and the wider town centre
- The way in which visitors to the Centre were catered for
- Security arrangements

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

- The impact of the Glassworks on the Town Centre
- The impact of a changing retail market and the benefits of having a mix of uses – retail, leisure, culture
- Business continuity arrangements
- The plans for the Glassworks and the Town Centre in the run up to Christmas

**RESOLVED** that the report be noted, and Katy McArdle (Service Director Regeneration and Culture) be thanked for attending the meeting and for answering Members questions.

## **56. REVIEW OF ACCOUNTS PAYABLE/PAYMENT PROCESSING**

The Service Director Finance (Section 151 Officer) and the Head of Internal Audit, Anti-Fraud and Assurance submitted a joint report on the review of accounts payable/payment processing and detailing the management action taken to address issues identified following an internal investigation relating to a major fraud committed against the Council.

It was noted that there had been a wide-ranging review of the circumstances of this incident and appropriate action had been taken to ensure that a stronger control framework was in place to minimise the risk of such a fraud being successful in the future.

The report engendered a full and frank discussion during which matters of a general and detailed nature were raised and answers were given to Members questions where appropriate.

Arising out of this discussion, particular reference was made to the wording within the Annual Governance Statement in relation to this incident. The Service Director Finance (Section 151 Officer) noted these comments and stated that the AGS would be amended to reflect the wording contained within the External Auditor's ISA 260 report.

### **RESOLVED:**

- (i) That the circumstances of the fraud, the management actions taken to respond, and the results of the Investigation and Internal Audit review of the controls and procedures in the Accounts Payable process be noted;
- (ii) That a further report be submitted to future meeting at the conclusion of the outstanding areas detailed within the report now submitted; and
- (iii) That a report on the outcome of Internal Audit's follow-up review of the Accounts Payable system and processes be submitted to a future meeting.

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Chair