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| <b>MEETING:</b> | Audit and Governance Committee      |
| <b>DATE:</b>    | Wednesday, 1 June 2022              |
| <b>TIME:</b>    | 2.00 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, Bandy, Mr S Gill, Mr P Johnson and Mr M Marks

### 1. MR G BANDY - INDEPENDENT MEMBER

Mr G Bandy, the newly appointed Independent Member, was welcomed to this, this first meeting of the Committee.

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

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

### 3. MINUTES

The minutes of the meeting held on the 13<sup>th</sup> April, 2022 were taken as read and signed by the Chair as a correct record.

### 4. APPOINTMENT OF VICE CHAIR

**RESOLVED** that Mr S Gill be appointed the Chair of this Committee for the ensuing year.

### 5. APPOINTMENT OF STAFF

The following newly appointed staff were welcomed to this, their first meeting of the Audit and Governance Committee:

- Dee Beleckaite (Auditor)
- Jack Brannan (Corporate Fraud Officer)
- Ian Taylor (Corporate Fraud Officer)

### 6. IT GOVERNANCE AND COMPLIANCE - EXTERNAL COMPLIANCE SCHEMES FOR THE COUNCIL - PRESENTATION

Simon Marshall, Governance and Compliance Manager, made a presentation which focused on IT Governance and Compliance and on the External Compliance Schemes with which the Council worked.

In giving an overview of the compliance schemes, he explained that there were multiple schemes, some mandated by Government, some by the NHS and some by Industry. Each had individual strengths with separate Governance Arrangements and Scheme rules. He outlined the reasons for using compliance schemes together with the benefits to be achieved and then made reference to the main features,

components and requirements of the following compliance schemes used by the Council:

- PSN – Public Sector Network
- DSPT – Data Security and Protection Toolkit
- Cyber Essentials Plus
- PCI DSS – Payment Card Industry Data Security Standards

He concluded by making reference to the Industry Good Practice Models which were also used by the Council together with the benefits to be gained by their use :

- ISO Standards 27000, 28000 and 31000
- National Cyber Security Centre
- National Institute for Standards Technology (USA)
- Local Government Association
- Department for Levelling Up, Housing and Communities

In the ensuing discussion reference was made to the following:

- There was a discussion of the action that could be taken in relation to non-compliance. Further information on this would be provided to a future meeting. Information was also provided on the action being taken by the authority in 'working towards' accreditation of the various schemes. It was noted that any issues identified were appropriately escalated and addressed in a timely manner. Reference in this respect was made to the work of the Information Governance Board of the Council
- It was noted that 60% of the Team's time (comprising 6 staff) was allocated to compliance work
- The ways in which staff were kept informed of changes to IT processes and systems and how such information was disseminated was outlined
- Reference was made to the liaison arrangements in place with other authorities and organisations to share best practice and learn from other people's experiences

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

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

Phil Hollingsworth, Service Director Communities, attended the meeting to discuss the strategic risk associated with Community Resilience and the way in which the increased strain as a consequence of economic, social, health or other factors on individual and families was addressed. Information was provided about the status of the current risk and response rating in relation to the six Actions associated with this risk and details were provided about the work that was currently being undertaken to address these actions.

He stated that the risk had recently been escalated by Senior Management Team to a red response rating due to the issues associated with the cost-of-living crisis, the ongoing situation in the Ukraine and the uncertainty and increasing pressure placed

upon Local Government. He then went on to summarise in more detail the work that was currently ongoing in order to address the actions associated with the risk.

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

- In relation to the cost-of-living crisis and the potential for the crisis to get worse, it was noted that the Service would respond to any government initiative and to every and any opportunity available in order to address issues arising. This would remain on the Council's agenda for some time to come
- There was a discussion of the 'More Money in Your Pocket' website and initiative which was just being rolled out and to the ways in which members of the public would be informed of what support was available. It was noted that front line workers were made aware that those without internet access may struggle to access support and would, therefore, ensure that appropriate referrals were made
- Information was sought as to whether or not homeworking had impacted on service delivery. The Executive Director Core Services commented that the authority had embraced hybrid working with the majority of staff working 3 days in work with 2 days at home. It was not felt that this or the previous home working arrangements had impacted on Service provision, however, if there were areas of concern these would be picked up. It was important to note, however, that some services had continued to be delivered face to face throughout the pandemic
- In response to specific questioning, Mr Hollingsworth outlined the initiatives in place both within his service and with other departments and agencies to try to ensure that those who were hard to reach or who were reluctant to seek help were offered appropriate support. An assurance was given by Linda Middlewood (Head of Service) that work was ongoing within Adult Social Care on a number of initiatives involving health providers, the Police, Age UK and others
- Arising out of the above, it was noted that a data analysis appeared to indicate that there had been an increase in terms of the numbers of people seeking to access services

Julie Chapman, Service Director Adult Social Care and Health, and Linda Middlewood (Head of Service) then discussed the strategic risk with regard to the potential for a safeguarding failure in Adult Social Care.

Whilst the service was confident that controls were in place to minimise the potential for safeguarding failures there remained a need to continually appraise these and to be able to identify any changes which may weaken current levels of assurance. Factors impacting on this, and which needed to be assessed included

- the impact of Covid 19 on families and workforce capacity which could increase workload pressures
- the increased incidence of poverty which could impact on demands for services and lead to increases in caseloads
- future financial settlements which could impact on service provision
- the pressures within the system including workload pressures which could lead to decreases in staff attendance at meetings etc.

Information was provided about the status of the current risk and the response rating in relation to the eight Actions associated with the risk and details were provided about the work that was currently being undertaken to address these actions.

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

- information was provided about the suite of metrics, indicators and data that were used to monitor risks. Examples were also given of action that could be taken under Section 42 of the Care Act 2014. Reference was also made to the types of issues encountered in this area and of the training given to staff to assist them in dealing with such issues
- there was a discussion of staff recruitment and of how applicants could be incentivised to come and work in Barnsley. Arising out of this, reference was also made to the way in which workloads, service demands and capacity were monitored
- it was noted that clients were placed in the most appropriate setting as to not do so could lead to unnecessary safeguarding risks. Information was also provided about the action that would be taken if a problem was experienced with a care home provider
- arising out of the above, reference was made to the work undertaken with various agencies including the CQC to ensure that care homes provided an appropriate level and quality of care

**RESOLVED** that thanks be given for the updates and the updates be noted.

## **8. ANNUAL RISK MANAGEMENT REPORT**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing a summary of the risk management activity over the last 12 months which contributed to the assurances the Committee required as part of the Annual Governance Statement process. The report also took a forward look at the work planned for the current financial year.

The report outlined the progress with the roll-out of the new Risk Management System that had gone 'live' on the 7<sup>th</sup> May, 2021, gave details of the support provided by the Corporate Governance and Assurance Manager, indicated the number of risks and strategic risks on the register and provided details of how these were reviewed.

The Cabinet had approved the Risk Management Policy and Framework in June 2021 and a session was planned for June 2022 to undertake a detailed review of all strategic risks. Thereafter, the Register would be shared with Cabinet on a bi-annual basis.

The report then outlined the outcome of the review of the Risk Management System which had been really positive and went on to give details of proposed future developments during 2022/23 to take account of, amongst other things, the outcome of the feedback from the evaluation, an update of risk guidance documentation, the continuing embedding of the regular review of risks into a 'business as usual' approach within management teams, the development of risk management materials

on the POD system and ensuring that organisational changes were reflected in the risk system.

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

- Following the review, work was ongoing to make system improvements, and these were being pursued with IT colleagues and with Business Intelligence Teams
- In response to specific questioning, the Head of Audit, Anti-Fraud and Assurance gave an explanation of how both strategic and non-strategic risks were identified together with the ways in which the non strategic risks were monitored to ensure that issues identified were suitably addressed. In this context reference was made to the work of SMT and individual Business Units in identifying and managing risks. Arising out of this discussion, Julie Chapman, Service Director Adult Social Care and Health, confirmed that appropriate discussions were held within Departmental Management Teams to examine existing and emerging risks in order to ensure that appropriate arrangements were in place to manage those risks
- The Head of Audit, Anti-Fraud and Assurance reported that Internal Audit (lead by Sharon Bradley (Principal Auditor)) would be undertaking an audit of the risk management arrangements shortly and this would enable a view to be taken as to how well those arrangements were embedded within the organisation

**RESOLVED** that the report be noted as a contribution to the assurances given in relation to the Council's governance arrangements.

## **9. ANNUAL GOVERNANCE STATEMENT - ACTION PLAN UPDATE**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report supporting the updated Action Plan relating to the issues identified following the Annual Governance Review for 2020/21.

The Action Plan, which was detailed within Appendix 1 to the report, had been approved alongside the Annual Governance Statement by the Committee at the meeting on the 17<sup>th</sup> November, 2021. It captured the issues identified in the 2020/21 Annual Governance Statement and included some outstanding actions carried forward from the previous year's Statement approved by the Committee on the 2<sup>nd</sup> June 2021.

Arising out of the discussion, reference was made to the Declarations of Interest required to be completed by all officers of the Authority and to the action being taken to ensure full compliance with this requirement.

**RESOLVED** that the progress being made against each item listed in the Annual Governance Statement Action Plan be noted.

## **10. INTERNAL AUDIT CHARTER 2021-24**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report prefacing the Internal Audit Charter 2021-2024 which had been prepared in accordance with

the Public Sector Internal Audit Standards (PSIAS) and which provided a reminder of the key aspects of the Internal Audit Function and gave assurance regarding how the Internal Audit Function was resourced, managed, organised and delivered its responsibilities.

It was reported that the Charter, once approved, would be presented to the Audit Committees of the other client organisations.

The Charter had been reviewed by the assessor as part of the External Audit Quality Assessment reported to Committee in September, 2021. It had been held up as an exemplar particularly for an Internal Audit function supporting numerous clients and as such the Charter remained representative of how the Internal Audit Service operated and, therefore, no changes had been made.

**RESOLVED** that, being satisfied that Charter meets the requirements of the Public Sector Internal Audit Standards and adequately represents and describes the required function to provide this Committee and Senior Management with a professional service, the Internal Audit Charter be approved.

## **11. CORPORATE ANTI-FRAUD TEAM ANNUAL REPORT 2021/22**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing an account of counter fraud related activity undertaken by the Internal Audit Corporate Anti-Fraud Team during the period 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022

In 2021/22 the Team had a total budgeted plan of 409 days due to a team vacancy and pending restructure. Preventative anti-fraud work undertaken totalled 239 days and reactive investigations totalled 170 days. The Annual Report, which was appended, provided a summary of activity undertaken.

It was difficult to determine the impact of the Team beyond such results as the Single Person Discount (SPD) Scheme and other benefit work as much of the work was about avoiding loss although the National Fraud Initiative produced an 'Outcomes Calculation Methodology' that sought to put a value on the results of fraud avoidance work. These and other calculations were used to estimate the national impact of fraud. By reflecting on these figures, together with the periodic results from the SPD exercises, it could be demonstrated that the Team more than paid for itself every year in direct activity and also contributed additional fraud/loss avoidance through fraud awareness, training, policy review and advice.

In the ensuing discussion, the following matters were highlighted:

- Reference was made to the large fraud against the Council as reported to previous meetings. Details of this would be included within the Internal Audit Annual report submitted to the next meeting. Arising out of this, reference was made to the work of Internal Audit in relation to this fraud
- There was a discussion of the results of the 2020/21 NFI exercise and arising out of this and in response to specific questioning Joanne Race (Principal Auditor Corporate Anti-Fraud) made reference to the work undertaken which had contributed to the success in preventing fraud particularly in relation to

Covid Business Support Grants. She made reference to the way in which this work was undertaken and to the way in which Business Support Grants were issued and dealt with. In this respect, reference was made to the involvement and role of the government department in this process and to the checks and balances that were in place to try to prevent fraud.

- Arising out of the above, Sharon Bradley (Internal Audit Manager) also commented on the work her Team did in ensuring appropriate checks were in place in relation to the allocation of grants
- It was acknowledged that whilst it could not be guaranteed that some fraud had not been committed, the work of the Team had certainly ensured that it had been minimised

#### **RESOLVED:**

- (i) That the Annual Fraud report be received, and the continued progress made in the development of effective arrangements and measures to minimise the risk of fraud and corruption be noted; and
- (ii) That the embedding of a culture of zero tolerance and high levels of awareness regarding fraud and corruption continue to be supported.

## **12. DATA PROTECTION OFFICER UPDATE REPORT**

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

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

In summary, whilst the Committee could be assured that although there would inevitably be some data and information 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 Senior Information Risk Officer, Customer Requests and Legal Services provided a robust basis to guide the Council in ensuring that data protection responsibilities were understood and complied with as effectively as was reasonably possible.

The DPO also confirmed that his role was properly supported, and this confirmed and gave assurance that the Council was committed to ensuring that data was dealt with responsibly and appropriately.

**RESOLVED** that the DPO Update report and the information and assurances it provides in contribution to the wider assurances as part of the Annual Governance Review process be noted and that a further update report be provided in six months' time.

### **13. EXTERNAL AUDIT PLAN**

Gareth Mills (representing the External Auditor) attended the meeting virtually and provided a verbal update of the work currently being undertaken by External Audit.

Meetings had been held with the Service Director Finance and the Head of Corporate Finance and Business Partnering and work was now progressing on the 2021/22 audit with a view to having the final ISA 260 report completed in accordance with the agreed timescales for submission to this Committee and to Council in November.

He reported that the Financial Reporting Council was to undertake an inspection of the External Auditors audit work and Value for Money Work for Barnsley Council. As part of that, the FRC inspectors would speak to the Chair but Gareth Mills and Thilina De Zoysa would also speak with the Chair and relevant officers as part of that process. The results of the inspection would be shared with the Committee and with the Chair and the Service Director Finance prior to a report being submitted on the findings to this Committee later in the year.

In response to specific questioning, Gareth Mills commented on the potential implications of the 'Goodwin case' and its impact on Pension Fund accounting and for Local Government and Pension Fund Liability. Adjustments had been made in relation to the Pension Fund liability to estimate the potential impact of the court judgement and this had been updated in the 2020/21 audit report. It was noted that there were significant audit risks involved and this was subject to piece of work currently being undertaken and would again appear as part of the audit report for 2021/22.

**RESOLVED** that the External Auditors update report be noted.

### **14. AUDIT COMMITTEE WORK PLAN 2022/23**

The Committee received a report providing the indicative work plan for the Committee for its proposed scheduled meetings to 26<sup>th</sup> April, 2023.

Members attention was draw to the items removed from the work plan together with the reasons for this. In addition, it was noted that the July meeting would now be held on the 27<sup>th</sup> with the meeting in November being held on the 16<sup>th</sup>.

It was noted that the item on the Glassworks and wider Town Centre update scheduled for this meeting would now be deferred to the July meeting.

A request was also made for the report on the Draft Statement of Accounts scheduled for the 27<sup>th</sup> July, 2022 meeting to be submitted earlier than the agenda despatch day as, given the complexity of the report, it would allow Members more time to study it and prepare appropriate questions. It was noted that it was hoped that this would be available by the end of June.

Reference was made to the possibility of a report being submitted on the Council's progress towards Zero Carbon. It was possible that this would be picked up as part of a discussion on a report on sustainability for which a training/awareness session was planned. It was noted that a new strategic risk on Zero Carbon and



Environmental Commitments had been discussed by SMT and a report on this was to be submitted to the April 2023 meeting. It was also noted that the Internal Audit Manager would be liaising with the Business Unit in terms of the potential scope of a planned audit review in this area.

**RESOLVED** that the updated Work Plan be noted.

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

**RESOLVED** that the public and press be excluded from this meeting during the consideration of the following items in view of the likely disclosure of exempt information as defined by Paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

## **16. INTERNAL AUDIT ANNUAL PLAN 2022/23**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report prefacing the Internal Audit Plan for 2022/23. The Plan had been drafted following consultation with individual Directorate Management Teams, Senior Management Team and this Committee to ensure that it was focused on priority areas and this would be proactively managed during the year with Executive Directors and Service Directors to ensure that audit resources continued to be focused on the priorities of the Council.

Appendix 1 to the report summarised the Plan by Directorate and Appendix 2 provided an outline scope of each of the planned areas of work.

Reference was made to:

- the way in which Internal Audit could explore how to facilitate and assist management undertake 'audit/review' type activity as part of an approach to make finite audit resources 'go further' and equally help management to improve their understanding of their control, risk and governance responsibilities. Arising out of this, there was a discussion of the potential advantages of such an approach and how this might be undertaken
- there was a discussion of the adoption of an 'agile' project management approach which was based on an assessment of where resources best needed to be utilised and depending on changing needs and priorities

### **RESOLVED:**

- (i) That the Internal Audit Plan 2022/23 be approved, acknowledging the need for the Head of Internal Audit, Anti-Fraud and Assurance to exercise his judgement during the year to apply the Plan flexibly according to priority, risk and resources available; and
- (ii) That quarterly monitoring reports from the Head of Internal Audit, Anti-Fraud and Assurance continue to be submitted to demonstrate progress against the Plan including information where the Plan has materially varied from the original.

## **17. CORPORATE ANTI-FRAUD TEAM - COUNTER FRAUD PLAN 2022/23**

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report presenting the proposed Corporate Anti-Fraud Team Plan for 2022/23 a copy of which was appended to the report.

The Plan had been developed to ensure the resources of the Team were utilised in an efficient, effective and accountable way. The work programme would be reviewed continually to reflect the fraud trends, emerging risks and the general workload.

It was noted that the Plan aimed to focus resources on the prevention of fraud but at the same time recognised the Team would have to undertake investigative work as appropriate.

### **RESOLVED:**

- (i) That the Corporate Anti-Fraud Team (CAFT) Plan 2022/23 be agreed, acknowledging the need for the Head of Internal Audit, Anti-Fraud and Assurance to exercise his professional judgement during the year to apply the Plan flexibly, allowing for planned proactive or detective days to be delivered to reactive investigation work as required;
- (ii) That regular monitoring reports from the Head of Internal Audit, Anti-Fraud and Assurance continue to be submitted to demonstrate progress against the Plan including information where the Plan has materially varied from the original; and
- (iii) That the embedding of a culture of zero tolerance and high levels of awareness regarding fraud and corruption be supported.

## **18. UPDATE ON THE GLASSWORKS PROJECT AND WIDER TOWN CENTRE ISSUES**

This item was withdrawn.

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Chair