

# Notice of Audit and Governance Committee

Date: Thursday, 22 April 2021 at 6.00 pm

Venue: Virtual Meeting



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## Membership:

### Chairman:

Cllr J Beesley

### Vice Chairman:

Cllr L Williams

Cllr M F Brooke

Cllr D Brown

Cllr D Butt

Cllr L Fear

Cllr A Filer

Cllr M Phipps

Cllr T Trent

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All Members of the Audit and Governance Committee are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to view the live stream of this meeting at the following link:

<https://democracy.bcpCouncil.gov.uk/ieListDocuments.aspx?MId=4358>

If you would like any further information on the items to be considered at the meeting please contact: Bob Hanton or email [democratic.services@bcpCouncil.gov.uk](mailto:democratic.services@bcpCouncil.gov.uk)

Press enquiries should be directed to the Press Office: Tel: 01202 454668 or email [press.office@bcpCouncil.gov.uk](mailto:press.office@bcpCouncil.gov.uk)

This notice and all the papers mentioned within it are available at [democracy.bcpCouncil.gov.uk](https://democracy.bcpCouncil.gov.uk)

GRAHAM FARRANT  
CHIEF EXECUTIVE

14 April 2021



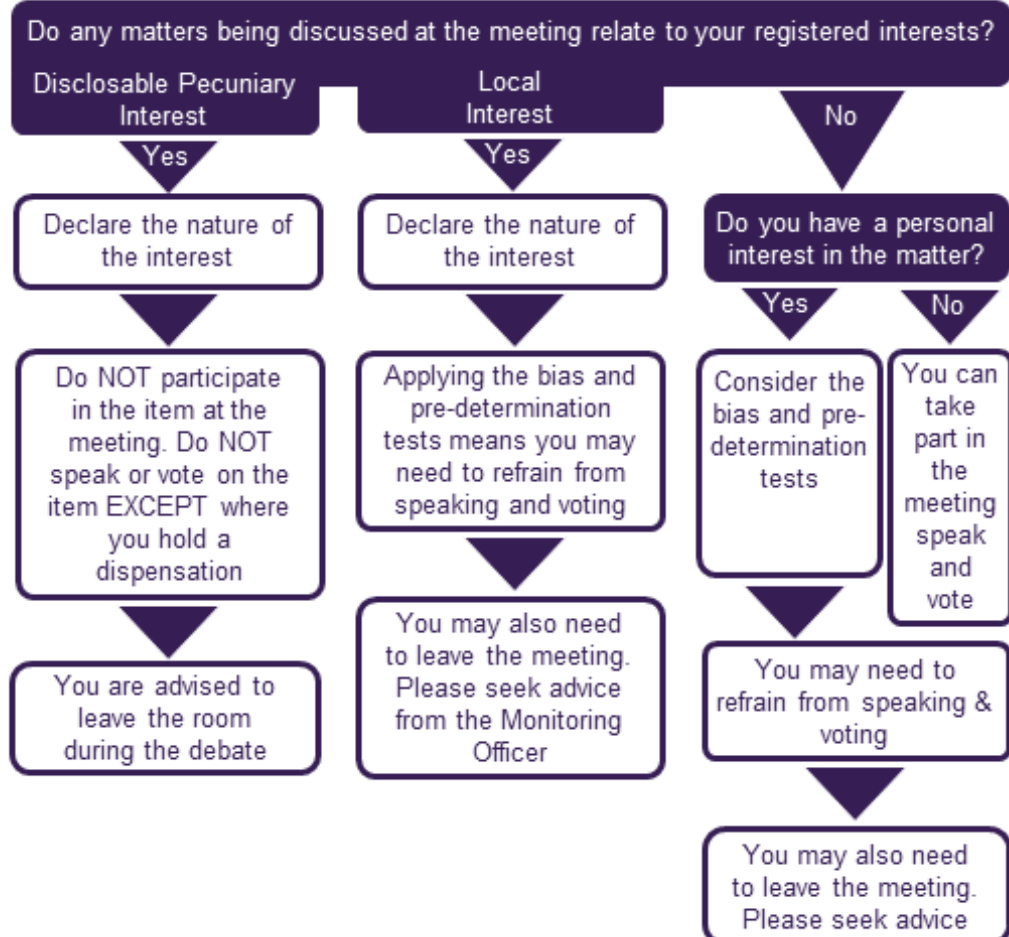


## Maintaining and promoting high standards of conduct

### Declaring interests at meetings

Familiarise yourself with the Councillor Code of Conduct which can be found in Part 6 of the Council's Constitution.

Before the meeting, read the agenda and reports to see if the matters to be discussed at the meeting concern your interests



What are the principles of bias and pre-determination and how do they affect my participation in the meeting?

Bias and predetermination are common law concepts. If they affect you, your participation in the meeting may call into question the decision arrived at on the item.

#### Bias Test

In all the circumstances, would it lead a fair minded and informed observer to conclude that there was a real possibility or a real danger that the decision maker was biased?

#### Predetermination Test

At the time of making the decision, did the decision maker have a closed mind?

If a councillor appears to be biased or to have predetermined their decision, they must NOT participate in the meeting.

For more information or advice please contact the Monitoring Officer  
([susan.zeiss@bcpcouncil.gov.uk](mailto:susan.zeiss@bcpcouncil.gov.uk))

### Selflessness

Councillors should act solely in terms of the public interest

### Integrity

Councillors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships

### Objectivity

Councillors must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias

### Accountability

Councillors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this

### Openness

Councillors should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing

### Honesty & Integrity

Councillors should act with honesty and integrity and should not place themselves in situations where their honesty and integrity may be questioned

### Leadership

Councillors should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs



# AGENDA

Items to be considered while the meeting is open to the public

## 1. **Apologies**

To receive any apologies for absence from Councillors.

## 2. **Substitute Members**

To receive information on any changes in the membership of the Committee.

Note – When a member of a Committee is unable to attend a meeting of a Committee or Sub-Committee, the relevant Political Group Leader (or their nominated representative) may, by notice to the Monitoring Officer (or their nominated representative) prior to the meeting, appoint a substitute member from within the same Political Group. The contact details on the front of this agenda should be used for notifications.

## 3. **Declarations of Interests**

Councillors are requested to declare any interests on items included in this agenda. Please refer to the workflow on the preceding page for guidance.

Declarations received will be reported at the meeting.

## 4. **Confirmation of Minutes**

To confirm and sign as a correct record the minutes of the Meeting held on 11 March 2021.

7 - 14

## 5. **Public Issues**

To receive any public questions, statements or petitions submitted in accordance with the Constitution. Further information on the requirements for submitting these is available to view at the following link:-

<https://democracy.bcpccouncil.gov.uk/documents/s2305/Public%20Items%20-%20Meeting%20Procedure%20Rules.pdf>

The deadline for the submission of public questions is Thursday 15 April 2021.

The deadline for the submission of a statement is 12.00 noon, Wednesday 21 April 2021.

The deadline for the submission of a petition was 12.00 noon, Thursday 8 April 2021.

## 6. **Report of the Constitution Review Working Group - Changes to the Constitution**

15 - 22

The report summarises the issues considered by the Constitution Review Working Group and sets out a series of recommendations arising from the Working Group for consideration by the Committee. Any recommendations arising from the Committee shall be referred to full Council for adoption.



|  |         |
|--|---------|
| <b>7. Risk Management – Corporate Risk Register Update</b>   | 23 - 40 |
| <p>This report updates councillors on the position of the council's Corporate Risk Register. The main updates are as follows:</p> <ul style="list-style-type: none"> <li>• A target risk score has been added to each risk along with details of actions or strategies to support the achievement of this risk score</li> <li>• Corporate Risk CR8 - Inability to run an election/ referendum – has been escalated back for inclusion on the Corporate Risk Register</li> <li>• Corporate Risk CR14- Continuity of Public Health arrangements and evolution of outbreak management plan - The title of this risk has been refined to better describe the risk</li> <li>• Corporate Risk 17 – Risk to reputation of Place &amp; Council if summer arrangements are not managed - This is a new risk added to the register during this quarter.</li> </ul> |         |
| <b>8. Information Governance Update</b>  | 41 - 66 |
| <p>First BCP Council IG update report to Committee, providing performance management information since the inception of BCP Council and outlining current position of the IG Team and Council's IG function.</p>   |         |
| <b>9. BCP Council Regulation of Investigatory Powers Act (RIPA) Policy approval</b>  | 67 - 88 |
| <p>The policy ensures compliance with the regulatory framework for the use of covert surveillance by BCP Council as set out in the Regulation of Investigatory Powers Act 2000 (RIPA) and RIPA (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 (and as amended 2012).</p> <p>BCP Council expects this policy to be rarely used; the Council will seek to minimise use of covert surveillance and will use overt methods of obtaining required information wherever possible. A very limited number of trained Council officers are able to approve applications to a magistrates' court to authorise a RIPA operation.</p>  |         |
| <b>10. Annual Governance Statement 2019/20 Action Plan Update</b>  | 89 - 96 |
| <p>This report provides an update against the Annual Governance Statement (AGS) Action Plan which identified actions to be taken to address the significant governance issues in 2019/20 AGS. These are:</p> <ul style="list-style-type: none"> <li>• Governance of Children's Social Services</li> <li>• Governance Arrangements with Key Partners, Wholly Owned Companies, Trusts and Contractors</li> </ul> <p>Two further governance issues were identified, as below, and actions to address these had already been implemented prior to the publication of the AGS:</p> <ul style="list-style-type: none"> <li>• Adjustments to the Highways Register</li> <li>• Omission to make available for public inspection the draft AGS in June 2019</li> </ul>  |         |



|   |           |
|---|-----------|
| <b>11. Internal Audit - Quarterly Audit Plan Update (Including Audit Charter and Audit Plan for 2021/22)</b>  | 97 - 136  |
| <p>This report sets out the Internal Audit Charter and Audit Plan for 2021/22. Approval of these documents by the Audit and Governance Committee is a requirement of the Public Sector Internal Audit Standards (PSIAS).</p> <p>The report also details progress made on delivery of the 2020/21 Audit Plan for the period January to March (inclusive) 2021. The report highlights that:</p> <ul style="list-style-type: none"> <li>• Seventeen audit assignments have been completed (nine 'Reasonable', five 'Partial' audit opinions and three consultancy reviews);</li> <li>• Thirty five audit assignments are in progress;</li> <li>• Implementation of audit recommendations is satisfactory.</li> </ul>   |           |
| <b>12. External Auditor - Annual Audit Letter Year Ending 31 March 2020</b>   | 137 - 164 |
| <p>The attached report summarises the key findings arising from the work of the Council's external auditor for the year ending 31 March 2020. The key points to note are that Grant Thornton:</p> <ul style="list-style-type: none"> <li>• provided an unqualified opinion on the Council's financial statements;</li> <li>• included an emphasis of matter in their report in respect of the uncertainty over valuations of the Council's land and buildings and investment properties and the property assets of its pension fund given the Coronavirus pandemic. This does not affect their opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year; and</li> </ul> <p>were satisfied that, except for the matter identified in respect of the Ofsted inspection of children's services, the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources (qualified 'except for' conclusion).</p> |           |
| <b>13. External Auditor – Audit Progress &amp; Sector Insight Update</b>  | 165 - 190 |
| <p>The attached report provides an update to Audit &amp; Governance Committee on the External Auditor's progress to date in delivering their responsibilities.</p> <p>The report also includes a summary of emerging national issues and developments that may be relevant to the Council.</p>  |           |
| <b>14. Forward Plan</b>   | 191 - 194 |
| <p>This report sets out the reports to be received by the Audit &amp; Governance Committee for the 2021/22 municipal year.</p>  |           |

No other items of business can be considered unless the Chairman decides the matter is urgent for reasons that must be specified and recorded in the Minutes.



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**BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL**  
**AUDIT AND GOVERNANCE COMMITTEE**

Minutes of the Meeting held on 11 March 2021 at 6.00 pm

Present:-

Cllr J Beesley – Chairman

Cllr L Williams – Vice-Chairman

Present: Cllr M F Brooke, Cllr D Brown, Cllr D Butt, Cllr L Fear, Cllr A Filer,  
Cllr M Phipps and Cllr T Trent

64. Apologies

There were no apologies for absence.

65. Substitute Members

There were no substitute members appointed.

66. Declarations of Interests

There were no declarations of interest.

67. Confirmation of Minutes

The Minutes of the meeting on 21 January 2021 were confirmed as a correct record.

68. Public Issues

There were no public issues.

69. Council Referral of Motion - Gender-Neutral Language

The Head of Democratic Services presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'A' to these Minutes in the Minute Book.

The Committee was reminded that following initial debate at Council on 5 January 2021 a formal Motion relating to use of gender-neutral language had been referred to the Audit and Government Committee to be considered by the Constitution Review Working Group. The terms of the Motion were “That Council resolves to use gender-neutral language in all reports and formal communications, both verbal and written, in accordance with its commitment to uphold the nine protected characteristics of the Equality Act 2010 and in combating prejudice and discrimination”.



Discussion at the Working Group was described although no specific recommendations had been made. The scope and effect and potential cost implications of changes were set out and there was also reference to previous recent Council decisions relating to the mode of address for persons presiding at meetings. There was some evidence of the approach being taken by other Councils across the country but this was limited and it was evident that practice varied considerably. The BCP Council's Equalities Officer provided advice generally on the issue and confirmed that the way forward was a matter of choice for the Council and was not legally prescribed.

The proposer and seconder of the original Motion at Council, Councillors L-J Evans and Lisa Lewis both addressed the meeting. The lead member for Equalities, Councillor Bobbie Dove and the Leader of Council also both addressed the meeting and there was broad support for the aims and ambitions encompassed within the Motion.

After a full and comprehensive discussion within the Committee it was

**RESOLVED that in considering the Motion, Council should have due regard to the following issues, namely to:-**

- (a) Note that there is inconsistent use of gender terms in BCP Council's constitution, policies and communications;**
- (b) Eliminate discrimination and advance equality of opportunity(c) Remove gender specific determination when describing roles within BCP, unless there is a genuine occupational requirement for them to remain. This to include the review of the Council Constitution, Policies and communications and replace written references with gender neutral terms, such as the role of the Chair;**
- (d) Communicate these changes to all departments and members of staff within BCP Council;**
- (e) Continue to use pronouns when the sex of an individual is known, or when an expressed request has been made from an individual to be referred to by a specific gender;**
- (f) Note the adoption of the Audit and Governance recommendations at Council on 5 January 2021 which stated that no change be made to current practice relating to the form of address for the person presiding at meetings and that this be left as a matter of choice for each individual person presiding. Democratic Services should ascertain, in each case, the preference of individual Councillors as they are appointed.**

Voting: For 6; Against 3; Abstain 0



70. Report of the Constitution Review Working Group - Changes to the Constitution

The Head of Democratic Services presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'B' to these Minutes in the Minute Book.

The report summarised the issues considered by the Constitution Review Working Group which met over recent months and it was explained that recommendations arising from the Audit and Governance Committee would be referred to full Council for adoption. The Committee received an update of progress generally on the ongoing Constitutional review.

**RECOMMENDED TO COUNCIL**

**Code of Conduct for Councillors – Process for consideration of complaints**

**(a) That the revised arrangements for the consideration of complaints submitted in accordance with the Council Code of Conduct, including a process of filtering complaints by the Monitoring Officer, as set out in Appendix 1 to the report of the Audit and Governance Committee, be approved and that the whole process be set out within the Constitution.**

**Procedural – Public Statements to Committees**

**(b) That the current 100 word limit on public Statements be retained.**

**Welfare payments for Councillors**

**(c) That the current Member Allowances be retained, confirming no provision for sick pay or maternity pay for Councillors, but that availability of the BCP Council Employment Assistance Programme be advertised more actively to entitled Councillors.**

**Covid-19 Response Period – Constitution Article 15**

**(d) That the revised Article 15 (Covid-19 Response Period Decision Making Arrangements), as set out at Appendix 2 to the report of the Audit and Governance Committee and the protocol set out at Appendix 3 to the report of the Audit and Governance Committee, be approved and that a new Procedure Rule 40 and associated appendix be established which reads “40. Protocol for the establishment and running of virtual meetings during the Covid-19 Response Period. The protocol is set out in Appendix 7”**

**RESOLVED**

**Councillor involvement through the Appeals Committee in hearing appeals by staff against dismissal.**

**That consideration of the issue of Councillor involvement in Staff Appeal hearings be deferred whilst the separate process of harmonisation of terms and conditions of staff is underway.**



Voting: Unanimous

71. Annual evolution of the 'Anti-Fraud & Corruption Policy, the 'Whistleblowing Policy' and the 'Declaration of Interests, Gifts & Hospitality Policy'

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'C' to these Minutes in the Minute Book.

The report presented the annual review of the Council's Whistleblowing Policy and Anti-Fraud & Corruption Policy to ensure they were updated in line with best practice and legislation and the Committee was reminded that best practice suggested the policies should be approved by Audit and Governance Committee.

Minor amendments made to both policies were highlighted including reference to the Council acting as a 'prescribed person' in the Whistleblowing Policy and reference to the new BCP Declaration of Interests, Gifts & Hospitality Policy in the Anti-Fraud & Corruption Policy. Both policies also included updated contact details and some minor best practice wording changes.

An annual review of the Council's Declaration of Interests, Gifts & Hospitality Policy had also taken place for consideration by the Committee prior to approval by the Corporate Management Board.

It was reported that a suggested additional requirement had been introduced for employees below Tier4 and who used their own discretion to make eligibility decisions, award decisions or grant permissions. Such employees would be required to make a declaration even if the declaration required was a 'Nil Declaration'.

There are also a number of minor wording amendments and, in the course of review by the Committee, some additional typographical changes and clarifications were identified and would be incorporated into the text.

**RESOLVED that the Audit and Governance Committee**

**(a) Approve the Council's Whistleblowing Policy, Anti-Fraud and Corruption Policy;**

**(b) Endorse the Declaration of Interests, Gifts & Hospitality Policy before formal approval by the Corporate Management Board.**

Voting: Unanimous



72. Financial Regulations - Annual Evolution for the financial year 2021/22

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'D' to these Minutes in the Minute Book.

Evolutionary changes to the Council's Financial Regulations were summarised in the report and shown in red text throughout the document accompanying the report at Appendix A.

It was reported that several minor editing changes have been made to take account of the ending of the EU transition period and that any mention of specific EU legislation has been replaced by reference to UK legislation. In practice this was a legislative terminology change and there were currently no changes to requirements.

Changes in Part G relating to Procurement and contract procedures were shown in red text throughout and, whilst much of the wording of each specific regulation had remained the same or similar, the numbering and ordering had been significantly changed to more intuitively follow a procurement cycle. It was explained that these ordering changes had been in response to feedback from Officers involved in the process.

**RECOMMENDED TO COUNCIL**

**That the Financial Regulations as shown in Appendix A to the report of the Audit and Governance Committee be approved and referred to Council for adoption.**

Voting: Unanimous

73. Amended 2019/20 Financial Statements and Updated Audit Findings Report

The Assistant Chief Financial Officer presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'E' to these Minutes in the Minute Book.

The Committee was reminded that the draft financial statements for 2019/20 were approved at their meeting on 26 November 2020. Subsequently, at the meeting on 21 January 2021, the Committee noted the updated Audit Findings Report from Grant Thornton and agreed to delegate the signing of the Statement of Responsibilities and Letter of Representation to the Chair of the Committee and the S151 Officer once the audit work was complete.

It was reported that, since that date, the audit of the financial statements has been completed but, as further material adjustments have been made since their approval in November, they were being brought back for formal approval by the Committee.



The report therefore set out the findings of the Council's external auditor following their audit of the Council's statement of accounts for 2019/2020 and the key points to note were that Grant Thornton anticipated providing an unqualified opinion on the financial statements for the Council and anticipated issuing a qualified "except for" value for money conclusion due to the findings of the Ofsted targeted review of children's services. The External Auditor referred to accounting process issues around valuation of land and buildings but expressed confidence in systems put in place to address these.

Reassurance was provided that, although there were some material adjustments being presented, they did not affect the overall financial position of the Council.

The Chairman of the Committee recorded his appreciation of the work of Officers in producing and completing the statements of accounts.

**RESOLVED that the Audit and Governance Committee**

- (a) Notes the anticipated audit opinions and audit findings of the council's external auditor, included at Appendix A to this report to the Committee;**
- (b) Approves the 2019/20 financial statements included at Appendix B;**
- (c) Authorises the Chair of this Committee and the S151 Officer to sign the Letter of Representation included at Appendix C and the Statement of Responsibilities at Appendix D;**
- (d) Approves the treatment of the unadjusted misstatement at Appendix E.**

Voting: Unanimous

74. External Auditor - Certificate of Claims and Returns 2019/20

The External Auditor briefly listed the grants and claims accounts which had been separately audited and the Committee noted that all the required audits had been completed successfully.

75. Forward Plan

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'F' to these Minutes in the Minute Book. The report set out the reports to be received by the Audit & Governance Committee for the remainder of the 2020/21 municipal year.



The Committee noted and agreed that although the report on 'BH Live Contractual and Governance Arrangements' was shown as an item for the agenda of the meeting on 22 April 2021, this report would be presented on that date only if it had been the subject of prior consideration by the Overview and Scrutiny Board.

The Committee noted and agreed that a report on revisions to the BCP Council Regulation of Investigatory Powers ('RIPA') policy would be brought forward onto the agenda of the meeting on 22 April 2021.

It was also noted that at the next meeting of the Committee the forward plan for the 2021/22 municipal year would be brought to the Committee for its consideration.

**RESOLVED that, subject to the above comments, the Audit and Governance Committee approves the forward plan set out.**

Voting: Unanimous

The meeting ended at 8.04 pm

CHAIRMAN



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## AUDIT AND GOVERNANCE COMMITTEE



|                            |  |
|----------------------------|--|
| Report subject             | <b>Report of the Constitution Review Working Group - Changes to the Constitution</b>   |
| Meeting date               | 22 April 2021  |
| Status                     | Public Report  |
| Executive summary          | The report summarises the issues considered by the Constitution Review Working Group and sets out a series of recommendations arising from the Working Group for consideration by the Committee.<br><br>Any recommendations arising from the Committee shall be referred to full Council for adoption. |
| <b>Recommendations</b>     | <b>It is RECOMMENDED that:</b><br><br><b>the revised arrangements for the Licensing Committee within Part 3, Rule 3 of the Constitution as set out in Appendix 1 to this report, be approved.</b>  |
| Reason for recommendations | To make appropriate updates and revisions to the constitution following consideration by the Working Group.  |
| Portfolio Holder(s):       | Councillor Drew Mellor (Leader of the Council)   |
| Corporate Director         | Graham Farrant (Chief Executive)   |
| Report Authors             | Richard Jones, Head of Democratic Services<br>Susan Zeiss, Director of Law and Governance and Monitoring Officer   |
| Wards                      | Council-wide   |
| Classification             | For Recommendation   |



## **Background**

1. The Terms of Reference of the Audit and Governance Committee include 'Maintaining an overview of the Council's Constitution and governance arrangements in all respects'.
2. In discharge of this responsibility the Committee established a Constitution Review Working Group of five of its Councillors. The current members of the Working Group are Councillor Williams (Chairman), Councillor D Butt (Vice-Chairman) and Councillors Beesley, Brooke and Trent.
3. Since its establishment, the Working Group has continued to meet on a regular scheduled basis.

## **Constitution - Part 3 (Responsibility for Functions); Rule 3 (Licensing Committee)**

4. The Working Group considered the detailed provisions within the Constitution relating to operation of the Licensing Committee and in particular the Committee's powers to delegate its functions to the Licensing Sub-Committees.
5. The Chair of the Licensing Committee attended the meeting of the Working Group for this item.
6. The Working Group accepted that a Committee of 15 Councillors was too large to consider specific licence applications and particularly as meetings involved hearing and consideration of complex, sensitive and often highly emotive issues around suitability of applicants for licences.
7. It was accepted that such a large tribunal of up to 15 Councillors could be potentially unfairly daunting for an applicant. There was already an effective process and framework of Sub-Committees in place to deal with a range of applications and the Working Party supported the expansion of the schedule of application types that could be considered by the Sub-Committee.
8. Issues of strategy and policy such as Licensing Policy and fees and charges would continue to be matters that should quite properly be addressed by the main Licensing Committee.
9. Proposals to the Working Group were essentially therefore, if agreed, to expand the list of licensing functions that could be discharged by a Sub-Committee as opposed to having to go to the full Licensing Committee. This would include applications relating to premises or land operated by the Council.
10. The Working Group were of the view that this issue should be progressed as a matter of urgency ahead of the wider review of the Constitution with a recommendation therefore to be made to Audit and Governance Committee on 22 April and then a recommendation to Council on 2 June 2021 after which any new provision would come into effect.

## **Conclusion**

11. The Working Group concluded and recommend to the Audit and Governance Committee that Part 3 (Responsibility for Functions); Rule 3 (Licensing Committee) of the Constitution be amended as follows:-
  - (a) existing paragraphs 3.2 (e) to (h) and (k) to (n) be included within the list of functions delegated by the full Licensing Committee to a Sub-Committee and moved accordingly into paragraph 3.2 (d) to become 3.2 (d) (xiii) to (xx);



- (b) the functions described in existing paragraphs 3.2 (i) and 3.2 (j) relating to fees and charges remain the responsibility of the full Licensing Committee and accordingly become 3.2(e) and 3.2 (f).
- 12. These changes are reflected within the revised proposed new Part 3, Rule 3 as set out in Appendix 1 to this report.

#### **Summary of financial implications**

- 13. There are no financial implications arising from the recommendations in this report.

#### **Summary of legal implications**

- 14. A legal review of the functions proposed to be delegated will be undertaken and reported in order to provide assurance that there is no legal impediment to the delegation of said proposed matters to the sub-committee.

#### **Summary of human resources implications**

- 15. There are no human resource implications arising from this report.

#### **Summary of sustainability impact**

- 16. There are no sustainability implications arising from this report.

#### **Summary of public health implications**

- 17. here are no public health implications arising from this report.

#### **Summary of equality implications**

- 18. There are no specific equality implications arising from this report.

#### **Summary of risk assessment**

- 19. The Constitution is a legally required document which prescribes the procedural and democratic arrangements for the proper governance of the Council.

#### **Background papers**

None

#### **Appendices**

Appendix 1 – Constitution- Part 3 – Responsibility for Functions (Licensing Committee)



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## **Constitution- Part 3 – Responsibility for Functions (Licensing Committee)**

### **3. Licensing Committee**

- 3.1. All matters relating to Licensing functions as set out in the relevant legislation are delegated to Officers pursuant to the Chief Executive's Scheme of Delegation to determine other than those matters set out below which shall be the responsibility of the Licensing Committee.
- 3.2. The Licensing Committee has responsibility for the following:
  - (a) Making recommendations to Full Council in relation to the Council's policies under the Licensing Act 2003, the Gambling Act 2005, the Police Reform and Social Responsibility Act 2011, and the Council's Regulations on the Control of Sex Establishments made under the Local Government (Miscellaneous Provisions) Act 1982 and any other relevant legislation
  - (b) Making decisions in connection with statutory commercial public safety licensing of a type that may require quasi-judicial process or intervention – e.g. alcohol, entertainment, gambling, sexual entertainment venues, street trading, charitable collections and public carriages
  - (c) Establishing Licensing Sub-Committees, subject to statutory provisions, and to determine the number of such Committees, after first consulting with the Monitoring Officer or the Monitoring Officer's nominated representative to ensure Councillors have suitable expertise and to avoid political imbalance
  - (d) Delegating appropriate matters to Licensing Sub-Committees for a decision. Any such delegation is without prejudice to the Licensing Committee's ability to consider and determine those matters notwithstanding the delegation, these matters may include the following-
    - (i) Decisions on applications made under the Licensing Act 2003 for new Premises Licences and/ or Club Premises Certificates where representations have been made and not withdrawn
    - (ii) Decisions on applications made under the Licensing Act 2003 to vary Premises Licences and/ or Club Premises Certificates where representations have been made and not withdrawn
    - (iii) Decisions on applications made by the Police under the Licensing Act 2003 for expedited reviews of Premises Licences and/or Club Premises Certificates
    - (iv) Decisions on applications to review Premises Licences and/or Club Premises Certificates made under the Licensing Act 2003, including those licences which have been the subject of an earlier expedited review
    - (v) Decisions on applications made under the Licensing Act 2003 for Personal Licences where representations have been made and not withdrawn, or where the applicant has unspent convictions
    - (vi) Decisions on applications made under the Licensing Act 2003 for a Provisional Statement where representations have been made and not withdrawn



- (vii) Decisions on applications for a Temporary Event Notice made under the Licensing Act 2003 where Police or Environmental Health representations have been made
- (viii) Decisions on Public Carriage licensing matters which fall outside of existing policies
- (ix) Decisions on Public Carriage disciplinary matters
- (x) Decisions on applications made under the Gambling Act 2005 where representations have been received and not withdrawn for the following:
  - Applications for new Premises Licences
  - Applications for Variation of a Premises Licence
  - Applications for a Provisional Statement
  - Applications for other permits
- (xi) Decisions on applications for transfer of a Premises Licence made under the Gambling Act 2005 where representations have been received from the Gambling Commission
- (xii) Decisions on applications made under the Gambling Act 2005 for:
  - Cancellation of Club Gaming/Club Machine Permits
  - Cancellation of Licensed Premises Gaming Machine Permits
  - A decision to give a Counter Notice to a Temporary Use Notice
- (xiii) Making decisions in matters under the Licensing Act 2003 where there are unresolved Police representations relating to applications:
  - To vary the Designated Personal Licence Holder
  - For the transfer of a Premises Licence
  - For Interim Authorities
- (xiv) Making decisions on all applications relating to premises or land operated by the Council where relevant representations are received
- (xv) Making decisions on applications to review Premises Licences made under the Gambling Act 2005
- (xvi) Making decisions on applications relating to Street Trading which fall outside of existing policies
- (xvii) Making decisions on Public Carriage disciplinary matters that may result in the revocation or suspension of a Taxi Operators Licence
- (xviii) Making decisions on applications for new Sex Establishment and Sexual Entertainment Licences
- (xix) Making decisions on applications for renewals of Sex Establishment and Sexual Entertainment Licences where representations have been received and not withdrawn
- (xx) Making any decisions required to be made within the following legislative frameworks which have not been delegated by the Committee to Officers:
  - Caravan Site Act 1968 and Mobile Home Act 2013 and related legislation
  - Charities Act 1992 and related legislation



- Street Trading Permits and Table and Chair permissions and related permissions
  - Animal Welfare Licensing – where there are objections to licences
- (e) Approving the level of fees charged by the Council
- (f) Making decisions on the tariffs charged by the Public Carriage Trade



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## AUDIT AND GOVERNANCE COMMITTEE



|                            |  |
|----------------------------|--|
| Report subject             | <b>Risk Management – Corporate Risk Register Update</b>  |
| Meeting date               | 22 April 2021  |
| Status                     | Public Report  |
| Executive summary          | <p>This report updates councillors on the position of the council's Corporate Risk Register. The main updates are as follows:</p> <ul style="list-style-type: none"> <li>• A target risk score has been added to each risk along with details of actions or strategies to support the achievement of this risk score</li> <li>• Corporate Risk CR8 - Inability to run an election/ referendum – has been escalated back for inclusion on the Corporate Risk Register</li> <li>• Corporate Risk CR14- Continuity of Public Health arrangements and evolution of outbreak management plan - The title of this risk has been refined to better describe the risk</li> <li>• Corporate Risk 17 – Risk to reputation of Place &amp; Council if summer arrangements are not managed - This is a new risk added to the register during this quarter.</li> </ul> |
| Recommendations            | <p><b>It is RECOMMENDED that:</b></p> <p><b>Members of the Audit and Governance Committee note the update provided in this report relating to corporate risks.</b></p>   |
| Reason for recommendations | To provide assurance that corporate risks are being managed effectively and continue the development of the council's arrangements for Risk Management and enhance its governance framework.   |



|                      |   |
|----------------------|---|
| Portfolio Holder(s): | Cllr Drew Mellor, Leader of the Council   |
| Corporate Director   | Graham Farrant – Chief Executive  |
| Report Authors       | Fiona Manton<br>Risk & Insurance Manager<br>☎01202 127055<br><a href="mailto:fiona.manton@bcpcouncil.gov.uk">fiona.manton@bcpcouncil.gov.uk</a> |
| Wards                | Council-wide  |
| Classification       | For Update and Information  |

## Background

1. Risk can be broadly defined as the possibility that an action, issue or activity (including inaction) will lead to a loss or an undesirable outcome. It follows that Risk Management is about the identification, assessment and prioritisation of risks followed by co-ordinated control of the probability and impact of that risk.
2. In accordance with the Financial Regulations and the Risk Management Strategy, the Audit and Governance Committee are specifically responsible for ensuring appropriate and effective risk management processes. In practice, this means that the committee members must assure themselves that the council's Risk Management framework is appropriate and operating effectively. The council's Corporate Risk Register is an important element of this framework and is reviewed and updated on a quarterly basis.
3. In line with the decision-making framework in place for BCP Council it was agreed that, effective from day one, BCP Council would, as an interim measure, adopt the legacy Bournemouth Risk Management framework. The scoring matrix in this framework was adjusted to reflect the increased remit of the new authority. A revised Risk Management framework for BCP Council is being developed currently.
4. In addition to the quarterly reviews, in immediate practical terms, the Corporate Management Board continues to monitor risks and ensure appropriate and proportionate mitigating actions continue and evolve as risks change.

## Corporate Risk Review

5. Members will recall from the previous updates that an updated Corporate Risk Register was established which combined the risks previously identified in the separate COVID-19 Corporate Risk Register with the existing Corporate Risk Register.
6. During the last quarter this register has been reviewed and the evidence of this review is included in the risk summary at Appendix 1.
7. Members will be aware that each risk is given a unique identifying number so where risks have been removed from the register the numbers will no longer run sequentially.



## **Changes in Risk During Quarter 4 – 2020/2021**

8. As part of the continued development of risk management, during this quarter each risk was reviewed and in addition to the usual information considered, each risk lead was asked to include further information to update Members to include a target risk score.
9. In general terms the target risk score is the reconsideration of the net risk score taking account of any proposed strategies and actions identified to further manage the risk.
10. To evidence this process each risk lead was asked to identify the proposed strategies and actions which assist in the achievement of this target score and the timeframe for this.
11. The purpose of the provision of this additional information is to demonstrate the on-going management of the risk and support the decision making regarding whether the benefit (financial or otherwise) of the proposed actions warrants the costs (financial or otherwise) involved. It is accepted that on occasions there may be intervening factors that may impact on the progress to the target score and these can also be recorded in this section.

During the quarter, in addition to the routine updates on each risk, the material changes to the risks during the quarter are as follows:

Corporate Risk CR8 - Inability to run an election/ referendum - As previously this risk is escalated from a service level risk to a corporate risk prior to elections taking place. The risk is informed by the service risk and the project risk register and is a temporary addition to the Corporate Risk Register.

Corporate Risk CR14- Continuity of Public Health arrangements and evolution of outbreak management plan - The title of this risk has been refined to better describe the risk.

Corporate Risk 17 – Risk to reputation of Place & Council if summer arrangements are not managed - This is a new risk added to the register during this quarter. The risk for the Council facing spring and summer in 2021 is that the country is again facing the easing of a lockdown with a context of international travel ban until the May review date. Given this context it is likely that the BCP area will face at least as many visitors as last year, and it is important for the reputation of the Council that our services are stepped up to manage the impact of the visitor numbers and ease potential tensions with residents, to generate a positive and welcoming experience and establish BCP as a world-class destination, and to minimise negative publicity.

12. Whilst the above outlines that many of the risk scores have not changed this is not reflective of management action or inaction. Risks will continue to be influenced by a number of factors including national impacts and operational environment changes.
13. Full details of the updates for this quarter can be found in Appendix 1.

## **Service Development**

14. In addition to the reviews of Corporate Risks, the Risk Management Team continues to be engaged in the refresh of service risk registers. This includes engaging with services to understand their current risk arrangements, how these can be improved to deliver a proactive and dynamic risk management environment and how the Risk Management Team can support them in this to deliver a consistent and embedded



approach to Risk Management throughout the council. This work is progressing well.

15. Work continues on the draft of a new Risk Management framework for BCP Council. Consideration will be given to the new Council's risk appetite and the processes for managing risk consistently across the Council. This will also include the mechanisms for risk reporting and risk escalation.
16. As part of the role of the team, continuous "horizon scanning" is undertaken to identify issues that may give rise to risk to the Council. When matters are identified, these are raised with the relevant Corporate / Service Director for review and consideration of any necessary action.

#### **Summary of financial implications**

17. Financial implications relevant to risks are detailed within the relevant risk registers.

#### **Summary of legal implications**

18. There are no direct legal implications from this report.

#### **Summary of human resources implications**

19. There are no direct human resources implications from this report.

#### **Summary of sustainability impact**

20. There are no direct sustainability implications from this report.

#### **Summary of public health implications**

21. There are no direct Public Health implications from this report.

#### **Summary of equality implications**

22. There are no direct equality implications from this report.

#### **Summary of risk assessment**

23. The risk management implications are set out within the content of this report.

#### **Background papers**

Risk Management – Corporate Risk Register Update Report to the Audit and Governance Committee on 21 January 2021.

#### **Appendices**

Appendix 1 – Corporate Risk Register Update Q4 – 2020/2021






BCP Council  
AUDIT AND GOVERNANCE COMMITTEE  
April 2021

CORPORATE RISK REGISTER UPDATE Q4 - 2020/21

- 1.   **UPDATES / CHANGES TO THE CORPORATE RISK REGISTER**
  - 1.1   The Corporate Risk Register (CRR) is updated quarterly. Numbering does not run sequentially as some risks have been removed as reported previously.
  - 1.2   Mitigation actions and significant changes this quarter are detailed below.
  - 1.3   Further actions and a target risk score is now included for each risk.






| RISK REF | RISK DESCRIPTION   | GROSS RISK SCORE  | RISK INFORMATION & KEY MITIGATIONS IN PLACE  | NET RISK SCORE  | FURTHER ACTIONS  | TARGET RISK SCORE   | DATE TO ACHIEVE TARGET SCORE |
|----------|--|---|--|---|--|---|------------------------------|
| CR1      | Failure to respond to the needs arising from a changing demography |  | <p>Risk Owner: Chief Executive</p> <p>Risk Information:</p> <p><b>Adults Social Care</b></p> <p>Over recent years, the need for Adult Social Care (ASC) has been increasing due to a rising older population and due to a growing population of children, young people and adults of working age who have highly complex disabilities. ASC has been both funding a higher volume of care packages and placements and also funding an increasing number of very expensive packages of care for people with highly complex needs. Costs for residential care for older people are rising at a rate about 5% per annum due both to national issues such as the rise in the National Living Wage and due to local market conditions. Nationally, there is still no government strategy for adult social care or sustainable funding plan, which contributes to the risks for BCP Council and all local authorities.</p> <p>During the pandemic, Adult Social Care has had to respond to the unique demands for providing care packages in the community and care home placements in very short timescales and in relation to care home placements at much higher volume in order to enable rapid discharge of local people with care homes from hospital. There have been two extended periods where the pandemic incident management has required Adult Social Care to make a high number of high cost residential placements: in March to June 2020 and from November 2020 to March 2021. The level of demand coupled with the percentage of care homes where there are suspensions on new admissions due to COVID outbreaks has very much stretched the capacity of the local care market. There will be legacy of financial cost to the Council into 2021/22 and potentially beyond of the necessity of making so many high cost placements.</p> <p>Key Risk Mitigations</p> <ul style="list-style-type: none"> <li>Developing a Market Position Statement for Adult Social Care and commissioning strategies for care homes over 65s and extra care accommodation for BCP Council by Summer 2021. The focus will be on shaping the adult social care market in order to meet current and future population needs and to maximise models of care which enable individual independence choice and provide good value to local residents and both the council and the NHS as commissioners of care.</li> <li>Including in the MTFP additional budget for 2021/22 for the legacy costs of the pandemic in relation to higher numbers and costs of adult social care residential placements and commitment to commit Government COVID19 funding to cover costs beyond those in the MTFP as level of financial pressure cannot be accurately assessed while the emergency pandemic period continues.</li> <li>Working in partnership with NHS colleagues in the Dorset Integrated Care System to develop a Home First Programme which enables the public to receive high quality care and treatment at home and in their communities and reduces reliance on high cost services so that adult social care resources are used to best impact and value.</li> <li>Delivering the Adult Social Strategy which will introduce a strength-based approach to all aspects of adult social care which focusses on enabling people to live independently and well in their own homes and communities. This includes fully implementing the agreed model for the Adult Social Care Front Door which will offer early and proactive responses to the public and developing a greater range of independent living and employment options to people with complex disabilities and people who have a mental health need or have a diagnosis of autism. There will be a particular focus on work with young people who are preparing for adulthood.</li> </ul> |  | <ul style="list-style-type: none"> <li>Continue to work with Association of Directors of Adult Social Services and the Local Government Association on making the case to national funding approach to Adult Social care</li> <li>Complete work with the Council's Strategic Improvement Partner on the Transformation programme for Adult Social Care.</li> <li>Work with the Local Government Association to understand and analyse BCP Council's initial Use of Resources profile for Adult Social Care in order to support the further development of the Medium-Term Financial Plan for Adult Social Care.</li> <li>Develop a high performing Centre of Excellence for People Services which enables integrated needs analysis and commissioning across the Council to ensure best value in meeting the needs of local residents and particularly those who have the most complex needs.</li> </ul> |  | March 2024                   |



| RISK REF | RISK DESCRIPTION  | GROSS RISK SCORE | RISK INFORMATION & KEY MITIGATIONS IN PLACE   | NET RISK SCORE | FURTHER ACTIONS   | TARGET RISK SCORE | DATE TO ACHIEVE TARGET SCORE |
|----------|---|------------------|---|----------------|---|-------------------|------------------------------|
| CR1      | <p><b>Failure to respond to the needs arising from a changing demography</b></p> <p><b>Risk Continued</b></p> |                  | <p><b>Children's Services</b></p> <p>Risk Information:</p> <p>The pandemic has increased the severity of many domestic abuse and mental health incidents and patterns. The loss of social life has eroded the confidence of many children and young people and has increased isolation and loneliness. Many vulnerable children have been hidden out of sight when they need daily monitoring by a team of professionals actively engaging with them. The extended length of the pandemic is also likely to be increasing child poverty and widening the educational attainment gap between advantaged and disadvantaged children. The true social cost of the pandemic will not be clear for some time. The levels of exhaustion being felt and shown by front-line staff like social workers, teachers and health visitors is also becoming a higher risk with unknown consequences for workforces. This is exacerbated by remote working which makes team support back at a secure base much harder to achieve.</p> <p>The only variation to this risk is the increasing likelihood that demands on children's services will increase more than predicted, especially in referrals for domestic abuse and mental health concerns, where a spike is expected over the coming months. An example of this is the number of younger children behaving in distressed and challenging ways in schools (Years 1-6 whereas the pattern before the pandemic was much more Years 5 and 6. This is one of many examples. The problems caused by the pandemic are if anything deeper than predicted, especially in the number of children who have become more disengaged with the mainstream having been out of it for so long.</p> <p>Key Mitigations</p> <ul style="list-style-type: none"> <li>• Improved attendance at critical conferences and reviews through online meetings cutting out travel time</li> <li>• Lower foster care breakdown rates with their carers at home more (data from across 7 countries)</li> <li>• All children and families needing home visits have been visited after risk assessments have been carried out</li> <li>• Recovery plans are in place and local government has a good track record of multi-agency working during recovery</li> <li>• The MASH and assessment service have become stronger and reliable systems are in place for dealing with the spike when it comes.</li> </ul> <p><b>Communities</b></p> <p>Risk Information:</p> <p>The Communities directorate covers a range of responsive services where demand is often changeable. Covid 19 has placed Communities resources under pressure both in terms of the statutory activity required to respond to the pandemic from a compliance perspective and also in terms of the need to support vulnerable and isolated people in our communities.</p> <p>Key Mitigations</p> <p>There have also been increasing demands on response services such as out of hours nuisance response and anti-social behaviour. However, the benefit of Covid related grant funding has been utilised in order to ensure that staff resource requirements have been appropriate and able to meet these demands.</p> |                | <p>The relevant actions for this risk are set out in the Children's Services Action Plan. All of these 15 points are relevant to managing demand and adapting service delivery to post-pandemic referrals. Progress on delivery of the action is reported to a robustly functioning Improvement Board which has mandated senior leaders to take further actions as and when necessary to deliver improvements. The pace of change is fast already so cannot easily be quickened.</p> <p>As this is an intrinsic risk there is no target risk date. The target is to manage higher demand whilst improving service quality whilst staying within budget.</p> <p>Communities service planning and risk register monitors this risk and resources are prioritised according to risk and impact on public health.</p> |                   |                              |






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| CR2 A    | <b>Failure to deliver effective safeguarding arrangements for children &amp; adults</b><br><br><b>ADULTS</b> |  | <p>Risk Owner: Chief Executive</p> <p>Risk Information:</p> <p><b>Adult Social Care</b></p> <p>Safeguarding is the responsibility of all members and officers, and this is reflected in the Corporate Safeguarding Strategy which was agreed by Cabinet in September 2019.</p> <p>All relevant partners have worked across Children's and Adults Safeguarding and Community Safety Partnerships to establish effective governance arrangements post Local Government Review which meet all required statutory requirements. As a new Council covering a population of almost 400,000, BCP Council has to ensure that it is working with all partners in the most effective way to identify, assess and respond to safeguarding and community safety issues, particularly those which cut across children's, adults and community safety.</p> <p>The pandemic has brought increased pressures to members of the public which has led to increased reporting of safeguarding concerns to adult social services but not a rise in formal safeguarding investigations. Services have been under increased pressure (particularly the NHS and social care providers) and it has been important to ensure that the public continue to receive high quality services and responses and appropriate safeguarding in the radically changed and rapidly changing context of the pandemic.</p> <p>Key Mitigations</p> <ul style="list-style-type: none"> <li>• Robust arrangements for Safeguarding Adults on a partnership basis managed through the Safeguarding Adults Board with appointment of a new independent chairperson in March 2021 on retirement of previous post holder.</li> <li>• Implementation of BCP Council wide service delivery models for adult safeguarding from November 2020</li> <li>• Performance management and quality assurance framework is in place but will be strengthened during 2021 with additional audit processes and potential of LGA Peer Review of Adult Social Care. Learning from Safeguarding Adult Reviews will continue to be implemented including dedicated staffing to manage highest risk cases where a service user presents risks to others.</li> <li>• Continued work with partners to identify and address safeguarding risks during the pandemic period which are overseen by the Safeguarding Adults Board.</li> <li>• Recognising an increase in safeguarding contacts during the pandemic, recruitment of additional temporary staff to address these contacts in a timely way with partner agencies</li> <li>• Developing processes to respond to the new legislation around Deprivation of Liberty which is currently due to be implemented in April 2022 and also responding to the consultation on changes to the Mental Act legislation where Government intends to bring in changes to legislation in Spring 2022.</li> <li>• As part of the Smarter Structures programme and in response to the recommendations of a Serious Adults Review, introduce specialist capacity of practitioners and manager in Adult Social Care to work with service users who present a serious level of risk to others.</li> </ul> |  | <ul style="list-style-type: none"> <li>• Further strengthen the Adult Safeguarding Board performance and quality assurance processes and line of sight to front line practice</li> <li>• Ensure as new structures are implemented as a result of the Council's Smarter Structures programme that there is sufficient capacity to conduct regular independent audits and quality assurance of Adult Social Care safeguarding work and all complex case work with people who present with high risks in terms of their own safety or to the safety of others.</li> <li>• Work as part of the Community Safety Partnership to reduce the risks and impact of exploitation and County Lines on vulnerable adults</li> </ul> |  | March 2024                   |






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| CR2<br>B | <p><b>Failure to deliver effective safeguarding arrangements for children &amp; adults</b></p> <p><b>CHILDREN &amp; COMMUNITIES</b></p> |                  | <p><b>Children's Services</b></p> <p>The pan-Dorset Safeguarding Partnership is not now decoupling, though a BCP delivery arm is being put in place to link the safeguarding partnership closer to the BCP operational safeguarding service.</p> <ul style="list-style-type: none"> <li>The 3rd lockdown may have delayed the date for BCP's full ILACS inspection by Ofsted though this cannot be taken for granted.</li> <li>Audits (practice learning reviews) are showing month-on-month improvements in the quality of safeguarding assessments, though there is still some way to go before sufficient assurance can be given to remove this risk from overview.</li> </ul> <p><b>Key Mitigations</b></p> <ul style="list-style-type: none"> <li>As in CR1, the focus on the CS improvement journey and action plan is to make core services safer for vulnerable children and young people. There is evidence this is improving every month. This gives an opportunity as a Phase 2 of closer links or merger with the BCP Safeguarding Adults Board and the local Community Safety Partnership</li> <li>The strongest mitigation is to have an effective front-door service which can respond in an agile and flexible way to unforeseen demands and changes in the pattern of safeguarding demands. There is evidence of continuous improvement.</li> </ul> <p><b>Communities</b></p> <p>Key consideration for the Communities directorate in discharging the range of duties provided across a range of services. Key areas are community safety and domestic abuse in particular.</p> <p><b>Key Mitigations</b></p> <p>Safeguarding processes in place - working in partnership across the council and other key agencies, particularly in regard to risks presented in high risk domestic abuse cases. All relevant staff are trained, and referral processes are clear. At a Strategic level there is a strong link from the BCP Community Safety Partnership to Safeguarding Boards.</p> |                | <p>The relevant actions for this risk are set out in the Children's Services Action Plan. All of these 15 points are relevant to managing demand and adapting service delivery to post-pandemic referrals. Progress on delivery of the action is reported to a robustly functioning Improvement Board which has mandated senior leaders to take further actions as and when necessary to deliver improvements. The pace of change is fast already so cannot easily be quickened.</p> <p>Domestic Abuse Strategy for BCP in final stages of development.</p> |                   |                              |






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| CR4      | Failure to provide adequate IT and cyber security |  | <p>Risk Owner: Corporate Director of Resources</p> <p>Risk Information</p> <p>This risk continues as a corporate risk and includes the additional considerations of the pandemic including the increase in remote working. It is also reflective of the increasing dependency on the IT infrastructure. The changes to the external environment that has evolved over the last 12 months with publicly reported increases in phishing and an increase in the sophistication of cyber-attacks are relevant to the scoring of this risk.</p> <p>Key Mitigations / Actions</p> <ul style="list-style-type: none"> <li>• Each legacy Council has a strong infrastructure and work continues to migrate to a single BCP core infrastructure</li> <li>• Physical premises security</li> <li>• Physical data security</li> <li>• Encryption</li> <li>• Regular scanning</li> <li>• Multi layered security approach</li> <li>• Active security incident response team</li> <li>• Constant review of latest threats and their vectors</li> <li>• Regular patching and upgrades</li> <li>• Dedicated cyber security officer</li> <li>• Monthly review of key metrics</li> <li>• Continue to run 'internal' Phishing tests and use the data to target training and awareness for staff.</li> </ul> |  | As we fundamentally redesign and transition the enterprise architecture in partnership with our Strategic Implementation Partner (SIP) we will ensure that the infrastructure is built to leading edge security standards. |  |                              |





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|----------|--|---|--|---|--|---|------------------------------|
| CR8      | Inability to run an election/ referendum |  | <p>Risk Owner: Chief Executive</p> <p>Risk Information</p> <p>This is an existing service risk which is routinely escalated months prior to the holding of any elections in the BCP Council area. The risk has been added during the quarter and is closely monitored until the elections have taken place.</p> <p>The evaluation of risks in relation to these elections takes into consideration the additional impact of the pandemic. The key mitigations in place include the following:</p> <ul style="list-style-type: none"> <li>• Checklists and procedures in place</li> <li>• Project plan / risk register / contingency plan in place for each election</li> <li>• Experienced team</li> <li>• Training for Returning Officer</li> </ul> |  | <ul style="list-style-type: none"> <li>• Continue to monitor national guidance</li> <li>• Continual liaison with Dorset Council</li> <li>• Update and maintain project plans, risk register and contingency plans</li> </ul> |  | 07/05/2021                   |






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| CR9      | <b>Failure to maintain a safe and balanced budget for the delivery of services</b> |  | <p>Risk Owner: Director of Finance</p> <p>Risk Information</p> <p>This risk includes a reflection of the ongoing uncertainty being caused by the global public health emergency and the fact that in November 2020 the Government issued a one year rather than a multi-year spending review. Consideration is also given to the fact that the government have passed legislation to avoid the Council needing to take strategic financial management action to mitigate the accumulated deficit on the High Needs Budget for the three financial years to 31 March 2023.</p> <p>Key Mitigations:</p> <ul style="list-style-type: none"> <li>• Medium Term Financial Planning (MTFP) approach including forward planning based on forecasts both of central government funding and service demand especially to those of a statutory nature</li> <li>• MTFP update reports to Cabinet in June, October and December 2021</li> <li>• Quarterly 2021/22 budget monitoring reports to Cabinet in June, September, December 2021 and February 2022</li> <li>• Overview and Scrutiny Board in place to scrutinise the quarterly budget monitoring and MTFP update reports presented in-year</li> <li>• Monthly Budget Overview Meeting of Key Financial Indicators by Leader, Chief Executive and Chief Financial Officer</li> <li>• Oversight from the External Audit</li> <li>• BCP Council approved Reserves Strategy, Capital Strategy and Treasury Management Strategy</li> <li>• Approved investment in the Transformation Programme</li> </ul> |  | <p>Establishment of a new High Needs Deficit Recovery Board from April 2021 onward chaired by the Chief Executive</p> <p>Monthly follow up meeting to the Budget Overview Meeting of Key Financial Indicators of any salient issues with Corporate Director and or Portfolio Holder</p> <p>Consideration to extending the MTFP time horizon to 5 years (from 3)</p> <p>Budget Café in November 2021</p> <p>February 2022 Cabinet and Council 2022/23 Budget Report and MTFP Update Report</p> |  |                              |






| RISK REF | RISK DESCRIPTION   | GROSS RISK SCORE  | RISK INFORMATION & KEY MITIGATIONS IN PLACE   | NET RISK SCORE  | FURTHER ACTIONS    | TARGET RISK SCORE | DATE TO ACHIEVE TARGET SCORE |
|----------|--|---|---|---|--------------------|-------------------|------------------------------|
| CR 11    | Ability of the council to function and operate efficiently in the delivery of single services across the area of BCP |  | <p>Risk Owner: Chief Executive</p> <p>Risk Information</p> <p>This risk was clarified during the last quarter with the title being reviewed and changed to ensure it captured the relevant detail. This risk recognises the complex reorganisation that created the new council from 1 April 2019 and the ambitious transformation programme taking place with the on-going challenges of a pandemic.</p> <p>Key Mitigations / Actions</p> <ul style="list-style-type: none"> <li>• Training and development programme</li> <li>• Regular liaison between Cabinet and Corporate Management Board</li> <li>• Mentoring</li> <li>• Bedding down period for service re-structures</li> <li>• Members toolkits</li> <li>• Six working groups of officers and members put in place to develop high-level delivery plans for the Corporate Strategy</li> <li>• A forward plan for harmonising the council's major service strategy and policy documents which will inform the Cabinet's forward plan has been agreed</li> <li>• Agreement of Corporate Strategy, People Strategy, Equalities Strategy leading to delivery plan will give some certainty</li> <li>• The Overview and Scrutiny function has an associated skills and knowledge development programme in place to support members and ensure effective implementation of the function, which was developed in consultation with the Centre for Public Scrutiny (CfPS) as the body of excellence for scrutiny support to councils. This will include a review of the function planned for July 2020, supported by the CfPS, to provide opportunity for reflection on the first year of operation.</li> <li>• Extensive engagement with the Local Government Association to provide support for members as required, including making arrangements for mentoring and coaching, plus agreement to bring forward a Peer Review for the council in late 2020</li> </ul> |  | Update in progress |                   |                              |





| RISK REF | RISK DESCRIPTION  | GROSS RISK SCORE  | RISK INFORMATION & KEY MITIGATIONS IN PLACE   | NET RISK SCORE  | FURTHER ACTIONS   | TARGET RISK SCORE   | DATE TO ACHIEVE TARGET SCORE |
|----------|---|---|---|---|---|---|------------------------------|
| CR 12    | Failure to achieve appropriate outcomes and quality of service for young people |  | <p>Risk Owner: Interim Director of Children's Services</p> <p>Risk Information</p> <p>A 15-point 6-month action plan is in place and being driven forward by the interim Leadership Team in Children's Services. The DfE-led Improvement Board and Cabinet members are monitoring progress and keeping accountable officers on task.</p> <p>The only variation to this risk is the increasing likelihood that demands on children's services will increase more than predicted, especially in referrals for domestic abuse and mental health concerns, where a spike is expected over the coming months. An example of this is the number of younger children behaving in distressed and challenging ways in schools (Years 1-6 whereas the pattern before the pandemic was much more Years 5 and 6. This is one of many examples. The problems caused by the pandemic are if anything deeper than predicted, especially in the number of children who have become more disengaged with the mainstream having been out of it for so long.</p> <p>Key Mitigations / Actions</p> <ul style="list-style-type: none"> <li>Improved attendance at critical conferences and reviews through online meetings cutting out travel time</li> <li>Lower foster care breakdown rates with their carers at home more (data from across 7 countries)</li> <li>All children and families needing home visits have been visited after risk assessments have been carried out</li> <li>Recovery plans are in place and local government has a good track record of multi-agency working during recovery</li> <li>The MASH and assessment service have become stronger and reliable systems are in place for dealing with the spike when it comes.</li> </ul> |  | <p>Further Actions</p> <ul style="list-style-type: none"> <li>The 15 point 6 month action plan will be consolidated into a 2021/24 Children and Young People's Plan from April 2021 (an LGR requirement)</li> <li>Other linked action plans are being driven forward in the same way e.g., the SEND action plan which also has an Improvement Board</li> <li>Intensive work to achieve stronger staff engagement and support</li> <li>A business case for additional funding from DfE is being submitted against their programme to prevent local authority children's services falling over</li> <li>Development of the strongest in-house managers by Hampshire County Council (rated outstanding for children's services), so that the in-house leaders of the future are ready to take up the reins when the interim leaders move on</li> </ul> <p>There is no target date for this risk as it is considered a continuous as an intrinsic risk.</p> |  |                              |






| RISK REF | RISK DESCRIPTION                                | GROSS RISK SCORE  | RISK INFORMATION & KEY MITIGATIONS IN PLACE   | NET RISK SCORE  | FURTHER ACTIONS   | TARGET RISK SCORE   | DATE TO ACHIEVE TARGET SCORE |
|----------|---|---|---|---|---|---|------------------------------|
| CR 13    | Failure to deliver the transformation programme |  | <p>Risk Owner: Corporate Director of Resources</p> <p>Risk Information</p> <p>The future efficiency and effectiveness of the Council, our reputation as a service provider and our ability to continue to deliver a balanced financial position within the MTFP horizon are fundamentally linked to the delivery of our transformation objectives. Delivering a programme with the complexity, scale and pace as set out by the Council will be challenging on a number of levels including: Identifying the correct partner(s) to support the delivery of the programme; effectively engaging the organisation in the vision of the future; committing to the achievement of challenging benefits realisation targets; ensuring the appropriate level of funding to support the resources required to deliver the programme.</p> <p>Key Mitigations</p> <ul style="list-style-type: none"> <li>• Strong design and engagement with key stakeholders to the business case</li> <li>• Identification of funding sources and the development of a Financial Strategy to support the programme</li> <li>• Strong identification and specification of our requirements while reflecting the extremely dynamic technology/data environment within which we will need to deliver the programme</li> <li>• Robust and effective procurement process to identify and engage the right partner(s) to support the Council in the delivery of the programme</li> <li>• Effective programme management and performance monitoring of the delivery.</li> </ul> |  | To be developed during mobilisation of the full programme following appointment of the Strategic Implementation Partner (SIP) |  |                              |






| RISK REF | RISK DESCRIPTION   | GROSS RISK SCORE  | RISK INFORMATION & KEY MITIGATIONS IN PLACE   | NET RISK SCORE  | FURTHER ACTIONS    | TARGET RISK SCORE | DATE TO ACHIEVE TARGET SCORE |
|----------|--|---|---|---|--------------------|-------------------|------------------------------|
| CR 14    | Continuity of Public Health arrangements and evolution of outbreak management plan |  | <p>Risk Owner: Chief Executive</p> <p>Risk Information</p> <p>This risk was considered by the Chief Executive following its addition to the risk register. Due to the nature of the risk the mitigations and actions move at pace and are influenced by both the national and local position. They will continue to be reviewed and updated as part of the on-going response to the pandemic.</p> |  | Update in progress |                   |                              |



| RISK REF | RISK DESCRIPTION                 | GROSS RISK SCORE  | RISK INFORMATION & KEY MITIGATIONS IN PLACE   | NET RISK SCORE  | FURTHER ACTIONS   | TARGET RISK SCORE   | DATE TO ACHIEVE TARGET SCORE |
|----------|----------------------------------|---|---|---|---|---|------------------------------|
| CR 15    | <b>Effective people strategy</b> |  | <p>Risk Owner: Chief Executive</p> <p>Risk Information</p> <p>The Council's People Strategy was developed and launched during 2019/2020 - immediately prior to the impact of the Covid-19 pandemic. A significant amount of the anticipated work within the strategy has been impacted by the need to refocus on the support and wellbeing of the workforce during the response to the pandemic. As we hopefully emerge from the full response phase of the pandemic, focus is now shifting to rechecking the key elements of the Strategy against the changed workforce/workplace and the wider transformation programme objectives.</p> |  | <ul style="list-style-type: none"> <li>Strong analysis and reaction to the key themes emerging from the Employee Engagement Survey</li> <li>Clear correlation between the key themes of the People Strategy and the design and implementation of the transformation programme</li> <li>develop stronger communications capabilities within our management structures</li> </ul> |  |                              |



| RISK REF | RISK DESCRIPTION  | GROSS RISK SCORE  | RISK INFORMATION & KEY MITIGATIONS IN PLACE   | NET RISK SCORE  | FURTHER ACTIONS  | TARGET RISK SCORE   | DATE TO ACHIEVE TARGET SCORE |
|----------|---|---|---|---|--|---|------------------------------|
| CR 17    | <b>Risk to Reputation of Place &amp; Council if summer arrangements are not managed</b> |  | <p>Risk Owner: Chief Executive</p> <p>Risk Information</p> <p>Following the easing of the lockdown last year and the unprecedented numbers of visitors along with residents to our parks, open spaces and beaches the Council faced significant strain on its public services and declared a major incident through the Local Resilience Forum (LRF).</p> <p>The risk for the Council facing spring and summer in 2021 is that the country is again facing the easing of a lockdown with a context of international travel ban until the May review date. Given this context it is likely that the BCP area will face at least as many visitors as last year, and it is important for the reputation of the Council that our services are stepped up to manage the impact of the visitor numbers and ease potential tensions with residents, to generate a positive and welcoming experience and establish BCP as a world-class destination, and to minimise negative publicity. There are also related risks that the Council's programme of events and hospitality offer provided through Festival Coast Live, and supported events, add to the complexity of what is being managed and the specific risks associated with this need to also be managed appropriately.</p> <p>Key Risk Mitigations</p> <ul style="list-style-type: none"> <li>Corporate Incident Management Team considered initial decision to provide enhanced response and this funding was approved.</li> <li>Following the Road Map publication and the increasing risk to overseas travel there was a further review of the Council's summer response and a detailed response plan developed with an additional commitment of £2.4 million funding being allocated to enhance resources.</li> <li>LRF arrangements that have established Operational Groups reporting to the tactical Co-ordinating Group.</li> <li>Establishment of the Multi-Agency Command Centre with clear multi-agency plan and associated resource.</li> <li>Established Safety Advisory Group and Licensing Committee to take an overview of relevant events and activities.</li> <li>Government guidance is awaited on major events and will be implemented once available.</li> </ul> |  | <ul style="list-style-type: none"> <li>Implementation of the investment outlined in the Summer response plan including recruitment of staff</li> <li>Ongoing analysis and oversight through the Multi-Agency command centre and planning.</li> <li>Weekly tactical summer response review to assess risk and agree further actions required</li> <li>Overview and Scrutiny will be considering the Council's summer response at their May meeting where further adjustment can be made to the response</li> <li>Ensure that Public Health is included in Safety Advisory Group consideration of major events.</li> </ul> |  | 15/09/2021                   |



## AUDIT AND GOVERNANCE COMMITTEE



|                            |  |
|----------------------------|--|
| Report subject             | <b>Information Governance Update</b>   |
| Meeting date               | 22 April 2021  |
| Status                     | Public Report  |
| Executive summary          | First BCP Council IG update report to Committee, providing performance management information since the inception of BCP Council and outlining current position of the IG Team and Council's IG function.  |
| Recommendations            | <p><b>It is RECOMMENDED that:</b></p> <ul style="list-style-type: none"> <li><b>(a) Committee note the Information Governance (IG) performance management information (PMI) for 2019/20 and 2020/21 (to Q3 – December 2020) contained in this report. This includes requests received under the Freedom of Information Act 2000 (FOIA), Environmental Information Regulations (EIRs), Data Protection Act 2018 (DPA) and other agency disclosure requests.</b></li> <li><b>(b) Committee note the current composition and position of the IG Team.</b></li> <li><b>(c) Committee note IG developments effected and/or in progress, following Annual Governance Statement (AGS) report to January 2020 A&amp;G Committee and the Internal Audit report of July 2020.</b></li> <li><b>(d) Committee note changes effected to the delivery of IG training.</b></li> </ul> |
| Reason for recommendations | This is the first IG update report to A&G Committee since the creation of BCP Council in April 2019. Its purpose is to provide an overview to the Committee of the IG function within the Council.   |



|                      |   |
|----------------------|---|
| Portfolio Holder(s): | Councillor Drew Mellor                          |
| Corporate Director   | Susan Zeiss, Service Director, Law & Governance |
| Report Authors       | Vivien Bateman, Head of Information Governance. |
| Wards                | Council-wide                                    |
| Classification       | For update and information.                     |

## Background

1. This is the first IG update report submitted to BCP Council. An IG update report was submitted to Bournemouth Borough Council (BBC) A&G Committee on 16 January 2019, which included reference to shared service provision (Borough of Poole and BBC), local government reorganisation (LGR) and implementation of the General Data Protection Regulations (GDPR)/Data Protection Act (DPA) 2018.
2. Since the report was submitted the following has been implemented:
  - a. BCP IG Accountability and Policy Framework - the policy and accountability framework cover all aspects of information governance, including compliance, information security and information records management.
  - b. The framework was promoted through IG face-to-face training to March 2020. Training provision since March 2020 has been delivered through the Council's i-learning programme.
  - c. Single point of entry into the organisation for requests for information (RFIs) under the Freedom of Information Act (FOIA), the Environmental Information Regulations (EIRs) and the Data Protection Act (DPA), via Customer Services.
  - d. BCP Information Governance Board (IGB), with updated membership and Terms of Reference (Appendix A). The first BCP IGB meeting was held on 27 February 2020.

## Performance Management Information (PMI)

3. Appendices 1-7 provide performance management information for the period April 2019-March 2020 (Q1-4) and April 2020-December 2020 (Q1-3).
4. The appendices include commentary and are self-explanatory.
5. The target response rate set by the Information Commissioner's Office (ICO) for requests for information under the FOIA/EIRs is 90%. The Council's response rate does not currently meet this target.
6. The ICO has taken a reasonable approach during the pandemic, recognising the pressures on public sector bodies and delays in responding to requests has not resulted in any enforcement action to date.



7. In addition to COVID, the restructuring of service delivery areas following LGR had a significant impact on the Information Asset Advisor (IAA) framework, which is ongoing in the light of the Transformation Programme/Smarter Structures.
8. The position currently remains stable and should start to show signs of improvement during 2021/22 as COVID demands reduce and the Transformation Programme/Smarter Structures moves forward.

### **The Information Governance Team**

9. The Team currently comprises:
  - a. Head of Information Governance & DPO (0.80 fte)
  - b. Principal IG Officer; post vacant from 12/3/20 (1.0 fte)
  - c. Information Governance Officers x3 (2.50 fte)
  - d. Agency staff; at IG officer level (0.80 – 1.0 fte)
10. A full time IG business/administrative officer post was deleted from the IG Team establishment in December 2019 to contribute to savings within the L&G Service Unit. A full-time IG Officer post is also now part time (reduction from 37 to 30 hours per week, effective from August 2020).
11. Since the last report to A&G the Team has been impacted by the Principal Officer post vacancy from 12 March 2020, together with long term sickness and maternity absences, covering the period December 2019 – August 2020.
12. The Transformation Programme and Smarter Structures implementation will determine the future delivery of the IG Team/function and options are currently under consideration in line with the proposed operating model.
13. The Team has been working successfully from home since the first lockdown in March 2020.
14. The Team has continued to deliver key IG services for which it is responsible during an exceptional period of change and despite the impact of COVID on the Council's service delivery.

### **IG Developments**

15. In line with the IG section of the AGS report submitted to A&G Committee in January 2020 and the Internal Audit report of July 2020, the following developments have been implemented or are in progress:
  - a. Compliance self-assessment checklist(s) developed. The checklist(s) are based on ICO guidance and will be available as an online tool for completion by Service Units. Test system is in place and will shortly be made accessible to Service Unit Information Asset Advisors. Consultation with IGB and IAAs has been undertaken throughout the development of the checklist(s). It is anticipated the checklists will be in use by June 2021.
  - b. The self-assessment compliance checklist(s) will form part of an online dashboard, which will include IG performance management information for Service Units. The PMI will comprise data reported quarterly to IGB and annually to A&G Committee.
  - c. Microsoft Teams "channels" have been established for IGB and Information Asset Advisors (IAAs). The IAA channel is proving to be beneficial as a mutual support facility for the IAA Network.



- d. BCP Corporate Retention & Disposal Schedule Guide in development, which will assist Service Units in improving and refining their Information Asset Registers (IARs).
  - e. Council's Caldicott Guardians identified and appear on the National CG Register. There has been a very recent change to the CG for Children's Services; update to the National Register is in progress.
  - f. DiSC (Dorset Information Sharing Charter) BCP signatory update requested in July 2020. There are issues with the signatory process, which is being addressed by Dorset Council and should be resolved shortly. In the meantime, BCP does appear as a signatory.
  - g. Pan Dorset Information Governance Group re-convened and first meeting held on 21 March 2021. The Group had been inactive from August 2019. The Group is responsible for the review and update of the DiSC, which is now in progress.
  - h. All IG guidance has been reviewed and updated and is available on the BCP Intranet
16. Three medium risk recommendations remain outstanding from the Internal Audit report, which will be addressed during 2021/22.

### **IG Training Programme**

- 17. IG face-to-face training sessions ceased because of the first lockdown in March 2020 and the vacancy arising from the resignation of the Principal IG Officer, who led in developing and delivering the training programme.
- 18. Since this time the Council's i-learning platform has been used to provide IG training.
- 19. All existing IG i-learning sessions have been reviewed and updated, new sessions have been added and four of the sessions deemed mandatory, which has been approved by the SIRO and IGB.
- 20. Take up of these sessions is improving, with the last quarter showing a significant increase.
- 21. IGB has approved i-learning as the method by which the Council will deliver IG training in the future. If exceptionally face-to-face training is considered desirable for officers who may require more detailed/specialist knowledge of FOIA/EIRs/DPA, Service Units will identify and fund such training.
- 22. The IG Team is currently considering the provision of virtual training for the IAA Group to encourage better use of the RFI Tracker and reinforce the Council's RFI procedures.

### **Options Appraisal**

- 23. Not applicable – this is an update report for information.

### **Summary of financial implications**

- 24. The Information Commissioner's Office is empowered to take enforcement action and impose sanctions, which can include significant financial penalties.



**Summary of legal implications**

25. Data subjects can bring claims for compensation in cases where their privacy rights have been breached.

**Summary of human resources implications**

26. There are no human resources implications from this report.

**Summary of sustainability impact**

27. There are no sustainability implications from this report.

**Summary of public health implications**

28. There are no public health implications from this report.

**Summary of equality implications**

29. There are no equality implications from this report.

**Summary of risk assessment**

30. Not applicable – this is an update report for information.

**Background papers**

None

**Appendices**

Appendix A

Appendix B (Tables 1-7)



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**TERMS OF REFERENCE**  
**BCP INFORMATION GOVERNANCE BOARD (IGB)**

**MEMBERSHIP**

**Appendix A**



| NAME              | TITLE                          | IG ROLE   | SERVICE DELIVERY AREA                        | NOMINATED DEPUTY               |
|-------------------|--------------------------------|---|--|--------------------------------|
| Julian Osgathorpe | Corporate Director             | Senior Information Risk Owner (SIRO) & Chair of Board | Resources                                    | Susan Zeiss                    |
| Susan Zeiss       | Director                       | Deputy SIRO   | Law & Governance                             | N/A                            |
| Brian Relph       | Interim Director               | Information Asset Owner (IAO)                         | Children's Social Care                       | Anjali Diwan                   |
| David Vitty       | Director                       | IAO & Caldicott Guardian (Adults)                     | Adult Social Care (ASC)                      | Tim Branson                    |
| Phil Hornsby      | Director                       | IAO   | ASC Commissioning & Improvement              | Wendy Francis                  |
| <b>Vacant</b>     | Director                       | IAO & Caldicott Guardian (Children)                   | CSC Quality & Commissioning                  | Jane Potter                    |
| Simon Mckenzie    | Director                       | IAO   | Children & Young People                      | Jane Potter                    |
| Lorraine Mealings | Director                       | IAO   | Housing                                      | Tracy Priestly                 |
| <b>Vacant</b>     | Director                       | IAO   | Environment                                  | Judy Erven                     |
| Chris Shephard    | Director                       | IAO   | Development                                  | Adrian Hale                    |
| Chris Saunders    | Director                       | IAO   | Destination & Culture                        | Nicola Good                    |
| Julian McLaughlin | Director                       | IAO   | Growth & Infrastructure                      | Mike Kellaway/Richard Salt     |
| Kelly Ansell      | Director                       | IAO   | Communities                                  | Sue Kerr                       |
| Katie Lacey       | Director                       | IAO & IT/IS specialist                                | Information Technology & Information Systems | Marc Biondic/Sarah Chamberlain |
| Adam Richens      | Director                       | IAO   | Finance                                      | Nigel Stannard                 |
| Matti Raudsepp    | Director                       | IAO   | Organisational Development                   | Bridget West                   |
| Viv Bateman       | Head of Information Governance | IG specialist   | Law & Governance                             | Deputy post vacant             |
| Simon Milne       | Deputy Chief Internal Auditor  | Internal Audit  | Finance                                      | Acqusilia Mudzingwa            |

Board members will attend all meetings and assume collective responsibility for decision making in respect of the Council's developing information governance framework.



## **TERMS OF REFERENCE**

### **BCP INFORMATION GOVERNANCE BOARD (IGB)**

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Information Asset Owners (Directors) will nominate deputies if they are unable to attend Board meetings. **Deputies should be at Service Manager level or equivalent.** Information Asset Advisors (IAAs) should not deputise unless they are Service Managers or equivalent.

#### Board Administrator

- Principal Information Governance Officer (post currently vacant).

#### Other attendees

The Board may request the attendance of any Council officers at any time, subject to the content of the Board meeting and availability of officers.

### **ACCOUNTABILITY**

The Board will report to the Corporate Management Board.

### **PURPOSE OF THE BOARD**

To provide advice and assurance to the Council on all matters concerning Information Governance.

### **OBJECTIVES**

To be responsible for the engagement of the Council with the information governance function.

To ensure the Council has a comprehensive information governance accountability framework with effective management arrangements, policies, procedures, guidance and IG training programme, covering all aspects of Information Governance.

To ensure all relevant IG risks are identified and reflected in Service Unit Risk Registers.

To ensure the Council undertakes compliance reviews of its Information Governance framework, policies, procedures and guidance and management arrangements.

To receive information governance performance management information in respect of:

- IG training
- Information security breaches
- Freedom of Information/Environmental Information Regulations requests
- Subject Access requests (under the Data Protection Act)
- Other third-party disclosure requests in association with Information Sharing protocols
- Complaints to the Information Commissioner's Office
- Progress on addressing information governance risks in Service Unit Risk Registers



## **TERMS OF REFERENCE**

### **BCP INFORMATION GOVERNANCE BOARD (IGB)**

---

And identify any:

- Additional risks to be reflected in Service Unit Risk Registers
- Requirement to effect changes to the Council's IG Accountability Framework
- Requirement for new or updated corporate or service unit policy, procedure, or guidance and assign responsibility for overseeing implementation
- Improvements to the management & administration of requests for information, Service Unit Information Asset Registers (IARs) and the publication of information to meet transparency requirements
- Additional IG training needs

To liaise with other Council committees, working groups and programme boards to promote Information Governance practice.

To formulate and receive guidance from supporting Council committees, boards and groups as appropriate.

To ensure full and effective liaison with all external organisations such as the Information Commissioner, police and health authorities and other relevant partner agencies.

To report to the Corporate Management Board on major IG developments and risks and to carry out such other tasks as may be required of it by the Council.

#### **MEETING & REPORTING**

Meetings will be held quarterly.

The Board will review frequency of meetings on an annual basis.

Minutes of meeting will be circulated within two weeks of the date the meeting was held.

#### **APPROVAL & REVIEW**

Terms of reference for the Board and membership will be agreed with Corporate Management Board and reviewed annually.



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TABLE 1 – FOI/EIR REQUESTS 2019-20 to 2020-21

**ALL FOI / EIR REQUESTS 2019/20 – 2020/21\***

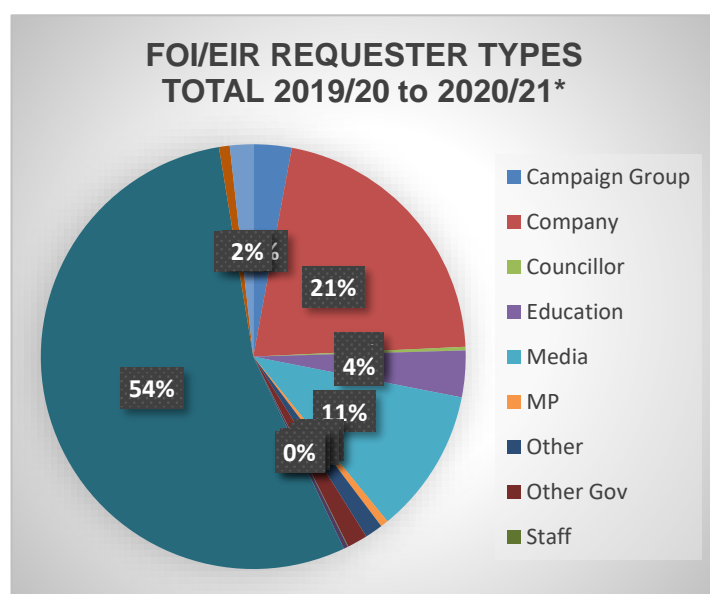
| All Requests | Q1  | Q2  | Q3  | Q4  |      |
|--------------|-----|-----|-----|-----|------|
| 2019-20      | 358 | 349 | 309 | 304 | 1320 |
| 2020-21*     | 217 | 353 | 311 |     | 881  |
| TOTAL        | 575 | 702 | 620 |     | 2201 |

\*to December 2020

**REQUESTER TYPES 2019-20 to 2020-21\***

| Requestor Type:                   | 2019/20 | 2020/21* |      |
|-----------------------------------|---------|----------|------|
| Campaign Group                    | 45      | 19       | 64   |
| Company                           | 289     | 181      | 470  |
| Councillor                        | 3       | 3        | 6    |
| Education - Researcher/Student    | 49      | 29       | 78   |
| Media                             | 178     | 65       | 243  |
| MP/Parliamentary Researcher       | 6       | 7        | 13   |
| Other                             | 16      | 14       | 30   |
| Other Government Agency           | 21      | 13       | 34   |
| Staff                             |         | 1        | 1    |
| Police                            | 4       | 3        | 7    |
| Public                            | 666     | 532      | 1198 |
| Solicitors                        | 12      | 6        | 18   |
| Voluntary/Charitable Organisation | 31      | 8        | 39   |
| TOTAL                             | 1320    | 881      | 2201 |

\*to December 2020



\*to December 2020

- Highest volume FOI requests during 2019/20 following the creation of BCP Council

- Highest percentage of requests received from members of public followed by Companies

- Higher percentage received from the Media during 2019/20

- Based on current run rate for 2020/21 (an average of 98 requests per month) 2019/20 is still projected to receive higher number of requests than 2020/21.

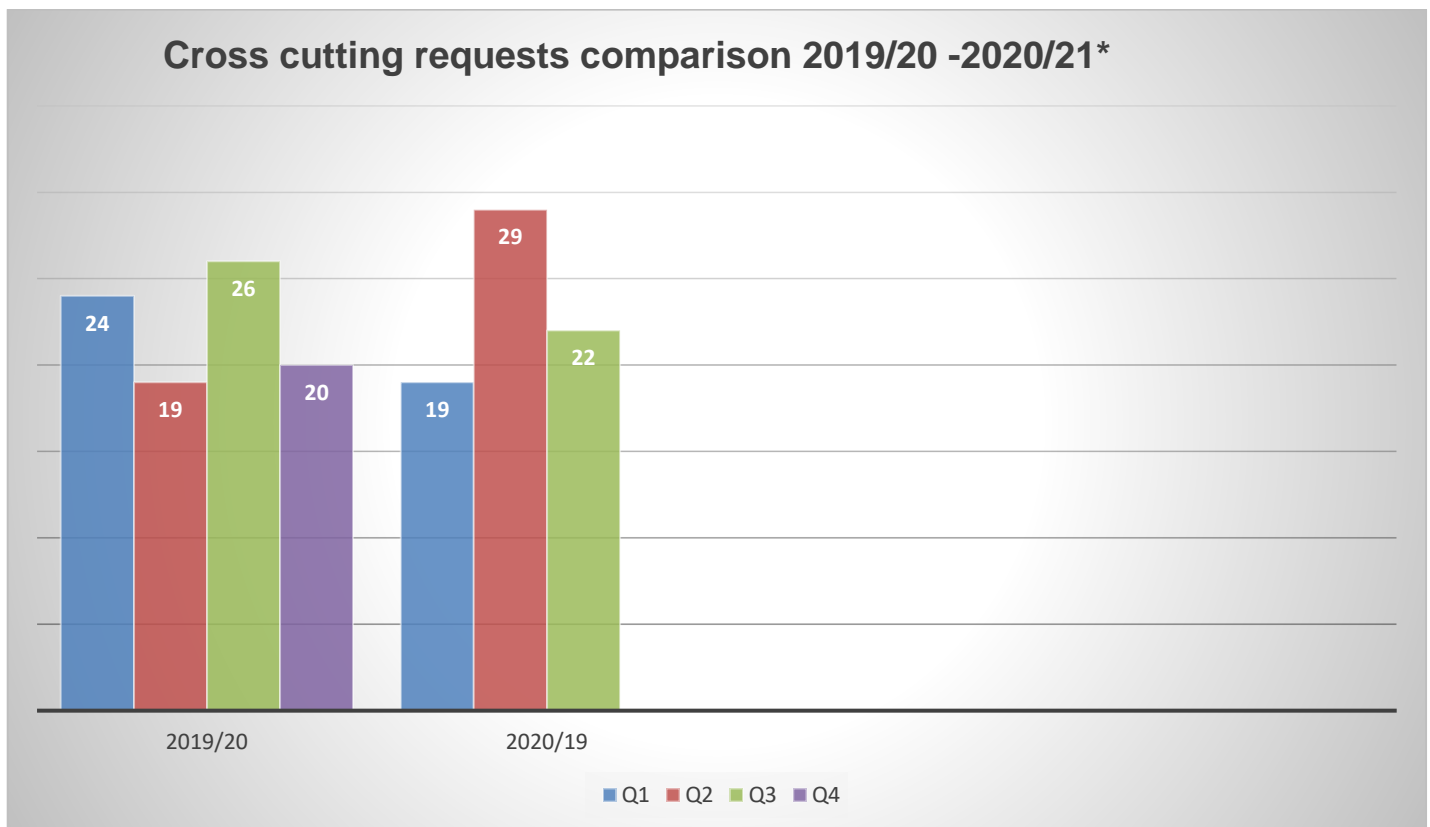


**TABLE 1 – FOI/EIR REQUESTS 2019-20 to 2020-21****CROSS CUTTING REQUESTS 2019-20 to 2020-21\***

(Requests covering more than one Unit)

| Corporate Cross Cutting Requests | Q1 | Q2 | Q3 | Q4 | Total |
|----------------------------------|----|----|----|----|-------|
| 2019/20                          | 24 | 19 | 26 | 20 | 89    |
| 2020/21*                         | 19 | 29 | 22 |    | 70    |

\*to December 2020



\*to December 2020

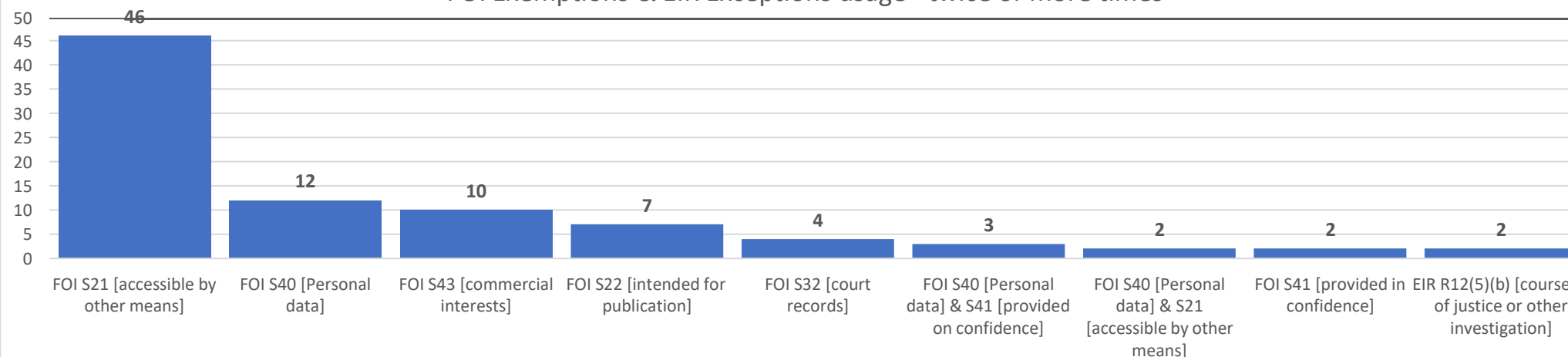


**Table 2 – Exemptions used in FOI-EIR responses by Service Area and financial year quarter (April 2019-December 2020)**

**(a) – Number of requests either fully or partially refused using exemptions or exceptions**

| Figures relates to requests either fully or partially refused using exemptions | Q1<br>2019-20 | Q2<br>2019-20 | Q3<br>2019-20 | Q4<br>2019-20 | Q1<br>2020-21 | Q2<br>2020-21 | Q3<br>2020-21 | Total     |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------|
| Adult Social Care  | 1             | 1             | 3             |               |               |               |               | 5         |
| Childrens Social Care  |               | 2             | 3             | 2             | 2             | 1             |               | 10        |
| Communities (Environment & Community)  | 2             | 1             | 5             |               | 1             | 3             | 1             | 13        |
| Corporate (cross cutting requests)   | 1             | 2             | 1             | 3             | 1             |               | 1             | 9         |
| Destination & Culture  |               | 1             |               |               | 1             |               |               | 2         |
| Development  |               | 1             |               |               | 1             |               | 1             | 3         |
| Environment  | 2             | 2             | 1             |               |               |               | 4             | 9         |
| Finance  |               | 2             | 1             | 1             |               | 2             | 1             | 7         |
| Growth & Infrastructure  | 3             | 5             | 1             |               |               | 2             |               | 11        |
| Housing  |               |               |               |               |               | 1             |               | 1         |
| Human Resources & Organisational Development                                   |               | 1             | 1             |               |               |               | 1             | 3         |
| Inclusion and Family Services  | 2             |               | 1             |               | 1             | 2             |               | 6         |
| Information Technology & Information Systems                                   | 1             |               |               |               |               |               |               | 1         |
| Law & Governance   | 3             |               | 3             |               | 1             | 1             |               | 8         |
| Revenues & Benefits BCP  | 1             | 4             | 3             | 1             |               |               | 2             | 11        |
| <b>Grand Total</b>   | <b>16</b>     | <b>22</b>     | <b>23</b>     | <b>7</b>      | <b>8</b>      | <b>12</b>     | <b>11</b>     | <b>99</b> |

**FOI Exemptions & EIR Exceptions usage - twice or more times**





**Table 2 – Exemptions used in FOI-EIR responses by Service Area and financial year quarter (April 2019-December 2020)**

The table on the previous page is showing the number (by calendar year quarter and Service Unit) of FOI & EIR requests which have, since the formation of BCP Council, been partially or fully refused by engaging an exemption/exception. Most exemptions/exceptions have been applied to requests responded to between July & December 2019.

The graph on the previous page is showing the FOI exemptions & EIR exceptions which have been used twice or more. There is a significant difference between the ‘accessible by other means’ exemption and the others used during the time period. The Section 21 exemption would be used to signpost requesters to information which is already published.

**(b) - FOI exemptions and EIR exceptions which were used together once in responses to requests where disclosure was partially or fully refused.**

54

|   |
|---|
| FOI - S22 [Intended for publication] & S43 [Commercial interests]   |
| FOI - S22 [Intended for publication], S43 [Commercial interests] & S36 [Prejudicial to conduct of public affairs]                                       |
| FOI - S38 [Health & Safety]   |
| FOI - S41 [Provided in confidence], S42 [Legal Professional Privilege], S43 [Commercial interests] & S36 [Prejudicial to the conduct of public affairs] |
| FOI - S41 [Provided in confidence] & S43 [Commercial interests]   |
| FOI - S42 [Legal Professional Privilege]  |
| FOI - S40 [Personal data] & S43 [Commercial interests]  |
| EIR - R12(4)(a) [Information not held]  |
| EIR - R12(4)(b) [Request manifestly unreasonable]   |
| EIR - R12(3) [Personal data]  |
| EIR - R12(4)(e) [Disclosure of internal communications]   |



**TABLE 3 – FOI/EIR response rates within 20 days (April 2019- December 2020)**

**(a) - FOI/EIR RESPONSES BY SERVICE UNIT 2019/2020**

| Service Unit                | Q1 Requests Received | % Response Rate | Q2 Requests Received | % Response Rate | Q3 Requests Received | % Response Rate | Q4 Requests Received | % Response Rate |
|-----------------------------|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| Adult Social Care           | 29                   | 86%             | 21                   | 71%             | 17                   | 82%             | 21                   | 96%             |
| Children's Social Care      | 30                   | 80%             | 29                   | 76%             | 29                   | 86%             | 27                   | 96%             |
| Communities                 | 42                   | 60%             | 47                   | 47%             | 36                   | 64%             | 33                   | 60%             |
| Corporate                   | 24                   | 38%             | 18                   | 50%             | 19                   | 84%             | 19                   | 74%             |
| Customer, Prog & Policy     | 1                    | 0%              | 1                    | 100%            | 3                    | 100%            | 2                    | 100%            |
| Destination and culture     | 2                    | 100%            | 7                    | 100%            | 6                    | 100%            | 2                    | 100%            |
| Development                 | 3                    | 0%              | 2                    | 50%             | 0                    | N/A             | 1                    | 100%            |
| Environment                 | 33                   | 64%             | 44                   | 68%             | 29                   | 79%             | 31                   | 75%             |
| Finance                     | 14                   | 64%             | 18                   | 67%             | 6                    | 83%             | 18                   | 100%            |
| Growth and Infrastructure   | 43                   | 51%             | 47                   | 62%             | 29                   | 86%             | 31                   | 75%             |
| Housing                     | 33                   | 55%             | 26                   | 42%             | 10                   | 60%             | 20                   | 60%             |
| Human resources             | 11                   | 82%             | 7                    | 57%             | 4                    | 50%             | 3                    | 99%             |
| Inclusion family & learning | 45                   | 71%             | 26                   | 85%             | 25                   | 80%             | 32                   | 94%             |
| IT & IS                     | 6                    | 83%             | 11                   | 91%             | 11                   | 91%             | 13                   | 100%            |
| Law and Governance          | 7                    | 86%             | 7                    | 71%             | 5                    | 100%            | 7                    | 86%             |
| Poole Housing               | 3                    | 67%             | 0                    | N/A             | 0                    | N/A             | 5                    | 100%            |
| Revenues & Benefits         | 27                   | 74%             | 25                   | 80%             | 11                   | N/A             | 13                   | 70%             |
| <b>Totals</b>               | <b>353</b>           | <b>65%</b>      | <b>336</b>           | <b>66%</b>      | <b>240</b>           | <b>80%</b>      | <b>278</b>           | <b>81%</b>      |

|  |             |
|--|-------------|
| <b>Total FOI/EIR request received FY 2019/20</b> | <b>1207</b> |
| <b>Average % FY 2019/20</b>                      | <b>73%</b>  |



**TABLE 3 – FOI/EIR response rates within 20 days (April 2019- December 2020)**

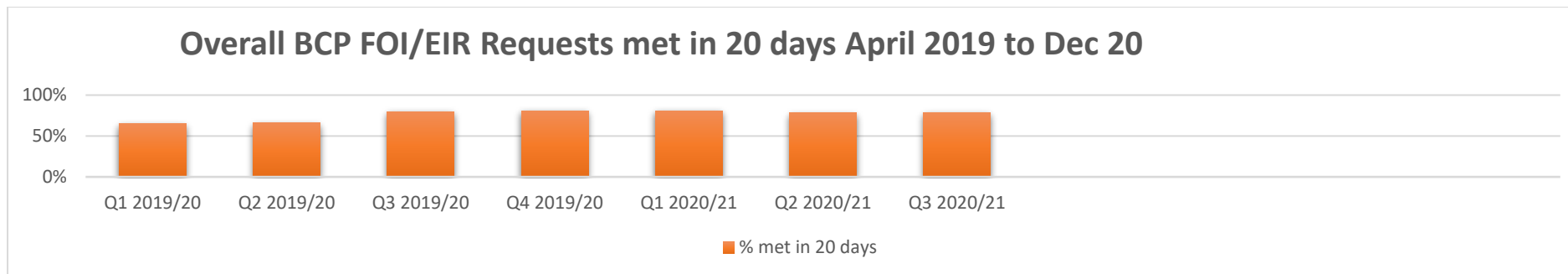
**(b) – FOI/EIR RESPONSES BY SERVICE UNIT 2020/21**

| Service Unit                | Q1 Requests Received | % Response Rate | Q2 Requests Received | % Response Rate | Q3 Requests Received | % Response Rate |
|-----------------------------|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| Adult Social Care           | 12                   | 92%             | 17                   | 100%            | 13                   | 85%             |
| Children's Social Care      | 12                   | 90%             | 17                   | 77%             | 28                   | 65%             |
| Communities                 | 32                   | 93%             | 49                   | 98%             | 42                   | 100%            |
| Corporate                   | 18                   | 70%             | 28                   | 58%             | 21                   | 81%             |
| Customer, Prog & Policy     | 0                    | N/A             | 3                    | 70%             | 1                    | 0%              |
| Destination and culture     | 10                   | 90%             | 21                   | 91%             | 3                    | 67%             |
| Development                 | 6                    | 66%             | 12                   | 92%             | 2                    | 50%             |
| Environment                 | 13                   | 54%             | 41                   | 59%             | 45                   | 76%             |
| Finance                     | 11                   | 100%            | 14                   | 65%             | 16                   | 69%             |
| Growth and Infrastructure   | 17                   | 80%             | 51                   | 55%             | 46                   | 59%             |
| Housing                     | 10                   | 80%             | 17                   | 95%             | 17                   | 100%            |
| Human resources             | 7                    | 43%             | 6                    | 68%             | 10                   | 90%             |
| Inclusion family & learning | 14                   | 92%             | 24                   | 96%             | 27                   | 93%             |
| IT & IS                     | 10                   | 100%            | 11                   | 91%             | 11                   | 91%             |
| Law and Governance          | 6                    | 90%             | 11                   | 91%             | 11                   | 91%             |
| Public Health               | 4                    | 100%            | 1                    | 100%            |                      |                 |
| Revenues & Benefits (SVPP)  | 14                   | 80%             | 28                   | 72%             | 20                   | 65%             |
| <b>Overall Total</b>        | <b>196</b>           | <b>81%</b>      | <b>351</b>           | <b>78%</b>      | <b>313</b>           | <b>79%</b>      |

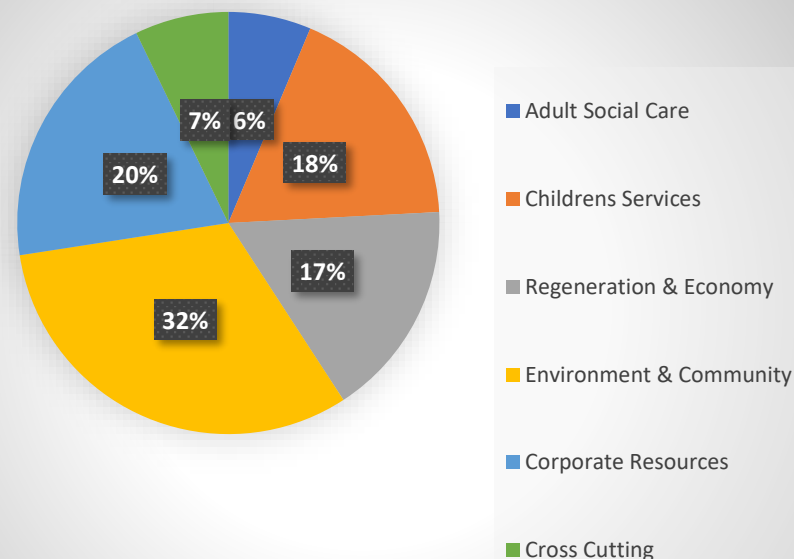
|   |              |
|---|--------------|
| <b>Total number FOI/EIR request received 2020</b> | <b>860</b>   |
| <b>Average %</b>                                  | <b>79.3%</b> |



**TABLE 3 – FOI/EIR response rates within 20 days (April 2019- December 2020)**



- Low FOI/EIR performance results for Q1 & Q2 2019 can be related to the creation of BCP Council in April 2019 which saw challenges involving the locating of information across each legacy Council and through significant movement of staff where service units were restructured. Information Asset Advisers (IAA's) moved into different units which resulted in some requests having no IAA's to manage them. Subsequently resulting in a significant impact on the Council's ability to respond to requests within 20 days.
- Resources and processes levelled leading to performance significantly improving in Q3 2019 rising from 66% to 81%
- Performance remained consistent at around 81% into 2020 through Q4 and Q1
- Q2/Q3 2020 results show a slight decrease to 78% and 79% respectively as the volume of requests increased due to services catching up after Covid-19 lockdown 1 and adapting to homeworking.



**FOI/EIR Request volumes by Directorate & Cross Cutting  
April 2019 to Dec 2020**



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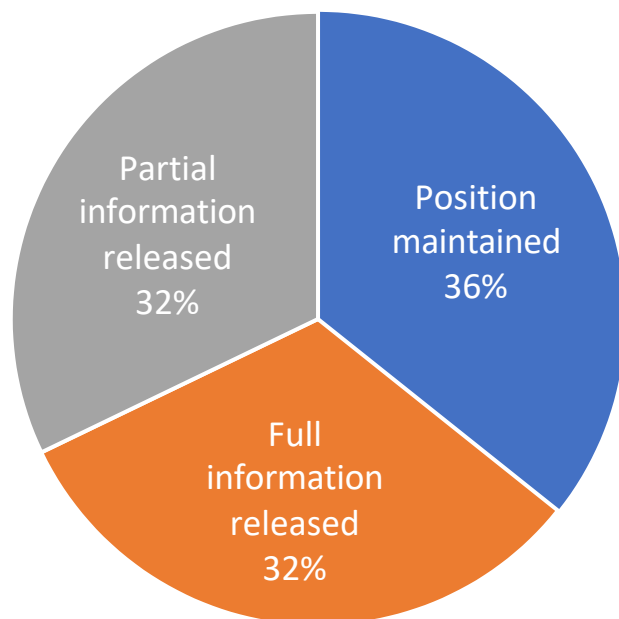


**TABLE 4 – Internal reviews and ICO Complaints managed by the Information Governance Team (April 2019-December 2020)**

| Period        | Outcome                      | Internal Review | ICO Complaint | Breaches involving the ICO |
|---------------|------------------------------|-----------------|---------------|----------------------------|
| Q1 2019-20    | Position maintained          | 2               |               | 1                          |
| Q2 2019-20    | Full Information released    | 2               |               |                            |
|               | Partial information released | 1               |               |                            |
| Q3 2019-20    | Partial information released | 2               |               |                            |
| Q4 2019-20    | Position maintained          | 3               |               |                            |
| Q1 2020-21    | Position maintained          | 1               | 1*            |                            |
|               | Full Information released    | 2               |               |                            |
| Q2 2020-21    | Position maintained          | 1               |               | 2                          |
|               | Full Information released    | 2               |               |                            |
| Q3 2020-21    | Position maintained          | 3               |               | 2                          |
|               | Full Information released    | 5               | 2             |                            |
| <b>TOTALS</b> |                              | <b>24</b>       | <b>3</b>      | <b>5</b>                   |

Figures show the number of cases raised following FOI/EIR responses except \* which was a Subject Access Request

Outcomes of internal reviews - April 2019 - December 2020



The number of internal reviews requested increased to 14 in the 2020-21 financial year and exceeded the 10 requested in 2019-20. The most recent quarter (Oct-Dec 2020) has seen the highest number of review requests (8) across any of the periods shown and 2 complaints from the ICO.

Complainants will only contact the ICO when they are not satisfied with the outcome of an internal review. The ICO complaints are low during this period, with one being the result of a subject access request and 2 relating to delays in responses to FOI/EIR requests.

The IG team are aware of high levels of requests being received, some of which are complex and the ability of Service Areas to provide timely responses are affected whilst the COVID restrictions continue.

The pie chart is showing a breakdown of the outcomes of internal reviews which shows a similar number of each outcome since the creation of BCP Council.

5 data breaches have seen the involvement of the ICO. 4 of these cases were self-reported by the Council and 1 was received from the ICO. The breaches related to the failure to redact information from documents and in one case, a cyber-attack. None of these cases were investigated further by the ICO.



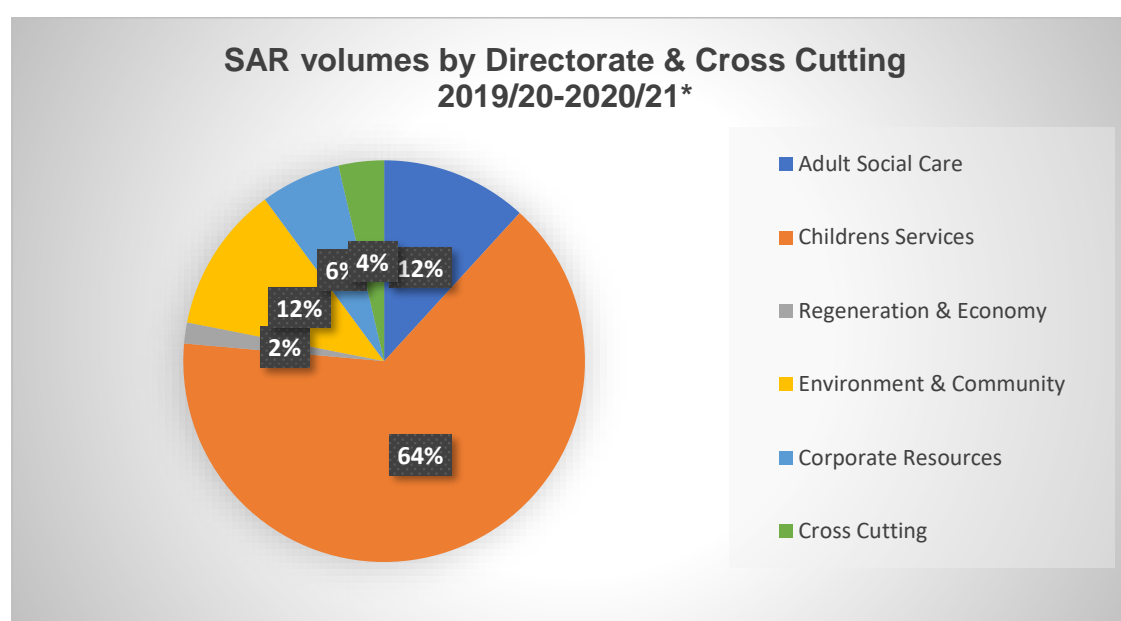
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**TABLE 5 – SUBJECT ACCESS REQUESTS BY SERVICE UNIT 2019/20-2020/21\***

| Requests by Service Unit    | 2019/2020  | 2020/2021* | 2020/21<br>Projected | Total |
|-----------------------------|------------|------------|----------------------|-------|
| Adult Social Care           | 24         | 15         |                      | 39    |
| Children's Social Care      | 116        | 127        |                      | 243   |
| Communities                 | 8          | 8          |                      | 16    |
| Cross Cutting               | 6          | 8          |                      | 14    |
| Destination and culture     | 1          |            |                      | 1     |
| Environment                 | 2          | 1          |                      | 3     |
| Growth and Infrastructure   | 5          |            |                      | 5     |
| Housing                     | 12         | 9          |                      | 21    |
| Human resources             | 4          | 15         |                      | 19    |
| Inclusion family & learning | 26         | 14         |                      | 40    |
| Law and Governance          | 1          | 1          |                      | 2     |
| Revenues & Benefits (SVPP)  | 2          | 1          |                      | 3     |
| <b>Overall Total</b>        | <b>207</b> | <b>199</b> | <b>264</b>           |       |

**\*to December 2020**



- Anticipated increase in SAR's between 2019/20 to 2020/21 based on average monthly volume of 22 requests per month, projected total of 264 for 2020/21
- The most significant percentage increase from 2019/20 to 2021 is within Human Resources
- The largest volumes of SAR's handled by BCP remain consistently within Children's Services



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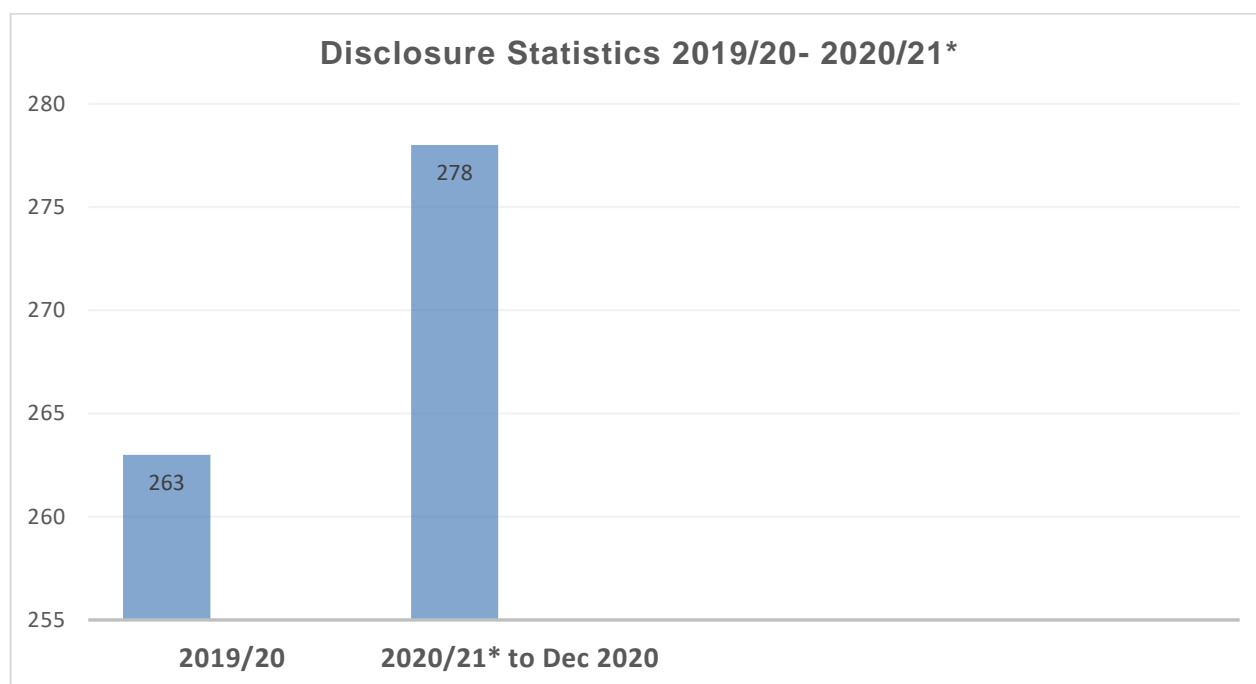
**TABLE 6 – DISCLOSURE STATISTICS 2019/20 – 2020/21**

These figures relate to the sharing of personal information for the purposes of Police investigation and prosecution, proof of life, health care records and social care records.

**(a) – DISCLOSURE REQUESTS BY YEAR 2019/20 – 2020/21**

|                            | 2019/20    | 2020/21*   | Total      |
|----------------------------|------------|------------|------------|
| <b>DISCLOSURE REQUESTS</b> | <b>263</b> | <b>278</b> | <b>538</b> |

\*to December 2020

**(b) - DISCLOSURE BY REQUESTOR 2019/20– 2020/21**

|                                 | 2019/20    | 2020/21*   | 2020/21 Projected |
|---------------------------------|------------|------------|-------------------|
| <b>DISCLOSURE POLICE</b>        | <b>102</b> | <b>122</b> |                   |
| <b>DISCLOSURE THIRD PARTIES</b> | <b>161</b> | <b>153</b> |                   |
|                                 | <b>263</b> | <b>275</b> | <b>367</b>        |

\*to December 2020

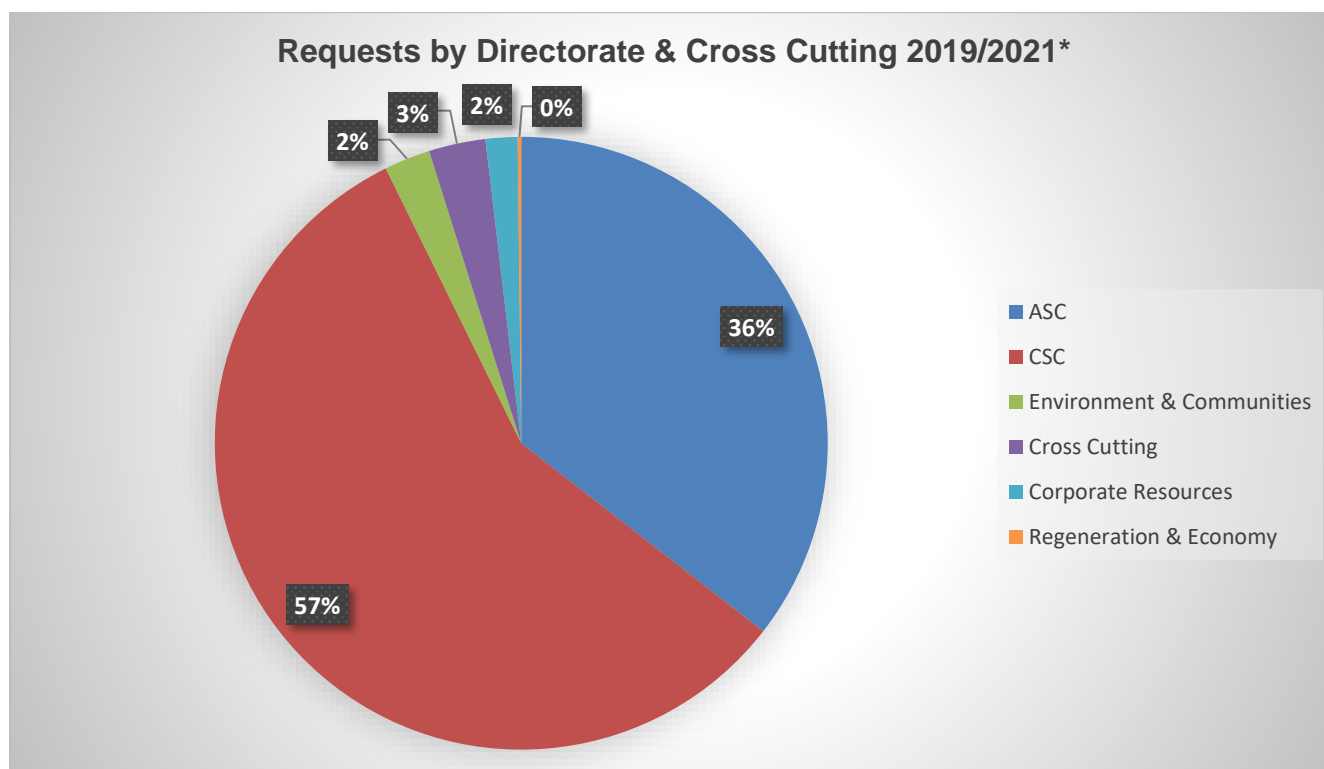
- Increase in disclosure requests between 2019/20 and 2020/21
- Projected 2020/21 year end figure based on 30.5 average number per month is 367, a 40 % increase from 2019/20



**(c) - REQUESTS BY SERVICE UNITS 2019/20 – 2020/21**

| SERVICE UNIT              | 2019/20 | 2020/21* | Total |
|---------------------------|---------|----------|-------|
| Adult Social Care         | 74      | 116      | 190   |
| Children's Social Care    | 163     | 146      | 306   |
| Environment & Communities | 11      | 2        | 13    |
| Cross Cutting Requests    | 11      | 5        | 16    |
| Corporate Resources       | 4       | 5        | 9     |
| Regeneration & Economy    |         | 1        | 1     |
| Total                     | 263     | 275      |       |

\*to December 2020



\*to December 2020

- Largest volume of disclosure requests logged remain consistently within Children's Services, closely followed by Adult Social Care
- Cross cutting requests amount to 3% of the overall total

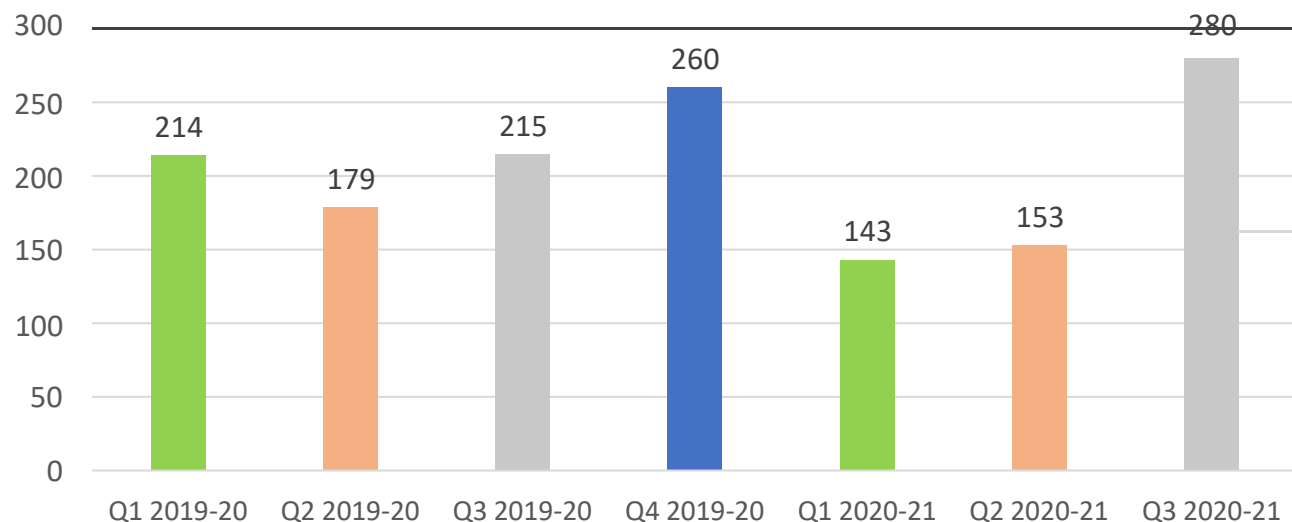


**Table 7 - Quarterly online IG course completion by Service Area (April 2019-December 2020)**

**Number of IG courses completed by Unit**

| (staff completing multiple courses will be shown against each course) | Q1<br>2019-20 | Q2<br>2019-20 | Q3<br>2019-20 | Q4<br>2019-20 | Q1<br>2020-21 | Q2<br>2020-21 | Q3<br>2020-21 | Total |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------|
| ADULT SOCIAL CARE COMMISSIONING                                       | 2             | 4             | 21            | 16            | 1             | 5             | 3             | 52    |
| ADULT SOCIAL CARE SERVICES  | 30            | 26            | 67            | 100           | 46            | 17            | 32            | 318   |
| CHILDREN'S QUALITY AND COMMISSIONING                                  | 10            | 9             | 8             | 11            | 9             | 36            | 43            | 126   |
| CHILDREN'S SOCIAL CARE SERVICES                                       | 24            | 12            | 6             | 20            | 10            | 10            | 25            | 107   |
| COMMUNITIES   | 5             | 2             | 4             | 2             | 4             | 0             | 11            | 28    |
| DESTINATION AND CULTURE   | 54            | 54            | 41            | 34            | 23            | 16            | 61            | 283   |
| DEVELOPMENT   | 2             | 1             | 2             | 0             | 3             | 3             | 0             | 11    |
| ENVIRONMENT   | 5             | 2             | 4             | 2             | 3             | 0             | 3             | 19    |
| FINANCE   | 15            | 4             | 3             | 12            | 1             | 2             | 4             | 41    |
| GROWTH AND INFRASTRUCTURE   | 6             | 2             | 3             | 4             | 2             | 9             | 1             | 27    |
| HOUSING   | 7             | 25            | 25            | 25            | 28            | 27            | 58            | 195   |
| INCLUSION, FAMILY & LEARNING SERVICES                                 | 16            | 10            | 9             | 6             | 4             | 17            | 25            | 87    |
| IT AND IS   | 11            | 4             | 1             | 0             | 0             | 2             | 4             | 22    |
| LAW AND GOVERNANCE  | 4             | 1             | 7             | 4             | 2             | 3             | 0             | 21    |
| ORGANISATIONAL DEVELOPMENT  | 10            | 22            | 14            | 22            | 5             | 4             | 10            | 87    |
| STOUR VALLEY & POOLE PARTNERSHIP                                      | 13            | 1             | 0             | 2             | 2             | 0             | 0             | 18    |
| ELECTED MEMBERS   | 0             | 0             | 0             | 0             | 0             | 2             | 0             | 2     |
| TOTALS  | 214           | 179           | 215           | 260           | 143           | 153           | 280           | 1444  |

IG online training totals by quarter



Online IG training has been provided alongside face-to-face training until national restrictions were imposed. Online training be the preferred method of delivering training going forward.

The content of the online courses has been reviewed and will include 4 mandatory courses.

Comparing the figures quarterly, there was a drop in take up during the months of the first national COVID-19 restrictions however recently, there has been a significant increase as shown in Q3 2020 (Oct-Dec) where the take up has been the highest in any quarter since the creation of BCP Council.



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## AUDIT AND GOVERNANCE COMMITTEE



|                            |  |
|----------------------------|--|
| Report subject             | <b>BCP Council Regulation of Investigatory Powers Act (RIPA) Policy approval</b>   |
| Meeting date               | 22 April 2021  |
| Status                     | Public Report  |
| Executive summary          | <p>The policy ensures compliance with the regulatory framework for the use of covert surveillance by BCP Council as set out in the Regulation of Investigatory Powers Act 2000 (RIPA) and RIPA (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 (and as amended 2012).</p> <p>BCP Council expects this policy to be rarely used; the Council will seek to minimise use of covert surveillance and will use overt methods of obtaining required information wherever possible.</p> <p>A very limited number of trained Council officers are able to approve applications to a magistrates' court to authorise a RIPA operation.</p> |
| Recommendations            | <p><b>It is RECOMMENDED that Audit &amp; Governance Committee:</b></p> <ul style="list-style-type: none"> <li><b>approve the Council's Regulation of Investigatory Powers Act (RIPA) Policy</b></li> </ul>   |
| Reason for recommendations | To ensure appropriate Council policies are in place and are in line with best practice and legislation.  |
| Portfolio Holder(s):       | Cllr Drew Mellor, Leader of the Council  |
| Corporate Director         | Graham Farrant, Chief Executive  |
| Report Authors             | <p>Nigel Stannard<br/>Head of Audit &amp; Management Assurance<br/>☎01202 128784<br/>✉nigel.stannard@bcpcouncil.gov.uk</p>   |
| Wards                      | Council-wide   |
| Classification             | For Recommendation Decision  |



## **Background**

1. The Regulation of Investigatory Powers Act (RIPA) was enacted in 2000 to regulate the manner in which certain public bodies may conduct covert surveillance to ensure that the relevant investigatory powers are used in accordance with human rights.
2. Local Authorities are not permitted to carry out all the provisions of the Act as some are limited to law enforcement and national security services.
3. Local Authorities are required to provide the Investigatory Powers Commissioner's Office (IPCO) with an annual return showing any RIPA provision use.
4. BCP Council has not used RIPA provisions since it came into being on 1<sup>st</sup> April 2019. BCP Council would have had to rely on one or other legacy Council procedure, had it needed, to use RIPA provisions. A BCP RIPA Policy now provides a more appropriate and reassuring governance framework going forward.

## **The BCP RIPA Policy**

5. The BCP RIPA Policy clearly explains the type of surveillance the Council can and cannot undertake and also explains those limited circumstances where covert surveillance may be appropriate.
6. The Policy ensures compliance with the regulatory framework for the use of covert investigatory techniques by BCP Council as set out in the Regulation of Investigatory Powers Act 2000 (RIPA) and RIPA (Directed Surveillance and Covert Human Intelligence Sources CHIS)) Order 2010 (and as amended 2012).
7. BCP Council expects this Policy to be rarely used and will seek to minimise use of covert surveillance wherever possible using overt methods of obtaining required information where that alternative is possible.
8. A deliberately very small number of trained Council officers will be empowered by the Policy to approve applications to a magistrates' court to approve any RIPA operation. Under the Policy these officers will be known as RIPA Authorising Officers.
9. In BCP Council RIPA Authorising Officers will be the Regulatory Services Manager, the Service Director for Communities, Corporate Directors and the Chief Executive. This means in total there will currently be seven RIPA Authorising Officers in BCP Council.
10. In cases where it is necessary to do so, no covert surveillance operation will begin without a magistrates' court approval being in place. It should be noted that in a limited number of cases the Council may conduct covert surveillance (if it is not directed surveillance or using a CHIS) without the need for a magistrates' court approval although principles within RIPA still apply.
11. The Director of Law and Governance (Monitoring Officer) will be the RIPA Senior Responsible Officer (SRO) and will ensure the integrity of the process in place within the Council for directed surveillance and CHIS, as well as having overall responsibility for the management and oversight of requests and authorisations under RIPA.
12. The Head of Audit & Management Assurance will be the RIPA Administrator and be responsible for ensuring a comprehensive single corporate record exists which will enable full annual reporting to the Information Commissioner's Office and the BCP Council Audit & Governance Committee.
13. As a matter of good practice formal deputies have also been identified for the two roles at 11 and 12.
14. The Investigatory Powers Act 2016 (IPA), which came into force for local authorities 11 June 2019, is the main legislation governing the acquisition of Communications



Data and therefore needs equal billing with RIPA. IPA brings together relevant new powers but does not fully replace pre-existing RIPA legislation. In simple terms RIPA relates to Directed Surveillance and to CHIS and IPA relates to Communications Data acquisition.

15. BCP Council is in the process of drafting an IPA Policy for communications data acquisition and this will be presented to Audit & Governance Committee for approval in due course. Similar to the statement made at 4, BCP Council has not used IPA provisions since it has come into being.
16. Should the need arise (to acquire communications data) before a BCP IPA Policy is approved, Appendix E to the RIPA Policy outlines the flowchart procedure that BCP officers will follow to ensure full compliance with legislation. It should be noted that external agency officers are required in this process.
17. Similar to the statement made at 7, BCP Council expects the need to acquire communications data (utilising any powers in the IPA) to be an extremely rare occurrence.

### **Options Appraisal**

18. An options appraisal is not applicable for this report.

### **Summary of financial implications**

19. There are no direct financial implications from this report.

### **Summary of legal implications**

20. The Council must follow Regulation of Investigatory Powers Act (RIPA) requirements should it wish to enact covert directed surveillance or use CHIS.

### **Summary of human resources implications**

21. There are no direct human resource implications from this report.

### **Summary of sustainability impact**

22. There are no direct sustainability impact implications from this report.

### **Summary of public health implications**

23. There are no direct public health implications from this report.

### **Summary of equality implications.**

24. There are no direct equalities implications from this report.

### **Summary of risk assessment**

25. There are no direct risk implications from this report.

### **Background papers**

None

### **Appendices**

Appendix A BCP Regulation of Investigatory Powers Act (RIPA) Policy



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# **BCP Council Regulation of Investigatory Powers Act (RIPA) Policy**

**April 2021**

Policy Owner: Susan Zeiss  
Author/s: Law & Governance and Policy and Performance  
Version: 1.1  
Review Date: March 2023





## **1. Purpose Statement**

- 1.1 This policy ensures compliance with the regulatory framework for the use of covert surveillance techniques by BCP Council as set out in the Regulation of Investigatory Powers Act 2000 (RIPA) and RIPA (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 (and as amended 2012).

This policy does not cover access to, or the acquisition of, Communications Data covered by the Investigatory Powers Act (IPA) 2016 which came into force on 11 June 2019. See 6.2.

- 1.2 Surveillance plays a necessary part in modern life. Most of the surveillance carried out by or on behalf of BCP Council will be overt. That is, there will be nothing secretive, clandestine or hidden about it. Overt surveillance is not covered by RIPA.
- 1.3 Covert surveillance is surveillance carried out in a manner calculated to ensure that the person subject to the surveillance is unaware that it is, or may be, taking place. If certain activities are conducted by council officers, then RIPA regulates them in a manner that is compatible with the European Convention on Human Rights (ECHR), particularly Article 8, the right to respect for private and family life.
- 1.4 BCP Council will only use covert surveillance where it is proportionate to do so and where overt measures have been exhausted or are not possible. Covert surveillance will not be undertaken unless absolutely necessary.

## **2. Who the policy applies to**

- 2.1 Those officers who may conduct or authorise covert surveillance investigations.
- 2.2 In most cases investigations carried out by council officers will not be subject to RIPA, as they involve overt rather than covert surveillance.

## **3. This policy replaces**

- 3.1 This policy replaces the legacy policies, procedures and guidance of the three preceding authorities that now make up BCP council.

## **4. Approval process**

- 4.1 This policy will be approved by the Audit and Governance Committee.

## **5. Links to Council Strategies**

- 5.1 This policy has been prepared based on Government legislation and requirements laid out under the Regulation of Investigatory Powers Act 2000 (and as amended) and taking into account accompanying guidance and codes of practice.
- 5.2 This policy links to the following BCP Council policies and strategies:
- Information Security Policy
  - Information Governance Policy
  - Equality & Diversity Policy
  - Safeguarding Strategy



## 6. The Policy

- 6.1 In some circumstances, it may be necessary for BCP Council employees or contractors, in the course of their duties, to make observations of a person or person(s) in a covert manner, i.e. without that person's knowledge. By their nature, actions of this sort may constitute an interference with that person's right to privacy, and may give rise to legal challenge as a potential breach of Article 8 of the European Convention on Human Rights and the Human Rights Act 1998 ('the right to respect for private and family life').
- 6.2 RIPA limits local authorities to using three types of covert surveillance techniques, as set out below (see Appendix A for definitions):

- **Directed surveillance**
- **Covert Human Intelligence Source (CHIS)**
- **Access to Communications Data (CD)**

IPA 2016, which commenced on 11 June 2019, is now the main legislation governing the access to or acquisition of Communications data, it does not fully replace all pre-existing RIPA requirements but does introduce some important and significant variations to authorisation and regulatory oversight in particular.

*BCP Council is in the process of producing a separate IPA Policy.*

- 6.3 Employees and contractors (where applicable) of BCP Council cannot, according to law, carry out **intrusive surveillance** (see Appendix A for definition) within the meaning of the Regulation of Investigatory Powers Act 2000 nor will they interfere with property or wireless telegraphy.
- 6.4 BCP Council employees and contractors (where applicable) will adhere to the authorisation procedure (see Appendix B) before conducting any covert surveillance.
- 6.5 Officers of BCP Council may only seek authorisation to engage in directed surveillance or CHIS surveillance where it meets the statutory tests that it is necessary for the "prevention or detection of crime or disorder" and where it has been demonstrated to be necessary and proportionate in what it seeks to achieve. If in any doubt advice from the RIPA Senior Responsible Officer (SRO) or the RIPA Administrator must be sought (see roles and responsibilities section).
- 6.6 The Revised Code of Practice which came into effect in August 2018 (further revision imminent) requires the highest levels of authorisation where 'confidential information' is likely to be acquired and at BCP Council this is the Head of Paid Service in consultation with the RIPA SRO. Confidential information consists of matters subject to legal privilege, confidential personal information or confidential journalistic material, or where information identifies a journalist's source.
- 6.7 BCP Council will ensure the code of practice is complied with through appropriate training given to officers and annual Audit and Governance oversight of RIPA usage.
- 6.8 BCP Council is subject to audit and inspection by the Investigatory Powers Commissioner's Office (IPCO) and it is important that compliance with RIPA and accompanying guidance can be demonstrated in every case. BCP Council will hold a central record of RIPA authorisations in line with [section 8 of the Code Practice](#).
- 6.9 Types of surveillance that can and cannot be carried out by Local Authorities and further information is set out in Appendix A.



## **7. Authorisation of RIPA application to a Magistrates Court**

- 7.1 Statutory Instrument 2010 No. 521 restricts Authorising Officers in local authorities to be Directors, Heads of Service or Service managers or equivalent. In BCP Council only certain officers, within these categories of managers, are designated as Authorising Officers (See section 9).
- 7.2 All other reasonable and less intrusive options to gain the required information must be considered before an authorisation is applied for and the RIPA application must detail why these options have failed or have been considered not appropriate in the circumstances of the individual investigation.
- 7.3 The Protection of Freedoms Act 2012 requires that Local Authorities seeking RIPA authorisation are subject to judicial approval in the local Magistrates' Court. If the Authorising Officer authorises an application under RIPA, the application must be presented to a Magistrate for final approval. Authorisation will not take effect until a Magistrate has made an order approving the grant of the authorisation. It is vital that any surveillance for which authorisation has been sought does not start until such a time as it has been approved by a Magistrate.
- 7.4 It is necessary for the council to obtain judicial approval for all initial RIPA authorisations/applications and renewals. There is no requirement for the Magistrate to consider either cancellations or internal reviews.
- 7.5 When considering an application, the Authorising Officer must:
- Have regard to the contents of this document, the training provided and any other guidance or advice given by the RIPA SRO;
  - Satisfy themselves that the RIPA authorisation will be:
    - In accordance with the law
    - Necessary in the circumstances of the particular case; and
    - Proportionate to what it seeks to achieve;
  - Assess whether or not the proposed surveillance is proportionate considering the following elements:
    - The custodial sentence applicable to the offence being investigated
    - Balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence
    - Explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others
    - Whether the activity is an appropriate use of the legislation and a reasonable way, having considered all practical alternatives, of obtaining the necessary result
    - Evidencing, as far as reasonably practicable, what other methods had been considered and why were not implemented;
  - Take into account the risk of intrusion into the privacy of persons other than the specified subject of the surveillance (called 'collateral intrusion'), and consider whether any measures should be taken to avoid or minimise collateral intrusion as far as possible (the degree of likely collateral intrusion will also be relevant to assessing whether the proposed surveillance is proportionate);
  - Consider any issues which may arise in relation to the health and safety of council employees and agents and ensure that a risk assessment has been undertaken;
  - Ensure that the equality impact of any proposed surveillance is considered through the completion of an Equality Impact Assessment (EIA).



- 7.6 When authorising the conduct or use of a CHIS, the Authorising Officer must also:
- Be satisfied that the conduct and/or use of the CHIS is proportionate to the objective sought to be achieved;
  - Be satisfied that appropriate arrangements are in place for the management and oversight of the CHIS. These arrangements must address health and safety issues by the carrying out of a formal and recorded risk assessment;
  - Consider the likely degree of intrusion for all those potentially affected;
  - Consider any adverse impact on community confidence that may result from the use or conduct of the CHIS or the information obtained;
  - Ensure that records contain the required particulars of the CHIS and that these are not available except on a 'need to know' basis.
- 7.7 If an application is granted, the Authorising Officer must set a date for its review and ensure that it is reviewed on that date. Records must be kept in relation to all RIPA applications and authorisations and, to facilitate this, each investigation or operation should be given a unique reference number (URN) by the RIPA Administrator. Any subsequent forms relating to the same investigation or operation should be identified by the means of the same URN.
- 7.8 Authorisations will have effect until the date for expiry specified on the relevant form. They will only be granted for the designated period of three months for directed surveillance and twelve months for the use or conduct of a CHIS. No further operations should be carried out after the expiry of the relevant authorisation unless it has been renewed. It will be responsibility of the officer in charge of an investigation to ensure that any directed surveillance or use of a CHIS is only undertaken under an appropriate and valid authorisation, and therefore, they must be mindful of the date when authorisations and renewals will cease to have effect. The RIPA Administrator will perform an auditing role in this respect but the primary responsibility rest with the officer in charge of the surveillance investigation.
- 7.9 Authorisations will be reviewed at appropriate intervals to update the Authorising Officer on progress on the investigation and whether the authorisation is no longer required. Reviews should take place on a monthly basis unless the Authorising Officer considers they should take place more regularly. The results of the review should be recorded and retained.
- 7.10 Authorisations must be 'cancelled' as soon as they become unnecessary. Authorisations should not be allowed to lapse and must be formally cancelled or renewed, whichever is required, before the expiry date. The responsibility for ensuring that authorisations are cancelled rests primarily with the officer in charge of the surveillance investigation who should submit a request for cancellation to the RIPA Administrator.
- 7.11 If it is required, a renewal must be authorised (by a Magistrate) prior to the expiry of the original authorisation. Applications for renewal should be made on the appropriate form shortly before the original authorisation period is due to expire. The Authorising Officer must consider the matter afresh, including taking into account the benefits of the surveillance to date and any collateral intrusion that has occurred. Renewals may be granted more than once, provided the criteria for granting that authorisation are still met. However, if the reason for requiring the authorisation has changed from the purpose for which it was originally granted, then it should be 'cancelled' and new authorisation sought. Any renewal should seek to begin on the day when the original authorisation would otherwise have expired.



7.12 Following the completion of any case involving the use of RIPA a written assessment review should be undertaken by the Authorising Officer in charge of the surveillance. This written assessment should detail the information obtained and how it was used to take the case forward. The written assessment must be passed to the RIPA Administrator and stored with any other URN records for that case be provided as part of any inspection by the IPCO.

7.13 Records must be maintained for a period of at least three years from the cancellation of the authorisation. Following which they shall be securely destroyed in accordance with the guidance from the council's Information Governance team on document retention.

## 8. How to use this policy and useful documents

8.1 Appendix A: Surveillance that can and cannot be carried out by LA's

8.2 Appendix B: RIPA Authorisation Process

8.3 Appendix C: Does RIPA apply? Directed Surveillance Flowchart

8.4 Appendix D: Covert Human Intelligence Source Flowchart

8.5 Appendix E: Accessing Communications Data Flowchart (interim until specific policy or addendum is in place)

8.6 Appendix F: Equality Impact Assessment for this policy

8.7 [Equality Impact Assessment templates \(on the BCP Council intranet\)](#)

8.8 [Home Office guidance to local authorities in England and Wales on the judicial approval process for RIPA and the crime threshold for directed surveillance](#)

8.9 [Home Office RIPA Forms](#)

## 9. Roles and responsibilities

| Role   | Responsibilities  |
|--|---|
| <b>Senior Responsible Officer (SRO)</b><br>Director of Law & Governance<br>(and Monitoring Officer)<br><br>Deputy SRO<br>will be Chief Executive | <ul style="list-style-type: none"> <li>• The integrity of the process in place within the council for the directed surveillance, management of CHIS and acquisition of communications data</li> <li>• Overall responsibility for the management and oversight of requests and authorisations under RIPA</li> <li>• Ensuring that all authorising officers are trained to an appropriate standard</li> <li>• Ensures compliance with Part 2 of the Act and with the Home Office Codes of Practice</li> <li>• Oversight of the reporting of errors to the relevant Commissioner and the identification of both the cause(s) of errors and the implementation of processes to minimise repetition of errors</li> <li>• Engagement with the Investigatory Powers Commissioner's Office (IPCO) inspectors when they conduct their audits or inspections, where applicable</li> <li>• Where necessary, oversight of the implementation of post-inspection action plans approved by the relevant oversight Commissioner</li> </ul> |
| <b>Authorising Officer</b><br><br>Regulatory Services Manager  | <ul style="list-style-type: none"> <li>• The only officers in BCP Council who can authorise applications (and renewals) under RIPA for onward consideration by a Magistrate</li> <li>• Must 'cancel' authorisations where the case has concluded and undertake reviews in relation to any investigation carried out</li> <li>• Must not delegate their powers in relation to RIPA to any other officers</li> </ul>  |



|   |   |
|---|---|
| <p>Director of Communities</p> <p>Chief Executive and Corporate Directors</p>   | <p><b>Note:</b> The officer who authorises a RIPA application should also carry out the review, renewal and cancellation. If the original Authorising Officer is not available to undertake the review, renewal or cancellation, (in the case of illness or has left the Council in the interim only) this can be undertaken by another Authorising Officer. In exceptional circumstances it may be necessary for the Chief Executive or a Corporate Director to act as an Authorising Officer</p>  |
| <p><b>RIPA Administrator</b></p> <p>Head of Audit and Management Assurance</p> <p>Deputy RIPA Administrator will be Audit Manager (Deputy Chief Internal Auditor)</p> | <ul style="list-style-type: none"> <li>• Issue a unique reference number to each authorisation requested under RIPA – reference numbers will be sequential and start at BCP01.</li> <li>• Retain a copy of the application and authorisation together with any supplementary documentation and notification of the approval given by the authorising officer</li> <li>• Maintain a central RIPA records file matrix entering the required information as soon as the forms/documents are received in accordance with the relevant <a href="#">Home Office Code of Practice</a></li> <li>• Review and monitor all forms and documents received to ensure compliance with the relevant law and guidance in consultation with the RIPA Senior Responsible Officer and inform the Authorising Officer of any concerns</li> <li>• Chase failures to submit documents and/or carry out reviews/cancellations</li> </ul> |
| <b>All Staff</b>  | <ul style="list-style-type: none"> <li>• Must not engage in covert surveillance of any type unless authorised to do so, formally by a designated Authorising Officer</li> </ul>   |
| <b>Audit and Governance Committee</b>   | <ul style="list-style-type: none"> <li>• Monitor the Council's usage of its powers under RIPA on an annual basis</li> </ul>   |

## 10. Enforcement and sanctions

10.1 Compliance with the provisions of RIPA, the Home Office Codes of Practice and this policy and procedures should protect the council, its officers and agencies working on its behalf against legal challenge. Section 27 of RIPA states that “conduct... shall be lawful for all purposes if an authorisation...confers an entitlement to engage in that conduct on the person whose conduct it is and his conduct is in accordance with the authorisation”. If correct procedures are not followed, the council could be rendered liable to claims, complaints and significant costs and the use of the information obtained may be disallowed in any subsequent legal proceedings.

10.2 The Investigatory Powers Commissioner's Office (IPCO) conducts audits and inspections of the use of investigatory powers to ensure that public bodies that are authorised to use investigatory powers are doing so lawfully and in line with best practice. They produce thorough and impartial reports which support and inform the work of the IPC and the Judicial Commissioners. The IPCO also carries out ad-hoc investigations into potential non-compliance.

10.3 Any failure to follow this policy will be considered gross misconduct and investigated accordingly.

## 11. Further information and evidence

11.1 The Home Office has [Codes of practice and guidance](#) for making an application under the Regulation of Investigatory Powers Act (2000).



11.2 Individuals who feel that the Local Authority has applied the principles of this policy incorrectly can appeal to the IPCO.

## **12. Glossary**

12.1 The following terms are useful to know in regards to RIPA:

- RIPA - Regulation of Investigatory Powers Act 2000
- CHIS - Covert Human Intelligence Source
- SPoC - Single Point of Contact
- SRO - Senior Responsible Officer
- IPCO - Investigatory Powers Commissioner's Office
- NAFN - National Anti-Fraud Network
- CSP- Communications Service Provider



## **APPENDIX A –Surveillance that can and cannot be carried out by LA's**

### **Intrusive Surveillance**

Intrusive surveillance is a specific form of covert surveillance which local authorities cannot, according to law, carry out within the meaning of the RIPA nor will they interfere with property or wireless telegraphy. The ability to undertake intrusive surveillance is limited to the Police and Security Services who, in certain circumstances and within RIPA requirements, must obtain a High Court order to authorise.

Intrusive surveillance is any form of covert surveillance taking place in any residential premise or any private vehicle.

### **Directed Surveillance**

Directed surveillance is a specific form of covert surveillance and may only be authorised under RIPA for the purpose of preventing or detecting criminal offences that are either punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months' imprisonment or are related to the underage sale of alcohol and tobacco.

As the description implies the form of surveillance is 'directed' at a specific individual or business.

Authorised directed surveillance would be needed for example, when using mobile, hidden recording devices or cameras to record what is going on in a shop selling alcohol and tobacco.

### **Covert Human Intelligence Source (CHIS)**

A CHIS is a specific form of covert surveillance and is defined as the use of an individual to create a relationship with a subject, for the purposes of obtaining information, where the purpose of the relationship is not disclosed to the subject. Interaction with the subject of surveillance is therefore required in order for an individual to be regarded as a covert human intelligence source (CHIS).

For example, CHIS would be required for developing a relationship with a person in a shop, to obtain information about the seller's suppliers of an illegal product e.g. illegally imported products.

The provisions of RIPA relating to CHIS do not apply where a situation would not normally require a relationship to be established for the covert purpose of obtaining information. For example;

- Where members of the public volunteer information to the council as part of their normal civic duties;
- Where members of the public volunteer to make test purchases on behalf of the Council;
- Where the public contact telephone numbers set up by the council to receive information;
- Where members of the public are asked to keep diaries of incidents in relation to, for example, planning enforcement, anti-social behaviour or noise nuisance. However, in certain circumstances, RIPA authorisation may be required if the criteria in section 26(2) of the Act are met.

### **Activity not falling within the definition of covert surveillance requiring authorisation**

Some covert surveillance activity does not constitute intrusive or directed surveillance for the purposes of Part II of the 2000 Act and no directed or intrusive surveillance authorisation is required to be obtained for such activity. Such activity includes:

- Covert surveillance by way of an immediate response to events;



- Covert surveillance as part of general observation activities;
- Covert surveillance not relating to the statutory grounds specified in the 2000 Act;
- Overt use of CCTV and ANPR systems;
- Covert surveillance authorised as part of an equipment interference warrant under the 2016 Act;
- Certain other specific situations of covert surveillance that is not directed surveillance or Covert Human Intelligence Source (CHIS) – such as covert recording of noise where the recording is of decibels only or non-verbal noise (such as machinery, music or an alarm).

## **Communication Data**

Acquisition of Communications data is the ‘who’, ‘when’ and ‘where’ of a communication, but not the ‘what’ (i.e. the content of what was said or written)

Under IPA 2016 a local authority can only obtain authorisation for less intrusive types of communications data acquisition, called Entity Data, to investigate ‘applicable crime’. Under no circumstances can local authorities be authorised to obtain traffic data under IPA.

Local authorities are not permitted to intercept the content of any person’s communications and it is an offence to do so without lawful authority.

For access to communication data, a Single Point of Contact (SPoC) is required to undertake the practical facilitation with the communications service provider (CSP) in order to obtain the data requested. The SPoC must have received training specifically to facilitate lawful acquisition of communications data and effective co-operation between the local authority and CSP. The SPoC does not need to be an officer of the authority, the National Anti-Fraud Network provides a SPoC service to local authorities.

*BCP Council is in the process of producing a separate IPA Policy, which will cover communication data acquisition.*

## **Social Networking Sites**

The Internet may be used for intelligence gathering and/or as a surveillance tool. Where online monitoring or investigation is conducted covertly for the purpose of a specific investigation or operation and is likely to result in the obtaining of private information about a person or group, an authorisation for directed surveillance should be considered. Where a person acting on behalf of the local authority is intending to engage with others online without disclosing their identity a CHIS authorisation may be needed.

In deciding whether online surveillance should be regarded as covert, consideration should be given to the likelihood of the subject(s) knowing that the surveillance is or may be taking place. Use of the internet itself may be considered as adopting a surveillance technique calculated to ensure that the subject is unaware of it, even if no further steps are taken to conceal the activity. Conversely, where reasonable steps are taken to inform the public or particular individuals that the surveillance is or may be taking place, the activity may be regarded as overt and a directed surveillance authorisation will not be required.

Depending on the nature of the online platform, there may be a reduced expectation of privacy where information relating to a person or group of people is made openly available within the public domain, however in some circumstances privacy implications still apply. This is because the intention when making such information available was not for it to be used for a covert purpose such as an investigation. This is regardless of whether the individual has sought to protect such information by restricting its access by activating privacy settings.



Where information about an individual is placed on a publicly accessible database, for example the telephone directory or Companies House, which is commonly used and known to be accessible to all, they are unlikely to have any reasonable expectation of privacy over the monitoring by public authorities of that information. Individuals who post information on social media networks and other websites whose purpose is to communicate messages to a wide audience are also less likely to hold a reasonable expectation of privacy.

Simple reconnaissance of such sites is unlikely to interfere with a person's reasonably held expectation of privacy and therefore is not likely to require a directed surveillance authorisation. But where information is systematically collected or recorded about a particular person or group, a directed surveillance authorisation should be considered. These considerations apply regardless of when the information was shared online.

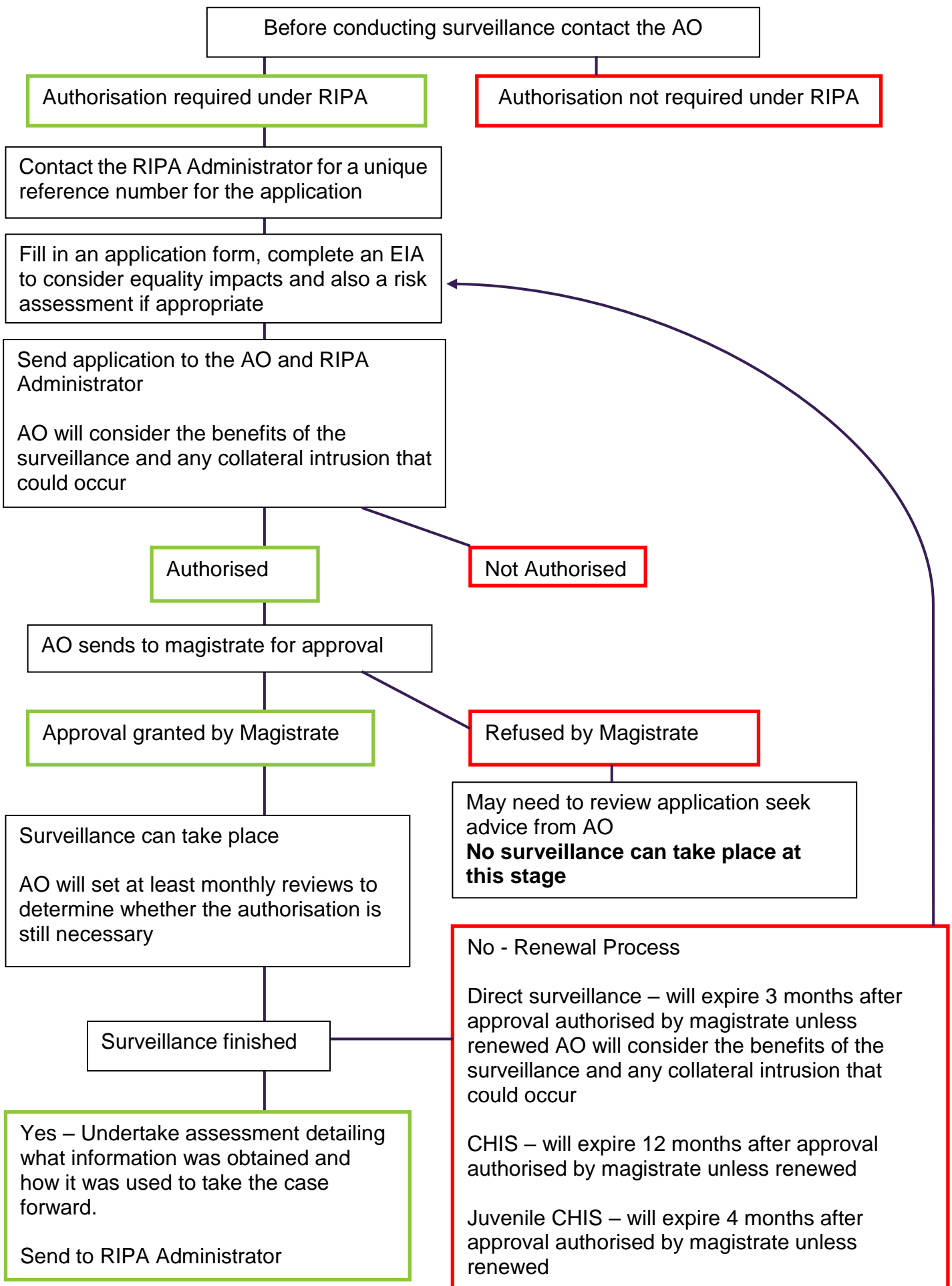
## **CCTV**

If CCTV is accompanied by clear signage then the monitoring will be overt. If it is intended to use CCTV for covert monitoring, for example by using either hidden cameras or without any signs warning that CCTV is in operation then RIPA authorisation is likely to be required.

If a law enforcement agency wishes to use BCP Council CCTV for directed surveillance then they must provide the authorisation (redacted if necessary) and only utilise the CCTV equipment in accordance with that authorisation.

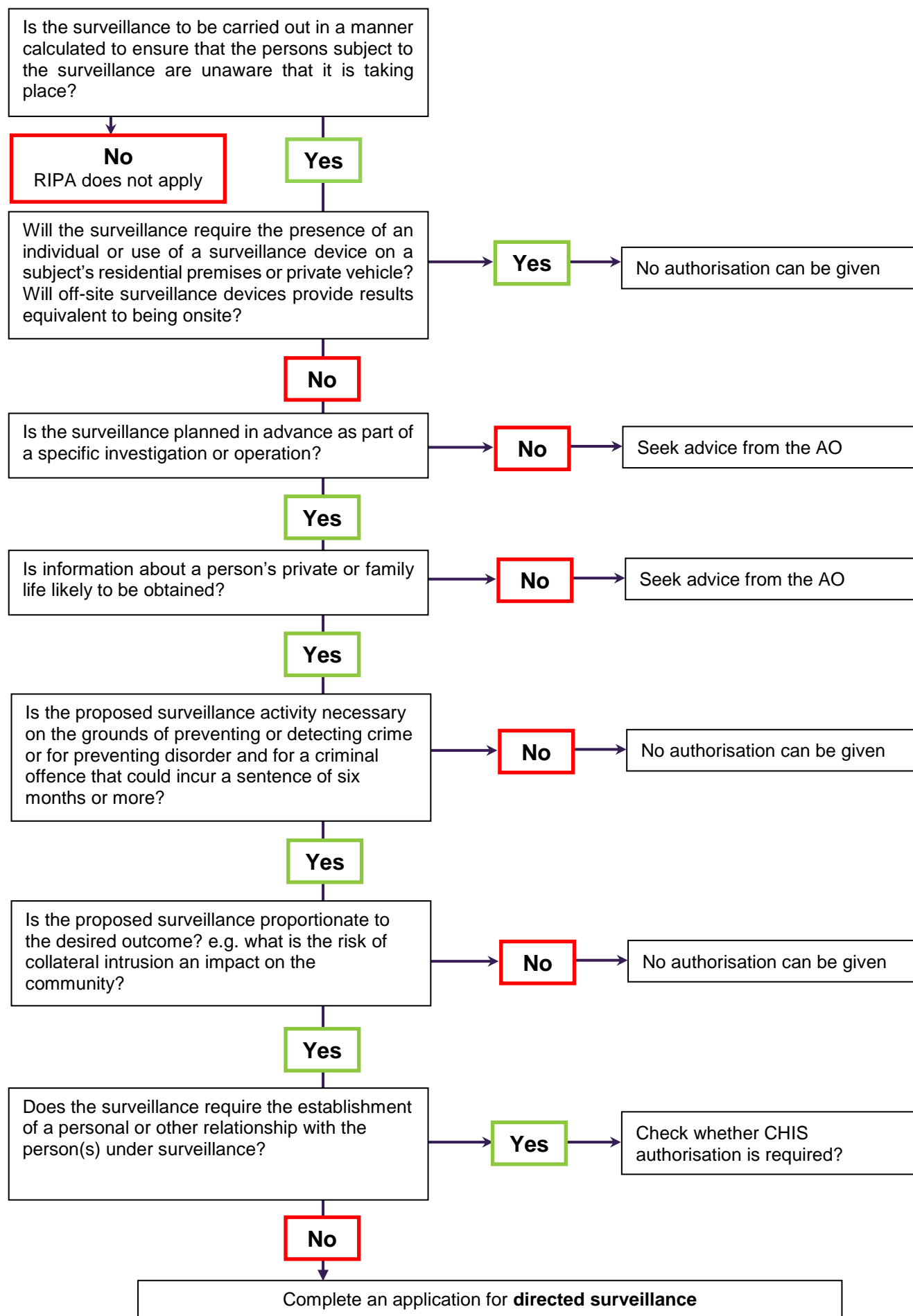


## APPENDIX B - RIPA Authorisation Process



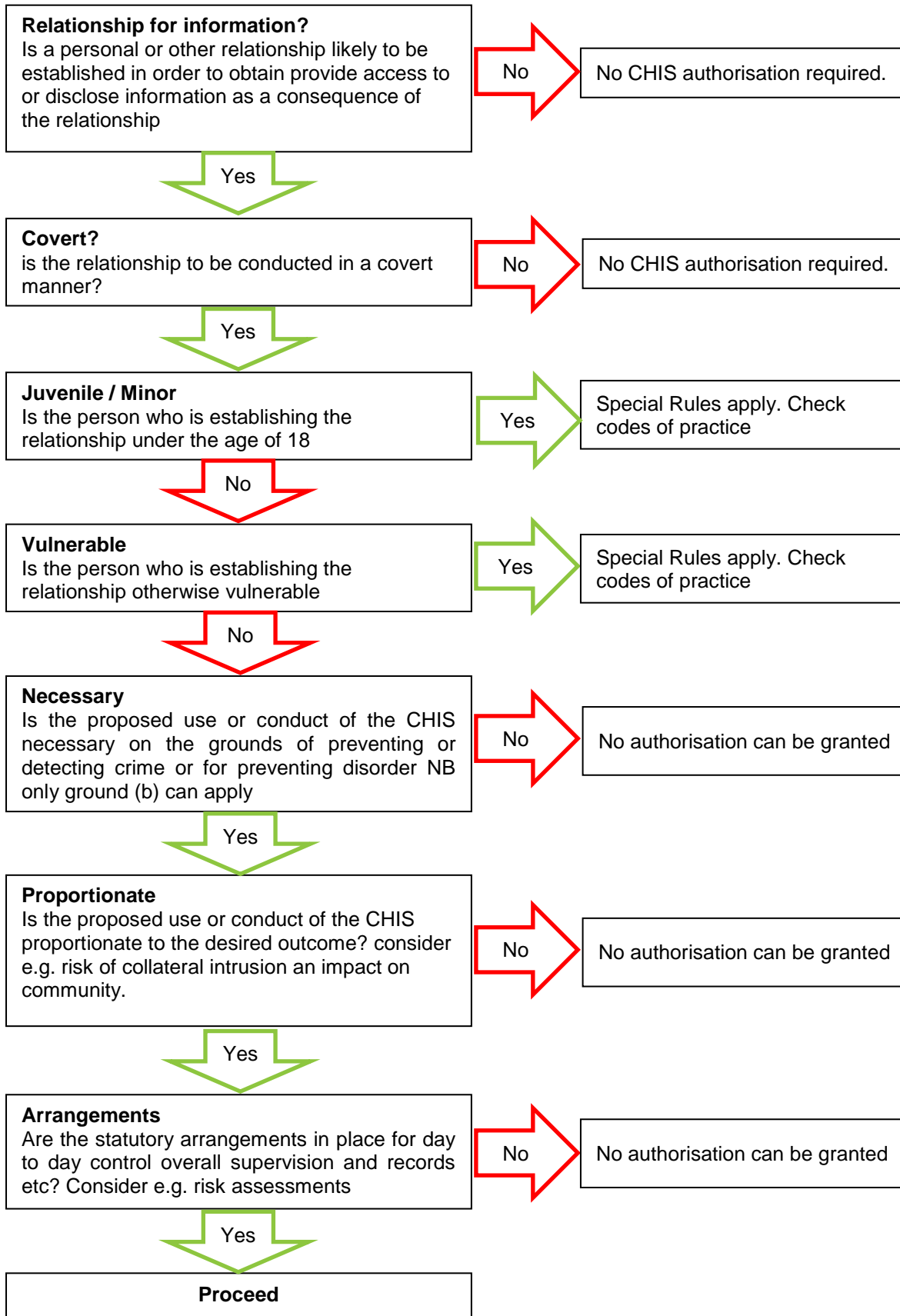


## APPENDIX C – Does RIPA apply? Directed Surveillance Flowchart



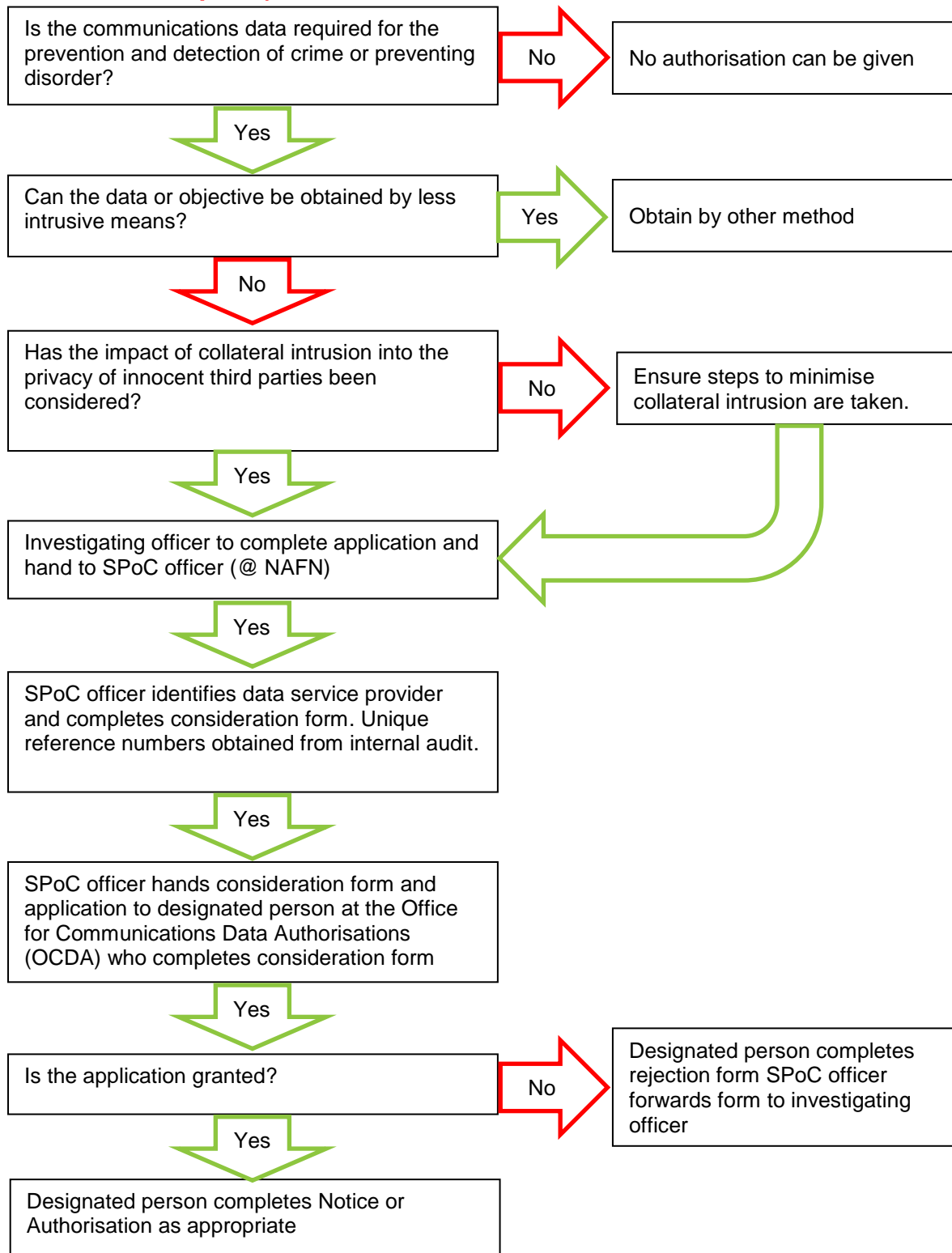


## APPENDIX D - Covert Human Intelligence Source Flowchart





## APPENDIX E - Accessing Communications Data Flowchart (Interim until specific policy or addendum is in place)



**Note:** If at any time during the process, the data is no longer required for any reason. The SPoC officer should be informed and the Designated Person will complete the relevant cancellation notice which is forwarded to the Data service Provider



## APPENDIX F

### Equality Impact Assessment: conversation screening tool

|   |   |
|---|---|
| <b>Policy/Service under development/review:</b>   | BCP Council and the Regulation of Investigatory Powers Act 2000   |
| <b>What changes are being made to the policy/service?</b>   | New policy being adopted  |
| <b>Service Unit:</b>  | Law and Governance  |
| <b>Persons present in the conversation and their role/experience in the service:</b>  | Graeme Smith, Policy and Performance Officer<br>Sophie Bradfield, Policy and Performance Officer  |
| <b>Conversation dates:</b>  | 5/3/21  |
| Do you know your current or potential client base? Who are the key stakeholders?  | The client base is anyone the authority may choose to conduct covert surveillance about. This could, therefore, apply to any resident or staff member of BCP.<br><br>BCP council has not conducted covert surveillance under RIPA since its creation, and the predecessor authorities had not for a number of years prior to that.  |
| Do different groups have different needs or experiences in relation to the policy/service?  | BCP Council's aim is that no resident or staff member should have a different experience of the policy because of any protected characteristic.<br><br>The policy requires an equality impact assessment to be carried out prior to application so a detailed assessment can be made based on the circumstances to ensure any equality implications are taken into consideration.   |
| Will the policy or service change affect any of these service users?  | The policy will ensure that there is a rigorous procedure in place for dealing with requests to conduct covert surveillance and ensure uniformity of process.   |
| <b>[If the answer to any of the questions above is 'don't know' then you need to gather more evidence and do a full EIA. The best way to do this is to use the Capturing Evidence form]</b> |   |
| What are the benefits or positive impacts of the policy/service change on current or potential service users?   | Surveillance plays a necessary part in modern life. It is used not just in the targeting of criminals, but also as a means of protecting the public from harm and preventing crime.<br>The policy implements legal requirements approved by Parliament and is designed to safeguard the human rights of individuals. The policy operates in a neutral way in respect of individuals. To ensure this, the policy asks to applicants to consider the equality impacts of covert surveillance for each individual application. |
| What are the negative impacts of the policy/service change on current or potential service users?   | None  |
| Will the policy or service change affect employees?   | Yes, it impacts staff as it sets out the legal parameters within which staff may employ covert surveillance techniques and also how the authority may legally use covert surveillance to monitor staff.   |
| Will the policy or service change affect the wider community?   | Yes, the policy will confirm a lawful approach to establishing covert surveillance for the whole community.   |



|   |   |
|---|---|
| What mitigating actions are planned or already in place for those negatively affected by the policy/service change? | None required at this stage   |
| <b>Summary of Equality Implications:</b>  | <p>The policy notes that any use of activities under RIPA will be as a last resort and council policy is not to undertake such activities unless absolutely necessary.</p> <p>In the few circumstances where the council may use this policy it ensures that any covert surveillance is conducted within the parameters set out by Parliament and, therefore, protects human rights. This policy ensures that an equitable approach is taken towards individuals and requires that assessments are made of the equality impact when authorisations are requested.</p> |



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## AUDIT AND GOVERNANCE COMMITTEE



|                            |   |
|----------------------------|---|
| Report subject             | <b>Annual Governance Statement 2019/20 Action Plan Update</b>   |
| Meeting date               | 22 April 2021   |
| Status                     | Public Report   |
| Executive summary          | <p>This report provides an update against the Annual Governance Statement (AGS) Action Plan which identified actions to be taken to address the significant governance issues in 2019/20 AGS. These are:</p> <ul style="list-style-type: none"> <li>• Governance of Children's Social Services</li> <li>• Governance Arrangements with Key Partners, Wholly Owned Companies, Trusts and Contractors</li> </ul> <p>Two further governance issues were identified, as below, and actions to address these had already been implemented prior to the publication of the AGS:</p> <ul style="list-style-type: none"> <li>• Adjustments to the Highways Register</li> <li>• Omission to make available for public inspection the draft AGS in June 2019</li> </ul> |
| Recommendations            | <p><b>It is RECOMMENDED that:</b></p> <p><b>Audit &amp; Governance Committee note the progress made to address the significant governance issues on the BCP Council AGS Action Plan 2019/20.</b></p>  |
| Reason for recommendations | Audit & Governance Committee has the responsibility for considering the arrangements for Corporate Governance including reviewing and approving the AGS.  |
| Portfolio Holder(s):       | Councillor Drew Mellor, Leader of the Council   |
| Corporate Director         | Graham Farrant, Chief Executive   |
| Report Authors             | <p>Nigel Stannard - Head of Audit &amp; Management Assurance</p> <p>☎ 01202 128784</p> <p>✉ <a href="mailto:nigel.stannard@bcpcouncil.gov.uk">nigel.stannard@bcpcouncil.gov.uk</a></p> <p>Ruth Hodges – Audit Manager</p>   |



|                |              |
|----------------|--------------|
| Wards          | Council-wide |
| Classification | For Update   |

## Background

1. The 2019/20 Annual Governance Statement for BCP Council was approved by Audit and Governance Committee in November 2020. It concluded that BCP Council “has effective and fit-for-purpose governance arrangements in place in accordance with the governance framework”. However, the following significant governance issues were identified significant governance issues were identified:
  1. Governance of Children’s Social Services – priority areas for improvement were identified following a number of internal and external reviews, including ‘Leadership, Management and Governance’
  2. Adjustments to the Highways Register – an amendment seeking a reduction to the Highways Register was made without use of a stopping up order
  3. Governance Arrangements with Key Partners, Wholly Owned Companies, Trusts and Contractors – to ensure governance arrangements are fit for purpose, following ‘partial’ internal audit opinions and emerging issues for Russell Cotes and BH Live
  4. Omission to make available for public inspection the draft AGS in June 2019
2. An Action Plan to address these issues was approved, and it was agreed that a progress report be presented to the Audit and Governance Committee.
3. For both the Adjustments to the Highways Register and the Omission to make available for public inspection the draft AGS, the governance issues had been addressed ahead of the publication of the AGS, and therefore, no further action was required.
4. Work is currently underway to prepare the 2020/21 AGS. This includes the completion of assurance statements by all service and corporate directors, which will be used to assess adequacy of the governance framework. The draft will be available for public inspection in line with the statutory time frame, which is currently the beginning of June.

## AGS Action Plan Update

5. The tables below show progress made to date again the actions identified in the AGS:



**Table showing Update against Annual Governance Statement 2019/20 Action Plan:**

|   |   |  |                                      |  |
|---|---|--|--------------------------------------|--|
| 1 | <b>Governance of Children's Social Services</b><br><p>Significant improvements were made during the year, such as harmonisation of the social work, SEND and early help structures, a new quality assurance and learning framework, a strong workforce plan to address recruitment and retention, and the set up of a safeguarding service creating a new system-wide approach to addressing child exploitation (which went live May 2020).</p> <p>However, a number of internal and external reviews during 2019/20, together with the new Corporate Children's Director of Children's Services, were able to identify areas for further improvement.</p> <p>For example, in November 2019, an Ofsted focused visit on permanency made five key recommendations, and a peer review in February 2020 of virtual school highlighted four key areas for improvement. A 'Partners in Practice' review of Front Door in May 2019 and a BCP hosted pan-Dorset multi-agency piece of work to define what a good MASH looked like took place in early 2020 has led to improvements.</p> <p>The Learning and Improvement Plan (LIP) reflects the 3 key priority areas; 1-Children who need help and protection, 2-Children in care and achieving permanence, 3-Leadership, Management and Governance, with 38 improvement objectives to focus on good outcomes for BCP Children and families.</p> <p>As at 30 June 2020, of the 38 LIP objectives; 7=Red (needs escalating), 27=Amber (manageable), 4=Green (on track)</p> <p>A robust performance management framework has been implemented. Performance is monitored via the Quality Improvement &amp; Performance Board (QPIB), a Performance Surgery group every 6 weeks and children's directorate management board, where performance or LIP objectives are showing exceptions (high or lower than expected), exception reports are submitted to QPIB by lead managers.</p> |  |                                      |  |
|   | <b>Action Points</b><br>Implementation of the Children's Services Learning and Improvement Plan (LIP)   | <b>Responsible Officer</b><br>Corporate Director – Children's Services | <b>Target Date</b><br>As per the LIP | <b>Update – March 2021</b><br><p>A focused visit to Children's Services made by Ofsted in October 2020 resulted in a formal published letter on 27 November 2020. This set out serious concerns about the quality of services, which warranted urgent and immediate attention. These included governance related concerns, with the failures mostly in leadership and management.</p> <p>In response, a 15-point Action Plan has been produced, which contains all the areas for improvement needed for the service to reach the level required by the full ILACS (Inspection of Local Authority Children's Services) by Ofsted. This short-term plan is due for implementation by June 2021, with a rigorous review in March, which reflects the rapid improvement required. A longer-term action plan is also being developed.</p> <p>The LIP, and any outstanding issues, have been superseded by the above Action Plan</p> <p>Delivery of the action plan has a robust governance structure; a Children's Services Improvement Board has been set up, is chaired by the DfE Children's Services Improvement Adviser, and meets six-weekly. The Leader of the Council, the Cabinet members, the Chief Executive, the interim Director of Children's</p> |



|   |  |                            |                    |   |
|---|--|----------------------------|--------------------|---|
|   |  |                            |                    | <p>Services, a DfE representative, the LGA-appointed chair of the SEND Improvement Board and BCP's Director of Finance are core members. Group Leaders are briefed regularly, and Children's Overview and Scrutiny receive regular reports.</p> <p>All services are showing improvement, either with hard performance data or the building blocks being put in place for future service improvements. Improvements in the weakest services correlates directly with the appointment of new interim managers who are highly experienced in running the services of concern. Step changes in performance can be seen in multi-agency safeguarding hub (MASH), in court work and performance planning for children in care or on the edge of care and in the timeliness of assessments.</p> <p>Whilst significant improvements are being made to quickly address the issues in the Ofsted focused visit, implementation of all the required actions, including the longer-term action plan, and changes to culture will not be completed within the financial year. Therefore, Governance of Children's Social Services will be considered for inclusion within the 2020/21 Annual Governance Statement.</p> |
| 3 | <p><b>Governance Arrangements with Key Partners, Wholly Owned Companies, Trusts, and Contractors</b></p> <p>BCP Council recognises that it needs to ensure that its governance arrangements with the organisations it engages with are sufficiently robust and fit for purpose.</p> <p>Following changes to officers, councillors and restructures, the Council needs to ensure that the roles and responsibilities of key officers and councillors are identified and understood. Furthermore, it recognises that with some organisations, there may be potential or perceived conflicts of interest for officers or councillors who have a role in the organisation in addition to their Council role.</p> <p>During 19/20, partial audit opinions were given by Internal Audit for its Wholly Owned Companies (comprising of Bournemouth Building and Maintenance Limited, Seascope Group Limited, Seascope South Limited, and Seascope Homes and Property Limited) and Lower Gardens and Five Parks Charitable Trusts, identifying a number of governance issues which required improvement, such as decision making, and achievement of strategy.</p> <p>Review of the governance arrangements at Russell Cotes Museum is underway and due to be reported to Cabinet in the year.</p> <p>The Council recognises that the governance arrangements with BH Live need to be reviewed to ensure they are appropriate for the new Council.</p> |                            |                    |   |
|   | <b>Action Points</b>   | <b>Responsible Officer</b> | <b>Target Date</b> | <b>Update March 2021</b>  |
|   | <p>1. CMB lead an overarching review of governance to include:</p> <p>a. Determine which organisations this should apply to (only those identified above, other key partners</p>   | Chief Executive            | December 2020      | <p>a. CMB considered in December 2020 – see table below.</p> <p>b. A comprehensive review of the BCP Council Constitution is underway through the Constitution Review Working Group and Audit &amp; Governance Committee, which will be put before Full Council in September 2021. This work will include a review of the Officer/Member Protocol under Part 6.</p>   |



|  |   |   |               |  |
|--|---|---|---------------|--|
|  | / contractors / companies)<br>b. Clarify roles and responsibilities of councillors and officers<br>c. Arrangements for evaluation and management of conflicts of interest<br>d. Appropriateness of governance structures – performance, meetings, financial etc<br>e. Determining whether any specific reviews of organisations (in addition to those below) are required<br>f. Consideration of whether a corporate lead / 'Centre of Excellence' is appropriate, and if so, what it's role should include (e.g. guidance / advice / compliance) |   |               | <p>In addition, the Monitoring Officer will deliver training to the Senior Managers' Network before election day on 6 May to cover governance and decision-making within a local authority structure. This training will include a description of the roles of Councillors and Officers and their distinct responsibilities. Standards of behaviour and conduct for officers will also be covered.</p> <p>Thirdly, the Leader convened an All-Councillor workshop on the Local Government Governance Framework, which was facilitated by the Local Government Association on 3 November 2020. A second session which will involve the development of optimum behaviours and culture, is convened for 13 April 2021, again facilitated by the LGA and led by the Leader together with peers from similar councils.</p> <p>Also see tables below.</p> <p>c. Councillors are sent monthly reminders of the requirement to check their current declarations and of the requirement to notify of any changes to Disclosable Pecuniary Interests or Local Interests, in writing within 28 days of becoming aware of these.</p> <p>Also see tables below.</p> <p>d. Internal Audit have produced high level partnership checklist which it is anticipated will be rolled out next year. This will aid review of governance arrangements in partnerships.</p> <p>See table below for specific reviews undertaken.</p> <p>e. See table below for reviews undertaken / additional reviews planned</p> <p>f. CMB not pursuing centres of excellence but CMB itself will take corporate lead role and oversight.</p> |
|  | 2. Ensure implementation of recommendations in the Wholly Owned Companies and the Lower Gardens and Five Parks Trusts internal audit reports  | Corporate Director of Environment & Community | December 2020 | See table below  |
|  | 3. Ensure that governance arrangements for Russell Cotes Museum are reported to Cabinet as planned and agreed actions implemented   | Corporate Director of Regeneration & Economy  | December 2020 | See table below  |



|  |   |  |               |                 |
|--|---|--|---------------|-----------------|
|  | 4. Undertake a review of governance of BH Live contract and implement appropriate changes | Corporate Director of Regeneration & Economy | December 2020 | See table below |
|--|---|--|---------------|-----------------|

**Table showing update against action points 3.1 a-e, 3.2, 3.3 & 3.4 for individual organisations**

|   | 3.1 CMB lead an overarching review of governance to include: |                          |  |   |  | 3.2, 3.3 & 3.4   |
|---|--|--------------------------|--|---|--|--|
|   | Organisation (1 - 12 from the group financial statements)    | a. Include?              | b. Roles & responsibilities<br>c. Conflicts of interest    | d. Governance structures appropriate<br>e. Specific reviews required? |  | Specific recommendations   |
|   |  |                          |  | Governance presentation to A&G Committee                              | Governance review/s undertaken   |  |
| 4 | 1 Bournemouth Building and Maintenance Ltd                   | Yes                      | To be addressed when permanent company secretary appointed | Yes (November 2020)   | This will be part of the role of the permanent company secretary once appointed.<br><br>A report to Cabinet in May seeks decisions in relation to the companies going forward. | Substantial progress has been made against the recommendations in the audit report, including 5 high priority recommendations. Progress to completion expected once a permanent company secretary has been appointed, for which budget has been agreed.<br><br>The report to Cabinet in May will also support completion of the recommendations.<br><i>In progress</i> |
|   | 2 Seascapes Group Ltd  | Yes                      |  |   |  |  |
|   | 3 Seascapes South Ltd  | Yes                      |  |   |  |  |
|   | 4 Seascapes Homes and Property Limited                       | Yes                      |  |   |  |  |
|   | 5 Five Parks Charity Trust                                   | Yes – but lower priority | To be covered in planned governance review                 | No  | Governance review planned by the service for 2021/22 in response to the IA recommendation  | Progress is being made to implement the three remaining recommendations. In relation to the remaining high recommendation, advice is being sought from Legal on how to carry out the governance review, to include governance arrangements, roles and responsibilities, adoption of terms of reference, and management of conflict of interest.                        |
|   | 6 Lower Central Gardens Trust                                | Yes – but lower priority |  |   |  |  |



|   |   |     |   |   |  |  |
|---|---|-----|---|---|--|--|
|   |   |     |   |   |  | Board meetings now being held.<br><i>In progress – revised target date June</i>  |
| 7 | Russell-Cotes Art Gallery & Museum Charitable Trust | Yes | To be covered by the Business Case for externalisation                  | No (Museum Governance Progress Update taken to Russell Cotes Management Committee 8/1/21) | External review by Focus Consultants (funded by HLF) into 'Governance Options & Business Planning' (2018/19) | The pandemic has delayed full presentation on the business case for externalising the Russell-Cotes Art Gallery and Museum to a separate charity. However, work has continued, and we were successful in a grant from the arts council to develop this further. The initial work is now complete and was presented to the management committee at the beginning of January who agreed with the direction of travel and asked that the outstanding issues surrounding the Bournemouth Borough Council Act and VAT/ pensions are teased out before a report to Cabinet in June or July 2021.<br><i>In progress</i> |
| 8 | BH Live   | Yes | Clarification provided following the review of governance arrangements. | Yes, 30/7/2020 (Review of BH Live Contractual & Governance Arrangements)                  | Management review of contract management and governance.<br><br>Internal Audit review July 2020.             | Following review of the BH Live contract, management and governance arrangements, including strategic, operation and financial, have been strengthened, and are operating in line with the agreed frequency.<br>A presentation made to Audit & Governance Committee was made in July 2020 and a further report is being taken to Cabinet in April.<br><i>Implemented</i>   |
| 9 | The Bournemouth Development Company (BDC) LLP       | Yes | To be covered by Local Partnerships review                              | Yes, 10/9/2020 (Structure and Operation of BDC)   | Value for Money review to be undertaken by Local Partnerships in 2021.                                       |  |



### **Options Appraisal**

6. An options appraisal is not applicable for this report.

### **Summary of financial implications**

7. There are no direct financial implications from this report.

### **Summary of legal implications**

8. There are no direct legal implications from this report.

### **Summary of human resources implications**

9. There are no direct human resources implications from this report.

### **Summary of sustainability impact**

10. There are no direct sustainability impacts from this report.

### **Summary of public health implications**

11. There are no direct public health implications from this report.

### **Summary of equality implications**

12. There are no direct equality implications from this report.

### **Summary of risk assessment**

13. There are no direct risk implications from the report. However, failure to improve the governance arrangements in the areas identified will mean those risks are not addressed.

### **Background papers**

Annual Governance Statement 2019-2020 (Audit & Governance Committee 26/11/20) -  
Published works

### **Appendices**



There are no appendices to this report.



**AUDIT AND GOVERNANCE COMMITTEE**

|                            |   |
|----------------------------|---|
| Report subject             | <b>Internal Audit - Quarterly Audit Plan Update (Including Audit Charter and Audit Plan for 2021/22)</b>  |
| Meeting date               | 22 April 2021   |
| Status                     | Public Report   |
| Executive summary          | <p>This report sets out the Internal Audit Charter and Audit Plan for 2021/22. Approval of these documents by the Audit and Governance Committee is a requirement of the Public Sector Internal Audit Standards (PSIAS).</p> <p>The report also details progress made on delivery of the 2020/21 Audit Plan for the period January to March (inclusive) 2021. The report highlights that:</p> <ul style="list-style-type: none"> <li>Seventeen audit assignments have been completed (nine 'Reasonable', five 'Partial' audit opinions and three consultancy reviews);</li> <li>Thirty five audit assignments are in progress;</li> <li>Implementation of audit recommendations is satisfactory.</li> </ul> |
| Recommendations            | <p><b>It is RECOMMENDED that:</b></p> <p><b>Audit &amp; Governance Committee are asked to:</b></p> <ul style="list-style-type: none"> <li><b>approve the Internal Audit Charter and agree that the Chair signs the document to record this approval (this may be a virtual sign off using email);</b></li> <li><b>approve the Internal Audit Plan 2021/22.</b></li> <li><b>note the 2021/22 budget for the Internal Audit service which has been previously approved by Council;</b></li> <li><b>note progress made and issues arising on the delivery of the 2020/21 Internal Audit Plan.</b></li> </ul>   |
| Reason for recommendations | <p>To comply with Public Sector Internal Audit Standards.</p> <p>To communicate progress on the delivery of the 2020/21 Internal Audit Plan.</p> <p>To ensure Audit Committee are fully informed of the significant issues arising from the work of Internal Audit during the quarter.</p>  |
| Portfolio Holder(s):       | Cllr Drew Mellor, Leader of the Council   |
| Corporate Director         | Graham Farrant, Chief Executive   |
| Report Authors             | Nigel Stannard<br>Head of Audit & Management Assurance  |



|                |  |
|----------------|--|
|                |  01202 128784<br> <a href="mailto:nigel.stannard@bcpcouncil.gov.uk">nigel.stannard@bcpcouncil.gov.uk</a> |
| Wards          | Council-wide   |
| Classification | For Decision and Information   |

## Background

1. The Public Sector Internal Audit Standards (PSIAS) provide a consistent framework for Internal Audit Services operating across public sector. The Public Sector Internal Audit Standards require Internal Audit to:
  - periodically review its Charter;
  - produce a risk based Audit Plan; and to
  - obtain approval for the Internal Audit service budget.
2. To comply with the PSIAS, the Audit & Governance Committee should approve the Internal Audit Charter and Audit Plan annually (in this case for 2021-22), and also note the Internal Audit service budget (as previously approved by Council).
3. This report also details Internal Audit's progress against the 2020/21 Audit Plan for the period January 2021 to March 2021 inclusive and reports the audit opinion of the assignments completed during this period.
4. The report also provides an update on any significant issues arising and implementation of internal audit recommendations by management.

## Internal Audit Charter 2021

5. The Internal Audit Charter (Appendix A) describes the purpose, authority, responsibilities and scope of the Council's Internal Audit Section.
6. An annual review has been undertaken of the Charter as required by the PSIAS.
7. The expected timeframe for implementation of High and Medium priority recommendations (3 months for High and 9 months for Medium) has been added to the Charter. These timeframes have been added to provide a useful and formal maximum timeframe for implementation, but does not preclude recommendations being implemented sooner, indeed many are. These maximum timeframes have effectively been in place more informally in any case but by adding more formally to the Charter this will set the Audit & Governance Committee agreed expectations much more clearly and transparently.
8. For Medium priority recommendations, the Charter now states that 'Recommendations will be followed-up by Internal Audit as part of the next audit review or within 12 months after the implementation due date (whichever is sooner)' to ensure these recommendations are followed up in a reasonable timescale. We were finding that for some medium recommendations we were not following up their successful, or not, implementation for over 12 months.
9. The Charter has also been reformatted to follow the corporate policy template including the addition of the Equalities Impact Assessment screening tool as an appendix.



10. The Audit & Governance Committee are asked to approve the amended Charter.

### Internal Audit Plan 2021/22

11. The draft 2021/22 Internal Audit Plan (high level allocation of resource and delivery approach) was previously presented to the Audit & Governance Committee on the 21st January 2021 and was agreed subject to an adjustment to the time allocated to 'BCP Transformation & Efficiency' work to retain the level of days allocated in 2020/21.

12. The summary BCP Internal Audit Plan 2021/22 is reproduced below, with comparison to the 2020/21 original Audit Plan and incorporating the requested time allocation adjustment:

| AUDIT ACTIVITY                         | 2020/21<br>PLAN DAYS | 2021/22<br>PLAN DAYS<br>BCP | Difference<br>(Days) | Difference<br>% |
|--|----------------------|-----------------------------|----------------------|-----------------|
| <b>CORE AUDIT &amp; ASSURANCE WORK</b> |                      |                             |                      |                 |
| KEY ASSURANCE FUNCTIONS                | 200                  | 195                         |                      |                 |
| HIGH LEVEL RISKS                       | 700                  | 700                         |                      |                 |
| COUNTER FRAUD RISKS                    | 160                  | 160                         |                      |                 |
| KEY FINANCIAL SYSTEMS                  | 235                  | 230                         |                      |                 |
| SCHOOLS                                | 60                   | 60                          |                      |                 |
| PLANNING, ADVICE, FOLLOW UP & C/FWD    | 320                  | 320                         |                      |                 |
| <b>TOTAL</b>                           | <b>1,675</b>         | <b>1,665</b>                | <b>-10</b>           | <b>-1%</b>      |
| <b>OTHER AUDIT WORK</b>                |                      |                             |                      |                 |
| INVESTIGATIONS & CONTINGENCY WORK      | 135                  | 120                         |                      |                 |
| GRANT CERTIFICATION WORK               | 40                   | 45                          |                      |                 |
| FINANCIAL REGULATIONS COMPLIANCE       | 20                   | 20                          |                      |                 |
| BCP TRANSFORMATION & EFFICIENCY        | 60                   | 60                          |                      |                 |
| <b>TOTAL</b>                           | <b>255</b>           | <b>245</b>                  | <b>-10</b>           | <b>-4%</b>      |
| <b>CORPORATE ASSURANCE WORK</b>        |                      |                             |                      |                 |
| CORPORATE FRAUD                        | 125                  | 125                         |                      |                 |
| FREE EARLY EDUCATION FUNDING AUDITS    | 70                   | 70                          |                      |                 |
| OTHER CORPORATE ASSURANCE WORK         | 20                   | 20                          |                      |                 |
| <b>TOTAL</b>                           | <b>215</b>           | <b>215</b>                  | <b>-</b>             | <b>-</b>        |
| <b>GOVERNANCE WORK</b>                 |                      |                             |                      |                 |
| CORPORATE MANAGEMENT & LIAISON         | 25                   | 25                          |                      |                 |
| MEMBER LIAISON                         | 60                   | 65                          |                      |                 |
| AGS (Annual Governance Statement)      | 75                   | 75                          |                      |                 |
| <b>TOTAL</b>                           | <b>160</b>           | <b>165</b>                  | <b>+5</b>            | <b>+3%</b>      |
| <b>IA SERVICE MANAGEMENT WORK</b>      |                      |                             |                      |                 |
| MANAGEMENT/MEETINGS/SERVICE MAINT.     | 240                  | 250                         |                      |                 |
| AUDIT DEVELOPMENT                      | 80                   | 80                          |                      |                 |
| PERFORMANCE MANAGEMENT                 | 60                   | 60                          |                      |                 |
| <b>TOTAL</b>                           | <b>380</b>           | <b>390</b>                  | <b>+10</b>           | <b>+3%</b>      |
| <b>NON PRODUCTIVE TIME</b>             |                      |                             |                      |                 |
| LEAVE                                  | 493                  | 504                         |                      |                 |
| SICK/DOWNTIME                          | 80                   | 55                          |                      |                 |
| TRAINING & CPD                         | 170                  | 160                         |                      |                 |
| VACANCY CONTINGENCY                    | 50                   | 50                          |                      |                 |
| <b>TOTAL</b>                           | <b>793</b>           | <b>769</b>                  | <b>-24</b>           | <b>-3%</b>      |
| <b>TOTAL DAYS</b>                      | <b>3,478</b>         | <b>3,449</b>                | <b>-29</b>           | <b>-1%</b>      |



13. The 'Core Audit & Assurance Work' (1,665 days) is detailed further at Appendix B and shows all planned work across each individual Service Area.
14. Internal Audit have produced an Anti-Fraud & Corruption Work Plan (see Appendix C) which details planned work to prevent, detect and investigate fraud and corruption during 2021/22.
15. Consultation has been carried out with Corporate and Service Directors and External Audit.
16. The proposed work in the 2021/22 Audit Plan has been designed to enable the Head of Audit & Management Assurance to provide an annual opinion on the adequacy and effectiveness of the Council's control environment.
17. Monitoring of the Audit Plan completion will be brought to this committee on a quarterly basis.
18. The Audit Plan has been designed to be very flexible to take account of BCP services transformation along with the residual impact of COVID 19.
19. Audit & Governance Committee are asked to agree the proposed 2021/22 Audit Plan and acknowledge that should any significant changes be required these will be brought back to future Audit & Governance Committee meetings for agreement.

#### **Delivery of the 2020/21 Internal Audit Plan – Quarter 4 review**

20. Seventeen audit assignments have been fully completed in this quarter of 2020/21 (Jan-Mar 21) as outlined below.

#### ***2020/21 Audits Completed***

|    | Service Area             | Audit                                   | Assurance Opinion | Recommendations |     |     |
|----|--------------------------|---|-------------------|-----------------|-----|-----|
|    |                          |   |                   | High            | Med | Low |
| 1  | Adult Social Care        | Performance Monitoring                  | Reasonable        | 1               | 7   | 1   |
| 2  | Quality & Commissioning  | School Transport                        | Reasonable        | 0               | 3   | 1   |
| 3  | Quality & Commissioning  | Early Education Funding                 | Reasonable        | 0               | 1   | 1   |
| 4  | Inclusion & Family       | Tenancy Arrangements                    | Partial           | 1               | 3   | 1   |
| 5  | Destination & Culture    | Beach Huts                              | Reasonable        | 0               | 5   | 7   |
| 6  | Development              | Project Management High Level Review    | Consultancy       | 0               | 2   | 1   |
| 7  | Development              | Smart Places                            | Consultancy       | -               | -   | -   |
| 8  | Communities              | Fire Safety & Health & Safety Follow up | Partial           | 3               | 4   | 0   |
| 9  | Finance                  | Corporate Credit Cards                  | Partial           | 1               | 2   | 0   |
| 10 | Finance/Law & Governance | External Arrangements (Partnerships)    | Consultancy       | -               | -   | -   |
| 11 | Human Resources          | Policies & Training                     | Partial           | 3               | 7   | 1   |



|                              |                         |                                       |            |           |           |           |
|------------------------------|-------------------------|---------------------------------------|------------|-----------|-----------|-----------|
| 12                           | Children's Services     | Mudeford Junior School                | Reasonable | 0         | 4         | 3         |
| 13                           | Children's Services     | Mudeford Infants School               | Reasonable | 0         | 8         | 2         |
| 14                           | Children's Services     | Linwood School                        | Reasonable | 0         | 5         | 4         |
| 15                           | Growth & Infrastructure | Planning Applications (counter fraud) | Reasonable | 1         | 4         | 0         |
| 16                           | Finance                 | Business Continuity (follow up)       | Reasonable | 1         | 1         | 0         |
| 17                           | Adult Social Care       | Crisis Payments (counter fraud)       | Partial    | 4         | 3         | 2         |
| <b>Total Recommendations</b> |                         |                                       |            | <b>15</b> | <b>59</b> | <b>24</b> |

Key:

- **Substantial Assurance** - There is a sound control framework which is designed to achieve the service objectives, with key controls being consistently applied.
- **Reasonable Assurance** - Whilst there is basically a sound control framework, there are some weaknesses which may put service objectives at risk.
- **Partial Assurance** - There are weaknesses in the control framework which are putting service objectives at risk
- **Minimal Assurance** - The control framework is generally poor and as such service objectives are at significant risk

21. There were five 'Partial' assurance audit reports issued during the quarter:

#### **(1) Inclusion & Family - Tenancy Arrangements**

Nine recommendations (1 high, 3 medium, 1 low priority) were made in this Audit Report which was given a 'Partial Assurance' audit opinion. The following issues were found:

- No assurance could be given that the list of assets provided was complete (High Priority).
- It is unclear on who has responsibility for managing the property assets (Medium Priority)
- There is no defined charging policy in place (Medium Priority)
- Rent reviews have not been carried out (Medium Priority)
- There was no representation of I&FS at Corporate Property Group Meetings (Low Priority)

Recommendations to address the issues have all been agreed with management

#### **(2) Communities - Fire Safety & Health & Safety Follow up**

Nine recommendations (3 high, 4 medium, 0 low priority) were made in this Audit Report which was given a 'Partial Assurance' audit opinion. The following issues were found:

- Not all Service Directorates have nominated a Fire Safety Coordinator compromising the efficacy of corporate arrangements (High Priority)
- Governance arrangements for reporting of fire safety issues are not clearly documented arrangements (High Priority)
- Due to legacy arrangements still operating, the Corporate Fire Risk Assessment Programme does not cover all BCP premises (High Priority)
- Lack of clarity over Local Fire Safety Coordinators role (Medium Priority)
- Unclear if leased assets are included within the Corporate Health & Safety and Fire Governance Framework (Medium Priority)
- While legacy arrangements are still operating, reports need to clarify which legacy councils form part of the report (Medium Priority)



- BCP Fire Safety Policy is not clear on the responsibility for implementing, monitoring and escalating actions arising from Fire Risk Assessments (Medium Priority)

Recommendations to address the issues have all been agreed with management

### **(3) Finance - Corporate Credit Cards**

Three recommendations (1 high, 2 medium, 0 low priority) were made in this Audit Report which was given a 'Partial Assurance' audit opinion. The following issues were found:

- The proposed 3 stage escalation process is strengthened as follows (High Priority):
  - Stage 1 - Cardholder is asked to urgently return the form and receipts and informed if not received within 2 weeks this will be escalated to their line Manager (who should be copied into the e-mail).
  - Stage 2 – Cardholder's Manager is asked to ensure form and receipts are urgently returned and informed if not received within 2 weeks the card will be escalated to the Service Director for cancellation (e-mail copied to card holder and Service Director).
  - Stage 3 – Cardholder's Manager and Service Director are advised if no response within 1 week the card will be suspended (e-mail copied to card holder).
- The processes and checks carried out by Accountancy is reviewed by the Assistant Chief Finance Officer, in particular the reviewing of transactions against the Credit Card policy (Medium Priority)
- E-mail card holders where supporting evidence has been incorrectly sent via the internal mail to advise them of the correct process to send electronically (Medium Priority)

Recommendations to address the issues have all been agreed with management

### **(4) Human Resources - Policies & Training**

Nine recommendations (3 high, 7 medium, 1 low priority) were made in this Audit Report which was given a 'Partial Assurance' audit opinion. The following issues were found:

- HR or Payroll not undertaking sample checks to confirm compliance with relevant policies (High Priority)
- No corporate policy for mandatory training is in place to ensure compliance with key council policies/processes (High Priority)
- Staff are not completing mandatory training courses (High Priority)
- HR records are not held in one central location (Medium Priority)
- The I-Learn system is not currently used to email notification of new or amended training material to users (Medium Priority)
- Staff are either not recompleting mandatory training after every 3 years or not completing revised / updated versions (Medium Priority)
- No reporting to Senior Management Team or Director's on the completion rate of mandatory training within BCP Council and each Service (Medium Priority)
- Changes to staffing records on the HR System (Vision) are not automatically updated in the Corporate Training system (I-learn system) (Medium Priority)
- HR procurement exercise does not address the weaknesses in the current system (Medium Priority)
- Employees who complete service specific mandatory training courses face to face are not recorded on the I-Learn system (Low Priority)

Recommendations to address the issues have all been agreed with management

### **(5) Adult Social Care - Crisis Payments (counter fraud)**



Nine recommendations (4 high, 3 medium, 2 low priority) were made in this Audit Report which was given a 'Partial Assurance' audit opinion. The following issues were found:

- Decision to roll out Crisis Payments across BCP by management should be revisited (High Priority)
- No evidence to show Crisis Payments being authorised by Management (High Priority)
- Missing supporting evidence on client files (High Priority)
- Reconciliation between payments made on the ACCESS database and Fusion not completed (High Priority)
- Application process/ initial screening not always clearly documented (Medium Priority)
- No up to date record of vouchers kept by the Team (Medium Priority)
- Inconsistent report totals from ACCESS database (Medium Priority)
- Clients with multiple files on ACCESS and inconsistent documentation filing (Low Priority)
- Report format and presentation can be improved (Low Priority)

Recommendations to address the issues have all been agreed with management

22. There were no 'Minimal' assurance audit reports issued during the quarter. The status of other audits in progress (Jan-Mar 2021) is outlined below:

#### ***2020/21 Audits In Progress***

|    | <b>Service Area</b>                  | <b>Audit</b>                                       | <b>Progress</b> |
|----|--------------------------------------|--|-----------------|
| 1  | Children's Services                  | High Needs Block                                   | Draft Report    |
| 2  | Environment                          | Cash Income – Waste & Recycling Centres 2019/20/21 | Draft Report    |
| 3  | Organisational Development           | Equality & Diversity Action Plan                   | Draft Report    |
| 4  | Finance                              | Insurance  | Draft Report    |
| 5  | SVPP                                 | Debtors 2019/20/21                                 | Draft Report    |
| 6  | Communications, Marketing & Strategy | Business Planning & Performance Management         | Draft Report    |
| 7  | Finance                              | Main Accounting                                    | Draft Report    |
| 8  | Finance                              | Risk Management                                    | Draft Report    |
| 9  | Housing                              | Housing Rents                                      | Draft Report    |
| 10 | All services                         | Purchase and Credit Card (counter fraud)           | Draft Report    |
| 11 | Finance                              | Cash Contract                                      | Draft Report    |
| 12 | Organisational Development           | Programme / Project Management                     | Draft Report    |
| 13 | Children's Social Care               | Youth Offending Service                            | Draft Report    |
| 14 | Adult Social Care                    | Infection Control Grant                            | Fieldwork       |
| 15 | Housing                              | Wholly Owned Companies Governance (Follow up)      | Fieldwork       |
| 16 | IT & IS                              | Modern Workspace Consultancy Review                | Fieldwork       |
| 17 | Adult Social Care                    | Emergency Duty Service                             | Fieldwork       |
| 18 | Adult Social Care                    | Contained Outbreak Management Fund                 | Fieldwork       |



|    |                            |   |                   |
|----|----------------------------|---|-------------------|
|    |                            | (Grant Expenditure)   |                   |
| 19 | Adult Social Care          | Provision of Agency Staffing  | Fieldwork         |
| 20 | Children's Social Care     | Multi Agency Safeguarding Hub   | Fieldwork         |
| 21 | Law & Governance           | Marriages & Civil Ceremonies  | Fieldwork         |
| 22 | Housing                    | Facilities Management (Corporate Buildings<br>Health & Safety Statutory Compliance) | Fieldwork         |
| 23 | ICT & IS                   | Policies (KAF)  | Fieldwork         |
| 24 | All Services               | Safeguarding  | Fieldwork         |
| 25 | Finance                    | Debtors   | Fieldwork         |
| 26 | Organisational Development | Payroll   | Fieldwork         |
| 27 | All Services               | Declarations of Interest  | Fieldwork         |
| 28 | Finance                    | Council Tax   | Fieldwork         |
| 29 | Finance                    | NDR   | Fieldwork         |
| 30 | Planning                   | Community Infrastructure Levy   | Fieldwork         |
| 31 | Communities                | Environmental Health (Food Safety)  | Fieldwork         |
| 32 | Growth & Infrastructure    | Complaints, compliments & FOI process   | Fieldwork         |
| 33 | Law & Governance           | Health & Safety (Lone Working)  | Scoping           |
| 34 | Children's Services        | Local Authority Designated Officer  | Scoping           |
| 35 | Quality & Commissioning    | Mosaic Payments   | Scoping (delayed) |

### Significant Issues Arising and Other Work

23. Assurance work is continuing to take place on Covid-19 grants as required by government guidance, which includes various business grants and an infection control grant. This work has included the use of government promoted tools e.g. Spotlight for business trading status and the National Fraud Initiative for bank account validation.
24. Work is being completed on the compilation of the Council's Annual Governance Statement (AGS) for 2020/21 which will be presented to Corporate Management Board in May and then reported to this committee in July (along with the Council's Statement of Accounts).
25. At the request of the Corporate Director – Environment & Community, Internal Audit have completed a review of governance arrangements in place between the Council and Poole Housing Partnership (PHP), the Council's wholly owned Arms-Length Management Organisation (ALMO), in respect of Sterte Court cladding works. In practice the review inevitably also considered wider (than Sterte Court cladding works) governance matters.

Recommendations were made covering:

- Strengthening arrangements for formal joint (the Council and PHP) monitoring and management of fire risks with input for DWFRS and technical specialists as appropriate



- Ensuring that the duty to cooperate and coordinate under Article 22 of the Regulatory Reform (Fire Safety) Order 2005 and the recommendations of the Hackitt report (following the Grenfell Fire tragedy in 2017), are fully implemented including:
  - The type of fire risk assessment (FRA) to be carried out for each Council housing building in response to the complexity of its construction, condition, age and other risk factors
  - Roles and responsibilities for commissioning assessments, by whom will carry them out, how the assessor's competence will be verified and the process for quality assuring the resulting report
  - How FRA Action Plan progress will be tracked
- Suggested review and update of the Management Agreement, Commissioning & Performance Framework and associated performance indicators
- Improvements to document retention including documents evidencing operational decision making

PHP Board considered the review and recommendations at their Board meeting in March with the Head of Audit & Management Assurance in attendance. The Corporate Director has asked that the Director of Housing liaise with the Chair of PHP Board and move forwards the implementation of the recommendations. Progress updates will be reported to the Strategic Overview and Liaison Meeting which is the oversight meeting between the Council and PHP.

It is further suggested that Audit & Governance Committee receive a presentation covering the governance arrangement in place between the Council and PHP in a similar style to those received in 2020/21 covering BH Live, the Bournemouth Development Company (BDC) and the BCP Housing companies.

26. Internal Audit carried out internal audits of the Charter Trustees of Bournemouth and the Charter Trustees of Poole as requested to support their Annual Governance and Accountability Returns (AGAR). The trustees were established in 2019 to ensure the continuation of civic, historic and ceremonial traditions of the respective legacy councils. The outcome of the audits will be reported to the respective Charter Trustees committee meetings for consideration and approval.

### **Recommendations Implementation**

27. All recommendations followed up during the period (in line with the agreed action plan) were found to have been satisfactorily implemented by management or subject to pragmatic revisions to previously agreed dates, on a risk basis, mainly to take account of service restructures and COVID 19.
28. No recommendations are required to be escalated to Audit & Governance Committee for non-implementation.

### **Options Appraisal**

29. An options appraisal is not applicable for this report.

### **Summary of financial implications**

30. The BCP Internal Audit Team budgeted cost for 2020/21 is £694,700 which is inclusive of all direct costs including supplies & services but does not include the apportionment of central support costs (which are budgeted in aggregate and apportioned to services as a separate exercise). These numbers are also inclusive of the Head of Audit & Management Assurance who manages other teams.



31. The Internal Audit Team is currently at full establishment. There are no anticipated material projected year end budget variances to report for 2020/21.
32. The allocated budget resource for 2021/22 of £701,900 is considered adequate to deliver the Internal Audit Charter 2021 and 2021/22 Audit Plan as described in this report. Audit & Governance Committee are asked to note the budget for the Internal Audit service which has been previously approved by Council.

#### **Summary of legal implications**

33. This report gives an opinion on the adequacy and effectiveness of the risk, control and governance systems in place.

#### **Summary of human resources implications**

34. The BCP Internal Audit Team consists of 13.64 FTE.

#### **Summary of sustainability impact**

35. There are no direct sustainability impact implications from this report.

#### **Summary of public health implications**

36. There are no direct public health implications from this report.

#### **Summary of equality implications**

37. There are no direct equality implications from this report.

#### **Summary of risk assessment**

38. The risk implications are set out in the content of this report.

#### **Background papers**

None

#### **Appendices**

Appendix A – Internal Audit Charter 2021/22  
Appendix B – Core Audit Plan 2021/22  
Appendix C – Anti-Fraud & Corruption Work Plan 2021/22



# Audit Charter **2021/22**

Live from 1 April 202**1**

Annual evolution changes to this policy are shown in red text each year

## Internal Audit

Author: Simon Milne, Deputy Chief Internal Auditor

Version: **V2021**

Review Date: March 202**2**





## 1. Purpose Statement

- 1.1 The Public Sector Internal Audit Standards (PSIAS) provide a consistent framework for Internal Audit Services operating across public sector. The Public Sector Internal Audit Standards require Internal Audit to periodically review its Charter
- 1.2 The Internal Audit Charter describes the purpose, authority, responsibilities and scope of the Council's Internal Audit Section

## 2. Who the policy applies to

- 2.1 The Audit Charter will affect employees (particularly those within Internal Audit), **Councillors** and Statutory Officers.

## 3. This policy replaces

- 3.1 This policy replaces the Audit Charter 2020.

## 4. Approval process

- 4.1 This policy requires approval by the Chief Financial Officer (CFO) and by the Council's Audit & Governance Committee.

## 5. The Policy

- 5.1 The Public Sector Internal Audit Standards (PSIAS) require all internal audit activities to implement and retain an 'Internal Audit Charter'.
- 5.2 The PSIAS are supplemented with a Local Government Application Note (LGAN) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in collaboration with the Chartered Institute of Internal Auditors (CIIA). The LGAN provides sector-specific requirements for local government organisations within the UK Public Sector.
- 5.3 The PSIAS encompass the mandatory elements of the CIIA's International Professional Practices Framework (IPPF) as follows:
  - Definition of Internal Auditing,
  - Code of Ethics, and
  - International Standards for the Professional Practice of Internal Auditing (including interpretations and glossary).
- 5.4 The headings of each section of the Charter refer to specific sections of the PSIAS for reference purposes.

## 6. Definition (Standard 1010)

- 6.1 Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

## 7. Purpose (Standard 1000)

### Internal Audit Charter

- 7.1 The purpose of the Internal Audit Charter is to formally define the Internal Audit Service's purpose, authority and responsibility.

### Internal Audit Purpose

- 7.2 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems and governance arrangements. Internal



Audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

- 7.3 The Council's Internal Audit Service should lead to the strengthening of the control environment and therefore contribute to the achievement of the organisation's objectives.
- 7.4 This is achieved through Internal Audit providing a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

### **Scope & Objectives of Internal Audit**

- 7.5 The Internal Audit Service **structurally sits within** the Audit & Management Assurance **Team** within Finance.
- 7.6 The scope and objectives of the Internal Audit Service is to:
- Appraise and report on the adequacy of internal controls across the whole organisation as a contribution to the proper, economic, efficient and effective use of resources. This includes:
    - i. the completeness, reliability and integrity of information, both financial and operational,
    - ii. the systems established to ensure compliance with policies, plans, procedures, laws and regulations,
    - iii. the extent to which assets and interests are accounted for and safeguarded from loss,
    - iv. the economy, efficiency and effectiveness with which resources are employed, and
    - v. Whether operations are being carried out as planned and objectives and goals are being met.
  - Promote good governance arrangements and monitor progress made against governance actions.
  - Support the risk management process within the Council.
  - Advise on internal controls, risks or governance arrangements.
  - Support where necessary on relevant corporate / service projects or reviews.
  - Add value through advice, facilitation and training (subject to there being no impact on core assurance work, the maintenance of independence and the availability of skills and resources).
  - Be proactive in countering fraud and corruption.
  - Provide a corporate fraud investigation service.
  - Support the work of the Audit and Governance Committee.
  - Provide assurance over the financial operation of the Council's maintained schools.
  - Provide assurance on government funds allocated to nurseries, pre-schools and childminders.
  - Provide an Internal Audit service for partnerships as directed by the Council.
  - Provide grant certification work as directed by the Council and/or external bodies.
- 7.7 The detailed work of Internal Audit is set out within the risk based Internal Audit Plan which is designed to support the Chief Internal Auditor's Annual Internal Audit Opinion and Council's Annual Governance Statement (AGS).



- 7.7 In conducting its work, and if appropriate to do so, Internal Audit may choose to place reliance on the work of other assurance providers (e.g. External Audit, inspection agencies etc), to avoid duplication of effort and to maximise resources.

## **8. Authority (Standards 1000, 1010)**

### **Accounts and Audit Regulations (England) 2020**

- 8.1 Regulation 5 of the Accounts and Audit Regulations (England) 2020 requires the Council to *“undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and taking into account public sector internal auditing standards or guidance.”* The Regulations also add that authorities are to *“make available such documents and records and supply such information and explanations as are considered necessary by those conducting the internal audit”*.

### **Local Government Act 1972**

- 8.2 Internal Audit also assists the Section 151 Officer (Chief Finance Officer) in discharging their delegated responsibilities under Section 151 of the Local Government Act 1972 which requires the Council to *“make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”*.

### **Financial Regulations**

- 8.3 Part E (Internal Control, Audit and Risk Management) of the Council’s Financial Regulations support the authority given by Accounts and Audit Regulations (England) 2020 and the Local Government Act 1972.
- 8.4 Part B Section 12 of the Financial Regulations states that *“The CIA has rights of access to information and data held by officers or councillors of the Council at all reasonable times and is responsible for the overall co-ordination and deployment of external and internal audit resources at the Council. He/she also has the right to report on any relevant matter of concern to senior management and councillors of the Council outside normal line management arrangements should he/she deem this necessary in protecting the interests of the Council and/or local tax payers.”*
- 8.5 For clarity, the above authority may extend to partner organisations if required.

## **9. Responsibilities (Standard 1000)**

### **Chief Internal Auditor (CIA)**

- 9.1 The CIA is defined by PSIAS as the role of a person in a senior position responsible for effectively managing the Internal Audit Service in accordance with the Internal Audit Charter and the mandatory elements of PSIAS.
- 9.2 The CIA is designated by the Chief Finance Officer (CFO) as part of his/her Service Scheme of Delegation of the Council’s Constitution and plays a key role in providing assurance to Councillors, the CFO, the Head of Paid Service (HPS) and the Statutory Officers Group about the probity, practical deployment and effectiveness of financial management of the Council.

The CIA is responsible for:

- Managing the Internal Audit Service and determining the scope and methods of audit activity.
- Ensuring that Internal Audit staff operate within current auditing and ethical standards of the professional bodies of which Internal Audit are members.
- Ensuring Internal Audit staff have an impartial, unbiased attitude and avoid conflicts of interest.



- Preparing an Internal Audit Charter and annual Internal Audit Plan in consultation with the Audit and Governance Committee for approval.
- Ensuring that the Internal Audit Service is appropriately resourced in terms of numbers, grades, qualification levels and experience to meet its objectives.
- Ensuring a system of audit work supervision is in place.
- Ensuring effective liaison between Internal and External Audit functions.
- Providing an annual opinion on the overall adequacy and effectiveness of the Council's control environment for Councillors' consideration.
- Notifying External Audit of any matter that they would rightly expect to be informed of in order to support the function of an effective and robust external audit service.
- Determining the nature of any investigation work required in respect of any allegation of wrongdoing, and/or any other action required.
- Requiring any Councillor or staff of the Council to provide any information or explanation needed in the course of an investigation subject to the lawful limits set out in relevant legislation.
- Referring investigations to the Police in consultation with the CFO and Monitoring Officer (MO); under normal circumstances the relevant service manager would also be consulted.
- Referring cases directly to the Police, in consultation with the CFO and MO, if it is believed an internal enquiry would compromise the integrity of the investigation and /or otherwise prejudice the interests of the Council or the general public.

## **Audit & Governance Committee**

9.3 For the purpose of the PSIAS, the Council's Audit and Governance Committee will act as the 'Board' defined by the standards. Audit & Governance Committee provides independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of BCP Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place. The Audit and Governance Committee are responsible for the following (please see the Audit and Governance Committee Terms of Reference for a full list of responsibilities):

- To approve the Internal Audit Charter.
- To approve the risk-based Internal Audit Plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk-based Internal Audit Plan and resource requirements.
- To consider reports from the Head of Internal Audit on Internal Audit's performance during the year, including the performance of external providers of internal audit services. These will include:
  - a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
  - b) regular reports on the results of the Quality Assurance Improvement Programme (QAIP)
  - c) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.



- To consider the Head of Internal Audit's annual report:
  - a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
  - b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.
- To consider summaries of specific internal audit reports as scheduled in the forward plan for the Committee or otherwise requested by Councillors.
- To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every 5 years.
- To commission work from the Internal Audit Service with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee.
- To consider the arrangements for corporate governance including reviews of the Local Code of Corporate Governance and review and approval of the Annual Governance Statement (AGS).
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider arrangements for counter-fraud and corruption, including 'whistle-blowing' including approval of the Anti-Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy.
- To liaise with the national body (currently Public Sector Audit Appointments (Ltd)) (PSAA) over the appointment of the Council's External Auditors.
- To support the independence of External Audit through consideration of the External Auditor's annual assessment of its independence and review of any issues raised by PSAA.
- To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.

#### **Chief Finance Officer, Section 151 Officer (CFO)**

##### **9.4 The CFO (S151) will be responsible for:**

- Advising on effective systems of internal control to ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with statutes, regulations, and other relevant statements of best practice.
- Conducting an annual review of the effectiveness of the system of internal control and publishing the results of this within the AGS for inclusion in the Council's Annual Statement of Accounts.
- Maintaining an adequate and effective Internal Audit Service in accordance with the Accounts and Audit Regulations Act 2020 and further to Section 151 of the Local Government Act 1972.
- Ensuring that the rights and powers of Internal and External Auditors and fraud investigators are upheld at all times across the organisation.
- Ensuring that the statutory requirements for External Audit are complied with and that the External Auditor is able to effectively scrutinise the Council's records.
- Ensuring that audit plans and resulting activities are reported to the Audit and Governance Committee.



- Developing, maintaining and implementing an Anti-Fraud and Corruption Policy (and in conjunction with Human Resources a Whistleblowing Policy) that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity.
- Advising on the controls required for fraud prevention and detection.
- Appointing a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made.
- Ensuring that effective preventative measures are in place to reduce the opportunity for bribery occurring in accordance with statutory requirements of the Bribery Act.
- Preparing the Council's Risk Management Strategy and its promotion throughout the Council and for advising on the management of strategic, financial and operational risks.

## **Managers and employees**

9.5 Managers and employees are responsible for:

- Implementing effective systems of internal control including adequate separation of duties, clear authorisation levels, and appropriate arrangements for supervision and performance monitoring.
- Maintaining sound systems of internal control and implementing agreed Internal and External Audit recommendations within agreed timescales.
- Taking corrective action in respect of any non-compliance by staff with relevant rules, regulations, procedures and codes of conduct.
- Planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their objectives, standards and targets.
- Ensuring that auditors (Internal and External) have access to all documents and records for the purposes of the audit and are afforded all facilities, co-operation and explanation deemed necessary.
- Cooperating in the production of annual audit plans by highlighting any areas of risk that may benefit from audit review.
- Ensuring the proper security and safe custody of all assets under their control.
- Reporting cases of suspected cases of fraud or irregularity to the CIA immediately for investigation and complying with the Council's Whistleblowing Policy.
- Complying with the Council's Anti-Fraud and Corruption Policy.
- Ensuring that there are sound systems of internal control within their respective service areas for fraud prevention and detection.
- Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.
- Maintaining local staff registers of interests, gifts and hospitality within their service areas.

## **10. Reporting Lines (Standard 1000)**

10.1 The CIA reports directly to the CFO (S151). Section 11.5 of this document also applies to the CIA's reporting lines

10.2 The CIA will report to the Audit and Governance Committee on a regular basis.



## **11. Code of Ethics and Independence & Objectivity (Standard 1100)**

### **Code of Ethics**

- 11.1 All Internal Auditors will conform to the CIIA's Code of Ethics. Where members of the Internal Audit Service have attained membership with other professional bodies such as the Institute of Chartered Accountants in England and Wales (ICAEW) or CIPFA, those officers must also comply with their relevant bodies' ethical requirements. In addition to this, all Internal Auditors will have regard to the "Seven Principles of Public Life", known as the Nolan Principles. ([www.public-standards.gov.uk](http://www.public-standards.gov.uk))
- 11.2 Each member of the Service will receive a copy of the Code of Ethics and sign up to an annual declaration to confirm that they will work in compliance with the Code of Ethics as well as the Council's standards and policies such as the Council's Codes of Conduct. Where potential areas of conflict may arise during the year, the Auditor will also be required to disclose this. It is critical that all Auditors maintain high standards of integrity, independence, objectivity, confidentiality and competence.
- 11.3 Where an Internal Auditor's conduct does not comply with these standards or codes, disciplinary action may be taken, either by the Council or by the individual's professional body.

### **Independence and Objectivity (1100)**

- 11.4 Other functions such as Emergency Planning, Business Resilience, Risk Management and Insurance operate within the Audit & Management Assurance Section and are managed by the CIA. However, Internal Audit engagements of these areas will be overseen by the Deputy Chief Internal Auditor (DCIA).
- 11.5 The CIA (and DCIA when overseeing the areas outlined in 11.4) has direct access and freedom to report in his/her name and without fear or favour to all officers, Senior Management and Councillors (including the Chair of the Audit and Governance Committee) and particularly to those charged with governance.
- 11.6 Internal Auditors must remain independent; therefore, Auditors will be independent of the activities audited to enable staff to perform their duties in a way that allows them to make impartial, objective and effective professional judgements and recommendations. As such, Audit staff will not ordinarily have any operational responsibilities or involvement in system design unless approved by the CIA. Further to this, audit staff will not assess specific operations for which they have had any responsibility within the previous year.
- 11.7 The CIA will report annually to the CFO (S151) and the Audit and Governance Committee that independence and objectivity has been maintained. If this is not the case, disclosure will be made, this for example may be as a result of resource limitations, conflicts of interest or restricted access to records.

## **12. Proficiency & Due Professional Care (Standard 1200)**

### **Proficiency (1210)**

- 12.1 Each job role within the Internal Audit structure will detail skills and competencies within the approved job description and person specification. In line with Council policy and the PSIAS, each member of the Service will be assessed against these predetermined competencies and annual objectives. Any development and training plans will be regularly reviewed, monitored and agreed with officers. This assessment will also take into account competency changes as needed i.e. to reflect changing technology and legislation.
- 12.2 Auditors maintain a record of their continual professional development in line with their professional body.



- 12.3 The CIA will hold a professional qualification from the Chartered Institute of Internal Auditors, Consultative Committee of Accountancy Bodies or equivalent.

#### **Due professional care (1220)**

- 12.4 Internal Auditors must exercise due professional care by considering the:
- Extent of work needed to achieve the engagement's objectives.
  - Relative complexity, materiality or significance of matters under review.
  - Adequacy and effectiveness of governance, risk management and control processes.
  - Probability of significant errors, fraud, or non-compliance.
  - Cost of assurance in relation to potential benefits.

#### **14. Quality Assurance & Improvement Programme (Standard 1300)**

- 14.1 To enable the CIA to assess the Internal Audit Service's conformance to the PSIAS and to aid in the annual assessment of Internal Audit's efficiency and effectiveness and identify opportunities for improvement, a QAIP has been developed. The QAIP includes both internal and external assessments.
- 14.2 Assessment against the QAIP will form part of the annual assessment of the effectiveness of internal audit (contained within the Annual Auditors Report) which is published to the CFO (S151) and the Audit and Governance Committee.
- 14.3 Where there are instances of non-conformances to the PSIAS this is reported to the CFO (S151) and Audit and Governance Committee. Any significant deviations will be detailed within the AGS.

#### **Internal Assessments (1311)**

- 14.4 Annual self-assessments will be carried out on the Internal Audit Service to confirm that it adheres to the PSIAS. The Local Government Application Note will be used to assist the self-assessment. The self-assessment will be included in the Annual Internal Audit Report and will be annually reported to the Audit and Governance Committee.
- 14.5 All Auditors have access to an up to date audit manual (audit process document), the Internal Audit Charter, Council policies, the PSIAS and LGAN as well as other references. In addition, the CIA shares journals, publications and other relevant articles. Where staff are members of bodies such as the CIIA further guidance is available.
- 14.6 Targets and performance indicators are set for individual auditors as well as for the team. These are agreed with the CFO (S151) and the Audit and Governance Committee.
- 14.7 In addition to the QAIP, progress made against the annual Audit Plan and any emerging issues (i.e. fraud risks or governance issues) is reported regularly to the CFO (S151) and the Audit and Governance Committee.
- 14.8 Ongoing assessment of staff is carried out through regular one to one meetings, stakeholder feedback from post audit questionnaires and formally in the annual performance conversation process.

#### **External Assessments (1312)**

- 14.9 The PSIAS stipulates that external assessment must be carried out at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.



- 14.10 The arrangement and scope of any such review will be agreed with the Audit and Governance Committee and the Independent Assessor.

## **14. Managing the Internal Audit Activity (Standard 2000)**

- 14.1 Internal Audit adds value to the Council by considering strategies, objectives and risks to offer ways to enhance governance, risk management, control processes and by providing objective assurance on these activities.

### **Planning (2010)**

- 14.2 The CIA develops an annual risk based Internal Audit Plan, which can be updated to reflect changing risks and priorities of the organisation, to enable the production of the annual internal audit opinion.
- 14.3 The plan will consider:
- The need for specialist auditor skills, where they are not available already.
  - Contingency time for ad hoc reviews or fraud investigations.
  - Sufficient time for audit management including audit planning, development of the annual opinion and attendance at meetings and maintenance of audit policies and procedures (Standard 2040).
  - Staff training and development needs.
  - Liaison time with other assurance providers to share information (standard 2050), such as the External Auditor.
  - Assurances provided by other bodies (as detailed in the Council's Assurance Framework).
- 14.4 The CIA reports the risk based Internal Audit Plan and resource requirements to the CFO (S151) and the Audit and Governance Committee annually for review and approval.

### **Resource Management (2030)**

- 14.5 For the Internal Audit Service to fulfil its responsibilities, it must be appropriately staffed in terms of numbers, professional qualifications, skills and experience. Resources must be effectively deployed to achieve the approved risk-based plan. The mix of available knowledge, skills and other competencies will be considered once the risk-based plan is drafted to ensure they are sufficient to deliver the plan.
- 14.6 It is the responsibility of the CIA to report to the CFO (S151) and the Audit and Governance Committee on any resource concerns that may impact upon the delivery of the annual audit opinion.
- 14.7 If necessary, the CIA will engage additional (specialist) resources.
- 14.8 Employment of staff will be in compliance with the Council's Human Resources policies. External resources will be procured in line with the Council's Financial Regulations.

### **Policies & Procedures (2040)**

- 14.9 The CIA will establish and maintain an audit manual which will outline the policies and procedures to guide the Internal Audit Service.

## **15. Nature of the Work (Standard 2100)**

### **Governance (2110)**

- 15.1 Internal Audit will assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:



- Promoting appropriate ethics and values within the organisation.
- Ensuring effective organisational performance management, accountability and improvements to strategic and operational processes to meet the Council's objectives.
- Communicating risk and control information to appropriate areas of the organisation.
- Coordinating the activities of and communicating information among the Audit and Governance Committee, External and Internal Audit and management.

## **Risk Management (2010)**

15.2 Internal Audit evaluates the effectiveness and contributes to the improvement of risk management processes.

15.3 In accordance with the PSIAS, Internal Audit:

- Evaluates risk exposures relating to the Council's governance, operations and information systems regarding the:
  - Achievement of the organisation's strategic objectives.
  - Reliability and integrity of financial and operational information.
  - Effectiveness and efficiency of operations and programmes.
  - Safeguarding of assets.
  - Compliance with laws, regulations, policies, procedures and contracts.
- Addresses risk consistent with the engagement's objectives and are alert to the existence of other significant risks.
- Incorporates knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes.
- Assists management in establishing or improving risk management processes, but refrain from assuming any management responsibility by actually managing risks.

## **Internal Control (2130)**

15.4 Internal Audit assists the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

15.5 Internal Audit evaluates the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:

- Achievement of the organisation's strategic objectives.
- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programmes.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures and contracts.

15.6 Internal auditors will incorporate knowledge of controls gained from consulting engagements into evaluation of the organisation's control processes.

## **16. Engagement Planning (Standard 2200)**

### **Planning Considerations & Engagement Objectives (2201 & 2210)**

16.1 Audit work is undertaken using a risk-based audit approach, which will consider the probability of significant errors, fraud and non-compliance. A preliminary risk assessment will be prepared for each audit engagement to consider the activity's strategies and objectives, the risks of the activity not meeting its objectives, the



effectiveness of governance, risk management and control processes. The engagement objectives will be based on the results of this assessment.

- 16.2 For all audit engagements (including engagements for external parties and consulting engagements) a terms of reference will be prepared, discussed and agreed with relevant managers. The terms of reference should establish the objectives, scope and timing for the audit assignment and its resources and reporting requirements.

### **Engagement Scope & Engagement Resource Allocation (2220 & 2230)**

- 16.3 The scope prepared in the terms of reference will consider the relevant systems, records, personnel and premises.
- 16.4 The scope of any engagements will be sufficient to address the objectives. However, if there are any reservations regarding the scope during an engagement, these will be raised with the client and the CIA (or delegated officer) to determine if the scope needs to be amended.
- 16.5 Engagements will be allocated and carried out by Internal Auditors with the right mix of knowledge and skills to effectively complete the engagement. Auditors will be given sufficient resources to undertake the engagement.

### **Engagement Work Programme (2240)**

- 16.6 Work programmes will be developed based on the engagement's objectives. Work programmes will include the process for identifying, analysing, evaluating and documenting the audit work during the engagement.

## **17. Performing the Engagement (Standard 2300)**

- 17.1 Auditors are required to identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives. This evidence supports their conclusions, professional judgements and recommendations and therefore must be factual and accurate. This data is held in compliance with the Council's retention policies.
- 17.2 Access to the engagement records will be controlled. The Information Governance Team will be consulted on the release of all records to external parties.
- 17.3 Each audit engagement will be overseen by the relevant Audit Manager.

## **18. Communicating Results (Standard 2400)**

### **Criteria for Communication (2410)**

- 18.1 The results of all engagements are reported, including the objective, scope, all material facts, conclusions, recommendations, action plans, and any limitations and where appropriate contain the Internal Auditor's opinion. Reports will be issued in a timely manner, in accordance with the Terms of Reference, subsequent to the completion of the work programme. Any significant variance in the timeframe for the report being issued will be agreed by the CIA or DCIA.
- 18.2 Where results of engagements are released to external parties, a description of the limitations on distribution and use of the results will be included.
- 18.3 The CIA has the overall responsibility for reviewing and approving the final engagement communication. However, Audit Managers are delegated this duty in most instances. Final Reports will be communicated to the correct officers/Councillors to ensure that the results are given due consideration.
- 18.4 Final engagement communication may be in the form of an email where considered appropriate; however, this will be agreed with the CIA or DCIA before issuing.



- 18.5 Table 1 provides the levels of opinion that can be provided for an audit engagement, with a short description:

**Table 1**

| Opinion                      | Description   |
|------------------------------|---|
| <b>Substantial Assurance</b> | There is a sound control framework which is designed to achieve the service objectives, with key controls being consistently applied. |
| <b>Reasonable Assurance</b>  | Whilst there is basically a sound control framework, there are some weaknesses which may put service objectives at risk.              |
| <b>Partial Assurance</b>     | There are weaknesses in the control framework which are putting service objectives at risk.   |
| <b>Minimal Assurance</b>     | The control framework is generally poor and as such service objectives are at significant risk.                                       |

- 18.6 Table 2 provides a description of the three priority levels given to recommendations, together with an expected timeframe for implementation; the framework for scoring recommendations is contained within the audit manual.

**Table 2**

| Priority      | Description  |
|---------------|--|
| <b>High</b>   | <p>High priority recommendations have actual / potential critical implications for achievement of the Service's objectives and/or a major effect on service delivery.</p> <p>Agreed actions should be urgently implemented by the Service <b>within 3 months of the issue of the final audit report</b> and the associated risk(s) added to the Service Risk Register.</p> <p><i>Recommendations will be followed-up by Internal Audit as they fall due.</i></p>   |
| <b>Medium</b> | <p>Medium priority recommendations have actual / potential significant implications for achievement of the Service's objectives and/or a significant effect on service delivery.</p> <p>Agreed actions should be implemented by the Service <b>within 9 months of the issue of the final audit report</b> and formal consideration should be given to adding the associated risk(s) to the Service Risk Register.</p> <p><i>Recommendations will be followed-up by Internal Audit as part of the next audit review <b>or within 12 months after the implementation due date (whichever is sooner).</b></i></p> |
| <b>Low</b>    | <p>Low priority recommendations have actual / potential minor implications for achievement of the Service's objectives and/or a minor effect on service delivery.</p> <p>It rests with the Service to implement these actions and advise Internal Audit of the outcome.</p>  |

- 18.7 Contents of draft reports are discussed with managers to confirm factual accuracy. Significant issues will be brought to the attention of management during the course of engagements to allow for immediate action.
- 18.8 Managers are required to give timely responses to each recommendation, detailing the responsible officer for each action and the target date for completion.



- 18.9 All audit opinions are reported to the Statutory Officers Group and the Audit and Governance Committee. Audit reports with 'Minimal' assurance will be provided in full to the Audit and Governance Committee and 'Partial' assurance audit reports will be provided in a summary format.

### **Errors or Omissions (2421)**

- 18.10 If final audit reports contain a significant error, the CIA (or delegated officer) will communicate the corrected information to all parties who received the original communication.

### **Engagement Disclosure of Non-conformance (2431)**

- 18.11 Where a non-conformance to either the Code of Ethics or the PSIAS impacts on a specific audit engagement, then the communication of the results must disclose the:
- Principle or rule with which full conformance was not achieved.
  - Reasons for non-conformance.
  - Impact of non-conformance on the engagement and the results.
- 18.12 Instances of non-conformance will be reported to the Audit and Governance Committee.

### **Annual Internal Audit Opinion (2450)**

- 18.13 The CIA will prepare an Annual Internal Audit Opinion Report that will be used by the Council to inform the AGS.
- 18.14 The Annual Internal Audit Opinion Report will conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control by giving an overall opinion, summary of the work undertaken to support this opinion (including any reliance place on work by other assurance providers).
- 18.15 The Annual Internal Audit Opinion Report will include a statement on the conformance with the PSIAS and the results of the QAIP.

## **19. Monitoring Process (Standard 2500)**

- 19.1 The CIA will establish a follow-up process to ensure that management actions have been effectively implemented or that Senior Management has accepted the risk of not taking action.
- 19.2 Non-implemented audit recommendations will follow the Internal Audit escalation process. (See Appendix B)

## **20. Communicating the Acceptance of Risks (Standard 2600)**

- 20.1 High and Medium priority accepted risks will be reported to the Statutory Officers Group. (See Appendix B)
- 20.2 Where the CIA concludes that management have accepted a High or Medium risk that may be deemed unacceptable to the Council or have not implemented a high-risk action, the CIA must discuss this with the Statutory Officers Group. If the matter has still not been resolved, then this must be escalated to the Audit and Governance Committee. (See Appendix B)
- 20.3 It is not the CIA's responsibility to resolve the risk.

## **21. Review of the Internal Audit Charter**

- 21.1 In accordance with the PSIAS this Charter will be reviewed and updated (annually as a minimum) to meet the Council's changing risks and priorities.



Internal Audit Charter proposed by:

|       |       |
|-------|-------|
| ..... | ..... |
| CIA   | Date  |

Internal Audit Charter approved by:

|                           |       |
|---------------------------|-------|
| .....                     | ..... |
| CFO (Section 151 Officer) | Date  |

|   |       |
|---|-------|
| .....                                       | ..... |
| Chair of the Audit and Governance Committee | Date  |

**22. Further information and evidence**

- Appendix A – Glossary & Acronyms**
- Appendix B – Escalation Policy for Non-Implemented Internal Audit Recommendations**
- Appendix C – Consultees and document control**
- Appendix D – Equality Impact Assessment**



## GLOSSARY & ACRONYMS

**Annual Governance Statement** – The purpose of the annual governance statement is for the Council to report publicly on its arrangements for ensuring that its business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for. This includes how the authority has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

**Annual Internal Audit Opinion** - The rating, conclusion, and/or other description of results provided by the Chief Internal Auditor addressing, at a committee level, governance, risk management, and/or control processes of the Council. An overall opinion is the professional judgment of the Chief Internal Auditor based on the results of a number of individual engagements and other activities for a specific time interval.

**Assurance activity** - An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the Council. Examples may include financial, performance, compliance, system security, and due diligence engagements.

**Audit Engagement** - A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

**Chartered Institute of Internal Auditors** - The professional association for internal auditors in the UK and Ireland.

**Code of Ethics** - The Code of Ethics of The Institute of Internal Auditors (IIA) are principles relevant to the profession and practice of internal auditing, and Rules of Conduct that describe behaviour expected of internal auditors. The Code of Ethics applies to both parties and entities that provide internal audit services. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

**CCAB** – Consultative Committee of Accountancy Bodies.

**CFO** – Chief Finance Officer.

**CIA** – Chief Internal Auditor. (The Head of Audit & Management Assurance in BCP Council)

**CIIA** – Chartered Institute of Internal Auditors.

**CIPFA** – Chartered Institute of Public Finance and Accountancy.

**CMIIA** – Chartered Member of the Institute of Internal Auditors.

**Consultancy activity** - Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve the Council's governance, risk management, and control processes without the internal auditor assuming management responsibility.

**Control Environment** - The attitude and actions of the board and management regarding the importance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:

- Integrity and ethical values.
- Management's philosophy and operating style.
- Organizational structure.



- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.

**Controls** - Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

**DCIA** – Deputy Chief Internal Auditor.

**Governance** - The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the Council toward the achievement of its objectives.

**HPS** – Head of Paid Service.

**ICAEW** - Institute of Chartered Accountants in England and Wales.

**Internal Audit Charter** - The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The Internal Audit Charter establishes the internal audit activity's position within the Council; authorises access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

**LGAN** – Local Government Application Note.

**MO** – Monitoring Officer.

**Public Sector Internal Audit Standards (PSIAS)** - The Public Sector Internal Audit Standards:

- define the nature of internal auditing within the UK public sector.
- set basic principles for carrying out internal audit in the UK public sector.
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

**QAIP** – Quality Assurance and Improvement Programme.

**Risk Assessment** - A preliminary assessment of the risks relevant to the activity under review.

**Risk Management** - A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the Council's objectives.

**Risks** - The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

**S151** – Section 151 Officer.

**Work programme** - The process of collecting, analysing, interpreting, and documenting audit testing during an audit engagement.







## **NOTES:**

### **Risk Addressed:**

Recommendation has been implemented satisfactorily and/or suitable controls have been put in place to mitigate or reduced the risk to an acceptable level.

### **Risk Not Addressed:**

Partial/Incorrect implementation of recommendation resulting in risk not being mitigated or reduced to an acceptable level and therefore still represents a threat to the Service Unit not achieving its objectives.

### **Risk Accepted:**

The Service Director decides not to implement the recommendation and has accepted a level of risk that may be unacceptable to the organisation.

## **GLOSSARY to Appendix B:**

**AM** – Audit Manager

**CIA** – Chief Internal Auditor

**SOG** – Statutory Officer's Group

**MKI** – Morgan Kai Insight – Internal Audit Recommendation Tracking System



## Consultees

The following individuals/groups have been consulted during this year's evolution of this Charter:

| Name                         |
|------------------------------|
| Internal Audit               |
| Statutory Officers Group     |
| Audit & Governance Committee |

## Equalities Impact Assessment

|                 |   |
|-----------------|---|
| Assessment date | Reviewed as part of this years' evolution 25/03/2021 (screening tool – no formal assessment required) as per Appendix D |
|-----------------|---|

## Document Control

|                    |   |
|--------------------|---|
| Approval body      | Audit and Governance Committee  |
| Approval date      | 22 <sup>nd</sup> April 2021   |
| V1 – April 2019    | New Policy created (please note any version changes in the future will be shown in red text)  |
| V2 – June 2020     | <ul style="list-style-type: none"> <li>Added appendix of the escalation process.</li> <li>Update to reflect Audit &amp; Governance Committee responsibilities in line with new Terms of Reference.</li> <li>Update to reflect changes to Service and Job title naming.</li> <li>Update to reflect responsibilities in line with updated Financial Regulations.</li> <li>Update to reflect changes to audit processes.</li> <li>Update Accounts &amp; Audit Regulations reference from 2015 to 2020</li> </ul> |
| V2021 – April 2021 | <ul style="list-style-type: none"> <li>Expected timeframe for implementation of High and Medium Priority recommendations added (para 18.6 table 2)</li> <li>Expanded Medium 'Recommendations will be followed-up by Internal Audit as part of the next audit review <u>or within 12 months after the implementation due date (whichever is sooner)</u>' (para 18.6 table 2)</li> <li>Reformatted to follow corporate policy template</li> <li>Appended EIA screening tool.</li> </ul>                         |



### Equality Impact Assessment: conversation screening tool

|   |  |
|---|--|
| <b>Policy/Service under development/review:</b>   | Internal Audit Charter 2021  |
| <b>What changes are being made to the policy/service?</b>   | Annual refresh of the Charter  |
| <b>Service Unit:</b>  | Finance  |
| <b>Persons present in the conversation and their role/experience in the service:</b>  | Simon Milne, Deputy Chief Internal Auditor<br>Jon Cockeram, Deputy Service Equality Champion   |
| <b>Conversation dates:</b>  | 25/03/21   |
| Do you know your current or potential client base? Who are the key stakeholders?  | The Audit Charter will affect employees (particularly those within Internal Audit), Members and Statutory Officers.  |
| Do different groups have different needs or experiences in relation to the policy/service?  | The Charter does not create different needs for different groups.  |
| Will the policy or service change affect any of these service users?  | The policy lays out the roles and responsibilities of Internal Audit, the Chief Internal Auditor, the Audit & Governance Committee, the Section 151 Officer and managers & employees |
| <b>[If the answer to any of the questions above is 'don't know' then you need to gather more evidence and do a full EIA. The best way to do this is to use the Capturing Evidence form]</b> |  |
| What are the benefits or positive impacts of the policy/service change on current or potential service users?   | No benefits or positive impacts have been identified   |
| What are the negative impacts of the policy/service change on current or potential service users?   | No negative impacts have been identified   |
| Will the policy or service change affect employees?   | Yes, the policy affects employees by laying out their roles & responsibilities in relation to Internal Audit   |
| Will the policy or service change affect the wider community?   | This policy does not affect the wider community  |
| What mitigating actions are planned or already in place for those negatively affected by the policy/service change?   | No negative implications identified, so no mitigating actions required   |
| <b>Summary of Equality Implications:</b>  | No equality implications have been identified as a result of this policy.  |

For any questions on this, please contact the Policy and Performance Team by emailing [performance@bcpcouncil.gov.uk](mailto:performance@bcpcouncil.gov.uk)



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| 2021/22 BCP Core Audit Plan              |   |                            |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                |         |                      |                  |                                 |                   |                  |                    |      |
|--|---|----------------------------|---------------|---------------|------------------------|-----------|--------------------------|----------|-----------------------|-------------|---------|-------------|----------------------------|------------------------------|----------------------------|--------------------------------|---------|----------------------|------------------|---------------------------------|-------------------|------------------|--------------------|------|
| Audit                                    | (Lead) Area                                       | Adults                     |               |               | Childrens              |           | Place Operation Services |          |                       |             |         |             | Transformation & Resources |                              |                            |                                | Finance |                      | Law & Governance | Policy & Performance Management | Comms & Marketing | 2020/21 Original | 2021/22 Total Days |      |
|  |   | Adult Social Care Services | Commissioning | Public Health | Children's Social Care | Education | Transport & Engineering  | Planning | Destination & Culture | Environment | Housing | Communities | IT & IS                    | Customer & Business Delivery | HR & Workforce Development | Programme & Project Management | Finance | Economic Development | Law & Governance | Policy & Performance Management | Comms & Marketing |                  |                    |      |
| Key Assurance Functions (core functions) | Asset Management                                  | Customer & BD/Eco Dev      |               |               |                        |           |                          |          |                       |             |         |             |                            | 15                           |                            |                                |         | 20                   |                  |                                 |                   | 30               | 35                 |      |
|  | Business Continuity                               | Finance                    |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 10      |                      |                  |                                 | 10                | 10               |                    |      |
|  | Business Planning & Performance Management        | Policy & Perf Man          |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                |         |                      | 10               |                                 | 10                | 10               |                    |      |
|  | Financial Management                              | Finance                    |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 15      |                      |                  |                                 | 15                | 15               |                    |      |
|  | Health & Safety (incl. Fire Safety)               | Communities                |               |               |                        |           |                          |          |                       |             | 15      |             |                            |                              |                            |                                |         |                      |                  |                                 | 10                | 15               |                    |      |
|  | Human Resources                                   | HR & Workforce Dev         |               |               |                        |           |                          |          |                       |             |         |             |                            | 10                           |                            |                                |         |                      |                  |                                 | 10                | 10               |                    |      |
|  | ICT   | IT & IS                    |               |               |                        |           |                          |          |                       |             |         |             | 10                         |                              |                            |                                |         |                      |                  |                                 | 10                | 10               |                    |      |
|  | Information Governance                            | Law & Governance           |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                |         | 20                   |                  |                                 | 20                | 20               |                    |      |
|  | Procurement (including contracts & P Cards)       | Finance                    |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 20      |                      |                  |                                 | 20                | 20               |                    |      |
|  | Project & Programme Management                    | Programme & Proj Man       |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            | 10                             |         |                      |                  |                                 | 10                | 10               |                    |      |
|  | Risk Management                                   | Finance                    |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 10      |                      |                  |                                 | 10                | 10               |                    |      |
|  | Safeguarding                                      | ASC Corporate Director     | 10            |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                |         |                      |                  |                                 |                   | 10               | 10                 |      |
| Partnerships                             | Finance/Law & Governance                          |                            |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 20      |                      |                  |                                 | 20                | 20               |                    |      |
| Total                                    |   |                            | 10            | 0             | 0                      | 0         | 0                        | 0        | 0                     | 0           | 0       | 15          | 10                         | 15                           | 10                         | 10                             | 75      | 20                   | 20               | 10                              | 0                 | 185              | 195                |      |
| Key Financial Systems                    | Council Tax/NDR                                   | Finance                    |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 40      |                      |                  |                                 |                   | 30               | 40                 |      |
|  | Housing Benefit                                   | Finance                    |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 20      |                      |                  |                                 |                   | 30               | 20                 |      |
|  | Debtors   | Finance                    |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 20      |                      |                  |                                 |                   | 30               | 20                 |      |
|  | Main Accounting System                            | Finance                    |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 30      |                      |                  |                                 |                   | 30               | 30                 |      |
|  | Social Services Financial Assessments             | Adult SC\Finance           | 10            |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 10      |                      |                  |                                 |                   | 20               | 20                 |      |
|  | Creditors   | Finance                    |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 30      |                      |                  |                                 |                   | 30               | 30                 |      |
|  | Payroll   | HR & Workforce Dev         |               |               |                        |           |                          |          |                       |             |         |             |                            |                              | 40                         |                                |         |                      |                  |                                 | 40                | 40               |                    |      |
|  | Treasury Management                               | Finance                    |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 20      |                      |                  |                                 |                   | 25               | 20                 |      |
|  | Housing Rents                                     | Housing                    |               |               |                        |           |                          |          |                       |             | 10      |             |                            |                              |                            |                                |         |                      |                  |                                 |                   | 15               | 10                 |      |
|  | Total   |                            |               | 10            | 0                      | 0         | 0                        | 0        | 0                     | 0           | 0       | 10          | 0                          | 0                            | 0                          | 40                             | 0       | 170                  | 0                | 0                               | 0                 | 0                | 250                | 230  |
| High Level Risks                         | Corporate\Service Risk Register & other risks     | -                          | 60            | 55            | 20                     | 60        | 60                       | 35       | 5                     | 40          | 45      | 40          | 30                         | 35                           | 10                         | -                              | -       | 10                   | 25               | 10                              | -                 | 5                | 540                | 545  |
|  | Key Assurance Function risks                      | -                          | 10            | 10            | -                      | 15        | 15                       | 8        | 2                     | 10          | 10      | 10          | 10                         | 10                           | 10                         | -                              | -       | 10                   | 10               | 10                              | -                 | 5                | 160                | 155  |
|  | Total   |                            | 70            | 65            | 20                     | 75        | 75                       | 43       | 7                     | 50          | 55      | 50          | 40                         | 45                           | 20                         | 0                              | 0       | 20                   | 35               | 20                              | 0                 | 10               | 700                | 700  |
| Schools                                  | Schools   | Inclusion & Family         |               |               |                        |           | 60                       |          |                       |             |         |             |                            |                              |                            |                                |         |                      |                  |                                 |                   | 60               | 60                 |      |
| Counter Fraud                            | Corporate Work (inc. NFI)                         | Finance                    |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 45      |                      |                  |                                 |                   |                  | 45                 |      |
|  | Procurement - Contracts                           | All Services               | 3             | 6             | -                      | 3         | 3                        | 2        | 1                     | 3           | 3       | 3           | 3                          | 1                            | 1                          | 1                              | 1       | 2                    | 1                | 1                               | 1                 | 1                | 40                 |      |
|  | Pre Employment Checks                             | All Services               | 2             | 2             | -                      | 2         | 3                        | 1        | 1                     | 1           | 1       | 1           | 1                          | 1                            | 1                          | 1                              | 1       | 2                    | 1                | 1                               | 1                 | 1                | 25                 |      |
|  | Blue Badges                                       | Customer & Bus Delivery    |               |               |                        |           |                          |          |                       |             |         |             |                            |                              | 15                         |                                |         |                      |                  |                                 |                   |                  | 15                 |      |
|  | Direct Payments                                   | Adult Social Care          | 15            |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                |         |                      |                  |                                 |                   |                  | 15                 |      |
|  | Serious & Organised Crime                         | All Services\Finance       |               |               |                        |           |                          |          |                       |             |         |             |                            |                              |                            |                                | 5       |                      |                  |                                 |                   |                  | 5                  |      |
|  | Housing Tenancy (data matching)                   | Housing                    |               |               |                        |           |                          |          |                       |             |         | 15          |                            |                              |                            |                                |         | 54                   | 2                | 2                               | 2                 | 2                | 15                 |      |
| Total                                    |   |                            | 20            | 8             | 0                      | 5         | 6                        | 3        | 2                     | 4           | 4       | 19          | 4                          | 2                            | 17                         | 2                              | 2       | 54                   | 2                | 2                               | 2                 | 2                | 160                | 160  |
| Other                                    | Planning, Advice, Follow Ups & Carry Forward time | -                          | 25            | 25            | 5                      | 25        | 25                       | 20       | 5                     | 20          | 20      | 20          | 20                         | 15                           | 15                         | 5                              | 5       | 40                   | 5                | 15                              | 5                 | 5                | 320                | 320  |
| Total                                    | Total Days 2020/21                                |                            | 116           | 86            | 30                     | 76        | 227                      | 71       | -                     | 71          | 71      | 86          | 81                         | 56                           | 56                         | 15                             | 15      | 451                  | 91               | 46                              | 15                | 15               | 1675               |      |
|  | Total Days 2021/22                                |                            | 135           | 98            | 25                     | 105       | 166                      | 66       | 14                    | 74          | 79      | 99          | 79                         | 72                           | 67                         | 57                             | 17      | 359                  | 62               | 57                              | 17                | 17               |                    | 1665 |
|  | Overall Total Days 2021/22                        |                            | 258           |               |                        | 271       |                          | 411      |                       |             |         |             |                            | 213                          |                            |                                |         | 421                  |                  | 57                              | 17                | 17               |                    |      |



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**INTERNAL AUDIT**

**ANTI-FRAUD & CORRUPTION WORK PLAN**

**2021/22**



## **Background**

The Council's overall arrangements for preventing and detecting fraud and corruption are regularly reviewed and assessed by Internal Audit.

The following key policies are in place within the Authority:

- Anti-Fraud and Corruption Policy
- Whistle-Blowing Policy
- Declarations of Interests, Gifts and Hospitality Policy
- Financial Regulations
- Employee/Member Codes of Conduct

## **Introduction**

Managing the risk of fraud and corruption is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected.

Nevertheless, Internal Audit has a key roll to play in the prevention, detection, and investigation of fraud and corruption.

Internal Audit maintain the Council's Corporate Fraud Risk Register and ensure any high scoring risks are considered for inclusion in individual service risk registers.

The Corporate Fraud Risk Register is used to identify key Council fraud & corruption risks and to allow Internal Audit to allocate its resource and regularly review these key risks as part of the annual audit plan.

## **2021/22 Annual Fraud Risk Assessment**

The audit of fraud and corruption is an important feature of the Audit Plan and comprises of three main elements:

- An assessment of all or part of the Council's overall arrangements for preventing and detecting fraud and corruption
- Ensuring counter-fraud & corruption work is incorporated within planned audits across directorates (e.g. payroll, creditors)
- Review and testing of specific risk areas and not covered by planned audits.

160 days has been allocated in the 2021-22 Audit Plan to carry out pro-active prevention & detection work on fraud & corruption to include the specific risk areas not covered by planned audits. This time also includes work on the co-ordination of the National Fraud Initiative (NFI) exercise.

120 days has been allocated to undertake investigative work to be carried out if fraud or corruption is suspected or detected.

## **Corporate Fraud Work**

Fraud checks on Council housing services (applications & right to buy), along with specialist support with Blue Badge fraud will be carried out by the Corporate Fraud Specialists within Internal Audit.



| ANTI-FRAUD AND CORRUPTION WORK PLAN 2021/22 |  |                 |                    |                      |
|---|--|-----------------|--------------------|----------------------|
| REF   | PLANNED ACTIVITY   | Core Audit DAYS | Investigation DAYS | Corporate Fraud DAYS |
|   | <b>STRATEGIC</b>   |                 |                    |                      |
| 1.1   | <b>Review of Best Practice</b> – against CIPFA guidance  | 2               |                    |                      |
| 1.2   | <b>Fraud Risk Assessment</b> – review and update   | 2               |                    |                      |
| 1.3   | <b>Fraud Surveys</b> – complete  | 1               |                    |                      |
|   | <b>CULTURE &amp; DETERENCE</b>   |                 |                    |                      |
| 2.1   | <b>Issue fraud alerts</b> - review types of frauds occurring & inform officers\managers  | 3               |                    |                      |
| 2.2   | <b>E-learning</b> - review use of e-learning module  | 1               |                    |                      |
| 2.3   | <b>Counter Fraud Policies</b> - annual review  | 2               |                    |                      |
|   | <b>PREVENTION &amp; DETECTION</b>  |                 |                    |                      |
| 4.1   | <b>Proactive analytical fraud detective work</b>   |                 |                    |                      |
| 4.2   | Procurement – Contracts (all)  | 40              |                    |                      |
| 4.3   | Pre Employment Checks (all)  | 25              |                    |                      |
| 4.4   | Housing Tenancy (data matching) – (Housing)  | 15              |                    |                      |
| 4.5   | Blue Badges (Customer & Business Delivery)   | 15              |                    |                      |
| 4.6   | Direct Payments (Adult Social Care)  | 15              |                    |                      |
| 4.7   | Serious and Organised Crime – (all)  | 5               |                    |                      |
| 4.8   | NFI Data-matching support and investigation  | 30              |                    |                      |
| 4.9   | Corporate Fraud Work - Housing Allocation\Tenancy\Right to Buy & Blue Badges   |                 |                    | 100                  |
|   | <b>INVESTIGATION</b>   |                 |                    |                      |
| 5.1   | General Counter Fraud Work - responding to suspected irregularities  |                 | 120                |                      |
| 5.2   | Corporate Fraud Work – responding to suspected irregularities  |                 |                    | 20                   |
|   | <b>SANCTION/REDRESS</b>  |                 |                    |                      |
| 6.1   | <b>Regular review</b> of internal audit investigation log to confirm that sanctions applied are consistent and in accordance with policy | 1               |                    |                      |
| 6.2   | <b>Prosecution\Penalties</b> for external fraud e.g. Housing Tenancy   |                 |                    | 5                    |
|   | <b>PLANNING &amp; REPORTING</b>  |                 |                    |                      |
| 7.1   | <b>2022-23 Counter Fraud Plan</b> – prepare and complete   | 2               |                    |                      |
| 7.2   | <b>Annual Report to Audit &amp; Governance Committee</b> – production  | 1               |                    |                      |
|   | TOTAL ALLOCATED DAYS 2021/22   | 160             | 120                | 125                  |
|   | <b>GRAND TOTAL ANTI-FRAUD &amp; CORRUPTION DAYS</b>  | <b>405</b>      |                    |                      |



## KEY FRAUD RISK AREAS (FROM CORPORATE FRAUD RISK REGISTER)

| Area of Fraud Risk   | Register Score | Internal Audit (IA) previous coverage  | SVPP \ IA Corporate Fraud                           | IA Resource Required 21/22                              |
|--|----------------|--|---|---|
| Cheque / BAC / CHAPS <ul style="list-style-type: none"> <li>Payments to false companies\individuals by staff</li> <li>Cheques intercepted and amended</li> <li>Fraudulent request to change creditor\individual bank account details</li> <li>Fraudulent Treasury Management payments</li> </ul> | 12             | <ul style="list-style-type: none"> <li>Annual Creditors audits. 19/20 duplicate payments review</li> <li>Annual Creditors audits</li> <li>Annual Creditor\Payroll audits</li> <li>Periodic Treasury Management audits</li> </ul> | -   | -   |
| Procurement – Contracts <ul style="list-style-type: none"> <li>Various including inappropriate selection, inappropriate payments during contract,</li> </ul>   | 9              | 2018/19 contract award audit (legacy BoP)  | -   | Sample contracts for appropriate selection and payments |
| Income   | 9              | 2019/20 BCP cash income checks carried out   | -   | -   |
| Council Tax Discounts <ul style="list-style-type: none"> <li>Inappropriately claimed or awarded</li> </ul>   | 9              | Annual Council Tax audits<br>2020/21 SPD NFI 'premium' data matching service used.   | SVPP respond to concerns and review NFI SPD matches | Oversee outcomes of NFI exercise                        |
| Financial Assessments  | 9              | Annual Key Financial System reviews  |   | -   |
| Residential Care Payments <ul style="list-style-type: none"> <li>Payments made inappropriately including to deceased or 'ghost' clients</li> </ul>   | 9              | Annual Key Financial System reviews  | -   | -   |
| Direct Payments <ul style="list-style-type: none"> <li>Adults</li> <li>Childrens</li> </ul>  | 9              | <ul style="list-style-type: none"> <li>2018/19 legacy BBC (f/up) and legacy BoP (full)</li> <li>2019/20 (Family &amp; Inclusion main)</li> </ul>   | -   | Review BCP arrangements                                 |
| Business Rates Fraud   | 9              | Annual NDR Key Financial System audits<br>2019/20 Small Business Relief data matching work<br>2020/21 Covid-19 Grant award work  | SVPP core service                                   | -   |
| Housing Tenancy  | 9              | BCP Planned 2020/21 – CFWD to 2021/22  | IA provide checks on applications                   | Conduct data matching work                              |
| Right to buy fraud   | 9              | Legacy BoP 2016/17/18.   | IA provide checks on applications                   | -   |
| Pre-Employment (Recruitment)   | 9              | Legacy BoP 2018/19.  | -   | Review BCP arrangements                                 |



| Area of Fraud Risk  | Register Score | Internal Audit (IA) previous coverage                                   | SVPP \ IA Corporate Fraud       | IA Resource Required 21/22  |
|---|----------------|---|---------------------------------|-----------------------------|
| Planning Applications   | 9              | BCP audit review 2020/21  | -                               | -                           |
| Schools (various including payments\income)   | 9              | Ongoing school audits   | -                               | -                           |
| Council Tax Reduction Scheme  | 9              | Annual Housing Benefit audit  | SVPP core service               | -                           |
| Cybercrime  | 8              | Legacy BoP 2016/17/18   | -                               | Review as part of ICT audit |
| Serious and Organised Crime   | 8              | New fraud risk area   | -                               | Review BCP arrangements     |
| Theft of Assets   | 6              | Asset Management Key Assurance Function service reviews                 | -                               | -                           |
| Blue Badges   | 6              | Legacy BoP 2015/16. Now under Customer Services                         | Corporate fraud officer support | Review BCP arrangements     |
| Employee False Claims   | 6              | BCP Counter Fraud Review 2020/21<br>Payroll Key Financial System audits | -                               | -                           |
| Procurement – Credit Cards  | 6              | BCP Counter Fraud Review 2020/21  | -                               | -                           |
| Grant Award   | 6              | Previous legacy Council work  | -                               | -                           |
| Local Welfare Assistance Fund (Crisis Payments)   | 6              | BCP audit 2020/21   | -                               | -                           |
| False Insurance Claims  | 6              | BCP Insurance audit 2020/21   | -                               | -                           |
| Concessionary Travel  | 6              | BCP audit review 2020/21  | -                               | -                           |
| Schools Allocations   | 4              | Legacy BoP 2016/17/18.  | -                               | -                           |
| Licences  | 4              | Legacy BoP 2017/18  | -                               | -                           |
| Debt Collection – inappropriate write off   | 4              | Annual Key Financial System Audits                                      | -                               | -                           |
| Recourse to Public Funds  | 2              | BCP 2019/20   | -                               | -                           |
| Procurement – Petty Cash  | -              | BCP 2019/20 – NOTE now obsolete   | -                               | -                           |
| Policy Compliance <ul style="list-style-type: none"> <li>• Money Laundering</li> <li>• Bribery &amp; Corruption</li> <li>• Criminal Finances Act</li> <li>• Declarations of Interests, Gifts &amp; Hospitality</li> </ul> | -              | Annual review of Policies in place for BCP                              | -                               | -                           |



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**AUDIT AND GOVERNANCE COMMITTEE**

|                            |   |
|----------------------------|---|
| Report subject             | <b>External Auditor - Annual Audit Letter Year Ending 31 March 2020</b>   |
| Meeting date               | 22 April 2021   |
| Status                     | Public Report   |
| Executive summary          | <p>The attached report summarises the key findings arising from the work of the Council's external auditor for the year ending 31 March 2020. The key points to note are that Grant Thornton:</p> <ul style="list-style-type: none"> <li>• provided an unqualified opinion on the Council's financial statements;</li> <li>• included an emphasis of matter in their report in respect of the uncertainty over valuations of the Council's land and buildings and investment properties and the property assets of its pension fund given the Coronavirus pandemic. This does not affect their opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year; and</li> <li>• were satisfied that, except for the matter identified in respect of the Ofsted inspection of children's services, the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources (qualified 'except for' conclusion).</li> </ul> |
| Recommendations            | <p><b>It is RECOMMENDED that:</b></p> <p><b>Audit &amp; Governance Committee notes the audit opinion and findings of the Council's external auditor following their audit of the Council's statement of accounts 2019/20.</b></p>   |
| Reason for recommendations | To ensure that Audit & Governance Committee are fully informed of the key findings of the Council's external auditor following their audit of the Council's financial statements for the year ended 31 March 2020, as set out in the report attached.   |
| Portfolio Holder(s):       | Cllr Drew Mellor, Leader of the Council   |
| Corporate Director         | Graham Farrant, Chief Executive   |
| Report Authors             | <p>Nigel Stannard<br/>           Head of Audit &amp; Management Assurance<br/>           ☎01202 128784<br/>           ✉nigel.stannard@bcpcouncil.gov.uk</p>   |



|                |                 |
|----------------|-----------------|
| Wards          | Council-wide    |
| Classification | For Information |

## Background

1. Under the National Audit Office's (NAO's) Code of Audit Practice and Auditor Guidance Note, the external auditor is required to report whether, in their opinion, the Council's financial statements present a true and fair view of the Council's financial position. In addition, the external auditor is required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).
2. This report summarises the key findings arising from the work of the Council's External Auditor for the year ending 31 March 2020.

## Annual Audit Letter

3. The Annual Audit Letter is the final formal notification of Grant Thornton's (the Council's External Auditor) work for the year ended 31 March 2020.
4. Grant Thornton reported the detailed findings from their audit work to the Audit & Governance Committee on 11 March 2021.
5. The Letter states that the key findings of the External Auditor as:

### Materiality

- We determined materiality for the audit of the group's financial statements to be £11,180,000, which is 1.3% of the group's gross cost of services.

### Financial Statements Opinion

- We gave an unqualified opinion on the group's financial statements on 12 March 2021.
- We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings and investment properties and the property assets of its pension fund given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.

### Whole of Government Accounts

- We have not yet completed our work on the Council's consolidation return in accordance with guidance issued by the NAO.

### Use of Statutory Powers

- We did not identify any matters which required us to exercise our additional statutory powers.

### Value for Money Arrangements

- We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources except for the weakness identified by OFSTED in a focussed review of children's services at the Council. We therefore qualified our value for money conclusion in our audit report to the Council on 12 March 2021.

## Certificate



- We are unable to certify that we have completed the audit of the financial statements of Bournemouth Christchurch and Poole Council until our work on the Whole of Government certification is complete.

### **Options Appraisal**

- Options appraisal is not applicable for this report.

### **Summary of financial implications**

- A planned fee of £160,000 for the statutory audit and £37,000 for the audit of subsidiary charities was set. The actual fees were £210,000 and £37,000 respectively which, according to Grant Thornton, were due to a number of areas where the scope of the audit changed and led to additional work. Fee variations are subject to Public Sector Audit Appointments approval.
- Additional fees for non-audit services are expected of £34,000 for grant claim verification and £10,000 for CFO Insights (access to insight around the financial performance, socio-economic context and service outcomes for every council in England, Scotland and Wales).

### **Summary of legal implications**

- There are no direct legal implications from this report.

### **Summary of human resources implications**

- There are no direct human resource implications from this report.

### **Summary of sustainability impact**

- There are no sustainability impact implications from this report.

### **Summary of public health implications**

- There are no public health implications.

### **Summary of equality implications**

- There are no direct equality and diversity implications.

### **Summary of risk assessment**

- The areas identified for development by the Council's external auditor will be fully discussed during the risk management review process and appropriate mitigations will be discussed with the Corporate Management Team.

### **Background papers**

None

### **Appendices**

Appendix A - Grant Thornton Annual Audit Letter Year Ending 31 March 2020 for BCP Council



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# The Annual Audit Letter for BCP Council

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~~Year ended 31 March 2020~~


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2 April 2021





# Contents



**Your key Grant Thornton team members are:**

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## Appendices

- A Reports issued and fees



# Executive Summary

## Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at BCP Council (the Council) and its subsidiaries (the group) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the group and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit and Governance Committee as those charged with governance in our Audit Findings Report on 11 March 2021.

## Our work

## Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

|   |  |
|---|--|
| <b>Materiality</b>                        | We determined materiality for the audit of the group's financial statements to be £11,180,000, which is 1.3% of the group's gross cost of services.  |
| <b>Financial Statements opinion</b>       | <p>We gave an unqualified opinion on the group's financial statements on 12 March 2021.</p> <p>We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings and investment properties and the property assets of its pension fund given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.</p> |
| <b>Whole of Government Accounts (WGA)</b> | We have not yet completed our work on the Council's consolidation return in accordance with guidance issued by the NAO.  |
| <b>Use of statutory powers</b>            | We did not identify any matters which required us to exercise our additional statutory powers.   |



# Executive Summary

|                                     |   |
|-------------------------------------|---|
| <b>Value for Money arrangements</b> | We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources except for weakness identified by OFSTED in a focussed review of children's services at the Council. We therefore qualified our value for money conclusion in our audit report to the Council on 12 March 2021. |
| <b>Certificate</b>                  | We are unable to certify that we have completed the audit of the financial statements of Bournemouth Christchurch and Poole Council until our work on the Whole of Government certification is complete.  |

## Working with the Council

2021/20 has been a challenging year for the Council. Local government reorganisation in Dorset and the relatively short timetable to achieve it required a significant amount of work to implement and the Council successfully managed the transition, concentrating on the transfer of services as seamlessly as possible. There is however a significant amount of work still required to align the underlying systems and processes which has resulted in a more complex and challenging process to both prepare and audit this first year statement of accounts.

This was compounded by the impact of Covid-19, both operationally and financially. The Council, has carried out a pivotal role in supporting local people and businesses through the pandemic. It was swift to recognise and plan for the impact and has managed its response well.

The work associated with addressing local government reorganisation and the impact of Covid-19 has had a significant impact on the capacity of the Council and as the Council has focussed rightly on managing its finances and the impact of the pandemic, this has impacted on officers' ability to focus on the highly demanding task of producing first-year financial statements and responding to auditor queries.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff .

**Grant Thornton UK LLP**  
April 2021



# Audit of the Financial Statements

## Our audit approach

### Materiality

In our audit of the group's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group financial statements to be £11,180,000, which is 1.3% of the group's gross cost of services. We determined materiality for the audit of the Council's financial statements to be £11,120,000, which is 1.3% of the Council's gross cost of services. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has spent its revenue in the year.

We also set a lower level of specific materiality for senior officer remuneration.

We set a lower threshold of £600,000, above which we reported errors to the Audit and Governance Committee in our Audit Findings Report.

### The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the group's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.



# Audit of the Financial Statements

## Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

| Risks identified in our audit plan   | How we responded to the risk   |
|--|--|
| <p><b>Covid-19</b></p> <p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> <li>• Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation.</li> <li>• Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates.</li> <li>• Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and</li> <li>• Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.</li> </ul> <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> | <p>In response to this risk we completed the following;</p> <ul style="list-style-type: none"> <li>• Met regularly with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach.</li> <li>• Liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arose.</li> <li>• Evaluated whether sufficient audit evidence using alternative approaches could be obtained for the purposes of our audit whilst working remotely.</li> <li>• Evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances.</li> <li>• Evaluated the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic including any disclosures required in respect of pension fund assets.</li> <li>• Evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment.</li> </ul> <p><b>Findings</b></p> <p>Local Government reorganisation has had a significant impact on the complexity of the accounts. The need to reassess budgets in the light of the considerable uncertainty brought about by Covid- 19 has impacted on finance staff ability to respond swiftly to audit queries and provide revised accounts suitable for audit.</p> <p>The impact of remote working has reduced the efficiency of the audit process more widely, requiring more time to complete procedures.</p> |



# Audit of the Financial Statements

## Significant Audit Risks - continued

| Risks identified in our audit plan   | How we responded to the risk  |
|--|---|
| <p><b>Improper revenue recognition</b></p> <ul style="list-style-type: none"> <li>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</li> <li>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</li> <li>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:               <ul style="list-style-type: none"> <li>there is little incentive to manipulate revenue recognition</li> <li>opportunities to manipulate revenue recognition are very limited</li> <li>the culture and ethical frameworks of local authorities, including BCP Council, mean that all forms of fraud are seen as unacceptable</li> </ul> </li> </ul> | <p>We rebutted the risk at the planning stage of our audit. No circumstances arose that indicated we would need to reconsider this judgement.</p> <p><b>Findings</b></p> <p>There are no issues to bring to your attention.</p> |



# Audit of the Financial Statements

## Significant Audit Risks - continued

| Risks identified in our audit plan   | How we responded to the risk  |
|--|---|
| <p><b>Management override of controls</b></p> <p>Under ISA (UK) 240, there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the group, which was one of the most significant assessed risks of material misstatement.</p> | <p>We:</p> <ul style="list-style-type: none"> <li>• Evaluated the design effectiveness of management controls over journals;</li> <li>• Analysed the journals listing and determined the criteria for selecting high risk and unusual journals;</li> <li>• Tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration, and considered the impact of IT control weaknesses within this testing;</li> <li>• Gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and</li> <li>• Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul> <p>The Council uses Oracle Fusion for its general ledger, this is a complex system and required a review by our IT audit function. This review identified a number of significant deficiencies. We have had to spend extensive amounts of time obtaining journal listings which resulted in using data downloaded onto 24 separate spreadsheets. The Council has been unable to provide a complete download of the nominal ledger which would enable a more efficient approach to testing journals to be undertaken.</p> <p>The issues identified by our IT team required additional audit procedures to be undertaken to gain assurance over journals. These included an increased risk over suspense account transactions, additional testing of journals prepared by individuals with enhanced access rights, testing of both manual and automated journals and additional testing of journals below £100,000 which is the Council's limit for journals to require authorisation.</p> <p><b>Findings</b></p> <p>There are no issues to bring to your attention. We are aware that streamlining systems is a key part of the transformation programme, however until this is effected, the accounts and audit process will remain lengthy and complex.</p> <p>.</p> |



# Audit of the Financial Statements

## Significant Audit Risks - continued

| Risks identified in our audit plan   | How we responded to the risk  |
|--|---|
| <p><b>Valuation of pension fund net liability</b></p> <p>The pension fund net liability, as reflected in the Council's balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£763m) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> | <p>We:</p> <ul style="list-style-type: none"> <li>Updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls;</li> <li>Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>Assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;</li> <li>Assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;</li> <li>Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;</li> <li>Considered the impact of Covid-19 in the net assets statement;</li> <li>Undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed additional procedures suggested within the report. In particular, reviewing the adjustments made as a result of the McCloud judgement and considering the impact of the 'other experience' adjustment arising from the updating of member data as part of the 2019 triennial actuarial update; and</li> <li>Obtaining assurance from the auditor of Dorset Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits paid sent by the pension fund and the fund assets valuation in the pension fund financial statements and following up queries.</li> </ul> <p><b>Findings</b></p> <p>Covid 19 has had an impact on the valuation of property assets held by Dorset Pension Fund. This has resulted in a material uncertainty disclosed by the Council in note 5.</p> |



# Audit of the Financial Statements

## Significant Audit Risks - continued

| Risks identified in our audit plan   | How we responded to the risk   |
|--|--|
| <p><b>Valuation of land and buildings, council dwellings and investment properties</b></p> <p>The Council re-values its land and buildings on a five-yearly rolling basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements due to the size of the numbers involved (£702m) and the sensitivity of the estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value of assets not revalued as at 31 March 2020 in the Council's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used. Council dwellings (£597m) and investment properties (£97m) were revalued at 31 March 2020. We identified the valuation of these assets, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> | <p>We:</p> <ul style="list-style-type: none"> <li>Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>Evaluated the competence, capabilities and objectivity of the valuation experts;</li> <li>Discussed with and wrote to the valuers to confirm the basis on which the valuation was carried out;</li> <li>Engaged our own valuer expert, Montague Evans, to provide commentary on:             <ul style="list-style-type: none"> <li>the instruction process in comparison to requirements from CIPFA/ IFRS / RICS;</li> <li>the valuation methodology and approach, resulting assumptions adopted and any other relevant points; and</li> <li>a detailed review of each valuation methodology for reasonableness.</li> </ul> </li> <li>Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;</li> <li>Tested revaluations made during the year to see if they had been input correctly into the Council's asset register;</li> <li>Evaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end; and</li> <li>Testing the data used to derive the valuations to underlying and corroborative data.</li> </ul> <p><b>Findings</b></p> <p>The Council's asset base consists of the legacy balances transferred from the former Bournemouth, Christchurch and Poole Councils, together with £34m of land and buildings transferred from the former Dorset County Council. The Council continues to operate separate housing revenue accounts for the Bournemouth and Poole neighbourhoods with the Poole neighbourhood being managed by Poole Housing Partnership Ltd, a subsidiary arms length management organisation of the Council.</p> <p>In this first year of operation and reflecting capacity within the Council and to capitalise on existing knowledge, the valuers instructed to undertake the valuations work mirrors for the most part the arrangements in place at the legacy councils. The Council instructed five valuers to value its asset base. This resulted in a significant amount of additional audit work required in our audit process.</p> |



# Audit of the Financial Statements

## Significant Audit Risks - continued

|   | How we responded to the risk   |
|---|--|
| <b>Valuation of land and buildings, council dwellings and investment properties</b> | <p>The Council has three fixed asset registers, one is managed by Poole Housing Partnership and we experienced some difficulties in reconciling this register to the amount disclosed in the financial statements.</p> <p>Our testing of the revaluation entries made and the reconciliation of the asset registers to the valuers report identified that the capital expenditure on assets incurred during the year on assets subsequently revalued at the year end had not been correctly accounted for in the Councils accounts resulting in the year end value of land and buildings assets and the Bournemouth council dwellings being overstated by £3,339k and £8,311k respectively.</p> <p>The result of this work identified an £11,704k net reduction to the value of land and buildings and council dwellings, of this £625k is reflected in the CIES with the balance in the revaluation reserve. However any impact on the surplus or deficit position of the Council does not have a general fund or housing revenue account impact.</p> <p>Our testing also identified mathematical and formula errors in the valuation schedules prepared for the Bournemouth neighbourhood council dwellings valuation. This resulted in the closing valuation reducing by £15,830k . A similar error was identified in the opening valuation for these assets resulting in a reduction in the opening position of £17,058k. A reduction in depreciation of £552k was also required as a result of the error identified in the opening position.</p> <p>Our testing identified that for a number of assets held, the Council was unable to provide detailed floor plans to enable us to confirm the floor areas used to calculate the valuation using the depreciated replacement cost method. The Council's valuer has relied on floor areas used in previous valuations and cross checked against independent data such as EPC reports and also undertaken reasonableness checks as part of his site visits. Enquiries were also made within the Council to confirm whether any changes had occurred in the footprint of the asset. We were able to gain sufficient assurance to support the valuations of the majority of these assets. In the case of two assets further detailed plans were created which resulted in a net reduction in the asset values of £6,000,000.</p> <p>Management requested that its valuers ensure that all evidence to support figures used in determining the valuations was retained and available to support the audit processes. In addition to detailed floor plans, our audit also identified that evidence to support other information used in determining the valuations such as acreage, certain lease documentation and comparable evidence to support land sales and indices used was not easily accessible to support the audit process.</p> |

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# Audit of the Financial Statements

## Significant Audit Risks - continued

|   | How we responded to the risk  |
|---|---|
| <b>Valuation of land and buildings, council dwellings and investment properties</b> | <p>The Council has completed the redevelopment and construction of a care home during the year. This work was commenced in 2018/19 and completed and brought into use during 2019/20. Our testing identified that spend incurred in the prior year had been incorrectly included as additions to land and buildings rather than assets under construction. The opening balance has been reclassified to assets under construction. This totalled £7,736,489.</p> <p>There are mitigating factors such as Covid and LGR but our overall view is that the Council's valuation arrangements in respect of the accounts require significant improvement, particularly in ensuring that its valuers are able to support the valuations that they provide and that valuations received are subject to additional checks to assess their validity.</p> <p>In the valuation reports prepared by all valuers, they have confirmed that as a result of Covid-19 less weight can be attached to market evidence for comparison purposes to inform opinions of value. At the balance sheet date, the valuer was faced with an unprecedented set of circumstances on which to base a judgement and as such the valuations have been reported on the basis of 'material valuation uncertainty'. The Council has reflected this uncertainty in Note 5 to the financial statements. The emphasis of matter paragraph does not qualify the opinion but will refer to the matter of the disclosure on the material uncertainty stated by the valuers included in the financial statements that, in our judgement, is of such importance that it is fundamental to users' understanding of the financial statements.</p> |

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# Audit of the Financial Statements

## Significant Audit Risks - continued

|   | How we responded to the risk  |
|---|---|
| <p><b>Opening balances</b></p> <p>2019/20 is the first year of operation for the Council, the merger of the systems and activities of the three predecessor councils as well as the upper tier services, assets and liabilities transferred from the former Dorset County Council creates many challenges.</p> <p>On creation on 1 April 2019, the Council's opening balances are the closing balances of the predecessor councils and assets and liabilities transferred from the former Dorset County Council.</p> <p>We therefore identified transfer of opening balances to the new Council as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> | <p>We:</p> <ul style="list-style-type: none"> <li>updated our understanding of the processes and controls put in place by management to ensure that the opening balances are transferred correctly to the new Council;</li> <li>reviewed the data supporting the apportionment of assets and liabilities between the two new councils;</li> <li>agreed the assets and liabilities transferred to agreement with the former Dorset County Council; and</li> <li>sample tested of opening balance for existence and to land registry documents.</li> </ul> <p><b>Findings</b></p> <p>Our identified that as part of the work undertaken by the Council to align the accounting policies of the legacy councils a number of adjustments were made to opening the opening balances transferred. This included £4.3 million of land and buildings classified as investment properties in the accounts of Christchurch Borough Council, which were transferred to land and buildings under the policies adopted by the new Council and a small number of adjustments between grants received in advance and reserves.</p> <p>The Council had omitted to remove intra Council transactions from its opening balances disclosure. These related to a loan of £7,500,000 between the former Borough of Poole and Bournemouth Borough Council.</p> <p>The number of assets transferred from the former Dorset County Council had not been included in the new Council's fixed asset register. These assets related to small pieces of land with minimal value, with no impact on the value of assets transferred. The asset register has been updated to ensure a complete record of property owned by the Council is maintained.</p> <p>The Code requires that where an authority is created under a machinery of government change, a note is included in the accounts setting out the opening balances transferred. The draft accounts included this disclosure on the face of the balance sheet. This has now been amended and is included as note 1a to the accounts. A similar adjustment was required to the group accounts.</p> |



# Audit of the Financial Statements

## Audit opinion

We gave an unqualified opinion on the group's financial statements on 12 March 2021.

## Preparation of the financial statements

The group presented us with draft financial statements in July 2020 in accordance with the agreed timescale. Our initial review of the financial statements in August, identified a number of errors and omissions, including those affecting the Income and Expenditure Statement and the Expenditure and Funding Analysis note which required revision and impacted on our ability to select samples for testing. However, these were of a presentational and technical accounting nature and did not affect the Council's financial outturn. The complexity of the underlying financial systems has also made the sampling process more time consuming.

Progress has also been affected by difficulties in obtaining evidence to support the valuation of land and buildings and conflicting demands on the finance team caused by responding to issues caused by the pandemic. There are mitigating factors such as Covid and LGR but our overall view is that while the Council's valuation arrangements are improving there are still significant issues with the provision of evidence to support the valuations.

The work associated with addressing local government reorganisation and the impact of Covid-19 has had a significant impact on the capacity of the Council. As the Council has focussed rightly on managing its finances and the impact of the pandemic, this has impacted on officers' ability to focus on the highly demanding task of producing first-year financial statements and responding to auditor queries.

The timely completion of the audit was also affected by the requirement to undertake procedures remotely that impacted on the efficiency of the audit process.

## Issues arising from the audit of the financial statements

We reported the key issues from our audit to the group's Audit and Governance Committee on 11 March 2021.

In addition to the key audit risks reported above, we identified a number of issues and adjustments to the financial statements. The majority related to disclosure amendments and corrections.

## Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in the draft Statement of Accounts in July 2020.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

## Whole of Government Accounts (WGA)

We have not yet completed our work in accordance with instructions provided by the NAO.

## Certificate of closure of the audit

We are not able to certify that we have completed the audit of the financial statements in accordance with the requirements of the Code of Audit Practice until we have completed our Whole of Government Accounts work.



# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

## Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

## Overall Value for Money conclusion

Based on the work we performed to address the significant risks, we are satisfied that except for the matter we identified in respect of the Ofsted inspection of childrens services, the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We therefore issued a qualified 'except for' conclusion.



# Value for Money

## Significant Risk - Financial Sustainability

In addition to improving the delivery of services, local government reorganisation in Dorset aims to reduce costs and deliver efficiencies. The predecessor councils have historically performed well in managing their financial position although reductions in funding and increasing demand for services have made this increasingly challenging.

The new Council has set a balanced budget for 2019/20 and 2020/21, however budget reporting has identified that savings and efficiencies of £20 million are required over the next two years to deliver this balanced budget.

The Council came into existence on 1 April 2019, from the merger of Bournemouth Borough Council, Christchurch Borough Council and Borough of Poole. In addition the new Council assumed responsibility for the upper tier services relating to the Christchurch area of the former Dorset County Council.

BCP Council had been operating in a shadow form during 2018/19, where the budget and Medium Term Financial Plan (MTFP) for the new Council were determined. The legacy councils had historically managed their finances well providing a firm footing to support the activities of the new Council. The opening general fund reserves of the new Council were £15.3m offset by £4.6m of DSG overspend with earmarked reserves of £84 million.

Figure 1: General Fund – Summary – Outturn as at 31 March 2020

| December Variances<br>£000s |   | Approved Resources<br>£000s | Outturn (net)<br>£000s | Outturn Variance<br>£000s |
|-----------------------------|---|-----------------------------|------------------------|---------------------------|
|                             | <b>Service Budgets</b>                    |                             |                        |                           |
| 960*                        | Adult Social Care & Public Health         | 108,377                     | 107,508                | (868)                     |
| 2,540*                      | Children's Services                       | 60,543                      | 63,053                 | 2,510                     |
| 330                         | Regeneration & Economy                    | 5,235                       | 9,815                  | 4,580                     |
| 700                         | Environmental & Community                 | 49,141                      | 49,575                 | 435                       |
| 272                         | Resources                                 | 31,023                      | 29,502                 | (1,521)                   |
| <b>4,802</b>                | <b>Total Service Position</b>             | <b>254,319</b>              | <b>259,454</b>         | <b>5,136</b>              |
|                             | <b>Corporate Budgets</b>                  |                             |                        |                           |
| 558                         | Investment Property Income                | (5,507)                     | (4,829)                | 678                       |
| 0                           | Pensions (back funding)                   | 9,428                       | 9,428                  | 0                         |
| 0                           | Repayment of debt (MRP)                   | 9,274                       | 8,456                  | (818)                     |
| 0                           | Interest on borrowings                    | 2,864                       | 1,656                  | (1,207)                   |
| (110)                       | Investment Income                         | (185)                       | (412)                  | (227)                     |
| 0                           | Revenue Contribution to Capital           | 2,244                       | 2,244                  | 0                         |
| 0                           | Other Corporate Items                     | (727)                       | (1,754)                | (1,026)                   |
| <b>448</b>                  | <b>Total Corporate Budgets</b>            | <b>17,390</b>               | <b>14,790</b>          | <b>(2,601)</b>            |
| <b>5,250</b>                | <b>Total Budget excluding Contingency</b> | <b>271,709</b>              | <b>274,244</b>         | <b>2,535</b>              |
| (2,536)                     | Use of Contingency                        | 2,438                       | 42                     | (2,396)                   |
| (2,714)                     | Use of Resilience Reserves                | 0                           | 175                    | 175                       |
| <b>0</b>                    | <b>Net Budget</b>                         | <b>274,147</b>              | <b>274,462</b>         | <b>315</b>                |
|                             | <b>Funding Budgets</b>                    |                             |                        |                           |
| 0                           | Council Tax Income                        | (209,612)                   | (209,612)              | 0                         |
| 0                           | Parishes / Town Precepts                  | (545)                       | (545)                  | 0                         |
| 0                           | New Homes Bonus                           | (3,788)                     | (3,788)                | 0                         |
| 0                           | Revenue Support Grant                     | (2,957)                     | (2,957)                | 0                         |
| 0                           | NNDR Net Income                           | (47,408)                    | (47,537)               | (129)                     |
| 0                           | NNDR 31 Grants                            | (9,637)                     | (9,822)                | (185)                     |
| 0                           | Surplus on the Collection Fund            | (200)                       | (200)                  | 0                         |
| <b>0</b>                    |   | <b>0</b>                    | <b>0</b>               | <b>0</b>                  |



# Value for Money

## 2019/20 Outturn

The Council published its outturn report at the end of July in line with its revised closedown timetable. The general fund outturn was a surplus of £0.2 million as budgeted and without the need to draw down on financial resilience contingencies and reserves set aside to manage uncertainties arising in this first year of operation.

This is an improved position on that anticipated at quarter 3, where the use of £2.7 million of financial resilience reserves was predicted and reflects in the main the impact of work undertaken to establish an opening balance position including a review of inherited debt and align accounting treatments in the new Council. As can be seen in Figure 1 overspends were incurred in children's services and regeneration and economy.

Covid-19 has had a significant impact on the Council with additional reported costs of £3.5 million in lost revenue in the main from car parking. These pressures were largely offset by favourable variances in other directorates however the main impact of Covid-19 will manifest over the coming periods.



# Value for Money

## Budget setting and monitoring and Medium Term Financial Planning

### 2020/21 and beyond

At its first meeting in June 2019, the Cabinet approved its strategy for planning the 2020/21 budget, including the approval of an outline strategy to support the delivery of a balanced budget for 2020/21 and the design of a two year base budget review process to aid decision making to support budget setting. The MTFP agreed in February 2020 was subsequently refreshed in June as part of the base budget review process to include projections to 2023/24. Work has been ongoing through the year to further refine the budget and agree savings options.

A balanced budget was approved by Cabinet in February 2020. This preceded the Covid -19 pandemic which has had a significant impact on the Council and society generally. The Council reacted quickly to the crisis, with the establishment of a Corporate Incident Management Team and has reported monthly to Cabinet on the impact of the pandemic including the effect on finance and service delivery. The impact of Covid-19 on the Council's finances remains uncertain but is likely to have a continuing and significant effect on income levels including reduced rates and council tax collection and income from fees and charges. To support planning, different scenarios reflecting the impact of lockdown and other restrictions were profiled over three time frames. The Council demonstrates a good understanding of the impact of this evolving situation and arrangements in place to respond to all issues are considered good.

15 In the light of the emerging financial impact of the pandemic, Cabinet members and officers held budget meetings during April and May to develop the mitigation strategy to consider measures needed to balance the budget for 2020/21. In budget monitoring reporting to Cabinet in June 2020, it was noted that the Council had received £22 million of emergency funding from central government to cover projected additional costs and lost income of £52.3 million in the general fund with a resulting funding gap of £30.3 million. The report included a range of measures introduced to reduce expenditure not being incurred in support of the pandemic. This included temporary adjustments to services, continuing the vacancy freeze, bringing forward transformation savings and delaying projects. The residual gap would also need to be supported by the reprioritisation of reserves.

The Council is heavily dependent on income from fees and charges, which have been significantly impacted by the pandemic. The Council received an additional £3.2 million of emergency funding and has estimated that it will receive a further £12 million to compensate in part for the lost fees and charges income that is directly related to the pandemic. The Council will be able to submit three claims during the course of the financial year but must cover the first 5% of the budgeted amount for these losses, after which the government will compensate for 75% of the remaining loss. The exact amount receivable will not be known until the three payments on account are received and a final reconciliation and verification exercise is carried out by MHCLG after the year end.

The November budget monitoring report showed that due to anticipated and received central government funding and mitigating actions taken, the projected 2020/21 revenue outturn is for a balanced position, after potentially using £1.9 million of reserves, reducing the need to draw on reserves which are needed to finance the transformation programme however this is dependent on identified savings being delivered.

Based on information available to date, the Council estimates that ongoing and recurring pressures means that it will need to make further savings of £13.4 million in addition to the £8.8 million of savings and £15 million transformation savings already identified in order to set a lawful balanced budget for 2021/22. The unprecedented level of uncertainty arising from the pandemic has been considered by the Council in drawing up its plans and a range of outcomes are under consideration. The lack of clarity means that the Council will need to continue to plan with little or no funding certainty over the medium term. Difficult decisions about which services to prioritise and protect, and which to reduce in order to balance the budget will need to be taken to continue to deliver affordable and sustainable budgets.



# Value for Money

## Budget setting and monitoring and Medium Term Financial Planning

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## Key findings

### Covid-19

Following publication of the MTFS and the 2020/21 budget, Covid-19 lockdown came into effect which has made the financial outlook for the Council challenging. The Council reacted swiftly to the pandemic and has kept its budget forecast for 2020/21 under review. A revised financial management framework was implemented in March 2020, bringing in new rules. Unless agreed by the Corporate Incident Management Team, expenditure could only be incurred if it directly supported the Council's response to Covid-19, unless it honours an existing contractual commitment, safeguards services to vulnerable members of the community or is funded entirely from an external source. A corporate wide vacancy freeze was also implemented.

The response to the pandemic has also put increased pressure on the Council, being at the front line of implementing government policy and supporting residents.

The Council initially planned against three lockdown scenarios, determining that a lockdown period of twenty four weeks was the most likely outcome. The Council's initial predictions in June 2020 identified potential budget pressures of £52.3 million as a result of Covid-19 for the 2020/21 financial year. These costs are in addition to the £3.5 million incurred in 2019/20. Cost pressures include additional support for adults' and children's social care, temporary accommodation for homeless people, personal protective equipment and excess deaths management. Income pressures have been identified relating to car parking, tourism, leisure centres and reductions in the amounts of business rates and council tax income that will be collected.

Over the period since the end of the financial year, officers have put in place robust arrangements to ensure that risks and uncertainties are given due consideration in short and medium-term financial planning and the impact is effectively modelled to the best of their ability. Management have updated budgets for a number of income and expenditure scenarios and have updated their cashflow models.

The estimated pressures due to the pandemic have increased from £52.3 million gross of government grant (£30.3 million net) in the June report to £55.5 million gross (£18.2 million net) in September. The £3.2 million increase in gross pressures since June is largely due to children's social care, support for leisure centre and conference centre operators and the cost of safely opening up facilities post lock down. The Council has developed a range of savings to mitigate these cost pressures and has the ability to utilise reserves should this prove necessary.

To date the Council has received central government funding to directly support its activities of £ 37 million, including a current estimate of £12 million to mitigate against the loss of income from fees and charges. The Council will, however, need remain alert to the possibility of further lockdown measures. We deem that management's assumptions within their updated financial forecasts and financial strategy are prudent, assuming reductions in income across most revenue streams.

As a result of these Government Funding and initiatives, prior year underspends and prudent financial planning at the legacy council, including setting aside contingencies in the budget-setting process, the Council has sufficient resources in place to meet the expected shortfalls in income and increases in expenditure for 2020/21 arising from the Covid-19 pandemic and is not facing the kinds of challenging decisions in the immediate term around service cuts or Section 114 notices which other local authorities could be subject to.

In the medium term, the picture remains far more uncertain as the longer-lasting impact of the pandemic on the economy, in the context of wider financial risks beyond the control of officers or members, remain significant unknowns. One of the key positives arising from local government reorganisation is the ability for the Council to realise the benefits of economies of scale and drive forward an ambitious transformation agenda. Members will need to be mindful of the significant impact of Covid 19 on both the national and local economies and the need to maintain a prudent financial position when considering its future plans.



# Value for Money

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## Transformation

The key drivers underlying the LGR process has been to not only deliver improved and more joined up services to residents, but also by embracing new ways of working to deliver significant savings to support medium term financial sustainability.

LGR was envisioned as a three part process.

Phase 1 - To create the new authorities through the parliamentary process.

Phase 2 – Transition services safely and establish business critical systems and processes.

Phase 3 – Design and build the new organisation

Following the successful delivery of phases 1 and 2 the Council has moved forward with phase 3. This work as been facilitated by the use of external consultants to support the Council in this work. The first phase completed in 2019 has been to fully understand how the new Council operates and to consider what changes can be made to realise the benefits envisioned in LGR. A corporate plan has been developed setting out the Council's values, priorities and key actions and a base budget review undertaken at service level to analyse how services are currently delivered and to look at ways to further integrate and improve.

Work has continued during this first year to further implement plans. and the Council has commenced a procurement process to select a strategic partner that will work with the council to deliver the vision. Progress has also been made in key areas including estates strategy and the adult social care charging strategy.

The savings derived from the transformation programme are a key element of the Council's MTFP and efforts to deliver a balanced budget. £7.5 million of savings are included in the 2021/22 budget. The transformation programme is forecast to deliver up to £43.4 million in annual savings once fully implemented. It will form the single largest and most comprehensive response to addressing the budget pressures identified in the Council's MTFP, realising benefits through streamlining services, reducing third party spend and harmonising fees and charges.

The Council will fund this project through the flexible use of capital receipts, additional borrowing to fund the capital elements of the plan. Revenue elements will be funded through the use of reserves.

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# Value for Money

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## **Ofsted inspection of childrens services.**

Ofsted undertook a targeted inspection of the Council's childrens services during the autumn of 2020. The report issued on 27 November 2020, This visit looked at the quality and impact of key decision-making across help and protection, children in care and care leavers services, together with the impact of leadership. The review found that there are serious and widespread weaknesses in the quality of children's services in Bournemouth, Christchurch and Poole. This leaves vulnerable children at risk of harm.'

Although this was not a full inspection resulting in a performance rating, the findings are sufficiently serious in nature to impact on the Value for Money conclusion. This matter is evidence of weaknesses in proper arrangement for understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management and planning, organising and developing the workforce effectively to deliver strategic priorities. This position has been agreed by a Grant Thornton Independent Panel.

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# A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services/confirm there were no fees for the provision of non audit services.

## Reports issued

| Report                | Date issued   |
|-----------------------|---------------|
| Audit Plan            | 21 July 2020  |
| Audit Findings Report | 11 March 2021 |
| Annual Audit Letter   | March 2021    |

## Fees

|                               | Planned<br>£   | Actual fees<br>£ |
|-------------------------------|----------------|------------------|
| Statutory audit               | 160,000        | 210,000          |
| Audit of subsidiary charities | 37,000         | 37,000           |
| <b>Total fees</b>             | <b>197,000</b> | <b>247,000</b>   |

## Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £130,000 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out on the page overleaf.

Fee variations are subject to PSAA approval.

## Fees for non-audit services

| Service                           | Fees £ |
|-----------------------------------|--------|
| <b>Audit related services</b>     |        |
| - Grant Claims                    | 34,000 |
| <b>Non-Audit related services</b> | 10,000 |
| - CFO Insights                    |        |

## Non- audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the group's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the group's policy on the allotment of non-audit work to your auditor.







**AUDIT AND GOVERNANCE COMMITTEE**

|                            |  |
|----------------------------|--|
| Report subject             | <b>External Auditor – Audit Progress &amp; Sector Insight Update</b>   |
| Meeting date               | 22 April 2021  |
| Status                     | Public Report  |
| Executive summary          | <p>The attached report provides an update to Audit &amp; Governance Committee on the External Auditor's progress to date in delivering their responsibilities.</p> <p>The report also includes a summary of emerging national issues and developments that may be relevant to the Council.</p> |
| Recommendations            | <p><b>It is RECOMMENDED that:</b></p> <p><b>Audit &amp; Governance Committee notes the External Auditor's progress to date in delivering their responsibilities and the sector update provided.</b></p>  |
| Reason for recommendations | <p>To update Audit &amp; Governance Committee on the External Auditor's progress to date in delivering their responsibilities.</p> <p>To advise Audit &amp; Governance Committee of emerging national issues and developments that maybe relevant to the Council.</p>                          |
| Portfolio Holder(s):       | Cllr Drew Mellor, Leader of the Council  |
| Corporate Director         | Graham Farrant, Chief Executive  |
| Report Authors             | <p>Nigel Stannard</p> <p>Head of Audit &amp; Management Assurance</p> <p>☎01202 128784</p> <p>✉ nigel.stannard@bpcouncil.gov.uk</p>  |
| Wards                      | Council-wide   |
| Classification             | For Information  |

**Background**

1. During 2017, Public Sector Audit Appointments (PSAA) awarded contracts for audit for a five-year period beginning on 1 April 2018. This year (2020/21) is the second year of that contract for the new BCP Council and Grant Thornton are the appointed External Auditors for Bournemouth, Christchurch and Poole Council.
2. Grant Thornton, as the Council's External Auditors, have a responsibility to provide regular updates to those charged with governance (Audit & Governance Committee) on progress made in delivering their responsibilities.



## **External Audit Progress Report**

### Progress at 2 April 2021

3. The attached report (Appendix A) details progress made by Grant Thornton in delivering their responsibilities as external auditors.

### Sector Update

4. The report also includes a summary of emerging national issues and developments that may be relevant to the Council (as a local authority) which includes:
  - The new approach to Value for Money
  - Revised auditing standard: Auditing Accounting Estimates and Related Disclosures
  - Lessons from recent Public Interest Reports – Grant Thornton
  - Insight into accounting for grants in local government financial statements – Grant Thornton
  - Local government finance in the pandemic – National Audit Office
  - 2019/20 audited accounts – Public Sector Audit Appointments
  - CIPFA Financial Resilience Index
  - Good practice in annual reporting – National Audit Office

## **Options Appraisal**

5. An options appraisal is not applicable for this report.

## **Summary of financial implications**

6. The attached report states that the estimated proposed core audit fee for 2020/21 will be in the region of £200,500 (compared to £210,000 actual fee for 2019/20). Total audit and non audit fees are expected to be £243,500 (compared to £255,000 for 2019/20).

## **Summary of legal implications**

7. There are no direct legal implications from this report.

## **Summary of human resources implications**

8. There are no direct human resources implications from this report.

## **Summary of sustainability impact**

9. There are no sustainability impact implications from this report.

## **Summary of public health implications**

10. There are public health implications from this report.

## **Summary of equality implications**

11. There are no direct equality implications from this report.

## **Summary of risk assessment**

12. There are no risk implications from this information report.

## **Background papers**

None

## **Appendices**

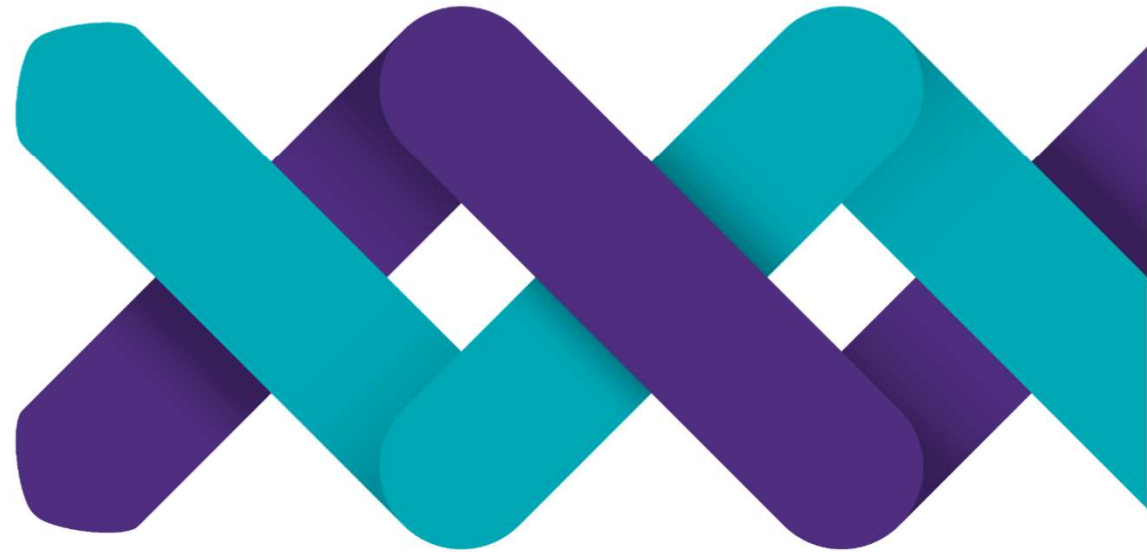
Appendix A – Grant Thornton – Audit Progress Report and Sector Update



# Audit Progress Report and Sector Update

Bournemouth, Christchurch and Poole Council  
Year ending 31 March 2021

2 April 2021





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# Introduction



**Peter Barber**

**Engagement Lead**

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**E: peter.A.barber@uk.gt.com**

This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)



**Sam Harding**

**Engagement Manager**

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Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications

[www.grantthornton.co.uk](http://www.grantthornton.co.uk)

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



# Progress at April 2021

## Working with You

### Meetings

We will continue discussions with management regarding emerging developments and to ensure the audit process is smooth and effective. This includes the new approach to VFM, and the timing of audit deliverables.

### Working Arrangements

With the country still in lockdown we envisage having to continue to work completely remotely for some time. Working with the Council, we managed this well at the last audit and we will seek to be in regular contact with your finance team in respect of the logistics of these arrangements, recognising that staff, service provision and resident welfare during the pandemic will be your priorities.

Our planning work is underway and our interim audit is planned for April 2021. We are in discussions about this with the finance team to ensure we maximise the use of this time and ensure limited impact on your staff at this busy time.

## 2020/21

Nationally the delivery of 2019/20 financial statements audits presented a significant challenge. BCP Council's 2019/20 opinion was given on 12 March 2021, a number of opinions regionally and nationally have not yet being given. This is largely due to the impact of Covid19. This has had a significant impact on our ability to complete enough audit planning to issue a 2020/21 Audit Plan in time for the April Audit and Governance Committee.

Whilst we will formally present the Audit Plan at the Committee in later in the year,, we will look to issue the Plan to officers by the end of June 2021 after we have completed our value for money risk assessment.

Our interim audit taking place in April will focus on:

- Review of the Council's control environment;
- Updating our understanding of the Council's financial systems and business processes;
- Review of Internal Audit reports on core financial systems;
- Early substantive testing – payroll analytical review
- Review of estimates to meet the enhanced documentation requirements of ISA540.

The Council has engaged a new valuer this year. We have yet to complete our initial planning work on the information supplied to the external valuer.

### Events

Our annual accounts workshop for Chief Accountants took place in February 2021 and your finance team attended. This took place remotely due to the current homeworking requirements and covered topical issues and technical areas pertinent to the 2020/21 statutory accounts.

## Value for Money

As communicated in our previous sector updates, on 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The most significant change in the Code is the introduction of a new 'Auditor's Annual Report', which brings together the results of all the auditor's work across the year. The Code also introduced a revised approach to the audit of Value for Money. These changes are set out in more detail in the NAO's Auditor Guidance Note 03 which was published on 15 October 2020.

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering governance, financial sustainability and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified /unqualified) approach to VfM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

We will complete our initial risk assessment in April 2021 and we will report any risks of significant weakness, in our Audit Plan.



# Audit logistics and team



## Peter Barber, Key Audit Partner

Peter is responsible for the overall delivery of the audit. He will meet regularly with senior management of the Council and will attend Audit and Governance Committee meetings.

## Sam Harding, Audit Manager

Sam oversees day to day planning and manages the work of the Audit Incharge and associates to ensure that the audit work is focussed on the key areas of the financial statements risks and compliance with relevant accounting standards and guidance.

## Becky Greaves, Audit Incharge

Becky is responsible for the on-site delivery of the audit work. He assigns activities across the team and ensures it is completed satisfactorily.

## Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.



# Audit of Financial Statements

## Materiality

### The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

### Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the last financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1.1.5m (PY £11.120m) for the Council, which equates to approximately 1.4% of your prior year gross expenditure. A similar percentage has been determined for the group financial statements at £11. 6m (PY £11.180m) We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £14,000 (PY £20,000) for senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

### Matters we will report to the Audit and Governance Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £600,000 (PY £600,000).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.

## Significant risks

We have yet to complete all our planning work so cannot confirm at this stage the significant risks that we will be auditing. However, the section below are likely areas that we will expect our work to focus on.

### Presumed significant risks

ISA (UK) 240 includes two presumed risks as follows:

- Revenue recognition may be misstated due to the improper recognition of revenue. This is a rebuttable risk if the auditor concludes that there is a low risk of material misstatement due to fraud relating to revenue recognition. We have determined that the risk of fraud arising from revenue recognition can be rebutted. This is because there is little incentive to manipulate revenue recognition, opportunities to manipulate revenue recognition are very limited and the culture and ethical framework of the Council means that all forms of fraud are seen as unacceptable.
- The risk of management over-ride of controls is present in all entities. We therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of normal business as a significant risk.

### Other significant risks

- Valuation of land and buildings.
- Valuation of the pension fund net liability

### Other expected areas of focus

- Covid -19 – the on-going impact that this is having on the Council.



# Value for Money arrangements

## Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria.



### Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



### Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



### Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information





# Risks of significant VFM weaknesses

As part of our planning work, we will consider whether there are any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we need to perform further procedures on. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



### Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements



# Audit fees

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The 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging, as well as rewarding, for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, in relation to the revised ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Further detail on our proposed work and fees are set out below.

We are still in discussions with Public Sector Audit Appointments regarding fees for 2020/21 and will provide more detail in the Audit Plan. However, at this stage we have estimated the proposed fee for 2020/21 to be in the region of £200,500.

|  | Actual Fee 2019/20 | Proposed fee 2020/21 |
|--|--------------------|----------------------|
| Council Audit                                  | £210,000           | £200,500             |
| Teachers Pensions Certification                | £5,000             | £5,000               |
| Housing Benefit Subsidy certification          | £19,000            | £21,000              |
| Pooling Housing Capital Receipts               | £10,000            | £5,000               |
| CFO Insights subscription                      | £10,000            | £10,000              |
| Total audit and non audit fees (excluding VAT) | £255,000           | £243,500             |

## Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.



# Audit Deliverables

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| 2020/21 Deliverables   | Planned Date  | Status      |
|--|---------------|-------------|
| <b>Accounts Audit Plan</b><br>We are required to issue a detailed accounts audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2020-21 financial statements. This also includes the findings of our value for money initial risk assessment. | June 2021     | Not yet due |
| <b>Interim Audit Findings</b><br>We will report to you the findings from our interim audit in our Audit Progress Report.   | July 2021     | Not yet due |
| <b>Audit Findings Report</b><br>The Audit Findings Report will be reported to the December Audit and Governance Committee.   | December 2021 | Not yet due |
| <b>Auditors Report</b><br>This is the opinion on your financial statements and annual governance statement.  | December 2021 | Not yet due |
| <b>Auditor's Annual Report</b><br>Under the new Code of Audit Practice this replaces the Annual Audit Letter and is the key output from local audit work on arrangements to secure VFM.  | January 2022  | Not due yet |



# Sector update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Audit and Governance Committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local  
government



# The new approach to Value for Money

## The nature of value for money work

Section 20 and 21 of the Local Audit and Accountability Act 2014 (the Act), require auditors to be satisfied that the body “has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources”. The auditor’s work on VFM arrangements is undertaken in accordance with the Code and its supporting statutory guidance. The Comptroller and Auditor General has determined through the 2020 Code and guidance that the key output from local audit work in respect of VFM arrangements is the commentary as reported in the Auditor’s Annual Report. It is therefore not a VFM arrangements ‘conclusion’ or an ‘opinion’ in the same sense as the opinion on the financial statements themselves. The Act and the Code require auditors to consider whether the body has put in place ‘proper arrangements’ for securing VFM. The arrangements that fall within the scope of ‘proper arrangements’ are set out in ‘AGN 03 Auditors’ work on VFM arrangements’, which is issued by the NAO. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria:

## Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services, including how the body:

- ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- plans to bridge its funding gaps and identifies achievable savings;
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;

- ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

## Governance

How the body ensures that it makes informed decisions and properly manages its risks, including how the body:

- monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- approaches and carries out its annual budget setting process;
- ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed;
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

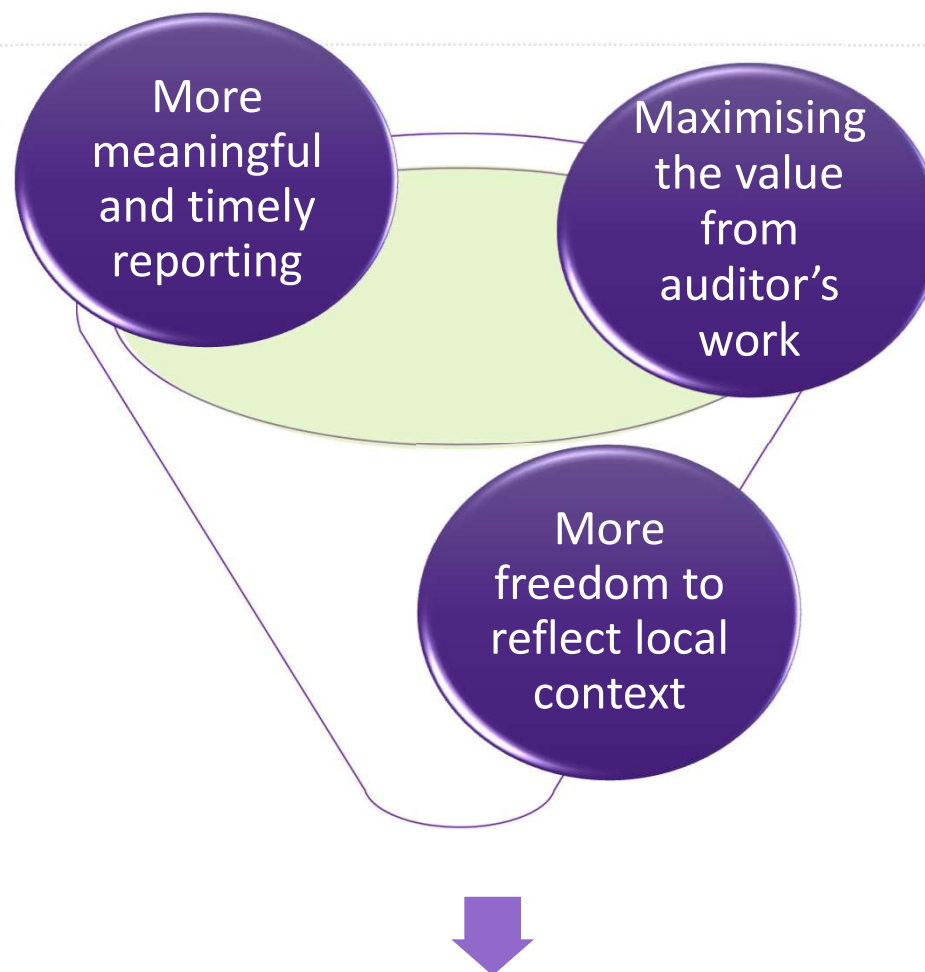


# The new approach to Value for Money

## Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services, including:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the body evaluates the services it provides to assess performance and identify areas for improvement;
- how the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and
- where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.



**VFM arrangements commentary and recommendations**



# The new approach to Value for Money

The table below details what will be reported in the Auditor's Annual Report:

| Section of report                        | Content  |
|--|--|
| Commentary on arrangements               | An explanation of the VFM work that has been undertaken during the year, including the risk assessment and any further risk-based work. It will also highlight any significant weaknesses that have been identified and brought to the body's attention. The commentary will allow auditors to better reflect local context and draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from the body itself. |
| Recommendations                          | Where an auditor concludes that there is a significant weakness in a body's arrangements, they report this to the body and support it with a recommendation for improvement.   |
| Progress in implementing recommendations | Where an auditor has reported significant weaknesses in arrangements in the previous year, the auditor should follow up recommendations issued previously and include their view as to whether the recommendations have been implemented satisfactorily.   |
| Use of additional powers                 | Where an auditor uses additional powers, such as making statutory recommendations or issuing a public interest report, this should be reported in the auditor's annual report.   |
| Opinion on the financial statements      | The auditor's annual report also needs to summarise the results of the auditor's work on the financial statements.   |

The table below details the three types of recommendations that auditors can make. Auditors may make recommendations at any time during the year.

| Type of recommendation     | Definition   |
|----------------------------|--|
| Statutory recommendation   | Where auditors make written recommendations to the body under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014. A recommendation of this type requires the body to discuss and respond publicly to the report. |
| Key recommendation         | Where auditors identify significant weaknesses in a body's arrangements for securing value for money, they have to make recommendations setting out the actions that the body should take to address them                              |
| Improvement recommendation | Where auditors do not identify a significant weakness in the body's arrangements, but still wish to make recommendations about how the body's arrangements can be improved   |



# Revised auditing standard: Auditing Accounting Estimates and Related Disclosures

In the period December 2018 to January 2020 the Financial Reporting Council issued a number of updated International Auditing Standards (ISAs (UK)) which are effective for audits of financial statements for periods beginning on or after 15 December 2019. ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

## Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit, Governance and Standards Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

## Additional information that will be required for our March 2021 audits

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021 in all areas summarised above for all material accounting estimates that are included in the financial statements.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings
- Depreciation
- Year end provisions and accruals
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates

## The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.



We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. investments and asset valuations. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its management expert) over the models, assumptions and source data used in the preparation of accounting estimates.

### Estimation uncertainty

Under ISA (UK) 540 (Revised December 2018) we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

- Where there is material estimation uncertainty, we would expect the financial statement disclosures to disclose:
- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;

- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

### How can you help

As part of our planning risk assessment procedures we routinely make a number of enquiries of management and those charged with governance, which include general enquiries, fraud risk assessment questions, going concern considerations etc. Responses to these enquiries are completed by management and confirmed by those charged with governance at an Audit, Governance and Standards Committee meeting. For our 2020/21 audit we will be making additional enquiries on your accounting estimates in a similar way (which will cover the areas highlighted above).

### Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540\\_Revised-December-2018\\_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)



# Lessons from recent Public Interest Reports – Grant Thornton

2020 will be remembered as a tumultuous year in local government. The Covid-19 pandemic highlighted four essential factors we probably always knew about local government, have often said, but which are now much better evidenced:

**1 Local government has provided fantastic support to its communities in working with the NHS and other partners to deal with the multifaceted challenges of the pandemic.**

**2 Britain's long centralised approach to government has been exposed to some degree in terms of its agility to tailor pandemic responses to regional and local bodies. This is recognised by the current government who continue to pursue the options for devolution of powers to local bodies. Track and Trace delivered centrally has not been as successful as anticipated and, according to government figures, local interventions have had more impact.**

**3 Years of reduced funding from central government have exposed the underlying flaws in the local authority business model, with too much reliance on generating additional income.**

**4 Not all authorities exercise appropriate care with public money; not all authorities exercise appropriate governance; and not all authorities have the capability of managing risk, both short and long term. Optimism bias has been baked into too many councils' medium-term plans.**

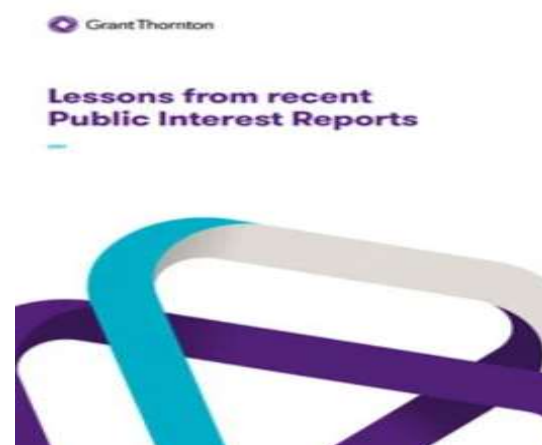
The Public Interest Reports (PIRs) at Nottingham City Council (August 2020), the London Borough of Croydon (October 2020), and Northampton Borough Council (January 2021) were the first issued since 2016. All three are clear illustrations of some of the local government issues identified above. The audit reports are

comprehensive and wide-ranging and a lesson for all local authorities. There are some quotes that seem particularly apposite for all councils to consider. Local authorities have a variety of different governance models which range from elected mayor to the cabinet and a scrutiny system approach, while others have moved back to committee systems. Arguments can be made both for and against all of these models. However, in the recent PIR cases, and for many other councils, it is less about the system of governance and more about how it operates, who operates it and how willing they are to accept scrutiny and challenge.

There are a number of lessons to be learned from the recent PIR reports and these can be broken down into three key areas which are explored further in our report:

- 1 The context of local government in a Covid-19 world
- 2 Governance, scrutiny, and culture
- 3 Council leadership

[Lessons from Public Interest Reports \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/lessons-from-public-interest-reports)









# Local government finance in the pandemic – National Audit Office

The National Audit Office (NAO) report, published in March, notes “The COVID-19 pandemic has been an unprecedented public health and economic emergency. Local authorities in England have made a major contribution to the national response to the pandemic, working to protect local communities and businesses, while continuing to deliver existing services. The pandemic has in turn placed significant pressure on local authorities’ finances, which in many cases were already under strain going into the pandemic.”

The NAO report examines if the Department’s approach to local government finance in the COVID-19 pandemic enabled it to assess and fund the costs of new services which local authorities have been asked to deliver. It also examines whether the Department fulfilled its responsibilities in securing financial sustainability across the sector.

The NAO report concludes “Steps taken by the government, led by the Department, have supported local authorities in the COVID-19 pandemic response. The Department’s successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government. Action by the Department and wider government to support the sector has averted system-wide financial failure at a very challenging time and means that the Department has managed the most severe risks to value for money in the short term.

However, the financial position of local government remains a cause for concern. Many authorities will be relying on reserves to balance their 2020-21 year-end budgets. Despite continuing support into 2021-22 the outlook for next year is uncertain. Many authorities are setting budgets for 2021-22 in which they have limited confidence, and which are balanced through cuts to service budgets and the use of reserves.”

The NAO report found that “the combined impact on spending and non-tax income in 2020-21 is £9.7bn – equivalent to 17.6% of revenue expenditure. So far the government has announced £9.1bn of financial support, leaving a deficit of £605m.”



The full report can be obtained from the NAO website:

[Local government finance in the pandemic - National Audit Office \(NAO\) Report](#)



# 2019/20 audited accounts – Public Sector Audit Appointments

In December 2020 Public Sector Audit Appointments (PSAA) published figures relating to the audit of 2019/20 local authority financial statements.

PSAA report “Audit arrangements in local councils, police, fire and other local government bodies are continuing to exhibit signs of stress and difficulty. In the latest audit round, focusing on 2019/20 financial statements and value for money arrangements, fewer than 50% of bodies’ audits were completed by the revised target of 30 November.

Figures compiled by PSAA, the organisation responsible for appointing auditors to 478 local bodies, reveal that 55% (265) of audit opinions were not issued by 30 November. This is a further deterioration on 2018/19 audits when 43% of opinions (210 out of 486) were delayed beyond the then target timetable of 31 July.

This year’s timetable has been deliberately eased by Ministers in recognition of the underlying pressures on the audit process and the significant added complications arising from the Covid-19 pandemic. The pandemic has posed practical challenges for bodies in producing accounts and working papers, and for auditors to carry out their testing. Both sets of staff have had to work remotely throughout the period, and the second national lockdown came at a critical point in the cycle.

Questions and concerns about the potential implications of the pandemic for some bodies have meant that both finance staff and auditors have needed to pay particular attention to the financial position of each entity. Additionally, following a series of increasingly challenging regulatory reviews, auditors have arguably been more focused than ever on their professional duty to give their opinion only when they are satisfied that they have sufficient assurance.”



The news article can be found here:

[News release: 2019/20 audited accounts – PSAA](#)



# CIPFA Financial Resilience Index

The Chartered Institute of Public Finance & Accountancy's (CIPFA) Financial Resilience Index is a comparative tool designed to provide analysis on resilience and risk and support good financial management.

CIPFA note "CIPFA's Financial Resilience Index is a comparative analytical tool that may be used by Chief Financial Officers to support good financial management, providing a common understanding within a council of their financial position.

The Index shows a council's position on a range of measures associated with financial risk. The selection of indicators has been informed by extensive financial resilience work undertaken by CIPFA over the past five seven years, public consultation and technical stakeholder engagement.

Section 151 officers may also use the index in their annual report to the council setting out the proposed budget for the year and medium-term financial strategy.

While the impact of COVID-19 resulted in a delay to the publication of the index, it is still able to provide a comprehensive pre-COVID baseline, illustrating the financial resilience of authorities as they entered the pandemic."

CIPFA found that "there was a real-terms reduction of £800m in the level of reserves in 2020 compared with the previous year. At the end of March 2020 council reserves levels stood at £24.6bn, around 3% lower than £25.4bn recorded at the same period in 2019."

CIPFA note "The index is made up of a set of indicators. These indicators take publicly available data and compare similar authorities across a range of factors. There is no single overall indicator of financial risk, so the index instead highlights areas where additional scrutiny should take place in order to provide additional assurance. This additional scrutiny should be accompanied by a narrative to place the indicator into context."



The Financial Resilience tool is available on the CIPFA website below:

<https://www.cipfa.org/services/financial-resilience-index-2021?crdm=0>



# Good practice in annual reporting – National Audit Office

The National Audit Office (NAO) state that the guide, launched in February, “Sets out our good practice principles for good annual reporting and provides illustrative examples taken from public sector organisations who are leading the way in this area.”

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance

The NAO also state that the guide “provides further examples where bodies have made their context more understandable to the reader through use of graphics and clear language and signposting.”

However, The NAO observe “Done well, reporting in the public sector enables the public and Parliament to understand – with ease and confidence – an organisation’s strategy and the risks it faces, how much taxpayers’ money has been spent and on what, and what has been achieved as a result.”

Further, the NAO note “The significant impacts of the pandemic emerged in the UK in mid-March 2020. This means that, for many organisations, the reporting impact will be greater in 2020-21 than in the prior year. Transparent annual reporting will help stakeholders understand the impact of COVID-19 on an organisation’s strategy, plans and operational and financial performance.”



The full report can be obtained from the NAO website:

<https://www.nao.org.uk/report/good-practice-in-annual-reports-february-2021/>







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## AUDIT AND GOVERNANCE COMMITTEE



|                            |  |
|----------------------------|--|
| Report subject             | <b>Forward Plan</b>  |
| Meeting date               | 22 April 2021  |
| Status                     | Public Report  |
| Executive summary          | This report sets out the reports to be received by the Audit & Governance Committee for the 2021/22 municipal year.  |
| Recommendations            | <p><b>It is RECOMMENDED that:</b></p> <p><b>The Audit &amp; Governance Committee approves the forward plan set out at Appendix A.</b></p>  |
| Reason for recommendations | To ensure that Audit & Governance Committee are fully informed of the reports to be considered during 2021/22.   |
| Portfolio Holder(s):       | Cllr Drew Mellor, Leader of the Council  |
| Corporate Director         | Graham Farrant, Chief Executive  |
| Report Authors             | <p>Nigel Stannard<br/> Head of Audit &amp; Management Assurance<br/> ☎01202 128784<br/> ✉ <a href="mailto:nigel.stannard@bcpcouncil.gov.uk">nigel.stannard@bcpcouncil.gov.uk</a></p> |
| Wards                      | Council-wide   |
| Classification             | For Recommendation Decision  |

### Background

1. Good practice dictates that a Forward Plan should be agreed which sets out the reports to be considered by the Audit & Governance Committee over the next 12 months.

### The Forward Plan

2. The Forward Plan set out at Appendix A has been developed through discussion with the Chair and Vice Chair of the Audit & Governance Committee, the S151 Officer and the Council's External Auditors. The plan sets out proposals for the forward management of reports to be considered by the Audit & Governance Committee in order to enable it to fulfil its terms of reference.



3. The Audit & Governance Committee should note that the plan does not preclude extraordinary items being brought before the Committee in consultation with the Chair and Vice Chair as necessary and appropriate, thus ensuring that the Audit & Governance Committee business is consistent with the requirements of the Council's Financial Regulations.
4. The Chairman regularly asks committee members for any topics requiring this Committee's consideration within its terms of reference and can be added at any time in the year or as they arise. These topics are generally shown in the 'Presentations' section of the Forward Plan, Appendix A. The presentations are made available to the public with the meeting minutes.

### **Options Appraisal**

5. An options appraisal is not applicable for this report.

### **Summary of financial implications**

6. There are no direct financial implications from this report.

### **Summary of legal implications**

7. There are no direct legal implications from this report.

### **Summary of human resources implications**

8. There are no direct human resource implications from this report.

### **Summary of sustainability impact**

9. There are no direct sustainability impact implications from this report.

### **Summary of public health implications**

10. There are no public health implications from this report.

### **Summary of equality implications**

11. There are no direct equality implications from this report.

### **Summary of risk assessment**

12. Development and agreement of the Forward Plan by the Audit & Governance Committee enables it to fulfil its terms of reference.

### **Background papers**

None

### **Appendices**

Appendix A – Audit & Governance Committee - Forward Plan 2021/22



**Audit & Governance Committee – DRAFT Forward Plan 2021/22**

| REPORT  | 10<br>JUN<br>2021<br>(extra) | 29<br>JUL<br>2021 | 9<br>SEP<br>2021<br>(extra) | 28<br>OCT<br>2021 | 2<br>DEC<br>2021<br>(extra) | 13<br>JAN<br>2022 | 17<br>MAR<br>2022<br>(extra) | 14<br>APR<br>2022 |
|---|------------------------------|-------------------|-----------------------------|-------------------|-----------------------------|-------------------|------------------------------|-------------------|
| <b>ANNUAL REPORTS</b>   |                              |                   |                             |                   |                             |                   |                              |                   |
| Statement of Accounts 2020/21   |                              | ✓                 |                             |                   |                             |                   |                              |                   |
| Annual Governance Statement 2020/21 and Annual Review of Local Code of Governance ( <sup>1</sup> update on Action Plan only)          |                              | ✓                 |                             |                   |                             |                   |                              | ✓ <sub>1</sub>    |
| Chief Internal Auditor's Annual Opinion Report 2020/21  |                              | ✓                 |                             |                   |                             |                   |                              |                   |
| Annual Breaches, Waivers & Exemptions Report 2020/21  |                              | ✓                 |                             |                   |                             |                   |                              |                   |
| Annual Review of Declarations of Interests & Receipts of Gifts & Hospitality by Officers  |                              | ✓                 |                             |                   |                             |                   |                              |                   |
| Use of Regulation of Investigatory Powers Annual Report 2020/21   |                              | ✓                 |                             |                   |                             |                   |                              |                   |
| Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2020/21   |                              |                   |                             | ✓                 |                             |                   |                              |                   |
| Local Government and Social Care Ombudsman Annual Report 2020/21  |                              |                   |                             | ✓                 |                             |                   |                              |                   |
| Equality & Diversity Annual Report 2020/21  |                              |                   |                             | ✓                 |                             |                   |                              |                   |
| Emergency Planning & Business Continuity Update   |                              |                   |                             | ✓                 |                             |                   |                              |                   |
| Health & Safety and Fire Safety Update  |                              |                   |                             | ✓                 |                             |                   |                              |                   |
| Treasury Management Strategy Refresh/Approval for next financial year   |                              |                   |                             |                   |                             | ✓                 |                              |                   |
| Assurance Framework & Internal Audit Planning Consultation  |                              |                   |                             |                   |                             | ✓                 |                              |                   |
| Information Governance Update   |                              |                   |                             |                   |                             | ✓                 |                              |                   |
| Internal Audit Charter & Audit Plan for next financial year   |                              |                   |                             |                   |                             |                   |                              | ✓                 |
| <b>QUARTERLY / HALF YEARLY REPORTS</b>  |                              |                   |                             |                   |                             |                   |                              |                   |
| Internal Audit - Quarterly Audit Plan Update  |                              | ✓                 |                             | ✓                 |                             | ✓                 |                              | ✓                 |
| Risk Management – Corporate Risk Register Update  |                              | ✓                 |                             | ✓                 |                             | ✓                 |                              | ✓                 |
| Forward Plan (refresh)  |                              | ✓                 |                             | ✓                 |                             | ✓                 |                              | ✓                 |
| Treasury Management Monitoring Report ( <sup>2</sup> inc quarter 4 for previous year)   |                              | ✓ <sub>2</sub>    |                             | ✓                 |                             | ✓                 |                              |                   |
| <b>AD HOC / OTHER REPORTS</b>   |                              |                   |                             |                   |                             |                   |                              |                   |
| Whistleblowing, Anti Fraud and Corruption, and Declaration of Interests, Gifts & Hospitality Policies - annual evolution for 2022/23. |                              |                   |                             |                   |                             |                   | ✓                            |                   |
| Financial Regulations - annual evolution for 2022/23.   |                              |                   |                             |                   |                             |                   | ✓                            |                   |
| Financial Statements 2020/21: Review of Significant Judgements and Sources of Estimation Uncertainty                                  | ✓                            |                   |                             |                   |                             |                   |                              |                   |



|  |  |                |  |   |   |   |  |                |
|--|--|----------------|--|---|---|---|--|----------------|
| Changes to Council Constitution  |  | ✓              |  |   | ✓ |   |  |                |
| <b>PRESENTATIONS</b> (rather than formal reports)  |  |                |  |   |   |   |  |                |
| Review of BH Live contractual and governance arrangements. ( <sub>3</sub> timing subject to agreement based on external factors) |  | ✓ <sub>3</sub> |  |   |   |   |  |                |
| <b>EXTERNAL AUDITS REPORTS</b>   |  |                |  |   |   |   |  |                |
| External Auditor – Audit Plan 2020/21 ( <sub>4</sub> <i>Audit Plan 2021/22</i> )   |  | ✓              |  |   |   |   |  | ✓ <sub>4</sub> |
| External Auditor – Audit Findings Report 2020/21   |  | ✓              |  |   |   |   |  |                |
| External Auditor – Annual Audit Letter 2020/21   |  |                |  | ✓ |   |   |  |                |
| External Auditor – Certification of Claims and Returns 2020/21   |  |                |  |   |   | ✓ |  |                |
| External Auditor – Annual Audit Fee 2021/22  |  |                |  |   |   | ✓ |  |                |
| External Auditor – Audit Progress & Sector Update  |  | ✓              |  | ✓ |   | ✓ |  | ✓              |