Notice of Audit and Governance Committee

Date: Thursday, 28 October 2021 at 6.00 pm

Venue: Committee Suite, Civic Centre, Poole BH15 2RU

Membership:

Chairman:
Cllr J Beesley

Vice Chairman:
Cllr L Williams

Cllr M F Brooke	Cllr L Fear	Cllr T Trent
Cllr D Brown	Cllr A Filer	
Cllr D Butt	Cllr M Phipps	

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=4847

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

Press enquiries should be directed to the Press Office: Tel: 01202 118686 or email press.office@bcpcouncil.gov.uk

This notice and all the papers mentioned within it are available at democracy.bcpcouncil.gov.uk

Available online and on the Mod.gov app
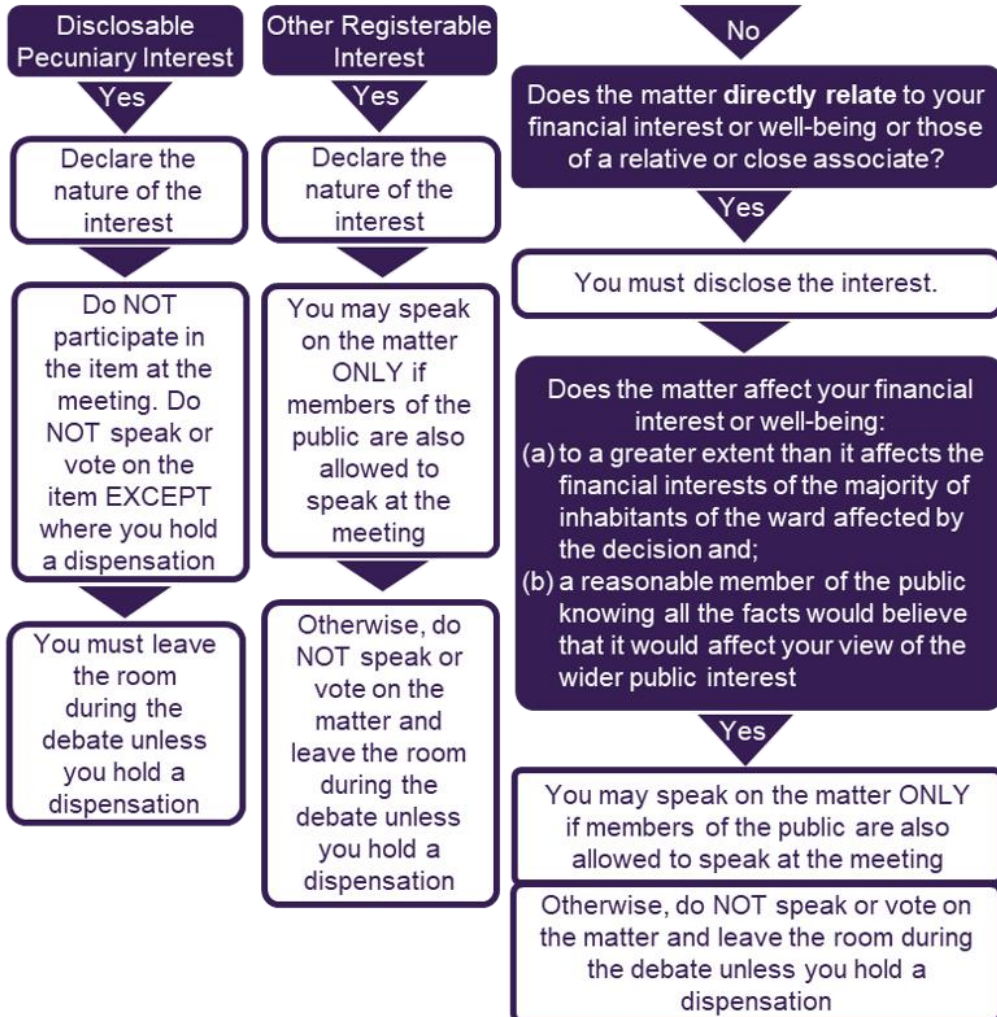
GRAHAM FARRANT
CHIEF EXECUTIVE

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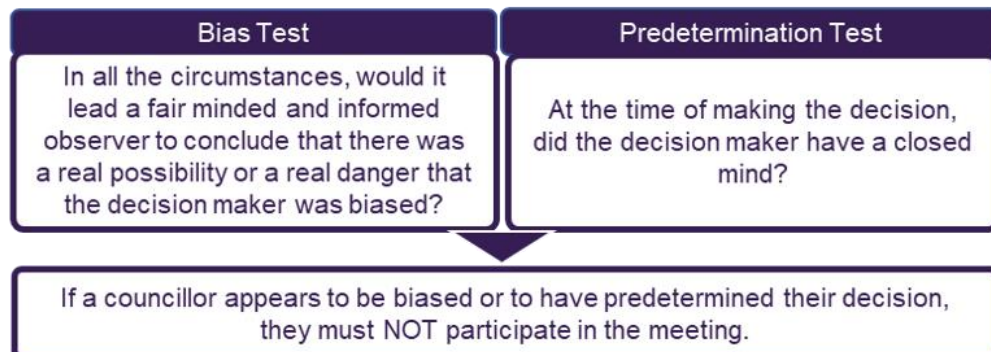
Before the meeting, read the agenda and reports to see if the matters to be discussed at the meeting concern your interests

Do any matters being discussed at the meeting directly relate to your registered interests?

Disclosable Pecuniary Interest — Yes

Declare the nature of the interest

Do NOT participate in the item at the meeting. Do NOT speak or vote on the item EXCEPT where you hold a dispensation

You must leave the room during the debate unless you hold a dispensation

Other Registerable Interest — Yes

Declare the nature of the interest

You may speak on the matter ONLY if members of the public are also allowed to speak at the meeting

Otherwise, do NOT speak or vote on the matter and leave the room during the debate unless you hold a dispensation

No

Does the matter **directly relate** to your financial interest or well-being or those of a relative or close associate?

Yes

You must disclose the interest.

Does the matter affect your financial interest or well-being:
(a) to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
(b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

Yes

You may speak on the matter ONLY if members of the public are also allowed to speak at the meeting

Otherwise, do NOT speak or vote on the matter and leave the room during the debate unless you hold a dispensation

---

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)

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 9 September 2021.

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.bcpcouncil.gov.uk/documents/s2305/Public%20Items%20-%20Meeting%20Procedure%20Rules.pdf

    The deadline for the submission of public questions is four clear working days before the meeting.

    The deadline for submission of a public statement is 12 noon on the day before the meeting.

    The deadline for the submission of a petition was 10 working days before the meeting.

6. **Health & Safety and Fire Safety Update**

    This report details progress made on the delivery of Health & Safety and Fire Safety governance arrangements for BCP Council and highlights:

    - Ongoing Covid 19 response and the recovery
    - Implementation of Governance framework
    - Reporting of Health and Safety and fire safety to the board

- An overview of service delivery

Emergency planning and business continuity activity in BCP Council over the reporting period has continued to be predominantly focused on the ongoing response to COVID-19 and concurrent risks, managing the consequences arising from these, and transitioning to living safely with COVID-19 as part of normal business. The BCP and Local Resilience Forum (LRF) command structures have therefore flexed considerably over this period to meet the demands of an ever-changing picture with new sets of challenges.

The other main area of activity has been implementing the BCP Resilience Governance Framework approved by Corporate Management Board (CMB) in September 2020, the overall purpose of which is to strengthen and embed the statutory duties of emergency planning and business continuity and develop a resilience culture. The framework also provides the necessary governance to support delivery and oversight of these statutory duties.

This report also provides an update on national developments in resilience, due in part to the experiences of COVID-19.

This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2021 to 30 September 2021. A surplus of £626k will be achieved through lower borrowing costs due to historically low interest rates and higher cash balances held by the authority.

The report also provides a brief update to the changing regulatory environment on Treasury Management.

This report updates councillors on the position of the council's Corporate Risk Register. The main updates are as follows:

- No new risks have been added to the council's Corporate Risk Register during the quarter.
- Corporate Risk CR17 - Risk to Reputation of Place & Council if summer arrangements are not managed – has been de-escalated and is now being considered at service risk level.
- There have no changes to risks scores during the quarter.

Each of the risks have been reviewed including the Actions Completed and the Actions Proposed.

This report details progress made on delivery of the 2021/22 Audit Plan for the period July to September (inclusive) 2021. The report highlights that:

- Eight audit assignments have been completed (one 'Substantial', six 'Reasonable' and one 'Partial' audit opinions);
- Twenty audit assignments are in progress;

- Implementation of audit recommendations is satisfactory;

An action plan is in place to address the issues raised during a recent Public Sector Internal Audit Standards external assessment.

11.	**Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2020/21**	67 - 78

This report details counter fraud work carried out by Internal Audit to provide assurance on the Council's response to combating fraud & corruption.

Internal Audit have investigated all allegations of suspected fraud or financial irregularity in a proportionate manner.

One formal whistleblowing referral for the Council was received and investigated by Internal Audit during 2020/21.

[PLEASE NOTE: Appendix A to this report is Restricted - Should the Committee wish to discuss the detail of Appendix A the meeting will be required to move into Confidential (Exempt) Session].

12.	**External Audit - Core Financial System IT Audit Report 2020/21**	79 - 110

The attached report provides the findings from Grant Thornton's review of IT general controls for BCP Council applications identified as relevant to the financial audit.

The report includes an overview of the IT audit findings which were assessed as 4 'Significant Deficiency', 7 'Deficiency' and 1 'Improvement Opportunity' issues.

Management have provided a response to all issues raised.

13.	**External Audit - Audit Progress Report 2020/21 & Sector Update**	111 - 126

Grant Thornton, as the Council's appointed External Auditors, have produced a report which provides an update to Audit & Governance Committee on their progress to date in delivering their responsibilities.

The report states that the proposed target completion date for their fieldwork is 30th November 2021 and they aim to give their opinion on the financial statements by the end of December 2021. Reasons (and context) for the delay in issuing the opinion against the target date of 30 September 2021 are included in the report.

The report also includes a summary of the 'What can be learned from Public Interest Reports?' publication by Grant Thornton, along with a link to the full publication.

14.	**Forward Plan (refresh)**	127 - 130

This report sets out the reports to be received by the Audit & Governance Committee for the 2021/22 municipal year.

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.

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL

AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 09 September 2021 at 6.00 pm

Present:-

Cllr J Beesley – Chairman

Cllr L Williams – Vice-Chairman

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

26.   Apologies

Apologies for absence were received from Councillors Brown and Phipps.

27.   Substitute Members

Formal notification had been received appointing Councillor Dedman as substitute for Councillor Phipps and Councillor Matthews as substitute for Councillor Brown.

28.   Declarations of Interests

Councillor Beesley declared his role as an observer on the BHLive Board, as referred to in the report. Councillor Williams declared his position as Member, Arts Councill Southwest. Councillor Brooke declared his role as a Board member of Bournemouth Development Company.

29.   Confirmation of Minutes

In response to a question from a member of the Committee relating to the LGA peer challenge it was noted that the further information requested at the meeting had not been circulated and that the requested information would be set out as an informative at the foot of the minutes of this meeting.

RESOLVED that the Minutes of the meeting of the Committee on 29 July 2021 be confirmed as a correct record.

30.   Public Issues

There were no public issues.

31.   Review of BH Live contractual and governance arrangements

The Committee received a report prepared and presented by the Chief Executive of BHLive and the BCP Council Service Director for Destination and Culture. The Chairman reminded Members that the role and scope of the Committee was limited to consideration and assessment of the processes and arrangements in place for the governance of BHLive.

The report also included, as an Appendix, a previous report to the Committee in July 2020. There was therefore the opportunity for the Committee to check back

on progress made against the issues that had been identified for action at that time. Specifically, these had included introduction of an annual reporting process to the BCP Council Overview and Scrutiny Board; the introduction of an 'open book' accounting style; the introduction of further clarity about the role of elected Councillors on the BHLive Board and the embedding within BCP Council of the identified contract management arrangements.

The steps taken to address each of these items was set out and explained to the Committee. Particularly highlighted was the temporary measure, currently being undertaken by the Chairman of the Audit and Governance Committee, to take on a role as an independent observer of the BHLive Board.

The legal position was also set out. This included appraisal of potential for conflict between the role of an elected Councillor and the statutory requirements imposed upon an appointed member of a Company Board. The Companies Act requirements were explained and the nature of the statutory duties imposed on Board members, in contrast to the role of a Councillor, were set out and explained. The Committee discussed the relative merits and disadvantages of elected Councillors sitting on Boards.

The report continued with an overview of the contractual and governance arrangements as set out in the original 2010 contract establishing BHLive and now also considered within the context of recent activities and challenges and the strategic direction for BHLive going forward. It was reported that the pattern of governance at BHLive largely followed an established model operating within other areas of the country with BHLive Enterprises delivering the commercial elements, such as conferences, whilst the main Board had responsibility as a charity for delivering the core service to the public.

Recently revised governance arrangements, together with an indication of their regularity of occurrence, were set out in table format including particularly comments about the point of contact between BCP Council and BHLive and the governance frameworks around facility management; financial reporting; Partnership liaison; Political oversight and arrangements for operation of the Strategic Partnership Board. The implications and effects of the pandemic and the financial effects within the Leisure sector were fully explained.

In response to questions from Members to the specialist Officers, the style and frequency of monitoring meetings were explained including description of the format and membership of the Strategic Partnership Board which underpinned the main Board and met in sync with it to provide liaison at senior officer level and feed back to the Board. There was also regular involvement with the Council's Portfolio Holder.

Members of the Audit and Governance Committee welcomed the explanations provided but there were areas identified where definitions around roles and responsibilities could be tightened up and where new wording could potentially provide greater clarity and improve effectiveness. In particular, and for example, the use of the term 'as required' when defining the level of client contact activity between BPC Council and BHLive was not considered to be sufficiently clear or to provide the level of certainty sought although the Committee were reassured that there was, in fact, a process of constant dialogue.

As part of their continuing discussion about the issues raised, the Committee focussed on three particular areas namely, (a) the outline of revised governance arrangements set out in the table at paragraph 2.7 of the report; (b) whether, going

forward, there was a continuing role for an independent observer along the lines currently being undertaken by the Chairman of the Committee and (c) the wider issue of whether or not elected Councillors should, as a matter of practice, have seats on the Boards and whether doing so was something that provided benefit to the Council.

(a) the outline of revised governance arrangements set out in the table at paragraph 2.7 of the report

In order that there was the greatest possible degree of clarity, **it was agreed by the Committee** that further work was required upon the list of governance arrangements as set out in paragraph 2.7 of the report. This work to be undertaken jointly in consultation with the Monitoring Officer and the objective should be to ensure that governance arrangements were robust and adequate for purpose. There were areas where further explanation and redrafting would be required including examples such as the phrase 'as required' in the point of contact line.

It was agreed by the Committee that, following the redrafting as identified, the revised proposals would come back initially to the Chairman and Vice-Chairman prior to re-circulation for comment to Members of the Committee (including to the two substitute Members). The final stage to be re-submission to the Committee for formal adoption.

(b) whether, going forward, there was a role for an independent observer along the lines currently being undertaken by the Chairman of the Committee

The Chairman presented further insight into the temporary role of independent observer which he considered had worked well in the pandemic period when there were a considerable number of matters to be addressed including significant financial issues. The role had, during that period, provided a useful link between the leaderships of the Council and of BHLive and enabled the Council to have confidence in the responses that were being developed and ensure that the economic integrity of BHLive was preserved. It was not, however, considered that the role needed to continue indefinitely in its present format although, if it was considered to have filled any gaps, this was something that could be addressed within the current review.

The Chairman advised the Committee that his period as an observer suggested that particular areas for further attention should be (i) the introduction of a method and format of financial reporting that was more compatible with the BCP Council reporting style; (ii) the introduction of a programme of 'succession planning' for prospective elected Councillor Board members; and (iii) clarity about the arrangements and process for further development of a capital development programme across and in relation to the BHLive estate.

It was agreed by the Committee that the temporary arrangements and role for an independent observer could usefully continue for the remainder of the current financial year 2021/22 but that, after that, the arrangement could be discontinued.

(c) the wider issue of whether or not elected Councillors should, as a matter of practice, have seats on the Boards and whether doing so was something that provided benefit to the Council.

The Committee was reminded that the current arrangements, which reflected an established model of working, had operated since BHLive was set up and included

the appointment of elected Councillors onto both the BHLive Board and BHLive Enterprises Board. It was explained that the BCP Council Constitution currently prescribed that Board Members be nominated by the Leader of Council. The importance of appointing Members with the right level of experience and understanding was underlined and needed to be supported with a process of succession planning for Councillors.

The Chief Executive of BHLive described the practical operation of the two Boards and the complex relationship between them. He described how the opportunity was always available for Board members to declare an interest and not participate but his experience was that this had rarely been required. His view was that, in practical terms, a wider and much more effective depth of discussion was possible when Councillors were present and involved. The Councillors sitting on the Boards had not reported any concerns.

There was discussion about the merits of Councillor appointments. Members were of the view that Councillors provided an essential link between the service and the public. Other Members of the Committee were not supportive of involvement by Councillors.

It was proposed by Councillor Brooke, seconded by Councillor Trent

'That Councillors should not be on the Boards of Companies associated with the Council but there should be in place a strong monitoring and governance structure'.

On being put to the vote, the motion was LOST. (Voting: For 3; Against 5).

The Chief Executive of BHLive responded to specific service-related questions from individual members about opening of services during the current stages of the pandemic and reassurances were provided that BCP Council based BHLive services had all reopened.

There was also discussion about the ongoing process for review of the BHLive Business Case. **The Committee agreed** that an informative note should be provided to the Chairman of the Overview and Scrutiny Board recording the view of the Audit and Governance Committee that the Business Plan should be brought back to the Overview and Scrutiny Board for review earlier than would normally be the case within the scheduled annual review process.

It was proposed by Councillor Brooke seconded by Councillor Dedman

RESOLVED

(a) **That the Audit and Governance Committee notes the origins and background of the BHLive contract and the BHLive partnership with the BCP Council;**
(b) **That, to underpin the partnership, there should be in place a strong monitoring and governance structure and this should be re-enforced through implementation of the additional work identified by the Committee in its discussions;**
(c) **That the outcome and results of the actions identified as required be reported back to the Committee within a reasonable time.**

The Chairman concluded the meeting by recording his appreciation for the attendance of the Chief Executive of BHLive at the meeting and for the work of Officers involved in producing the report for the Committee.

[Informative. In relation to questions raised at the meeting of the Committee on 29 July 2021 regarding Corporate Risk 11 (the ability of the Council to function and operate efficiently in the delivery of single services across the BCP Council area), the first question raised asked if the groups of officers and members were in place to deliver high level delivery plans for the corporate strategy. In this respect it is confirmed that small groups of Cabinet members and senior officers met and agreed the delivery plan actions that were presented to Cabinet alongside the budget in February 2020 and February 2021.

The second point related to the LGA Peer challenge plan for November 2021 and whether this would involve all Councillors. The Corporate Peer Team have not asked to meet all Councillors but in addition to Cabinet members, they have asked to see all political group leaders. Invites are currently being sent out and the full timetable of meetings will be published on the intranet towards the end of October.]

The meeting ended at 8.12 pm

CHAIRMAN

This page is intentionally left blank

AUDIT AND GOVERNANCE COMMITTEE

BCP Council

Report subject	**Health & Safety and Fire Safety Update**
Meeting date	28 October 2021
Status	Public Report
Executive summary	This report details progress made on the delivery of Health & Safety and Fire Safety governance arrangements for BCP Council and highlights: • Ongoing Covid 19 response and the recovery • Implementation of Governance framework • Reporting of Health and Safety and fire safety to the board • An overview of service delivery
Recommendations	**It is RECOMMENDED that:** **(a) Health & Safety and Fire Safety on-going governance arrangements are reported to the Audit and Governance Committee annually.** **(b) Audit and Governance Committee notes the continued progress in implementing the Health and Safety and Fire Safety governance arrangements, along with the significant contributions made towards managing the risks from the COVID-19 pandemic.**
Reason for recommendations	An update twelve months after the October Audit & Governance Committee meeting was requested, to provide continued reassurance that Health & Safety and Fire Safety Governance arrangements are being implemented to an acceptable standard.
Portfolio Holder(s):	Councillor May Haines (Portfolio Holder for Community Safety)
Corporate Director	Kate Ryan (Chief Operating Officer)
Report Authors	Margareta Flicos (Health and Safety Manager) Phillip Lawrence (Fire Safety Manager)
Wards	Not applicable
Classification	For Decision

Background

1. The service provided by the Corporate Health & Safety and Fire Safety teams is to ensure competent, specialist and risk-based advice and guidance are afforded to the Council to enable them to carry out their statutory duties regarding both the Health & Safety at Work etc Act 1974 and the Regulatory Reform (Fire Safety) Order 2005 and to promote a positive safety culture throughout BCP Council.

2. The BCP Council Health, Safety and Welfare Policy (reviewed July 2021) and the Fire Safety Policy sets out the roles and responsibilities that places the Health & Safety and Fire Safety Board at the centre of strategic oversight and performance monitoring.

3. The BCP Council Health and Safety and Fire Safety governance framework details the governance arrangements including the Health and Safety and Fire Safety Board, Service Directorate Health and Safety and Fire Safety meetings and the Safety Forum.

Ongoing Governance arrangements

4. Health and Safety and Fire safety board meetings continue to take place quarterly with members attending remotely, via Microsoft Teams. Attendance at these meetings since last year's report to this Committee and the recent October board meeting by Service Directors (or their representative) was good.

5. Service Directorate Health & Safety and Fire Safety meetings were significantly disrupted due to the COVID-19 outbreak. However, most have restarted, and take place quarterly, via Microsoft Teams. These meetings remain a key part of the Health and Safety and Fire safety governance.

6. The Health & Safety and Fire Safety Forum, comprising of Safety Supporters from the Service Directorates, Corporate Health & Safety and Fire Safety team representatives and Union representatives commenced in December 2020. This is a forum for consultation with all employees per statutory requirements. The meetings provide an opportunity for staff to share best practices and issues at the workplace and operational level and provide a channel for communication between employees and the Board.

7. A Microsoft Teams channel has been set up, to allow appointed and trained Local Fire Safety Co-ordinator's a forum to discuss and share best practices across premises and Service Directorates concerning Fire Safety.

Reporting to the Board

8. Quarterly Health and Safety and Fire Safety reports are provided to each Board meeting, providing information on such matters as audit programme planning, policy & governance implementation, formation of BCP Council Health & Safety procedures staff training & communications, Fire Risk Assessments, significant accidents & incidents, contact with enforcement bodies and accident and near-miss data for health and safety and fire incidents.

9. A Corporate Health & Safety and Fire Safety Risk Register is established and reviewed at the quarterly Board meetings. This contains Service Directorate high risks that are considered to need further mitigation measures to reduce the current risk level. These are raised at the Board to agree on necessary risk reduction measures.

COVID-19 Response

10. The COVID-19 pandemic continues to present challenges in ensuring risks to BCP Council employees, visitors and property assets are suitably controlled, as well as continuing to meet our legal obligations under the Health & Safety at Work etc act 1974 and the Regulatory Reform (Fire Safety) Order 2005.

11. The ongoing response to COVID-19 includes continued monitoring of national Covid guidance and, where relevant, how to implement within BCP council.

Operational updates

Fire Safety

12. The Fire Safety team for BCP Council is comprised of one full-time Fire Safety Manager, one full time and one part-time (3 days per week) Fire Safety Advisors.

13. Following the outcome of Smarter Structures, the Corporate Fire Safety team shall continue to deliver their service from within the Facilities Management (FM) structure, falling within the Customer and Business Delivery Service, having relocated from Regulatory Services, within Communities.

14. Fire Risk Assessments (FRA), Dangerous Substances and Explosive Atmospheres Regulations (DSEAR) assessments and Arson prevention surveys recommenced in 2021, following an interim period of remote assurance assessing (known as, Remote Fire Safety Assurance Assessments). These remote assurance assessments did not replace full Fire Risk Assessments conducted on-site; they merely acted as a tool to assist with the completion of a revised risk register for premises during periods of the COVID-19 pandemic. The full Fire Risk Assessments now conducted are in line with the FRA workplan or, where a building is repurposed or closed, a temporary structure is being erected, or there is an incident.

15. The summer of 2021 saw a steep rise in the number of events taking place throughout BCP, and support was provided to all through the established Safety Advisory Group (SAG), event site visits and liaison with partner agencies, including our enforcing authority, Dorset and Wiltshire Fire and Rescue Service (DWFRS). The Bournemouth Air Festival (BAF) event culminated in praise being afforded to the team, on behalf of the Deputy Chief Constable of Dorset and Wiltshire Fire and Rescue Service regarding the approach and methodology adopted towards event fire safety.

16. Outcomes of recent FRA's identified that some measures to support COVID guidance has impacted fire safety, however, these were swiftly identified, assessed, and mitigated. In part, the swiftness of response can be attributed to the appointment and training provided to key personnel undertaking localised duties relating to fire safety.

17. Written guidance has been provided directly to Service Directors. This guidance is an essential reference document to provide support to management teams, enabling them to undertake their specific Fire Safety duties.

18. Support continues to Local Authority maintained schools on localised fire safety arrangements and mitigation plans following their Fire Risk Assessments, or subsequent reviews.

19. The appointment and training of persons to undertake the role of Local Fire Safety Coordinator continues. In most cases, this is not a new appointment as individuals are already undertaking the associated duties required to ensure local level fire safety risks are identified and mitigated appropriately, along with providing direct liaison with the Corporate Fire Safety team.

20. The Fire Safety team members are in regular contact with operational service areas. Resources are allocated to specific high-risk areas to develop a good insight into day-to-day practice. The knowledge gained of the service continues to result in improved and specific support and advice offered by the corporate teams. Advice is given to all Service Directorates and schools on many different aspects, including risk assessments.

21. The Fire Safety Policy has received its annual review, requiring only minor amendments. Several procedures have been created and reviewed, along with

supplementary guidance materials to assist with fire safety management arrangements.

Health and Safety

22. Following the outcome of Smarter Structures, the Corporate Health & Safety team is now located within the Finance Directorate, under the Head of Audit and Management Assurance, having previously been located in the Communities Directorate.

23. The BCP Council Corporate Health & Safety team comprises a Corporate Health & Safety manager, five Health & Safety practitioners (one vacant) and a Health and Safety and training support officer.   The team is currently operating with one Health & Safety practitioner vacancy which has impacted on the speed of delivery of some objectives.

24. Urgent consideration is being given regarding the options to recruit to the remaining vacant Health & Safety practitioner post.

25. A temporary Health & Safety resource was engaged to increase team capacity from autumn 20 to summer 21 to provide advice and support to Service Directorates on the continuing Covid 19 requirements and prepare draft BCP policies and corporate procedures and carried out Health & Safety training.

26. Advice and support continue to be given to Service Directorates and maintained schools on the interpretation of national changes to Covid requirements, use of face coverings, use of personal protection equipment (PPE), completion of individual risk assessments for colleagues and dealing with suspected Covid cases.

27. Other Covid 19 advice and support includes updating of guidance to cover the use of Display Screen equipment whilst working from home, returning to the office, and working in other locations.

28. BCP accident and near-miss reporting system is working well - and can be accessed by all colleagues on the Health & Safety page on the BCP intranet. Further enhancements to this system have started and will include a back-office function to allow analysis by the team of Corporate and Service Directorate data from all BCP service areas.

29. Development of a BCP cautionary contact system (CCS) by ICT is in progress with a draft test system being evaluated currently. Legacy Council CCSs continue to be used until the BCP system goes live. These legacy systems are 'safe' but are administratively cumbersome.

30. Final BCP versions of most of the corporate procedures for Health & Safety have been agreed and implemented following the procedure approval process. These include lone working, risk assessment and violence and threatening behaviour procedures. The remaining procedures, which include manual handling, incident investigation and working outdoors, will be consulted on by December.

31. Due to Covid and resource issues, work is still being carried out to develop a Corporate Health & Safety audit plan. The overall approach to the auditing has been presented to the Health & Safety and Fire Safety board for consideration, before developing a more detailed plan and schedule.

32. A training plan has been developed that covers all essential Health & Safety training that needs to be delivered by external training providers.

Summary of financial implications

33. The 2021-22 budget for Health and Safety is £311,700 and for Fire Safety it is £119,700. No material under or overspends are projected.

34. No financial implications are arising from the specific recommendations of this report.

35. There are potential financial risks associated with inadequate or non-compliant Health & Safety and/or Fire Safety practices that could lead to financial penalties and losses. The governance arrangements outlined in this report will help to mitigate these.

Summary of legal implications

36. No legal implications are arising from the specific recommendations of this report.

37. The Council is legally obliged to have adequate Health & Safety and Fire Safety arrangements in place, and the current governance arrangements support in demonstrating compliance with these obligations.

Summary of human resource implications

38. No human resource implications are arising from the specific recommendations of this report.

39. Where necessary, HR are contacted to ensure that HR implications of any Health & Safety management actions are considered

Summary of sustainability impact

40. There are no environmental impacts arising from the specific recommendations of this report.

Summary of public health implications

41. There are no public health implications arising from the specific recommendations of this report.

42. Public Health Dorset have been and will be contacted where deemed appropriate to ensure that public health aspects of the management of the Covid risk have been suitably considered

Summary of equality implications

43. No equalities implications are arising from the specific recommendations of this report.

44. Where necessary, the Corporate Health & Safety team work alongside HR to ensure that both equality and Health & Safety aspects are considered, to ensure that equality aspects such as disability are suitably actioned.

Summary of risk assessment

45. Failure to report annually would leave the Committee unaware of continuing governance arrangements. This increases the risk of ongoing governance falling below acceptable standards.

46. Annual reporting to this Committee is considered appropriate. However, there should remain the option for exception reporting if relevant officers or members are concerned that governance arrangements may have been compromised.

Background papers:

47. Health and Safety Policy (internal link only for Councillors and officers)

48. Fire Safety Policy (internal link only for Councillors and officers)

Appendices

None

This page is intentionally left blank

AUDIT AND GOVERNANCE COMMITTEE

Report subject	**Emergency Planning & Business Continuity Update**
Meeting date	28 October 2021
Status	Public Report
Executive summary	Emergency planning and business continuity activity in BCP Council over the reporting period has continued to be predominantly focused on the ongoing response to COVID-19 and concurrent risks, managing the consequences arising from these, and transitioning to living safely with COVID-19 as part of normal business. The BCP and Local Resilience Forum (LRF) command structures have therefore flexed considerably over this period to meet the demands of an ever-changing picture with new sets of challenges.
	The other main area of activity has been implementing the BCP Resilience Governance Framework approved by Corporate Management Board (CMB) in September 2020, the overall purpose of which is to strengthen and embed the statutory duties of emergency planning and business continuity and develop a resilience culture. The framework also provides the necessary governance to support delivery and oversight of these statutory duties.
	This report also provides an update on national developments in resilience, due in part to the experiences of COVID-19.
Recommendations	**It is RECOMMENDED that:**
	Audit and Governance Committee is asked to note:
	• **The continued response to COVID-19 and the transition to business as usual**
	• **The update on the Integrated Security Review and the National Resilience Strategy**
	• **Progress in implementing the BCP Resilience Governance Framework**
Reason for recommendations	It is a statutory requirement for the Council to have effective emergency planning and business continuity arrangements in place in accordance with the Civil Contingencies Act 2004. This is of particular significance currently during the ongoing response to the global COVID-19 pandemic as we are learning to live safely with

	COVID.

Portfolio Holder(s):	Cllr Drew Mellor
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Alyson Whitley
	Emergency Planning and Resilience Manager
	07584 490684
	alyson.whitley@bcpcouncil.gov.uk
Wards	Council wide
Classification	For update and information

Background

1. This report provides an update on the emergency planning and business continuity arrangements in place across BCP Council and related activity during the period of this annual monitoring report from November 2020 to October 2021.

2. It is a statutory requirement for the Council to have effective emergency planning and business continuity arrangements in place in accordance with the Civil Contingencies Act 2004 (CCA).

COVID-19 and Concurrent Risks

3. Much of the emergency planning and business continuity effort since the last report in October 2020 has continued to be focused on responding to COVID-19, particularly the second wave which hit the BCP area very significantly in early 2021 with BCP at times being on the national watch list of local authorities with the highest COVID-19 case rates. Hospitalisations across the Dorset health system during this wave were significantly higher than those of April 2020.

4. The BCP Corporate Incident Management Team (CIMT) increased its frequency to three times a week in January to provide strategic management of the BCP response during the rapidly evolving second wave. A COVID-Silver/Tactical Commander had been nominated back in March 2020 and in April 2021 this responsibility was transferred to a different dedicated COVID-19 Silver with a focus more on the seasonal and community side of the ongoing response and issues.

5. The Local Resilience Forum (LRF) command structures flexed considerably in response to the evolving situation with COVID-19, concurrent risks and resultant consequence management. Many groups had reduced in frequency late in 2020, and these stood up again rapidly as the situation worsened locally in early 2021. A wide range of officers from across BCP once again contributed to the range of LRF groups.

6. A good example of the dynamic nature of the response was the very rapid stand up by BCP Council and partners of lateral flow testing of lorry drivers at Poole Port in response to the newly imposed requirement last Christmas. As the Port of

Poole was not identified as one of the national key ports under EU-Exit contingency planning, Dorset LRF was required to find its own solution rather than being given central assistance.

7. The peak from January to March brought new challenges for managing the deceased and the local authority led LRF death management group re-opened the mortality support facility at Poole Port that was developed and delivered in response to the first wave of COVID-19 but had been on 72-hour standby. This was to relieve pressures in the hospital mortuaries, particularly across Poole and Bournemouth, and in so doing to ensure funeral directors could continue to support the community effectively.

8. The Operation Topsail plan for the management of potential disruption at Poole Port arising from EU transition had to be revisited in the context of COVID-19. Key components of the contingency plan had become unavailable having been superseded by COVID-19 measures. Options were explored, but when re-assessed in the context of COVID-19 and the reduction in traffic through the port, the risk profile confirmed that the planning and remaining arrangements were proportionate to the risk.

9. Based on learning from the previous summer, an LRF Forward Look Summer Group reporting to the Tactical Co-ordinating Group (TCG) was convened to bring together more business as usual aspects such as BCP and Dorset Councils' seasonal response along with emergency planners and partner agencies. It was recognition that, whilst some of this is business as usual, the 'usual' was somewhat different this year as a consequence of the pandemic. This group used a risk-based methodology drawing on information from the police and partners on areas such as protests, the wide range of events taking place across Dorset and BCP, and pressures across the health system set against the context of COVID-19 and higher than usual visitor numbers. Its purpose was to ensure that there was good, up-to-date shared situational awareness across all partners and potential issues could be planned and prepared for on a week-by-week basis. This approach has been very positively received and as part of keeping what has been good about COVID, a trial is to be held over the period of the Winter Wonderland in Bournemouth of a multi-agency group with the same purpose but within a business as usual context rather than being under the direction of the Dorset LRF command structure.

Operation Eagle

10. As part of the COVID-19 response, BCP is required to have planned to be able to deliver surge testing for a COVID-19 variant of concern at short notice should the need arise. This is where all those over 16 and symptom free in a specified postcode area would be encouraged to come forward to undergo a PCR test. Its purpose is to help better understand and therefore contain community transmission linked to a particular variant. This surge testing has been nicknamed Operation Eagle. This could include the need to work cross border with Dorset Council or Hampshire County Council and New Forest District Council.

11. The BCP Emergency Planning Team in conjunction with the BCP COVID Silver has developed a BCP Operation Eagle Surge Testing plan. The draft plan outlines the command structure, approaches and delivery options, but is not a

comprehensive operational plan and dynamic decisions will have to be taken at the time of activation based on the nature, location and scale of the testing required and the prevailing circumstances at the time. Detailed planning is difficult as the exact nature of the testing ask will only become known at the time of the request and the profile of the postcode area(s) will determine the best approach(es). The preferred delivery model would be through the use of additional mobile testing units (MTUs) already in use across the country.

12. An internal BCP Council briefing and scenario-based exercise was held on 1st October for Golds, Silver, Duty Officers and all those with a key role within the plan to raise awareness and validate the planning. A multi-agency briefing and awareness raising session for LRF partners on the BCP and Dorset councils plans was held on 23rd June to ensure a broad understanding of surge testing, the proposed command structure and approaches, and therefore the types of requests that might be made of LRF partners. The BCP plan was taken to Corporate Management Board (CMB) and signed off on 5th October.

Transitioning from Emergency Response to Business as Usual

13. The BCP CIMT stood down on 12th April transferring the ongoing management of any COVID-19 issues to CMB. LRF command structures continued to meet with BCP actively participating.

14. The Dorset LRF Strategic Coordinating Group (SCG) made the decision to remove the major incident status for COVID-19 on 7th April although the SCG continued to meet monthly with a few exceptional meetings in late June /July in response to the 'pingdemic', making the decision to go dormant in August. The TCG continued on a two-weekly basis until early September.

15. Following the TCG and SCG debriefs in early September, the SCG decided to formally hand over to the strategic level LRF Recovery Co-ordinating Group (RCG) chaired by the Executive Director of Place at Dorset Council and the Health Protection Board. The RCG had been running in parallel to the SCG for several months in line with good practice to address a range of recovery issues through a small number of themed recovery sub groups. The RCG's purpose going forward is to oversee delivery of the remaining multi-agency recovery issues and the transition of activity to business as usual. The group will then formally stand down once this has been achieved.

16. The Health Protection Board will continue to manage the public health aspects as BCP and Dorset transition to living safely with COVID as part of wider health protection normal business with officers from BCP continuing to attend this meeting.

17. An LRF programme of debriefing and learning has been carried out across the range of groups that formed the extensive multi-agency response to capture learning from the second wave of COVI-19. A debrief report and recommendations combining all emergency response learning from COVID-19 is currently being complied and will be shared in due course with the LRF Business Management Group and the Executive Group to take forward into the normal activity of the LRF.

18. Learning from internal debriefing was discussed at CMB in October with a series of recommendations arising.

Dorset LRF

19. The work programme of the LRF that usually drives multi-agency planning and preparedness activity has been hugely disrupted as emergency planners have all been focused on supporting the response to COVID, concurrent risks and consequence management. As with all organisations and partnerships, COVID-19 has made Dorset LRF embrace very different ways of working and the partnership is now developing a new work programme and ways of working, and is looking to refocus on developing its core capabilities to ensure it is well placed to respond to existing and emerging risks. This is being integrated with the LRF/Civil Contingencies Unit (CCU) Improvement Programme that was getting underway just as COVID-19 started.

20. Good progress has nonetheless been made in some of the improvement programme workstreams such as the technology subgroup. This group has brought in practitioners from a range of disciplines in partner agencies to work with emergency planners to improve the GIS digital mapping capability and the potential use of drones in emergency response as well as exploring how the LRF can make best use of technology.

21. The BCP GIS Team has been thanked in particular for the excellent work the team has been doing in supporting the LRF to get to grips with this important technology through the use of the nationally provided resilience platform. An example of this is all partners being able to access digital maps of specific high flood risks areas and to understand the properties and infrastructure that might be affected in the event of a significant flood. Information from a range of partners such as the location of any vulnerable people within that area, potential evacuation centres, evacuation routes etc can then be layered over the top of this to provide a useful, common response tool.

Integrated Review and National Resilience Strategy

22. In March the Government published *Global Britain in a Competitive Age: The Integrated Review of Security, Defence, Development and Foreign Policy.* (*https://www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy*)

23. National resilience is a fundamental consideration within the review and the report set out the intention to develop a national resilience strategy, driven in part by the experience of COVID-19. The Paymaster General launched a call for evidence in July on the development of the national resilience strategy which also included the 5-year review of the Civil Contingencies Act, the legislation that places the statutory duties for emergency planning and business continuity on BCP Council. (https://www.gov.uk/government/speeches/paymaster-general-speech-on-national-resilience-strategy-delivered-on-13-july-2021)

24. The new strategy and call for evidence are focussed on three key areas:

- Understanding risk, improving the National Security Risk Assessment and looking at emerging risks.
- Investing in preparation – everyone is very focussed on resilience presently but how do we turn this into increased efforts to better plan, mitigate and prevent incidents in the future and ensure we have the capabilities in place to respond. Resilience should not been seen as an 'overhead' but a critical priority for funding and resources. Failing to prepare is a false economy.

- Whole of Society Resilience - energising and empowering everyone who can contribute to resilience to do so. Building on the legacy of volunteers from the pandemic as only together can we be truly more resilient.

25. BCP has contributed to the LRF response and participated in a range of national workshops as part of the Department for Levelling Up, Housing and Communities (DLUHC) big resilience conversation to engage with practitioners and gain their feedback. The call for evidence closed at the end of September and the output of the call for evidence on both the review of the CCA and the national resilience strategy are due early next year.

26. A further announcement was made by HMG of the LRF Funding Pilot for 2021/22. This pilot is a one-off in-year pot of money given to every LRF in England with a clear set of objectives that LRFs are expected to meet in spending the money. Dorset LRF received £170,856. The overall purpose of the funding is to provide evidence on potential options were funding to be provided directly to LRFs in future in line with any strengthened roles and responsibilities that may be placed on them as a result of the national resilience strategy.

27. Strategic input was sought on how the funding should be spent and a subsequent LRF workshop was held to develop a proposal for its use which was reviewed by the LRF Governance Group and signed off by the LRF Executive. A quarterly return to DLUHC has to be made by the LRF to report on progress of the projects being undertaken by the LRF.

28. Dorset LRF is using the money to focus on developing community resilience, improving its overall project management as an LRF to enable it to work more effectively; improving data, intelligence and information flows between the local, regional and national level and working collaboratively at a regional level where appropriate, for instance risk assessment based on the national security risk assessment.

BCP Resilience Governance Framework

29. As part of last year's monitoring report the BCP Resilience Governance framework signed off by CMB in September 2020 was shared with Audit and Governance Committee. It sets out the roles and responsibilities of the organisation and establishes two new groups to provide oversight of and ensure delivery of corporate resilience activity. Its overall purpose is to strengthen and embed the statutory duties of emergency planning and business continuity and develop a resilience culture. The two groups are:

- Corporate Resilience Board – strategic level group chaired by the Chief Executive
- Corporate Resilience Forum – tactical/operational group chaired by the Head of Audit and Management Assurance

30. A further element of the framework is the introduction of Service Representatives with Responsibility for Resilience. These are nominees from each service/service area to represent their service at the Forum, and in the case of response, at Incident Management Team meetings, to develop a greater understanding of emergency planning and business continuity in order to support their service and to provide the link on emergency planning and business continuity matters.

31. The inaugural meeting of the Corporate Resilience Board took place on 26th January 2021. The full cycle of meetings was established for 2021-22 with the first Corporate Resilience Forum, which meets quarterly, having taken place on 19th May and the Resilience Governance Board, which meets twice a year, having taken place on 22nd June.

32. At the January Board meeting the following work priorities for the 2021/22 year were agreed:

    - Rest/reception centre plan

    - Welfare plan

    - Flood plan

    - Coastal pollution

    - Cyber

    - Business continuity

    - Training and exercising programme

33. At the June Board meeting a workshop was held to identify a set of high-level corporate business continuity priorities to underpin business continuity impact assessments and busines continuity planning across the Council. The outcome of this workshop can be found at Appendix 1. The corporate priorities will also be incorporated into the corporate business continuity strategy currently under development.

34. Examples of topics covered by the Forum are the national transition by 2025 of the analogue public telephone switched network to digital using VOIP and the impacts of this on the vulnerable, on telephony in lifts, on telecare services and on traffic signals; the recent Protect Duty consultation, and learning from the Cleveland and Redcar Council cyber attack.

35. The introduction of the framework is a really positive and important step in achieving the stated aims and providing the governance to support this important statutory duty.

Emergency Response

36. As the management structure of the Council has continued to evolve there have been new people inducted into the roles of Duty Gold and Silver and also the Emergency Planning Duty Officer. They have been supported with internal familiarisation sessions as well as LRF training, where currently available.

37. An additional emergency response role, the Local Authority Liaison Officer, had until recently been provided by Duty Neighbourhood Services as a legacy from Poole. However, this arrangement has now ceased and new LALOs are being recruited from across the Council through staff volunteering to take on the role. So far four staff have signed up alongside the pool of Emergency Planning Duty Officers who could also be called on to undertake this role. Staff go on the call-out list on a reasonable endeavours basis. BCP and LRF training and familiarisation have been provided to the new recruits.

38. Throughout the period the Emergency Planning Team has continued to maintain the various duty schemes across the Council as part of the command structure. These have continued to be maintained separately from the COVID Gold and

Silver, the seasonal response structure and the command structure for the Air Festival.

39. A number of smaller scale incidents such as residential fires requiring evacuation have been responded to, but the three key events that have required the mobilisation of the Council command structure have been:

- Operation Forth Bridge in response to the death of His Royal Highness, The Prince Philip, Duke of Edinburgh in April 2021

- The plane crash on day 3 of the Bournemouth Air Festival in early September 2021

- The fuel demand issues in late September 2021. The LRF set up the TCG and multi-agency fuel cell to monitor and manage the situation locally and a BCP Incident Management Team meeting was convened on 29th September to understand the impacts across the Council and take any necessary action. The LRF response was stood down on 5th October. Debriefing will take place to capture learning and this will feed into fuel planning activity scheduled to be a BCP focus for business continuity planning next year.

Team Resilience

40. The past 18 months have been a very intense period for the Emergency Planning and Resilience Team supporting the Council and LRF response to COVID as well continuing to maintain a capability to respond to any concurrent risks, responding to incidents, and keep progressing the corporate resilience agenda and governance framework. There has been a degree of instability in the team during this period. A new Senior Emergency Planning and Resilience Team Officer started in November 2020 and since then a further 2 team members have left to take up new roles in other organisations and one has retired. All three have been successfully replaced through recruitment, but the cumulative effect is 4 out of 5 team members have joined in the past year and this does place challenges on what is quite a small team.

Forward Look

41. BCP Council and partner organisations across Dorset have had their resilience tested over the past 18 months. What the winter season may hold is unknown. It has the potential to be very challenging and the usual emergency planning and business continuity risks still remain. Workforces are very tired and capabilities stretched and therefore what may have been dealt with in previous years by organisations could collectively pose more of a challenge this winter.

Summary of financial implications

42. There are no direct financial implications from this report although COVID-19 and the Council's response has continued to have a financial impact on the Council.

Summary of legal implications

43. Failure to have in place effective emergency planning or business continuity arrangements may result in the Council not meeting its statutory requirements under the Civil Contingencies Act.

Summary of human resources implications

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

Summary of sustainability impact

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

Summary of public health implications

46. Whilst acknowledging the current public health issues posed by the COVID- 19 pandemic and the Council's response to that, there are no direct public health implications from this report.

Summary of equality implications

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

Summary of risk assessment

48. Failure to have in place effective emergency planning and business continuity arrangements could result in the Council not being able to effectively respond to an emergency affecting Bournemouth, Christchurch and Poole or not being able to deliver critical services in the event of disruption. The potential for concurrent risks over coming months has been outlined in the main body of this report.

Background papers

None

Appendices

Appendix 1 – Corporate Business Continuity Priorities

Corporate Business Continuity Priorities

A workshop was held as part of the Resilience Governance Board meeting on 22nd June 2021 to identify the high-level corporate business continuity priorities for BCP Council. The following list is the output of that session:

1. **Protection of life and safety of the community and staff**
   o Safeguarding and wellbeing: the protection of life and the prevention of further harm, particularly in relation to the vulnerable (including emergency response)
   o Enforcement of public and environmental health legislation
   o Health and safety of staff operations and undertaking operations to ensure public safety

2. **Leadership and decision making**
   o Management and command structures and political leadership

3. **Communication and partner and community engagement**
   o Internal and external communication with staff, professional partners, Government, the community, Councillors, suppliers, and the media
   o ability to communicate if we lost IT-based comms

4. **Maintenance of Critical BCP Infrastructure**
   o Ensuring critical services and the BCP community and geographical area are able to function, e.g. traffic network, CCTV, payment systems, bereavement services, waste management

5. **Recovery of Key Infrastructure/Support Services**
   o Including ICT, property, equipment

In order to be able to support the above it was recognised that staff mobilisation and redeployment was a key capability alongside the ability to employ, deploy and manage additional resources from agencies etc and volunteers to support the critical operations.

This page is intentionally left blank

Audit & Governance Committee

Report Subject	**Treasury Management Monitoring report for the period April to September 2021**
Meeting date	28 October 2021
Status	Public
Executive summary	This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2021 to 30 September 2021. A surplus of £626k will be achieved through lower borrowing costs due to historically low interest rates and higher cash balances held by the authority. The report also provides a brief update to the changing regulatory environment on Treasury Management.
Recommendations	**It is recommended that Audit & Governance Committee:** 1) note the reported activity of the Treasury Management function for April to September 2021 2) note the update on the Treasury Management regulatory environment
Reasons for recommendations	It is a requirement under the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice that regular monitoring of the Treasury Management function is reported to Members.
Portfolio Holder	Councillor Drew Mellor, Leader, Finance & Transformation
Corporate Director	Graham Farrant, Chief Executive
Service Director	Adam Richens - Chief Financial Officer
Classification	For information and recommendation
Report author	Matthew Filmer, Acting Assistant Chief Financial Officer ☎ 01202 128503 ✉ matthew.filmer@bcpcouncil.gov.uk

Background Detail

1. Treasury Management is defined as the management of the Council's cash flows, its borrowings and investments, the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks.

2. The Treasury Management function operates in accordance with The Chartered Institute of Public Finance and Accountancy (CIPFA) 'Treasury Management in the Public Services' Code of Practice (2011).

3. The Treasury Management function manages the Council's cash flow by exercising effective cash management and ensuring that the bank balance is as close to nil as possible. The objective is to ensure that bank charges are kept to a minimum whilst maximising interest earned. A sound understanding of the Council's business and cash flow cycles enables funds to be managed efficiently.

4. This report considers the treasury management activities in relation to the Treasury Management Strategy. Also included is a summary of the current economic climate, an overview of the estimated performance of the treasury function, an update on the borrowing strategy, investments, and compliance with prudential indicators.

Economic Background

5. The 23 September Monetary Policy Committee (MPC) meeting voted unanimously to keep the Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; two MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.

6. There was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate.

7. Inflation remains the biggest concern, with more recent increases in prices, particularly the increases in gas and electricity prices in October 2021 and due again in April 2022, are, indeed, likely to lead to faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected.

8. The UK latest inflation rate hit 3.2% in the year to August, the biggest jump since records began in 1997 as the economy continued to reopen. The Consumer Prices Index measure of inflation rose from 2% in July. The Office for National Statistics (ONS) urged caution in reading too much into August's price increases, which it described as "temporary". Eating and drinking out cost more last month in comparison with August last year, when the Eat Out to Help Out Scheme was running, and diners got a state-backed 50% discount on meals up to £10 each on Mondays, Tuesdays, and Wednesdays. At the same time, business owners in the hospitality and tourism sectors received a VAT discount, designed to help some of the industry's worst hit by the pandemic.

9.   The rate is higher than the Bank of England's 2% inflation target for a third month. This is fuelling the debate about whether interest rates need to go up sooner, with economists predicting inflation could reach nearly 4% this year.

Interest Rates

10.   Table 1 below which is produced by the authority's treasury consultants Link Asset Services illustrates that there is an expectation that the bank rate will start to increase as soon as June 2022. The last update presented to the committee showed a forecasted increase as late as September 2023. As highlighted in paragraph 6 this is down to the growing inflationary pressures impacting on the UK economy.

11.   Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September.

Table 1: Interest rate projection (Link Asset Services)

Link Group Interest Rate View	29.9.21									
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

Treasury Management Performance 2021/22

12.   Table 2 overleaf shows the overall treasury management position for 2021/22. The current forecast is an underspend of £626k which will be mostly achieved from savings on the interest payable budget. Despite the Council taking out new PWLB borrowing of £25m in August 2021, this was at a historically low rate, far lower than assumed in the budget.

13.   Investment income is also forecasted to provide additional £60k interest received beyond the budget. This is due to higher cash balances than assumed coming into this financial year. The Government provided funding to the Council in relation to the Covid-19 pandemic such as financial support to businesses which the Council has distributed during 2020/21. Most of these schemes have now finished and there are some unspent monies that need to be returned to the Government later in the year.

Table 2: Treasury Management performance 2021/22

	Forecast 2021/22 £'000	Budget 2021/22 £'000	Variance 2021/22 £'000
Expenditure			
Interest Paid on Borrowings	2,615	3,181	(566)
Income			
Investment Interest Received	(105)	(45)	(60)
Total	**2,510**	**3,136**	**(626)**

Borrowing

14.   Table 3 below shows the closing level of borrowing for the Council's two loans pool.

Table 3: Council Borrowings as at 30 September 2021

Initial Loan Value £'000	Interest Rate		Balance as at 30 Sept 2021 £'000	Maturity Date	General Fund Pool £'000	HRA Pool £'000	Source
Short Term Borrowing							
2,000	8.00%		2,000	25-Nov-2021	-	2,000	PWLB
2,000	**8.00%**	*Average Rate*	**2,000**		**-**	**2,000**	
Long Term Borrowing							
2,000	8.00%		2,000	25-Nov-2022	-	2,000	PWLB
5,000	2.66%		833	22-Aug-2023	-	833	PWLB
5,000	4.45%		5,000	24-Sep-2030	-	5,000	PWLB
5,000	4.45%		5,000	24-Nov-2031	5,000	-	PWLB
5,000	4.75%		5,000	24-Sep-2032	-	5,000	PWLB
5,000	4.45%		5,000	24-Nov-2032	5,000	-	PWLB
5,000	4.75%		5,000	24-Sep-2033	-	5,000	PWLB
5,000	4.60%		5,000	23-Feb-2035	-	5,000	PWLB
5,000	4.72%		5,000	22-Aug-2036	-	5,000	PWLB
5,000	2.80%		5,000	20-Jun-2041	5,000	-	PWLB
5,000	2.80%		5,000	20-Jun-2041	5,000	-	PWLB
10,000	1.83%		10,000	22-Jul-2046	-	10,000	PWLB
2,500	6.75%		2,500	06-Mar-2056	-	2,500	PWLB
1,500	6.75%		1,500	13-Mar-2057	-	1,500	PWLB
1,500	5.88%		1,500	07-Mar-2058	-	1,500	PWLB
42,488	3.48%		42,488	28-Mar-2062	-	42,488	PWLB
43,908	3.48%		43,908	28-Mar-2062	-	43,908	PWLB
12,500	1.56%		12,500	16-Aug-2068	12,500	-	PWLB
12,500	1.55%		12,500	16-Aug-2069	12,500	-	PWLB
178,896			**174,729**		**45,000**	**129,729**	
49,000	2.83%		49,000	24-May-2068	49,000	-	Phoenix Life Limited
22,625	2.26% + RPI Annually		16,669	17-Oct-2039	16,669	-	Prudential Assurance Co
3,673	0.00%		381	01-Apr-2023	381	-	Salix
256,194			**242,779**		**111,050**	**131,729**	

4

Investments

15.   A full list of investments held by the authority as at 30 September 2021 is shown in Table 4 below.

Table 4: Investment Summary as at 30 September 2021

Investments	Maturity Date	Principal Amount £	Interest %
Fixed Term Deposits			
Landesbank Hessen Thuringen	04-Oct-2021	12,400,000	0.08%
Landesbank Hessen Thuringen	29-Oct-2021	18,100,000	0.08%
Goldman Sachs International Bank	05-Nov-2021	15,000,000	0.25%
Close Brothers	24-Nov-2021	12,800,000	0.25%
Goldman Sachs International Bank	31-Dec-2021	12,400,000	0.17%
Goldman Sachs International Bank	16-Feb-2022	7,850,000	0.17%
Close Brothers	29-Mar-2022	10,000,000	0.25%
Sub Total		**88,550,000**	
Call Account			
Santander UK	120 day notice	22,825,000	0.25%
Handelsbanken	instant access	27,090,000	0.01%
Aberdeen Standard Liquidity Fund	instant access	13,010,000	0.01%
Total		**151,475,000**	

Prudential Indicators

16.   The Treasury Management Prudential Code Indicators were set as part of the 2021/22 Treasury Management Strategy. It can be confirmed that all indicators have been complied with during the period 1 April 2021 to 30 September 2021.

Compliance with Policy

17.   The Treasury Management activities of the Council are regularly audited both internally and externally to ensure compliance with the Council's Financial Regulations. The recent internal audit in September 2020 rated the Treasury Management function as "Substantial" assurance which means that there is a sound control framework which is designed to achieve the service objectives, with key controls being consistently applied.

18.   The Treasury Management Strategy requires that surplus funds are placed with major financial institutions but that no more than 25% (AA- Rated Institutions) or 20% (A to A- Rated) of the investment holding is placed with any one major financial institution at the time the investment takes place. It can be confirmed

5

that the Treasury Management Strategy has been complied with during the period 1 April 2021 to 30 September 2021.

Treasury Management Regulatory Landscape

19. The Committee should note the changing regulatory landscape that the Council will have to abide to when making decisions on capital investments and borrowing. Most recently the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital financing, which governs the system of LA capital financing is introducing the overarching rule that an authority must not borrow to invest primarily for financial return. This rule amongst several other changes is currently out for consultation but will likely be implemented in time for setting the Council Treasury Management Strategy for 2022/23.

20. In addition the UK government's rules for access to Public Works Loans Board (PWLB) lending require statutory Chief Finance Officers to certify that their Local Authority's capital spending plans do not include the acquisition of assets primarily for yield, reflecting a view that Local Authority borrowing powers are granted to finance direct investment in local service delivery (including housing, regeneration and local infrastructure) and for cash flow management, rather than to add leverage to return-seeking investment activity.

21. The government are also consulting on changes to the Local Authority Capital Finance Framework which will see further regulation of Councils' capital and borrowing plans and the potential introduction of debt caps if authorities continue to operate outside of the regulations. The Department for Levelling Up, Housing and Communities also plan to better constrain the risks associated with complex capital transactions. This includes credit arrangements, such as PFI deals or income strips, and financial derivatives.

Summary of Financial/Resource Implications

22. Financial implications are as outlined within the report.

Summary of Legal Implications

23. There are no known legal implications.

Summary of Equalities and Diversity Impact

24. The Treasury Management activity does not directly impact on any of the services provided by the Council or how those services are structured. The success of the function will have an impact on the extent to which sufficient financial resources are available to fund services to all members of the community.

Summary of Risk Assessment

25. The Treasury Management Policy seeks to consider and minimise various risks encountered when investing surplus cash through the money markets. The aim in accordance with the CIPFA Code of Practice for Treasury Management is to place a greater emphasis on the security and liquidity of funds rather than the return gained on investments. The main perceived risks associated with treasury management are discussed below.

Credit Risks

26.   Risk that a counterparty will default, fully or partially, on an investment placed with them. There were no counterparty defaults during the year to date, the Council's position is that it will invest the majority of its cash in the main UK Banks which are considered to be relatively risk adverse and have been heavily protected by the UK Government over the last few years. The strategy is being constantly monitored and may change if UK Bank Long Term ratings fall below acceptable levels.

Liquidity Risks

27.   Aims to ensure that the Council has sufficient cash available when it is needed. This was actively managed throughout the year and there are no liquidity issues to report.

Re-financing Risks

28.   Managing the exposure to replacing financial instruments (borrowings) as and when they mature. The Council continues to monitor premiums and discounts in relation to redeeming debt early. Only if interest rates result in a discount that will benefit the Council would early redemption be considered.

Interest Rate Risks

29.   Exposure to interest rate movements on its borrowings and investments. The Council is protected from rate movements once a loan or investment is agreed as the vast majority of transactions are secured at a fixed rate.

Price Risk

30.   Relates to changes in the value of an investment due to variation in price. The Council does not invest in Gilts or any other investments that would lead to a reduction in the principal value repaid on maturity.

Background papers

31.   Treasury Management report to Full Council on 23 February 2021 https://democracy.bcpcouncil.gov.uk/documents/g4287/Public%20reports%20pack%2023rd-Feb-2021%2019.00%20Council.pdf?T=10

7

This page is intentionally left blank

AUDIT AND GOVERNANCE COMMITTEE

BCP Council

Report subject	**Risk Management – Corporate Risk Register Update**
Meeting date	28 October 2021
Status	Public Report
Executive summary	This report updates councillors on the position of the council's Corporate Risk Register. The main updates are as follows: • No new risks have been added to the council's Corporate Risk Register during the quarter. • Corporate Risk CR17 - Risk to Reputation of Place & Council if summer arrangements are not managed – has been de-escalated and is now being considered at service risk level. • There have no changes to risks scores during the quarter. Each of the risks have been reviewed including the Actions Completed and the Actions Proposed.
Recommendations	**It is RECOMMENDED that:** **Members of the Audit and Governance Committee note the update provided in this report relating to corporate risks.**
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 Risk & Insurance Manager ☎01202 127055 fiona.manton@bcpcouncil.gov.uk
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 the Corporate Risk Register was established at the commencement of BCP Council. It has been routinely reviewed on a quarterly basis. The risks include the continuing impacts of the pandemic.

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 2 – 2021/2022

8. During the quarter, the risk register has been reviewed and in addition to the routine updates to each risk, the material change to the register is as follows:

   Corporate Risk CR17 - Risk to Reputation of Place & Council if summer arrangements are not managed – has been de-escalated and is now being considered at service risk level.

9. Whilst it may be noted 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.

10. Full details of the updates for this quarter can be found in Appendix 1.

Service Development

11. 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.

12. Work continues on finalising 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.

13. 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

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

Summary of legal implications

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

Summary of human resources implications

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

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

20. 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 29 July 2021

Appendices

Appendix 1 – Corporate Risk Register Update Q2 – 2021/2022

BCP Council

AUDIT AND GOVERNANCE COMMITTEE

October 2021

CORPORATE RISK REGISTER UPDATE Q2 - 2021/22

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**		Risk Owner: Chief Executive Risk Information: **Adults Social Care** 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 and mental health needs. There is also a national and local policy direction of ensuring that people with complex needs do not receive long-term care in a hospital setting but are enabled to live in their local community with appropriate care, treatment and accommodation. ASC has been both funding a higher volume of care packages and placements and an increasing number of very expensive packages of care for people with highly complex needs. Costs for residential care for older people have been rising at a rate of approximately 5% per year due to both national issues such as the rise in the National Living Wage and local market conditions. Nationally, there is a reform planned for April 2022 which will introduce a cap on care costs for service users, but not yet a sustainable funding plan other than an expectation that councils will meet demand through local spending power, which contributes to the risks for BCP Council and all local authorities. 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 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 is a legacy of financial cost to the Council into 2021/22 and potentially beyond, from the need to make so many high-cost placements. Although the pressure from COVID has reduced since March 2021, the associated hospital discharge guidance will continue until April 2022 in response to winter pressures and continues to place additional cost pressures on BCP Council. Pressures on the whole NHS system continues in 2021/22 with heightened emergency demands on hospitals. As the level of COVID infection in the community diminishes and with the roll out of the vaccination programme, ASC is working with service users and carers to understand the short and long- term impact of the pandemic on people's lives. It is anticipated that there will be a high level of demand for carer support services (such as residential respite care) which could not be provided when COVID infection rates have been high. Specific provision had been made within the Better Care Fund (which is a shared pooled budget between the Council and Dorset Commissioning Group) to fund additional carer support in 2021/22. It will take time to understand if there will be increased service requirements to meet the needs of people who may be experiencing ill-health due to having contracted COVID19. There remains some level of risk of a further rise in COVID19 cases in the winter of 2021/22 and beyond, and this combined with other Winter pressures, such as seasonal flu, could lead to significant pressures over the coming year on both the NHS and social care services.		• Continue to work with Association of Directors of Adult Social Services and the Local Government Association on making the case to Government for a national funding approach to Adult Social care which is sustainable for the public, adult social care sector and Local Authorities. • Continue the transformation programme around demand management for Adult Social Care to minimise budget pressures. • Continue to work with the Local Government Association to use available national comparative analysis of expenditure on Adult Social Care across all Councils to support the identification and implementation of further costs savings within the MTFP. • Develop and implement with the Strategic Implementation Partner plans for Centres of Excellence for Commissioning and Procurement which will ensure the commissioning and contracting of Adult Social Care services of good quality and produce short and medium - term savings. • Work with NHS partners and Dorset Council external expertise (iMpower) to support the development of a Home First programme which will deliver good quality community care treatment and enable timely and safe hospital discharge.		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	**Failure to respond to the needs arising demography from a changing - Continued**		The Adult Social Care Sector is continuing to implement infection control measures to prevent the spread of COVID19 and arrangements which support rapid testing and safe visiting and family contact for residents in care homes. The costs of these additional measures, which have been extended into 2022, have been funded by central government.
			
			Key Risk Mitigations
			
			• The Council will agree key strategies which set out how it intends to work with the social care market to further develop quality and cost-effective care models and services which meet current and future population needs and maximise independence and choice for people who use care services. These strategies are:
			   - A Market Position Statement for Adult Social Care
			   - Commissioning Strategies for Care Homes and Extra Care.
			
			• A detailed assessment is being made in terms of the continuing costs of the pandemic both in terms the additional costs of care which have been carried forward into 2021/22 and in-year cost pressures which may arise, including should Central Government discontinue specific grants to the Social Care sector for infection control and rapid testing after Quarter 1. The 2021/22 Adult Social Care budget contains a sum of £1.3 million for additional care costs carried forward from 2020/21 while actual costs carried forward will be reported in the 1st Quarter Cabinet Budget monitoring report for 2021/22. The Government has allocated the Council a COVID19 grant for 2021/22 which is un-ringfenced. It has been acknowledged in the MTFP that the Adult Social Care Directorate may need to make a call on this budget for COVID related expenditure.
			
			• Adult Social Care is working in partnership with NHS and Dorset Council colleagues to develop a Home First Programme which will support the continuation of a Discharge to Assess model of hospital discharge and will be aimed at preventing avoidable admissions to hospital and care homes. A key element of this work is development of a financial strategy beyond April 2022 when Government funding ends.
			
			• Adult Social Care will be implementing a "strength-based" approach to all aspects of adult social care which focusses on enabling people to lead full and independent lives ensuring that people are supported to work from the basis of their own choices and strengths and those of their family, friends and in their community. This programme includes fully implementing the agreed model for the Adult Social Care Contact Centre which will offer early and proactive responses to the public and reduce requirements for long-term care. There will be a focus on developing a wider range of housing and supported housing options to reduce the use of residential placements and enabling more adults of working age to train, volunteer and be employed. Strategies for Day Opportunities and for using technology to enable care and independence will be developed and implemented and contribute to the overall strength-based programme. Through this programme, the Council will be assured that its financial and staffing resources are best used and managed.
			
			The scale of the council's requirements to work with refugees from Afghanistan will become more clear over the next ten weeks. Further reviews of this aspect of the risk will take place at the end of October and again in December and the risk updated as necessary. Initial indications are that very few refugees have care and support needs.
					This external expertise will support partners to develop a sustainable financial strategy across the Councils and NHS for the Home First programme.		

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 demography from a changing - Continued**		**Children's Services** Risk Information: 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 at a secure base much harder to achieve. 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). 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. Key Mitigations • Improved attendance at critical conferences and reviews through online meetings cutting out travel time • Lower foster care breakdown rates with their carers at home more (data from across 7 countries) • All children and families needing home visits have been visited after risk assessments have been carried out • Recovery plans are in place and local government has a good track record of multi-agency working during recovery • The MASH continues to function well but the assessment service is under severe pressure as a result of the increase in referrals and special attention now needs to be given (again) to stabilise this service. **Communities** Risk Information: 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. Key Mitigations 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.		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. 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. Communities service planning and risk register monitors this risk and resources are prioritised according to risk and impact on public health.		

| 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
CR2A	**Failure to deliver effective safeguarding arrangements for children & adults** **ADULTS**		Risk Owner: Chief Executive Risk Information: **Corporate Context** 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. 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 relatively new Council covering a population of almost 400,000, BCP Council must 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. **Adult Social Care** The pandemic has brought additional pressures to members of the public which has led to increased reporting of safeguarding concerns to adult social services but not a meaningful 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. Both the Safeguarding Adult Board and Adult Social Care Services must continue to ensure that there are effective multi-agency responses to all forms of abuse and neglect and that there is a skilled and sufficient workforce to undertake complex work to prevent harm, threat and risk. A particular area for focus for the Safeguarding Adults Board and Adult Social Care within the Council is to continue to strengthen quality assurance processes (including the frequency of case auditing) in order that there is comprehensive and timely evidence of good safeguarding practice and a continuous process of learning and development for all staff and managers. A key area for prevention of abuse and neglect is to work with the adult social care provider sector to monitor and continuously improve the quality of services with an objective that all social care provision is judged by the Care Quality Commission to be of a Good or Outstanding quality. Key Mitigations • Robust arrangements for Safeguarding Adults on a partnership basis managed through the Safeguarding Adults Board with appointment of a new independent chairperson in April 2021 on retirement of previous post holder. • Evaluation of effectiveness of the new service model adult safeguarding for BCP Council which was implemented in November 2020. Evaluation to be undertaken by November 2021 and staffing capacity required to meet an increased volume of safeguarding concerns will be kept continuously under-review. • An Adult social Care performance management and quality assurance framework is in place and will be strengthened during 2021/22 with additional case auditing. The Health and Care Bill (2021) introduces Care Quality Commission oversight (the term inspection is not being actively used) of local authority adult social care, expected to begin in the spring of 2023. • Learning from Safeguarding Adult and Domestic Homicide Reviews will continue to be implemented. This includes the appointment of two dedicated staff to manage highest risk cases where a service user presents risks to others in 2021/22. • Implementation of new Liberty Protection Safeguards and Mental Health legislation during by Spring 2023. • Implementation of robust multi-agency approach to monitoring and improving the quality of the adult social care provider sector together with the Care Quality Commission, Dorset Council, Dorset Clinical Commissioning Group and adult social care sector providers. This will include, during 2021/22, the re-introduction of visits to provider services by the Adult Social Care Service Improvement Team in line with national and local Public Health safe practice guidance in relation to COVID19.		• Further strengthen the Adult Safeguarding Board performance and quality assurance processes and Safeguarding Adults Board's line of sight to front line practice • As new structures are implemented through the Council's Smarter Structures programme ensure that there is sufficient capacity to conduct regular independent audits and quality assurance of Adult Social Care safeguarding practice and of casework with people who present high risks in terms of their own safety or to the safety of others. • Work as part of the Community Safety Partnership to reduce the risks and impact of exploitation and County Lines on vulnerable adults		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
CR2B	**Failure to deliver effective safeguarding arrangements for children & adults** **CHILDREN & COMMUNITIES**		**Children's Services** 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. • BCP has had a SEND inspection in June 2021 which identified significant gaps in services which are being addressed through Written Statement of Action, and we will receive a 'focused visit' from Ofsted in September 2021 and a full graded ILACS inspection (also by Ofsted) early in 2022. • 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 the Corporate overview. Key Mitigations • As in CR1, the focus on the Children's Services improvement journey and action plan is to make core services safer for vulnerable children and young people. There is evidence this is improving each 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 • 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. The MASH continues to develop its systems for handling incoming referrals though the Assessment Service, into which it passes a significant percentage of referrals, is struggling to maintain an adequate level of service due to a rise in demand for assessments and considerable staffing difficulties. **Communities** Key consideration for the Communities directorate in discharging the range of duties provided across a range of services, community safety and domestic abuse in particular. Key Mitigations 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.		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. Domestic Abuse Strategy for BCP now adopted and delivery plan in train. Multi agency risk management processes working well. Additional funding allocated to the Council by MHCLG to reflect the new duties contained within the Domestic Abuse Act 2021. Multi Agency Strategic Domestic Abuse Strategy Group well established to monitor delivery.		

48

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
CR4	**Failure to provide adequate IT and cyber security**		Risk Owner: Corporate Director Transformation Risk Information 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. Key Mitigations / Actions • Each legacy Council has a strong infrastructure and work continues to migrate to a single BCP core infrastructure • Physical premises security • Physical data security • Encryption • Regular scanning • Multi layered security approach • Active security incident response team • Constant review of latest threats and their vectors • Regular patching and upgrades • Dedicated cyber security officer • Monthly review of key metrics • Continue to run 'internal' Phishing tests and use the data to target training and awareness for staff. Update to Mitigations for October 2021 • Forced Multi Factor Authentication (MFA) introduced in September 2021 • New Password criteria introduced to ensure complex password use • Restrictions on ability to transfer data out of Council applications/datasets to non-secure applications when being accessed through personal devices		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.		

| 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
CR9 50	**Failure to maintain a safe and balanced budget for the delivery of services**		Risk Owner: Director of Finance Risk Information This risk reflects the: a) £7.6m net forecast overspend for 2021/22 as set out in Quarter One Budget Monitoring report for 2021/22 which was presented to Cabinet on the 29 September 2021. This forecast reflects one-off and ongoing Covid19 related pressures alongside non-Covid ongoing service pressures. The amount assumes full delivery of £7.5m in savings associated with the council's transformation programme. b) £86.6m net annual funding gap in the council's medium term financial plan (MTFP) to the 31 March 2027 (across a 5-year period) as set out in the MTFP Update Report being presented to Cabinet on the 27 October 2021. Of this amount £25.1m is profiled as the funding gap for 2022/23 however it should be recognised this amount is after a further £17.5m or £25m in total annual transformation savings assumed for 2022/23. In respect of (a) it should be noted that the September Cabinet report sets out a mitigation strategy for the £7.6m forecast overspend and references the further work being undertaken in respect of smarter structures and third party spend which will contribute to the £7.5m savings target for transformation. The budget monitoring report covering the period to the end of September 2021 will be presented to Cabinet in December 2021. In respect of (b) it should be noted that this reflects significant service pressures in Adult Social Care and Children's Services. Consideration is also given to the ongoing legacy pressures associated with Covid19 including the time horizon for any income streams to recover. Additionally, the funding gap reflects the impact of an assumed 3.4% pay award for 2022/23, the increase in employers national insurance contributions to fund the cap on social care and backlog in the national health service, as well as the additional borrowing and interest costs associated with numerous work programmes including the recapitalisation of the capital programme. This risks also reflects the following further key elements which will impact on the council's financial sustainability. a. Pay and reward project. The council from its inception has assumed that the workstream to deliver harmonised terms and conditions of employment will be cost neutral. b. High needs deficit. As per the Medium-Term Financial Plan (MTFP) Update report to Cabinet on the 23 June 2021 the council forecast that the accumulated deficit on the Dedicated Schools Grant (DSG) due to the impact of the ongoing pressures in the high needs budget will increase from £7.8m as at the 31 March 2021, to £16.1m as at 31 March 2022, and £27.4m as at the 31 March 2023. c. Significant new models of funding for local government which are expected to be implemented over the MTFP period time horizon. This includes implementing changes signalled well before the start of the global public health emergency for business rates. It is not yet possible to estimate the financial outcome of these on the council.		Continue with the new High Needs Deficit Recovery Board established from April 2021 onward chaired by the Chief Executive Continue with the monthly follow up meetings (with Corporate Director and or Portfolio Holders) to the Budget Overview Meeting which considers Key Financial Indicators. This includes monthly follow up Budget Overview Meetings in respect of Children's Services due to the 2021/22 forecast in-year service pressure. Continue with the consideration of the council's funding position over a 5-year MTFP time horizon. Budget Café in November 2021 February 2022 Cabinet and Council 2022/23 Budget Report and MTFP Update Report		

| 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
CR9	**Failure to maintain a safe and balanced budget for the delivery of services - Continued**		Key Mitigations: • 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 • MTFP update reports to Cabinet scheduled in June, October and December 2021 • Quarterly 2021/22 budget monitoring reports to Cabinet scheduled in June, September, December 2021 and February 2022 • Overview and Scrutiny Board in place to scrutinise the quarterly budget monitoring and MTFP update reports presented in-year • Monthly Budget Overview Meeting supported by Key Financial Indicators by the Leader, Chief Executive and Chief Financial Officer • Oversight from the External Audit • BCP Council approved Reserves Strategy, Capital Strategy and Treasury Management Strategy In regard to (b) and within that specifically the funding gap for 2022/23, the following specific actions will be undertaken as part of the budget development process, and therefore in mitigation. • Consideration of the £44.53m previously approved expenditure programme associated with the transformation programme and the ability to redirect or extend this programme to increase the level of assurance around the currently assumed savings. Consideration will also be given to; – the extent to which the pace and value of these assumed savings can be increased. – the profile of both the currently assumed expenditure and savings. – the delivery of the £6.6 million transformation estates and accommodation project on time, on budget and contributing the assumed level of savings. • Driving out value from land and building assets led by the council's new Urban Regeneration Company. • Consideration of the extent to which, within the local government capital accounting framework, it is feasible to capitalise any of the costs the council will need to incur in support of its regeneration ambitions. • Consideration of the extent to which additional capital receipts can be generated which under the flexible use of capital receipts can be used to fund transformation. Currently the council is having to use its £14.1m Transformation Mitigation earmarked reserve to provide the necessary funding over the assumed and delivered levels of capital receipts to fund its transformation programme commitments. • Further review, test and challenge by Cabinet, Corporate Management Board, service directors, and budget holders of the amounts included in the refreshed MTFP and the ability to drive down the assumed cost increases. • Delivering further non transformation service-based savings and efficiencies and driving down the cost of services and pressures included in the MTFP. • Financial monitoring of the 2021/22 approved budget with emphasise on the extent to which sales, fees and charges income streams are recovering as assumed. • Delivering the council's pay and grading harmonisation project within a cost neutral framework. • Monitoring of national and sector specific announcements including those associated with the Fair Funding Review, 75% business rates retention, future funding of social care and the pay award.				

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
CR9	**Failure to maintain a safe and balanced budget for the delivery of services - Continued**		• Consider the extent to which assistive technology can improve service delivery and reduce the ongoing associated costs for example in adult social care. • The deficit recovery plan for the Dedicated Schools Grant (DSG) with specific reference to the high needs budget. Consider the extent to which it is possible and appropriate to further support the 2022/23 Budget by the application of financial resilience reserves. By doing so this will enable a further period of recovery to prevent unnecessary adjustments to service delivery standards being made. Any such allocation will need to reflect on the risks and uncertainty in the MTFP over its entire 5-year period.				

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**		Risk Owner: Chief Executive Risk Information This risk was clarified 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, the need to provide harmonised services across the entire area and the ambitious transformation programme taking place with the on-going challenges of a pandemic. Key Mitigations / Actions • Training and development programme • Regular liaison between Cabinet and Corporate Management Board • Mentoring • Bedding down period for service re-structures • Member's toolkits • Six working groups of officers and members put in place to develop high-level delivery plans for the Corporate Strategy • 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 • Agreement of Corporate Strategy, People Strategy, Equalities Policy and Action plan leading to delivery plan will give some certainty • 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. • Extensive engagement with the Local Government Association to provide support for members as required, including making arrangements for mentoring and coaching. • Regular internal communication Cabinet and Corporate Management Board are working jointly on a review of the Corporate Strategy and Delivery Plan, with a view to adding focus and ensuring appropriate monitoring.		• Cabinet and Corporate Management Board away day planned to agree cabinet priorities. • Annual refresh of corporate strategy to include Covid response and future plans. • Local Government Association peer challenge planned for Nov 2021 • Continue to harmonise legacy policy documents.		

53

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**		Risk Owner: Interim Director of Children's Services

Risk Information

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.

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.

Whilst the risk is intrinsic, it is reducing, the evidence being continuous audits which show improvements in casework. It is important to remember that even good and outstanding children's services still carry these risks, but they would only normally appear on a risk register if the service is at risk of failing or has failed in some crucial respects. BCP was at risk of this last year, the risk is less now but the risks should remain on the corporate risk register until a full Ofsted inspection of BCP Council's Children's Services confirms the safety and quality of services is at a 'good enough' level.

Key Mitigations / Actions

- Improved attendance at critical conferences and reviews through online meetings cutting out travel time
- Lower foster care breakdown rates with their carers at home more (data from across 7 countries)
- All children and families needing home visits have been visited after risk assessments have been carried out
- Recovery plans are in place and local government has a good track record of multi-agency working during recovery
- The MASH continues to function well, but the assessment service is under severe pressure as a result of the increase in referrals and special attention now needs to be given (again) to stabilise this service.

Consideration has been given to whether this risk should be merged into CR2 above but keeping it as a separate and specific risk will ensure that appropriate resources are directed to solve the critical issues and improve services to support children and young people across the BCP area. Receiving a satisfactory assessment form Ofsted will remove the need to monitor this risk separately, but will not, alone, ensure that the Council delivers effective safeguarding arrangements for children & adults, which will continue to be covered by CR2. | | Further Actions

- 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)
- Other linked action plans are being driven forward in the same way e.g., the SEND action plan which also has an Improvement Board
- Intensive work to achieve stronger staff engagement and support
- A business case for additional funding from DfE is being submitted against their programme to prevent local authority children's services falling over
- 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

There is no target date for this risk as it is considered a continuous intrinsic 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
CR 13	**Failure to deliver the transformation programme**		Risk Owner: Corporate Director Transformation Risk Information 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 Medium Term Financial Plan 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. Key Mitigations • Strong design and engagement with key stakeholders to the business case • Identification of funding sources and the development of a Financial Strategy to support the programme • Strong identification and specification of our requirements while reflecting the extremely dynamic technology/data environment within which we will need to deliver the programme • Robust and effective procurement process to identify and engage the right partner(s) to support the Council in the delivery of the programme • Effective programme management and performance monitoring of the delivery.		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**		Risk Owner: Chief Executive Risk Information 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. Key mitigations • Local Outbreak Management Plan in place and effective since July 2020, with multiagency health protection board to oversee response to outbreaks in high risk settings, surveillance, testing, contact tracing and communications and engagement. • Public health day response team in place plus out of hours and weekend on-call rota established. Contact tracing now led by BCP Council meaning more rapid follow up of local cases and contacts. • Expansion of testing has been significant, both symptomatic PCR testing, and community asymptomatic testing now available to all adults. • Strong local performance on delivery of vaccination programme with more than 90% of the over 25 population having received two doses.		The country has now moved to step 4 of the national roadmap which saw most restrictions lifted. Locally the public health team continues to provide strong outbreak management via the local outbreak management plan and health protection board. These arrangements were confirmed as continuing under the Autumn and Winter plan, and updated Contain strategy. Performance on vaccination remains strong for over 25s – there is a current risk of slower delivery to 12-15 year olds due to workforce pressures. The EpiCell model predicts cases will continue to rise until mid-December this year, but hospital admissions are likely to remain at a much lower level than previous waves because of protection due to vaccination.		

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	**Effective people strategy**		Risk Owner: Chief Executive Risk Information 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. Quarter Update – a formal review of this risk will take place at the next quarterly cycle and if progress is being made at the appropriate speed then the position on this risk will be re-considered.		• Strong analysis and reaction to the key themes emerging from the Employee Engagement Survey • Clear correlation between the key themes of the People Strategy and the design and implementation of the transformation programme • develop stronger communications capabilities within our management structures		

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	**Risk to Reputation of Place & Council if summer arrangements are not managed**		Risk Owner: Chief Executive Risk Information 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 a major incident was declared through the Local Resilience Forum (LRF). 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 bans 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 during warm weather, 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. Key Risk Mitigations • Corporate Incident Management Team considered initial decision to provide enhanced response and this funding was approved. • 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, taking the total additional funding package to £3.4m. • LRF arrangements have established Operational Groups reporting to the tactical Co-ordinating Group. • Establishment of the Multi-Agency Command Centre with clear multi-agency plan and associated resource. • Weekly forward looking meetings within BCP senior leadership are in place. • Established Safety Advisory Group and Licensing Committee to take an overview of relevant events and activities. • Government guidance is awaited on major events and will be implemented once available. Quarter update - Having reviewed the summer's arrangements this risk will now be removed from the risk register and re-considered next spring. A review of the summer arrangements has been commissioned to identify lessons learned.		• Implementation of the investment outlined in the Summer response plan including recruitment of staff • Ongoing analysis and oversight through the Multi-Agency command centre and planning. • Weekly tactical summer response review to assess risk and agree further actions required • Overview and Scrutiny will be considering the Council's summer response at their May meeting where further adjustment can be made to the response • Ensure that Public Health is included in Safety Advisory Group consideration of major events.		15/09/2021

AUDIT AND GOVERNANCE COMMITTEE

BCP Council

Report subject	**Internal Audit - Quarterly Audit Plan Update**
Meeting date	28 October 2021
Status	Public Report
Executive summary	This report details progress made on delivery of the 2021/22 Audit Plan for the period July to September (inclusive) 2021. The report highlights that: • Eight audit assignments have been completed (one 'Substantial', six 'Reasonable' and one 'Partial' audit opinions); • Twenty audit assignments are in progress; • Implementation of audit recommendations is satisfactory; • An action plan is in place to address the issues raised during a recent Public Sector Internal Audit Standards external assessment.
Recommendations	**It is RECOMMENDED that:** **Audit & Governance Committee note progress made and issues arising on the delivery of the 2021/22 Internal Audit Plan.**
Reason for recommendations	To communicate progress on the delivery of the 2021/22 Internal Audit Plan. To ensure Audit & Governance Committee are fully informed of the significant issues arising from the work of Internal Audit during the quarter.
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Decision and Information

Background

1. This report details Internal Audit's progress against the 2021/22 Audit Plan for the period July 2021 to September 2021 inclusive and reports the audit opinion of the assignments completed during this period.

2. The report also provides an update on any significant issues arising and implementation of internal audit recommendations by management.

Delivery of the 2021/22 Internal Audit Plan – Quarter 2 review

3. Eight audit assignments have been fully completed in this quarter of 2021/22 (Jul-Sep 21) as outlined below.

2021/22 Audits Completed

	Service Area	Audit	Assurance Opinion	Recommendations		
				High	Med	Low
1	Children's Services	Non-Mosaic System Payments	Reasonable	0	0	2
2	Communities	Partnerships	Reasonable	0	1	2
3	Housing	Partnerships	Reasonable	0	1	0
4	Communication, Marketing & Strategy	Contract Registers	Reasonable	0	2	1
5	Law & Governance	Legal Case Management System	Partial	2	3	0
6	Adult Social Care	Infection Control Grant (20/21/22 audit)	Reasonable	0	2	1
7	Development	Investments/ Commercial Assets	Reasonable	0	3	1
8	Transport & Engineering	Project & Programme Management	Substantial	0	0	1
Total Recommendations				2	12	8

*This audit is subject to final agreement with management

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.

4. There was one 'Partial' assurance audit report issued during the quarter:

Law & Governance - Legal Case Management System

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

- Significant connectivity issues to the Norwell system (High Priority)

- Legal documents not being saved to the Norwell system resulting in information security risk (High Priority)
- Norwell system does not produce legal documents in the required format for court (Medium Priority)
- Norwell system requires reviewing to determine if it fully meets the requirement of the service (Medium Priority)
- No monitoring reports are produced to manage the current work loads of Legal Officers (Medium Priority)

Recommendations to address the issues have all been agreed with management.

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

2021/22 Audits In Progress

	Service Area	Audit	Progress
1	Development	Discretionary Grants	Draft Report
2	Communities	Health & Safety and Fire Safety	Draft Report
3	Environment	Parks Partnerships Governance Arrangements	Draft Report
4	Finance	Financial Management Code	Fieldwork
5	Development	Estates\Finance Asset Management	Fieldwork
6	Adult Social Care	Information Governance (KAF)	Fieldwork
7	Finance	Contractor Selection & Payments (counter fraud)	Fieldwork
8	HR & Organisational Development	Pre-Employment Checks (counter fraud)	Fieldwork
9	Finance	Business Planning & Performance Management (KAF)	Fieldwork
10	Finance	Creditors	Fieldwork
11	Finance	Treasury Management	Fieldwork
12	Children's Services	Christchurch Learning Centre	Fieldwork
13	Children's Services	Poole High School	Fieldwork
14	Law & Governance	Information Governance	Fieldwork
15	Children's Services	Business Planning & Performance Management	Scoping
16	Children's Services	Capital Programme	Scoping
17	Finance	Risk Management	Scoping
18	Housing	Non-Rental Income	Scoping
19	Destination & Culture	Russell Cotes Income Collection	Scoping
20	Public Health	Value for Money Project Review	Scoping

Significant Issues Arising and Other Work

6. Assurance work has been fully completed during the quarter on Covid-19 grants as required by government guidance and/or requirements. This work included the use of government promoted tools e.g. Spotlight for business trading status and the National Fraud Initiative for bank account validation and trading status. A summary of the outcomes of this work was reported to Audit & Governance Committee in July 2021 as part of the Chief Internal Auditor's Annual Opinion Report 2020/21.

7. A reciprocal arrangement was entered into with Swindon Borough Council's Internal Audit Team to carry out a Homes England annual compliance audit (for affordable housing programmes) for each respective Council. This was to provide assurance that organisations receiving the grant had met all of Homes England's requirements and funding conditions. Work has been completed by both Council's and audit findings presented to Homes England.

8. Department for Transport (DfT) grant certification work has been carried out during the quarter. The grants conditions appeared to have been complied with and returns were successfully sent to the DfT.

9. Under standard 1310 of the Public Sector Internal Audit Standards (PSIAS), the Council must ensure that it puts in place a quality assurance and improvement programme in respect of Internal Audit, which must include both internal and external assessments. An external assessment is required to take place within 5 years of the effective date of the PSIAS.

10. As previously reported to Audit & Governance Committee, CIPFA have completed a validation of our self-assessment against the PSIAS (external assessment). Their conclusion (now it has been verified through their quality assurance processes) is that the BCP Internal Audit Team conforms with the PSIAS.

11. Four recommendations and four suggestions were made to further improve arrangements and an action plan to address these issues is attached at Appendix A. Two recommendations have already been implemented and the action plan provides target dates to address the remaining issues raised.

12. Regarding Internal Audit team staffing arrangements, an Audit Manager has recently transferred to a Capital Accountant post and temporary cover is being provided partly thorough increasing existing part time staff hours.

Recommendations Implementation

13. All recommendations followed up during the period (in line with the agreed action plan) were found to have been satisfactorily implemented by management or on a risk basis subject to pragmatic revisions to previously agreed dates.

14. No recommendations are required to be escalated to Audit & Governance Committee for non-implementation.

Options Appraisal

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

Summary of financial implications

16. The BCP Internal Audit Team budgeted cost for 2021/22 is £697,900 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.

17. The Internal Audit Team is currently managing the departure of an Audit Manager through temporary cover arrangements. This may result in a minor projected year end budget underspend for 2021/22.

Summary of legal implications

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

Summary of human resources implications

19. The BCP Internal Audit Team consists of 13.53 FTE for the 2021/22 financial year however this is currently subject to minor variance due the departure of an Audit Manager and corresponding cover through temporary arrangements.

Summary of sustainability impact

20. There are no direct sustainability impact 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 implications are set out in the content of this report.

Background papers

None

Appendices

Appendix A – PSIAS Action Plan

This page is intentionally left blank

Public Sector Internal Audit Standards – External Assessment Action Plan

Recommendations

No	Recommendation	Response	Resp Officer	Action date
R1	Refer to the core principles and define 'senior management' in the Charter	Agreed – to amend Charter	CIA	31 March 22
R2	Include the following in the annual plan reported to the Audit & Governance Committee: • How the plan addresses BCP's strategies, objectives, priorities and risks • How internal audit is delivered and developed • How its resource requirements are assessed • The relative priorities of the planned audit work	Agreed – to include in next Audit Plan report to Audit & Governance Committee	CIA	31 December 21
R3	Change the audit report template so that reports are issued in the name of the Head of Audit and Management Assurance	Agreed – to amend Audit Report template	CIA	31 July 2021 Implemented
R4	When reporting the overall opinion include: • The strategies, objectives and risks of the council • The opinion on governance arrangements	Agreed – to include in next CIA annual report to Audit & Governance Committee	CIA	31 July 2021 Implemented

Suggestions

No	Suggestion	Response	Resp Officer	Action date
S1	Set out the conflict of interest risk inherent in the Chief Audit Executive (Head of Audit and Management Assurance) having non-audit functions in the Charter	Agreed – to amend Charter	Deputy CIA	31 March 22
S2	Place risk at the forefront of all audit planning, especially in discussions with auditees and the information shared with them	Agreed – to incorporate in Terms of Reference Template document	Deputy CIA	31 December 21
S3	Look for ways to integrate Quality Assurance & Improvement Programmes activities across the audit team and audit year, by carrying out rolling reviews or similar	Agreed – to give consideration to this suggested practice	Deputy CIA	31 December 21
S4	As well as showing how the annual plan addresses BCP's strategies, objectives, priorities and risks (R2), make this clear in individual audit plans and terms of reference to demonstrate the value of the audit (see also S2)	Agreed – to amend Risk & Audit Coverage Document, Risk & Detailed Testing Document, and Terms of Reference template	Deputy CIA	31 December 21

AUDIT AND GOVERNANCE COMMITTEE

Report subject	**Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2020/21**
Meeting date	28 October 2021
Status	Public Report
Executive summary	This report details counter fraud work carried out by Internal Audit to provide assurance on the Council's response to combating fraud & corruption. Internal Audit have investigated all allegations of suspected fraud or financial irregularity in a proportionate manner. One formal whistleblowing referral for the Council was received and investigated by Internal Audit during 2020/21.

Recommendations	**It is RECOMMENDED that:**
	
	Audit & Governance Committee are asked to note the following:
	   a) **The counter fraud work & investigations carried out by Internal Audit during 2020/21**
	   b) **The whistleblowing referral received during 2020/21.**

Reason for recommendations	To enable the Audit & Governance Committee to consider the effectiveness of the Council's governance arrangements surrounding counter fraud and corruption including whistleblowing.
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ✉ nigel.stannard@bcpcouncil.gov.uk
Wards	Simon Milne, Deputy Chief Internal Auditor
Classification	All

Background

1. The purpose of this report is to inform the Audit & Governance Committee of counter fraud work undertaken by Internal Audit during the 2020/21 financial year for the Council.

2. This report also provides a summary of the number, nature and outcome of specific investigations and formal whistleblowing referrals received for the Council during the 2020/21 financial year.

Internal Audit Counter Fraud Work 2020/21

3. During the year, Internal Audit have carried out the following work to provide assurance on the Councils response to combating fraud & corruption:

Strategic

- BCP Council Fraud Risk Register was reviewed and updated during the year.
- BCP Council Anti-Fraud & Corruption, Whistleblowing and Declaration of Interests, Gifts & Hospitality Policies were reviewed and updated in the year and have all been assessed as performing effectively during 2020/21. These policies are subject to an annual evolutionary review and approval by the Audit & Governance Committee. *NOTE Links to these documents can be found at the end of this report under Appendices.*
- A new BCP Regulation of Investigatory Powers Act (RIPA) was introduced and approved by Audit & Governance Committee on 22 April 2021.
- A new investigation case management system, designed within the Internal Audit Team, was implemented for BCP Council using available Microsoft technology products.

Culture

- Monitored general employee fraud awareness through completion of the BCP Council mandatory e-learning modules which covered fraud prevention, bribery and whistleblowing. The current position shows that 2808 officers have completed the e-learning (out of a total maximum of 5453 officers on the payroll list). In addition 149, out of 355 new starters (Oct 20-Sep 21) have completed the training. There is a corporate push (including monthly communications and completion monitoring reports being provided to Service Directors) to ensure all mandatory training is completed by relevant officers during 2021/22.Targeted fraud training was provided to specific officers and senior management teams as required during the year.

Deterrence

- Published corporate Fraud Bulletins in BCP newsletters to staff to promote fraud awareness and give guidance to staff on counter fraud policy/procedures.
- Issued specific 'Fraud Alerts' to relevant service areas (including schools) throughout the year. 'Fraud Alerts' come from a variety of sources including the Council's bank, local authority sector groups and central government entities.

Prevention & Detection

- Participated in the National Fraud Initiative (NFI) data matching exercise 2020/21. Key outcomes were as follows:
  - Council Tax Single Person Discounts data match (premium service) - 140 discounts with a total value of approximately £65k have been removed to date. Further work is ongoing, and discounts are expected to be removed for additional cases.

- Concessionary Fares – 1328 passes (NFI valued at £32k) were cancelled using NFI information that the individual had passed away. Also, one pass was identified where the badge had been used after the holder had passed away, the badge was cancelled as a result.
- Blue badges – 237 (NFI valued at £136k) badges have been cancelled using NFI information that the individual had passed away. This work is being finalised.
- Work is being completed on the remaining NFI matches.

- Six high risk fraud areas were reviewed as part of the 2020/21 Audit Plan as detailed in the table below:

Fraud Risk Area	Outcome & Recommendations
Employee subsistence and travel claims	Reasonable assurance audit opinion. Some queries were raised regarding consistency of overtime rates & consistency of mileage claims. A system of introducing compliance checks was recommended to improve arrangements.
P-cards/credit cards	Reasonable assurance audit opinion. Improvements to cancellation of cards, transaction review & approval processes, submission of receipts, compliance with VAT requirements and delivery controls were recommended.
Declaration of interests	Reasonable assurance audit opinion. Improvements to policy awareness, submission of declaration forms, declaration approvals and clarification of local service declaration arrangements were recommended.
Planning applications	Reasonable assurance audit opinion. Improvements to authorisation of work, declarations of interests, meeting records, separation of duties, and fraud awareness training arrangements were recommended.
Concessionary travel passes	Reasonable assurance audit opinion. Improvements to consistency of application checks and reconciliations were recommended.
Crisis payments	Partial assurance audit opinion. Improvements to authorisation of payments, supporting evidence, reconciliations, documentation, voucher records, database reports, database records and management reports were all recommended.

- As part of the 2021/22 Audit Plan the following high-level fraud risk areas are planned to be reviewed; procurement (contract award & payments), pre-employment checks, blue badges, direct payments, serious & organised crime, and housing tenancy data matching.

Investigation

- Internal Audit have investigated all allegations of suspected fraud or financial irregularity in a proportionate manner. Details of investigations that have been carried out by Internal Audit during 2020/21 are detailed in Appendix A. This appendix involves exempt information and is submitted as a confidential paper to this report.

  NOTE - Human Resources are responsible for supporting management with investigations into potential staff misconduct for matters which are non-financial related.

Corporate Counter Fraud Work

4. During 2020/21 Internal Audit have provided specialist investigative resource to support Management with high risk fraud areas.

   Note - Single Fraud Investigation Service (DWP) are responsible for taking action regarding Housing Benefit fraud and BCP Revenues and Benefits or the Stour Valley and Poole Partnership (depending on legacy council locality) are responsible for taking action on Council Tax and NDR fraud.

5. Work was carried out with BCP Housing teams to assist in the validation of all Right to Buy and Housing Tenancy Applications. The results of this work are detailed below.

Fraud Risk Area	Total 20/21 BCP Council	Total 19/20 BCP Council	Total 18/19 (Legacy Councils)
Right to Buy Checks	75	68	62
Further checks/Concerns raised	1	1	2
Applications withdrawn	1	0	0
Cases Refused	0	0	1
Housing Application Checks	953	1,089	817
Further checks/Concerns raised	25	39	73
Applications withdrawn	24	33	7

6. Work has also been carried out to assist with the investigation of Blue Badge and Housing Tenancy fraud referrals as detailed below:

Fraud Risk Area	Total 20/21 BCP Council	Total 19/20 BCP Council	Total 18/19 (Legacy Councils)
Blue Badge Referrals	9	40	27
Badges recovered	0	1	2
Warning letters issued	3	5	6
Housing Tenancy Referrals	36	30	33
Tenancy Reviews instigated	9	6	15
Housing Tenancy ceased	1	0	2

COVID Grant Verification Work

7. During 2020/21 Internal Audit carried out a significant amount of assurance work on COVID19 grants as required by government guidance. The detail has been previously provided to Audit & Governance Committee as part of the Chief Internal Auditor's Annual Opinion Report 2020/21 at the July 2021 meeting. A summary is provided below.

<u>Pre-Payment Grant Verification Work</u>

8. 2,919 individual claims for business grants were verified by Internal Audit through data matching and analysis of provided business bank statements (total value £28,510,000). Outcomes included the prevention of approximately 20 potentially fraudulent claims and 100 cases where bank details were corrected.

9. Government tools such as Spotlight (for checking business trading status) and the NFI's bank account checking tool have also been used for several types of grants to provide a level of assurance prior to payment. Outcomes of this work included correction of submitted bank account details, grants being refused or not processed.

<u>Post Payment Grant Verification Work</u>

10. A significant amount of post assurance work on applications was also carried out including using the government's promoted tools and a separate data matching exercise organised by the NFI. Outcomes of this work included several queries being raised with grant distributors.

<u>Grant Investigation Work</u>

11. Investigation work on business grants resulted in the recovery of 3 grants (total value £30k) and assistance being provided to the National Investigation Service (NATIS) for a £25k business grant. 17 'Restart Grants' were refused following due diligence checks and use of intelligence received from the National Anti-Fraud Network (NAFN) and 1 'Restart Grant' was refused due to not being a current tenant and referred to NATIS.

Counter Fraud Best Practice

12. An annual assessment has been carried out to review the Council's arrangements on managing the risk of fraud and corruption using a tool provided by CIPFA.

13. The current assessment outcome has further improved from the previous year and now states:
    "The organisation is meeting the standard set out in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. The leadership has acknowledged its responsibilities for managing the risks and it has robust arrangements in place to identify and manage risks. It has a counter fraud strategy, backed up by the resources and arrangements in place to carry it out. The organisation is proactive in managing fraud and corruption risks and responds effectively. Stakeholders can be confident in the approach taken by the organisation and meeting the standards of the counter fraud code contributes to good governance. Whilst no organisation is 'fraud proof', the organisation has taken robust steps to ensure its resilience. This high level of performance should be acknowledged within the organisation's annual governance report."

14. An assessment was carried out last year against the "Fighting Fraud and Corruption Locally 2020" updated counter fraud and corruption strategy for local government best practice. This has been updated for the current year and forms part of a combined ongoing action plan, with the CIPFA tool, to continually improve the Council's counter fraud arrangements.

15. The counter fraud resource available during 2020/21 has enabled the Council to achieve its goal of continually improving its resilience to fraud (as stated in the Anti-Fraud & Corruption Policy).

Whistleblowing Referrals 2020/21

16. A Whistleblowing Policy exists to ensure qualifying individuals are able to raise concerns they may have safely, without fear of harassment or victimisation. There are certain types of disclosure covered by a Whistleblowing Policy which are specified in the Public Interest Disclosure Act 1998.

17. The Council's Whistleblowing Policy, approved annually by this Committee, requires a summary of the number, nature and outcome of Whistleblowing referrals investigated in the year to be presented to this Committee.

18. One formal whistleblowing referral was received and investigated during the last financial year (April 2020 - March 2021), details are included in Appendix A.

19. Use of the BCP Whistleblowing Policy is promoted through reminders in 'Fraud Bulletins' to all staff, briefings at officer meetings and as part of the Fraud Prevention e-learning module on the Council's intranet.

20. The Policy will continue to be subject to annual evolution and annual approval by this Committee.

Options Appraisal

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

Summary of financial implications

22. The Fighting Fraud & Corruption Locally 2020 strategy states "Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community".

23. It is recognised that fraud against the Council harms residents and taxpayers of Bournemouth, Christchurch and Poole and for that reason fraud and corruption will not be tolerated.

Summary of legal implications

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

Summary of human resources implications

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

Summary of sustainability impact

26. There are no direct environmental implications from this report

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

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

Background papers

None

Appendices

Appendix A – Internal Audit Investigations Carried out During 2020/21 (Confidential)

BCP Council Anti-Fraud & Corruption Policy

Internal access –
https://bcpcouncil.sharepoint.com/sites/Finance/Shared Documents/Forms/AllItems.aspx?id=%2Fsites%2FFinance%2FShared Documents%2FAnti Fraud and Corruption Policy%2Epdf&parent=%2Fsites%2FFinance%2FShared Documents&p=true&originalPath=aHR0cHM6Ly9iY3Bjb3VuY2lsLnNoYXJlcG9pbnQuY29tLzpiOi9zL0ZpbmFuY2UvRWNELWV jeEM2OTFJdlFDY0tiaGdNRzRCCY 2lmUlg0N01MUDVmNHl4S3JWWUszZz9ydGltZT15bUo3ZZPQjJVZw

External access –
Anti-Fraud and Corruption Policy (subject to annual evolution) (bcpcouncil.gov.uk)

BCP Whistleblowing Policy

Internal access –
https://bcpcouncil.sharepoint.com/sites/Finance/Shared Documents/Forms/AllItems.aspx?id=%2Fsites%2FFinance%2FShared Documents%2FWhistleblowing Policy%2Epdf&parent=%2Fsites%2FFinance%2FShared Documents&p=true&originalPath=aHR0cHM6Ly9iY3Bjb3VuY2lsLnNoYXJlcG9pbnQuY29tLzpiOi9zL0ZpbmFuY2UvRVFNamcw cE94ekZLc1B3a25oX2NNczBCCd1RDQkswZ1lGbHgwN2R3dmJvLUhjdz9ydGltZT1ZNFhXbXFXFPQjJVZw

External access –
Whistleblowing Policy (subject to annual evolution) (bcpcouncil.gov.uk)

BCP Declaration of Interests, Gifts & Hospitality (for officers)

Internal access –
https://bcpcouncil.sharepoint.com/sites/Finance/Shared Documents/Forms/AllItems.aspx?id=%2Fsites%2FFinance%2FShared Documents%2FInterests Gifts and Hospitality Policy%2Epdf&parent=%2Fsites%2FFinance%2FShared Documents&p=true&originalPath=aHR0cHM6Ly9iY3Bjb3VuY2lsLnNoYXJlcG9pbnQuY29tLzpiOi9zL0ZpbmFuY2UvRWZyaVd0 R3F0WFJManJ3TnNmal9oTVVCCUDVOOEs5MmpLbWMxWUhwMDZlNk9mdz9ydGltZT1hVEdRdTZPQjJVZw

BCP RIPA Policy

Internal Access –
https://bcpcouncil.sharepoint.com/sites/Finance/Shared Documents/Forms/AllItems.aspx?id=%2Fsites%2FFinance%2FShared Documents%2FApproved BCP RIPA Policy by AG Commiteee%2Epdf&parent=%2Fsites%2FFinance%2FShared Documents&p=true&originalPath=aHR0cHM6Ly9iY3Bjb3VuY2lsLnNoYXJlcG9pbnQuY29tLzpiOi9zL0ZpbmFuY2UvRVJ5VGho ZkdodGxOazJndU8xZ3ExNGtCCZXd0c2E0R2JZZVdCdklSdk5OU1Rfdz9ydGltZT00aW51UDhLQjJVZw

External access –
Regulation of Investigatory Powers Act Policy (bcpcouncil.gov.uk)

This page is intentionally left blank

By virtue of paragraph(s) 1,2 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

AUDIT AND GOVERNANCE COMMITTEE

Report subject	**External Audit - Core Financial System IT Audit Report 2020/21**
Meeting date	28 October 2021
Status	Public Report
Executive summary	The attached report provides the findings from Grant Thornton's review of IT general controls for BCP Council applications identified as relevant to the financial audit.
	The report includes an overview of the IT audit findings which were assessed as 4 'Significant Deficiency', 7 'Deficiency' and 1 'Improvement Opportunity' issues.
	Management have provided a response to all issues raised.
Recommendations	**It is RECOMMENDED that:**
	Audit & Governance Committee notes Grant Thornton's Core Financial System IT Audit Report and the Council's response to the issues raised.
Reason for recommendations	To provide the Audit & Governance Committee with details of the findings of Grant Thornton's Core Financial System IT Audit Report.
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Matthew Filmer Acting Assistant Chief Finance Officer ☎01202 128503 ✉ matt.filmer@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Information

Core Financial Systems IT Audit Report for BCP Council

1. To support the financial statements audit of Bournemouth, Christchurch and Poole Council for the year ended 31 March 2021, Grant Thornton has completed a design and implementation review of IT General Controls (ITGC) for applications identified as relevant to the financial audit.

2. The report attached at Appendix A sets out the summary of findings, scope of the work, the detailed findings and recommendations for control improvements.

3. The 'Executive summary' section of the report provides an overview of the IT audit findings (assessed as 4 'Significant Deficiency', 7 'Deficiency' and 1 'Improvement Opportunity') and is reproduced below:

<u>Security Management</u>

- Segregation of duty (SoD) threats due to Oracle system administrator accounts being assigned elevated finance roles. (Significant Deficiency).

- SoD threats due to Oracle system administrator accounts with developer / implementation roles. (Significant Deficiency).

- SoD threats due to business users performing system administrator duties in Civica. (Significant Deficiency).

- Excessive access to interface files by IT and Finance users. (Significant Deficiency).

- Suspended users with critical access privileges assigned. (Deficiency).

- Inappropriate critical security and configuration functions embedded in standard roles. (Deficiency).

- End-users with critical access privileges assigned. (Deficiency).

- Lack of event logs in Oracle Fusion and Civica and lack of proactive review of event logs in Capita. (Deficiency).

- Leavers' access to Oracle Fusion not disabled in a timely manner. (Deficiency).

- Governance over the use of shared generic administrator accounts in Capita OneRevenues and Civica. (Deficiency)

- Lack of formal change management procedures for Oracle Fusion. (Deficiency).

- Application password settings not in compliance with the Information Security Policy. (Improvement Opportunity).

<u>Controls with no assurance</u>

- Password requirements – Active Directory

- Privileged user access – Active Directory

- Security monitoring – Active Directory

4. The 'Detail of IT audit findings' section lists all issues identified, a recommendation to address the risk and the Council's management response.

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 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.	The report in the attached appendix includes risks associated with the issues raised from the Core Financial Systems IT audit review.

Background papers

None

Appendices

Appendix A – Grant Thornton – Core Financial Systems IT Audit Report

This page is intentionally left blank

GrantThornton

Core Financial Systems IT Audit Report for Bournemouth, Christchurch and Poole Council

Year ended: 31 March 2021

Issued: 16 September 2021

Timothy Mukiwa
IT Audit Manager
T: 020 7184 4357
E: Timothy.Mukiwa@uk.gt.com

Tariro Chirume
IT Audit Assistant Manager
T: 020 7865 2379
E: Tariro.Chirume@uk.gt.com

Martyn S Royle
IT Audit Associate
T: 020 7184 4304
E: Martyn.S.Royle@uk.gt.com

Contents

Section	Page

84

Section 1: Executive summary

01. **Executive summary**

02. Scope and summary of work completed

03. Detail of IT audit findings

To support the financial statements audit of Bournemouth, Christchurch and Poole Council ('the Council') for year ended 31 March 2021, Grant Thornton has completed a design and implementation review of IT General Controls (ITGC) for applications identified as relevant to the financial audit.

This report sets out the summary of findings, scope of the work, the detailed findings and recommendations for control improvements.

We would like to take this opportunity to thank all the staff at Bournemouth, Christchurch and Poole Council for their assistance in completing this IT Audit.

Section 1: Executive summary – overview of IT audit findings

IT General Controls Assessment

Security Management

- Segregation of duty (SoD) threats due to Oracle system administrator accounts being assigned elevated finance roles. **(Significant Deficiency).**
- SoD threats due to Oracle system administrator accounts with developer / implementation roles. **(Significant Deficiency).**
- SoD threats due to business users performing system administrator duties in Civica. **(Significant Deficiency).**
- Excessive access to interface files by IT and Finance users. **(Significant Deficiency).**
- Suspended users with critical access privileges assigned. **(Deficiency).**
- Inappropriate critical security and configuration functions embedded in standard roles. **(Deficiency).**
- End-users and with critical access privileges assigned. **(Deficiency).**
- Lack of event logs in Oracle Fusion and Civica and lack of proactive review of event logs in Capita. **(Deficiency).**
- Leavers' access to Oracle Fusion not disabled in a timely manner. **(Deficiency).**
- Governance over the use of shared generic administrator accounts in Capita OneRevenues and Civica. **(Deficiency)**
- Lack of formal change management procedures for Oracle Fusion. **(Deficiency).**
- Application password settings not in compliance with the Information Security Policy. **(Improvement Opportunity).**

Assessment		Number
Significant Deficiency	🔴	4
Deficiency	🟡	7
Improvement Opportunity	🟢	1

Controls with no assurance

- Password requirements – Active Directory.
- Privileged user access – Active Directory.
- Security monitoring – Active Directory.

Section 2: Scope and summary of work completed

01. Executive summary

02. Scope and summary of work completed

03. Detail of IT audit findings

The objective of this IT audit was to complete a design and implementation controls review over the Council's IT environment to support the financial statements audit. The following applications were in scope of this audit:

- Oracle Fusion;
- Capita;
- Civica; and
- Active Directory.

We completed the following tasks, as part of this IT Audit:

- Evaluated the design and implementation effectiveness for security management; change management and technology infrastructure controls for Oracle Fusion, Capita, Civica, and Active Directory.

- Performed high level walkthroughs, inspected supporting documentation and analysis of configurable controls in the above areas;

- Completed a detailed technical security and authorisation review of the Council's Oracle system as relevant to the financial statements audit; and

- Documented the test results and provided evidence of the findings to the Council's IT team for remediation actions where necessary.

Section 3: Detail of IT audit findings

88

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations
1.	🔴		

Segregation of duty (SoD) threats due to Oracle Fusion administrators being assigned elevated finance roles.

The IT Security Manager role enables the user to create, edit and delete users, edit responsibilities, manage application configurations and security settings.

Our audit identified 10 users from the Financial Management Systems (FMS) team, 1 user from the Procurement team (ADMIN_HARWOODKAT), 1 user from the IT team and 5 active generic IDs as having been assigned the 'IT Security Manager role', and a combination of, but not limited to, the following critical access finance roles in Oracle:

- Accounts Payable Manager.
- Accounts Receivable Manager.
- Cash Manager.
- Procurement Manager.

It was also identified that four users from the FMS team (BCP_GREENJ, BCP_ADAMSLA, BBC_MASONJO and BBC_COTTRELLS) have been assigned the IT Security Manager role on both their end user and administrator accounts.

Risk
Assigning excessive privileged access roles increases the risk that system-enforced internal control mechanisms could be bypassed resulting in users being able to:

- Make unauthorised changes to system configuration parameters.
- Create unauthorised accounts.
- Make unauthorised updates to user account privileges.

It is recommended that management:

- Perform a review of all users and their access rights in Oracle Fusion and confirm if these align with their designated roles and responsibilities.
- Revoke the access to the IT Security Manager role for the procurement user immediately.
- Ensure that users with elevated privileges only have one account with administrator privileges assigned to them. The access to the IT Security Manager role on the day-to-day accounts for the users identified should be revoked immediately.
- Evaluate the need to assign finance roles to the system administrators and if no longer required they should be revoked.
- Always assign access to any application on the principle of least privilege.

Management response

These roles are assigned within the FMS Team to enable carry out business admin functions and development/testing. Interfacing external systems with Fusion is an end user function of the FMS Team.

Controls are in place to ensure that these roles are used appropriately. For example, end user functions are documented and records of the processing by the FMS Team are kept.

The purpose of why each role is assigned to each user will be documented and kept under review as will the effectiveness of the controls in place.

We will review all users access rights and act upon the finding in this reports including reducing the privileges of users where necessary. As an example, we have already revoked access by ADMIN_HARWOODKAT to the IT Security.

The FMS Team does require the finance (AP and AR) roles as they carry out end user functions, but this will also be reassessed.

Assessment
- 🔴 Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- 🟠 Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- 🟢 Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations
2.	🔴	**SoD threats due to Oracle system administrator accounts with developer / implementation roles.**	It is recommended that management restrict access to implementation roles on a need-to-use basis. Permissions should be assigned for a pre-agreed window to implement a change and then revoked again. Activity during the implementation window should be monitored closely.

SoD threats due to Oracle system administrator accounts with developer / implementation roles.

Our audit identified 15 active accounts belonging to system administrators with the IT Security Manager role had been assigned combinations of the following roles:

- Application Developer
- Application Implementation Manager;
- Application Implementation Consultant; and
- Application Implementation Administrator.

'Application Implementation Consultant' is one of the roles assigned when Oracle Fusion is first implemented, allowing the application to be configured as required.

Each of the Application Implementation roles allows the user assigned with this role to make changes to the Oracle Fusion system configuration with differing levels of access.

Risk

The combination of access to implement changes and security administration in production is a SoD conflict that could lead to inappropriate or unauthorised changes to data and functionality within Oracle Fusion. This risk is further elevated owing to a lack of proactive monitoring of privileged user accounts.

It is recommended that management restrict access to implementation roles on a need-to-use basis. Permissions should be assigned for a pre-agreed window to implement a change and then revoked again. Activity during the implementation window should be monitored closely.

It is also recommended that management enforce segregation of duties between personnel responsible for developing and implementing changes.

Management response

The FMS Team is responsible for both the admin and the limited development of the Oracle System. As identified, development capability is extremely limited and is focused on configuration.

The current modules in use (i.e. not full Payroll / HR) requires constant configuration/development access to maintain workflows for Procurement/Account Payables.

On the topic of Control for example, any changes to approval rules are not initiated by the FMS Team. They required authorization which is documented from the Service Director or Service Accountant.

FMS team require access to Workflow engine to enable the need to change rules based on changing business need

Assessment
- 🔴 Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- 🟠 Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- 🟢 Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations

3. 🔴

SoD threats due to business users performing system administrator duties in Civica.

Administrative access to Civica has been granted to two users (Service Development Manager and Revenue Benefits Manager), both of whom have financial responsibilities in the Revenues and Benefits teams.

The combination of financial responsibilities with the ability to create, amend and delete users and administer batch scheduling is considered a segregation of duties conflict.

Risk

Assigning excessive privileged access roles increases the risk that system-enforced internal control mechanisms could be bypassed resulting in users being able to:

- Make unauthorised changes to system configuration parameters.
- Create unauthorised accounts.
- Make unauthorised updates to user account privileges.

It is recommended that Management:

- Review the need for the two individuals identified to have privileged access to Civica.
- Grant access to Civica on the principle of least privilege, ensuring access is commensurate with job roles and responsibilities.

If it is unavoidable to grant privileged roles to business users due to organisational size constraints, management should ensure that use of these roles are proactively monitored by reviewing system reports of detailed transactions; selecting transactions from these reports and comparing these to supporting documents; reviewing reconciliations of balances or performing them independently.

Management response

Civica OpenRevenues - As part of the annual review of access it was deemed that for Business Continuity that additional users need to have access and the user assigned should have a good understanding of the system, this was limited to Senior Managers. Julie is currently seconded to cover Benefit Manager role in additional Service Development, where the admin permissions would be required to develop the system. A FULL Group security profile rebuild 2021 is in progress, it will be explored on whether other admin profiles should remain for the other users.

91

Assessment
- 🔴 Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- 🟡 Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- 🟢 Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations
4.	🔴	**Excessive access to interface files by IT and Finance users.**	It is recommended that management restrict the access to the shared folders used in the ASM interface process to named, authorised users only.

Issue and risk

An excessive number of users have the ability to access the shared folder which contains the information held pertaining to the ASM interface between Oracle Fusion and the feeder systems across the Council.

Access to the 'inbox' folder where source feeder files are deposited is not secured appropriately. A significant number of user groups have access to this folder with full control to read and write files. This also includes any administrators on the Bournemouth domain.

Included in the list of users who have access to the 'inbox' file are two direct links to the Christchurch and Poole domains. As a result of this, there is no governance over the users who are accessing this folder as they do not appear in the Bournemouth domain on which the Fusion interface is hosted.

It was further noted that any users with administrator access in Active Directory have access to manipulate the SQL scripts used to convert the data in the interface process.

Risk

There is a risk that users with excessive access privileges in the shared folder could manipulate the interface files that are then processed and loaded in to Oracle.

Furthermore, there is a risk that unauthorised changes are made to the SQL scripts that support the interfaces as a result of the access for all Active Directory administrators.

This may then adversely impact on the integrity or completeness and accuracy of data within the system.

Recommendations

It is recommended that management restrict the access to the shared folders used in the ASM interface process to named, authorised users only.

Access should be restricted based on the types of files a user is responsible for depositing in the folder, such as restricting access to the Civica files to members of the Bournemouth Revenues team.

It is also recommended that management automate the process of extracting data from feeder systems where possible. This will reduce the number of users needing access to shared folders where data is being held for processing.

Management response

We will annually review the users that have access to the interface folders and ensure the access is still required. We continue to automate the interfacing with the ERP as much as possible.

Civica OpenRevenues - Folder security within network share has been restricted against R&B Staff depending on roles, however I will let ICT comment on access permissions they have assigned in addition

92

Assessment
- 🔴 Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- 🟡 Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- 🟢 Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations
5.	🟡	**Suspended users with critical access privileges assigned.**	It is recommended that management:

Suspended users with critical access privileges assigned.

Our audit identified 123 suspended accounts (accounts which can be brought back in to use by users with the IT Security Manager role assigned) that had been assigned roles with critical access assigned, which included but were not limited to the following:

- Application Developer
- Application Implementation Roles
- IT Security Manager
- AP Manager;
- Cash Manager;
- AR Manager;
- Procurement Manager; and
- Supplier Manager;

The Council only suspends no longer needed user accounts and does not fully deactivate them. Suspension of accounts can be reversed by users who have been assigned the IT Security Manager role.

Risk

There is a risk that highly privileged suspended accounts could be enabled and used to fraudulently or erroneously manipulate financial data without detection. This risk is further elevated by the lack of audit logging within Oracle Fusion, thus making it difficult to assign accountability to the user responsible.

It is recommended that management:

- Remove all roles for suspended accounts.
- Enable audit logging and proactively monitor user activity for users with elevated permissions.
- Deactivate rather than suspend accounts. Deactivating accounts for terminated users removes the Oracle license associated with that account.

It should also be noted that accounts for terminated users which are suspended still count as active licenses for Oracle Fusion.

Management response

The policy about accounts of leaver is now to double lock the accounts – inactivated and locked – i.e. can not be reactivated by anyone outside of the FMS Team. We will remove all roles from suspended accounts. We do not use the HR modules that would allow for termination of workers

93

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations

6. 🟠

Inappropriate critical security and configuration functions embedded in standard roles.

Our audit identified six active users that have access to a privilege 'impersonate roles' through the 'Application Implementation Manager', 'Application Developer' and 'Sales Administrator' roles that allow them to log on to the application and conduct activities in another users name without leaving an audit trail relating to their own User Identifier (ID). Five of these users have also been assigned the IT Security Manager role.

It was also noted that detailed audit logging has not been enabled in Oracle Fusion, and is therefore not proactively reviewed.

Risk

There is a risk that highly privileged accounts could be enabled and used to fraudulently or erroneously manipulate financial data without detection. This risk is further elevated by the lack of audit logging within Oracle Fusion, thus making it difficult to assign accountability to the user responsible.

It is recommended that management:

- Remove all 'Impersonate User' privileges from the application, or at a minimum be de-linked from the roles identified.
- Enable audit logging and proactively monitor user activity for users with elevated permissions.

Management response

The impersonate user privileges requires both the impersonator and the impersonate to both setup this function – we have done limited testing to see if this was something that would be useful to roll out for covering user duty for periods of leave. We did not find that it would be useful.

94

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations

7. 🟠

End-users with critical access privileges assigned.

'Critical access privileges' are elevated IT functions which can be used to execute and approve financial transactions and manage configurations for the modules to which they are assigned.

Our audit identified 454 end users that have been assigned one or more roles that have critical access privileges attached to them, some of these roles include:

- AP Supervisor.
- AP Manager.
- AR Manager.
- Procurement Manager.
- Supplier Manager.

Three out of these 128 users were also identified as having AP Manager, AR Manager and Cash Manager roles assigned simultaneously.

The high risk objects attached to these accounts include, but not limited to, combinations of the following:

- Manage All Application Profile Values
- Setup and Maintain Applications
- Assign Business Unit Business Function

The functions currently assigned are the default functions assigned when Oracle Fusion is implemented. A full list of roles and the functions attached to them can be provided to management on request.

Continued on next page

It is recommended that management:

- Undertake a full review of all users who have been assigned critical access privileges and revoke critical privileges for those users where they no longer align with the user's roles and responsibilities.
- Ensure roles that allow system configurations to be altered are restricted on a need-to-use basis and are not assigned to users in the normal course of business.
- Review the default privileges that are attached to end user roles and consider whether they remain appropriate for the Council.

Management response

There are system controls like double authorization of payment / BACS files in addition to system enforced controls that mitigate against these risks however the points will be assessed and actioned on where possible.

95

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations
7.	●	***Continued from previous page*** **Risk** Bypass of system-enforced internal control mechanisms through inappropriate use of critical access rights increases the risk of financial misstatement through fraud or error, as a result of users making unauthorised changes to transactions and system configuration parameters.	
8.	●	**Lack of event logs in Oracle Fusion and Civica and lack of proactive review of event logs in Capita.** It was identified that Oracle Fusion and Civica are not currently configured to generate security event logs, other than for supplier monitoring in Oracle Fusion. It was also identified that whilst Capita generates event logs capturing amongst other things, user activities, these are not proactively reviewed. **Risk** Not enabling or reviewing event logs increases the risk of not detecting and resolving inappropriate or unauthorised user activity in a timely manner. This could lead to incomplete and / or inaccurate processing of financial information.	It is recommended that management: • Implement a process whereby event logs are periodically reviewed for Capita. These reviews should be performed by one or more knowledgeable individuals who are independent of the day-to-day use or administration of these applications. • Retain evidence of event logs being reviewed to help ensure they are undertaken in a consistently robust and effective manner. • Enable event logs in Oracle Fusion and Civica for specific high-risk users and activities, such as system administration and development activities. **Management response** In Oracle Fusion we have automated reports that log all newly approved orders, new supplier setups, supplier amendments. There are system logs for suppliers. Civica OpenRevenues - There are daily reports to identify account updates across CT/HB and SD. This is used to monitor staff performance and to enable sample checking of updated records by Team Leader. A process to review system access to the Database will be implemented on a monthly basis to review connections made and will be reviewed by System Admin.

96

Assessment
● Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
● Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
● Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

IT general controls assessment findings

Assessment	Issue and risk	Recommendations
9. 🟡	**Leavers' access to Oracle Fusion not disabled in a timely manner.** For two sampled users it was identified that their access to Oracle Fusion was not disabled for two months following their termination date. **Risk** Where system access for leavers is not disabled in a timely manner, there is a risk that former employees will continue to have access and can process erroneous or unauthorised access transactions. There is also a risk that these accounts may be misused by valid system users to circumvent internal controls.	Management should ensure that leavers' access to Oracle Fusion is revoked no more than 24 hours after their termination date. For the process to be effective, the FMS team must be provided with timely notifications from HR and/ or line managers. HR and line managers should be reminded of their responsibilities to make the FMS team aware of leavers in advance of their termination date. **Management response** We do receive regular from HR about leavers in advance of their leaving dates however we look to promote a process where the FS team are informed as leavers as soon as possible.

Assessment
- 🔴 Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- 🟡 Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- 🟢 Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations

10. 🟡

Governance over the use of shared generic administrator accounts in Capita OneRevenues and Civica

Capita OneRevenues.

Our audit identified that there are no controls in place to actively monitor the usage of the generic 'aisdba' and 'academy' accounts which are used to administer the Ingres database supporting the Capita OneRevenues system. The accounts are also a privileged user in the front end of the application.

Whilst KeePass is used for storing the details of this account by the IT team, members of the SVPP Operations team who have access to the account do not use this tool. Instead they manage the password locally through the use of password protected spreadsheets.

The password for the accounts are currently changed every 90 days in line with the parameters enforced within the application.

Civica

Our audit identified 17 generic accounts had been set up as administrators with access to the Civica database and these accounts are not monitored. Whilst we were informed that these accounts are maintained in a password-protected spreadsheet, there was no evidence to support this.

There is also no proactive monitoring over of the activity undertaken by any of these accounts to allow timely identification of any inappropriate usage.

Risk

The use of generic or shared accounts with high-level privileges increases the risk of unauthorised or inappropriate changes to the application or database. Where unauthorised activities are performed, they will not be traceable to an individual.

Where possible, privileged generic accounts should be removed, and individuals should have their own uniquely identifiable user accounts created to ensure accountability for actions performed.

Alternately, management should implement suitable controls to limit access and monitor the usage of these accounts (i.e., through increased use of password vault tools / logging and periodic monitoring of the activities performed). Where monitoring is undertaken this should be formally documented and recorded.

Passwords for generic administrative accounts should be changed after every use.

Management response

As part of the FULL Security Profile review 2021, Generic accounts will be reviewed and where deemed, still appropriate will be converted to individual accounts. Access logs will also be monitored monthly as part of point 8.

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations

11. 🟡

Lack of formal change management procedures for Oracle Fusion.

Our audit identified that the Council does not manage the change process in Oracle through a ticketing system, instead relying on an Excel tracker that is updated by members of the FMS team.

For a sampled configuration change, it was identified that:

- There was no formal written request from the business users for the change.
- There was no formal authorisation to commence development work.
- Testing was not formally documented in line with a formal test plan.
- Authorisations for promotion in to production were not formally documented.

While we understand that the underlying system changes are managed by Oracle Cloud services, application level changes can impact on the system and users.

Risk

The absence of formal change management procedures and formal documentation for changes that have been implemented increases the risk of unauthorised and untested changes being implemented into the production environment, impacting on the integrity and security of data and systems, or resulting in unscheduled system down-time.

It is recommended that management develop and implement a formal change management procedure for changes to Oracle, ensuring that all elements of the change process are formally approved and documented by both business and IT management. Change management procedures typically consist of the following:

- Documented approvals by business and IT management, including justification and business need for change.
- Formally documented testing undertaken by business and IT team users, along with formal sign off by business and IT management.
- Documented approvals (such as email trails) of authorisation to promote changes into production.
- Documented post implementation reviews confirming if changes have been implemented in line with expectations.

Management should also ensure that the change management procedures are comprehensive and include procedures for different types of change, including Oracle quarterly releases, configuration changes, data changes or emergency changes.

and appropriate according to the change type. At a minimum, changes should be:

- Assigned a 'category/type' including application and emergency changes to ensure that the appropriate approach is taken
- Recorded in a service desk ticket or SharePoint form with details of the individual raising it and what further approval is required etc.
- Assigned rollback processes in case of change failure.

Management response

We have implemented a non-self assigning of roles and all other change management process are documented in MS Teams – the example picked up was before this change was implemented following the previous year audit.

No instances of self-assignment of access rights have occurred since our 2020 report was issued.

Assessment
- 🔴 Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- 🟡 Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- 🟢 Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations

12. 🟢

Application password settings not in compliance with the Information Security Policy.

It was identified that the password configurations in Oracle Fusion are in not in line with the Council's Information Security Policy as follows:

- Passwords are set to a minimum of 8 characters in Oracle; however, the Information Security Policy requires a minimum of 9 characters.
- Oracle only remembers the previous password used; however, the policy requires the previous three passwords to be remembered.

The following password configurations for administrators and generic users in Capita are not in line with the Information Security policy:

- Passwords are set to a minimum of 7 characters in Capita; however, the Information Security Policy requires a minimum of 9 characters.

The following password configurations for Civica are not in line with the Information Security policy:

- Number of invalid attempts before account lockout is not defined; however, the Information Security Policy requires this to be set to a maximum of 6 invalid attempts.

Furthermore, it was noted that the Council's Information Security Policy and password guidance on SharePoint are not consistent with each other as the Information Security Policy does not define the number of invalid attempts prior to accounts being locked out.

Continued on next page

Recommendations

It is recommended that password parameters for applications used across the Council are aligned to those stipulated in the Information Security Policy.

Where this is not possible due to application limitations, management should consult with the application vendor to identify what alternative methods can be used to make the process of logging into the application more robust, such as the use of single sign on.

Management should also revise the Information Security Policy to ensure that it reflects the Council's agreed standard password settings (including account lockout) and that this is communicated to all staff.

The following password parameters are commonly used by organisations across a wide range of sectors:

- Minimum password length should be set to 8 characters or above.
- Password expiry should be set between 30-60 days.
- Password complexity should be enabled.
- User accounts should be automatically locked out after a maximum of 5 unsuccessful attempts.
- Reset account lockout counter should be set to 15 minutes.
- Previous 24 passwords remembered.

The policy should also be revised to account for applications where the standard password criteria cannot be met due to vendor-imposed limitations.

Management response

We seek to make the password policy aligned as closely as the system allows.

Civica OpenRevenues – Invalid login is hard coded to 3 attempts before user is disabled. We will increase password length to 9 with immediate effect, there is already a requirement to enter a password that contains at lease 1 Numeric and Alpha chars and expire every 40 days, with a weekly sweep for inactive users too.

100

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations
12.	🟢	***Continued from previous page*** **Risk** By not ensuring that application password settings comply with the IT Security Policy increases the risk of users choosing weak passwords which could be easily breached. In the event of a password becoming breached there is an increased risk of fraudulent or erroneous transactions being posted with a lack of accountability.	

101

Controls for which assurance could not be provided

Control Name and Description	Reason/Justification
1. **Password requirements – Active Directory** System security measures require adequately complex password quality and strength.	Information was requested from the Council on 30 March 2021, and it was agreed that information would be returned to us by 17 May 2021 however, this deadline was not met by Council officers.
2. **Privileged user access – Active Directory** Administrative privileges or super-user rights granted to system administrator are restricted to those that require access and are authorised.	Council officers met with us during July 2021 and confirmed that the legacy Bournemouth, Christchurch and Poole domains were decommissioned during June 2021 and that no data was retained to enable us to evaluate the appropriateness of privileged access, password or security monitoring controls in place during the period of audit.
3. **Security monitoring – Active Directory** Applications and systems generate security logs of user activity that is monitored; security violations (such as unauthorised access attempts) are reported to appropriate personnel for corrective actions.	

102

Review of findings raised in prior year

Assessment	2019/20 issue communicated	Update on actions taken to address the issue
X	**Segregation of Duty (SoD) threats due to Oracle system administrator accounts with elevated financial roles.**	Issue remains open, please refer to finding 1.
	We identified that the Finance Management Systems (FMS) Team who have the 'IT Security Manager' role also had other elevated financial roles assigned to them. This is regarded as a SoD conflict.	
	Among the conflicting financial roles assigned to this Team we found 'AP Manager', 'AR Manager', 'Asset Manager', 'Cash Manager', 'GL Manager', 'Payroll Manager', 'Supplier Manager' and 'Tax Manager' roles.	
	While we understand that the FMS team provide system support, elevated privileges to financial roles should not also be a standard profile for these users.	
✓	**FMS self-assigning Oracle roles without formal approval or subsequent timely removal.**	We identified that one administrative user self-assigned the Accounts Receivable Manager and Accounts Receivable Specialist roles in June 2020.
	We identified 31 instances in the financial year when seven users from the FMS Team self-assigned additional roles without recorded approval from management.	Due to the timing of the audit in 2020, the prior year recommendation for the self-assignment of access rights was not made to management until September 2020.
	The self-assigned access includes high risk roles such as 'Suppliers Administrator', 'BCP Capital Project Manager' and 'BCP Supplier Manger' which have not been subsequently reassessed for appropriateness and removed if no longer required.	No instances of self-assignment of access rights have occurred since our 2020 report was issued.
	There is no process in place to document requests to self-assign responsibilities and obtain management approval. The additional privileges were not end dated nor removed.	Issue considered to be closed.
X	**SoD threats due to Oracle system administrator accounts with developer / implementation roles.**	Issue remains open, please refer to finding 2.
	The 14 active named system administrators (five administrators have two named accounts) are also assigned conflicting 'Application Implementation' and 'Application Developer' roles.	
	We acknowledge that only Oracle has access to change source code, thus these named user accounts are limited to making configuration changes (e.g. changes to workflows). All users found to have these conflicts are also members of the FMS Team, who 'sit' between Financial functional staff and ICT.	

103

Review of findings raised in prior year

Assessment	2019/20 issue communicated	Update on actions taken to address the issue
X	**Inappropriate critical security and configuration functions embedded in standard roles.** Five users in the IT Security Roles have access to a privilege 'impersonate roles' through the 'Application Implementation Manager', 'Application Developer' and 'Sales Administrator' roles that allow them to log on to the application and conduct activities in another users name without leaving an audit trail relating to their own User Identifier (ID). Also, a member of the Procurement Team who was part of the original implementation team still has an IT Security role privilege set, which should have been rescinded once the project was complete. We have identified that this access has been removed since being identified through the audit process. We also found that the audit logs are not sufficient to determine whether activities of these users were appropriate except for Supplier Details.	Issue remains open, please refer to finding 6.
X	**Lack of formal documented change management processes and procedures at application level.** There are no formally documented procedures nor processes to manage application level changes outside the FMS team mailbox. The evidence provided does not provide confirmation that any testing has been conducted outside the live system or that there has been any approval for the changes to be made. While we understand that the underlying system changes are managed by Oracle Cloud services, application level changes can impact on the system and users.	Issue remains open, please refer to finding 11.
X	**Audit logs are not enabled on Oracle.** Audit logging has not been enabled on Oracle Fusion except for Supplier monitoring and no security functions were being monitored. Also, we were informed that the logging that is conducted is only reviewed retrospectively if an issue is identified.	Issue remains open, please refer to finding 8.

104

Review of findings raised in prior year

Assessment	2019/20 issue communicated	Update on actions taken to address the issue
X	**Weak or non-compliant Oracle password settings.** The Oracle Fusion password settings do not meet the Council's own minimum password requirements. The Council Information Security (IS) Policy states that passwords should be at minimum 9 characters and the last 3 passwords should be remembered. Oracle Fusion settings require a minimum 8-character password, which must include at least 1 uppercase and 1 numeral with 1 previous password being remembered.	Issue remains open, refer to finding 12.
X	**Lack of evidence to confirm Oracle Fusion Reconciliations are appropriately managed.** The Council manages data processes outside the Fusion application using bespoke ASM packages which collate application data into GL, AP and Cash uploads on the Fusion servers. The data held on the servers prior to being uploaded into Fusion. The ASM packages are designed to collate and transform data into the acceptable format for the Fusion system and eliminate any erroneous data from the systems. We understand that once the data has been uploaded to Fusion any unmatched data is held in a suspense account, which is reviewed, and data is allocated manually to the correct accounts. However, no evidence has been provided of resolutions or approvals from application teams. (ASM systems manage data from all apps in the Council not just the in-scope systems.) Also, we have identified that the directory holding the upload data for the ASM cash uploads is accessible with full control for all Domain Users. We have been informed that a process to automate the data import from ASM packages to Fusion is being considered for 2020/2021.	Issue remains open, refer to finding 4.

105

Review of findings raised in prior year

Assessment	2019/20 issue communicated	Update on actions taken to address the issue
X	**Privileged user access – Bournemouth Domain.** We identified 286 Bournemouth accounts (User-ID's) prefixed with 'PAU_' which indicates Privileged Access User. Whilst 45 of these had been disabled, only one of these disabled accounts had been locked. The remaining 241 accounts were enabled. Historically, the 'PAU_' account was used by staff at Bournemouth Council to perform limited IT management processes such as installing software, resetting passwords etc. However, we have been unable to confirm whether that the elevated permissions have been removed from all these users We also identified 50 'ADM' accounts whilst 35 of these were disabled, only 31 of these 35 were 'locked'.	We were unable to test controls relating to Active Directory as planned. Please refer to the 'Controls for which assurance could not be provided' section of this report.
X	**SoD issues arising from system account management by local business teams.** Security management of system accounts for both Radius Debtors and Capita Debtor's system are held by the local business teams that manage these applications and have additional privileges based upon their 'PAU' account designation. Furthermore, Radius and Capita generic passwords managed by these local admin team who do not use the tool 'KeePass' to safeguard these passwords. Finally, we have been informed that internal staff do not perform DBA activities. However, the 'aisdba' account is required to perform some activities (e.g. update permissions following an upgrade) and is accessed by the System Administration Team and members of IT. The password is reset based on the standard settings of the application. Activity is not currently monitored although audit logs are available for review.	Issue remains open, refer to finding 10.

106

Review of findings raised in prior year

Assessment	2019/20 issue communicated	Update on actions taken to address the issue
X	**Lack of consistent user access management process and procedures.** There were no standardised user access management procedures and processes to support all financial systems and we were informed that user access could be requested via email or phone in addition to the existing user access forms. These forms also varied in format according to application e.g. Capita Debtor access captured the user's acknowledgement that they had read and would abide by BCP's IS Policy prior to access being granted but this was not required to access Radius Debtors. The new user access, movers and leavers which were tested, were found to have been properly authorised for Capita Debtors although we did not receive sufficient evidence to review the leaver and mover process for Radius Debtors. Our review of Oracle Fusion revealed that leavers were marked as '(Do not use - Account deactivated)'. However, these accounts appeared on the 'active users' list and so had not been fully deactivated. This could mean that such accounts could be used (by others) to circumvent internal controls and misuse the system as such activity would be difficult to trace back to the individual responsible.	Partially closed, user access management process is now documented. Please refer to finding 5 and finding 9 in relation to Oracle Fusion leavers' process.
X	**Audit logs are not enabled on Active Directory (AD) and lack of proactive monitoring.** User access security audit logging has not been enabled on Active Directory and 'Splunk' is not yet in operation on the network domains. Although logging is enabled on Radius and Capita Debtors systems, we were informed that areview of the logged data is only conducted retrospectively if an issue is identified.	We were unable to test controls relating to Active Directory as planned. Please refer to the 'Controls for which assurance could not be provided' section of this report. Issue remains open for Capita, please refer to finding 8.

107

Review of findings raised in prior year

Assessment	2019/20 issue communicated	Update on actions taken to address the issue
X	**Active Directory (AD) Network - domain user management.** Work is currently ongoing to provide a single BCP Council domain and until complete, each entity has a separate domain which operate on different naming conventions and processes. In common to all Domains (CED, BBC, BoP) there are large number of generic 'Test', 'Train' and 'Temp' user accounts, which are enabled and used regularly. While we understand that the 'Train' accounts are limited to specific assets and are used widely for the training programmes delivered through HR and IG Governance Teams, 'Test' accounts should not be active on a live network and any temporary staff should still have named accounts to ensure accountability and not be shared even if access is limited.	We were unable to test controls relating to Active Directory as planned. Please refer to the 'Controls for which assurance could not be provided' section of this report.
X	**Non-compliant password settings.** BCP is introducing a single network domain but in the review period, the password settings on the three AD domains (at Bournemouth, Poole and Christchurch) varied and did not comply with BCP's IS Policy: • All domains' password age is set to '120' days not '90' days as stated in the IS policy. • The Christchurch AD password length is set to six, not nine as stated in the IS Policy. • Attempted login controls varied. Bournemouth domain is set to 8 attempts in 30 minutes before admin reset, Poole Domain 6 attempts in 30 minutes before admin reset whilst the Christchurch Domain was 5 attempts in 30 minutes and reset after 30 minutes (no admin reset).	We were unable to test controls relating to Active Directory as planned. Please refer to the 'Controls for which assurance could not be provided' section of this report.

108

109

Grant Thornton

grantthornton.co.uk

This page is intentionally left blank

AUDIT AND GOVERNANCE COMMITTEE

Report subject	**External Audit - Audit Progress Report 2020/21 & Sector Update**
Meeting date	28 October 2021
Status	Public Report
Executive summary	Grant Thornton, as the Council's appointed External Auditors, have produced a report which provides an update to Audit & Governance Committee on their progress to date in delivering their responsibilities. The report states that the proposed target completion date for their fieldwork is 30th November 2021 and they aim to give their opinion on the financial statements by the end of December 2021. Reasons (and context) for the delay in issuing the opinion against the target date of 30 September 2021 are included in the report. The report also includes a summary of the 'What can be learned from Public Interest Reports?' publication by Grant Thornton, along with a link to the full publication.
Recommendations	**It is RECOMMENDED that:** **Audit & Governance Committee notes the External Auditor's progress to date in delivering their responsibilities and the sector update provided.**
Reason for recommendations	To update Audit & Governance Committee on the External Auditor's progress to date in delivering their responsibilities. To advise Audit & Governance Committee of emerging national issues and developments that maybe relevant to the Council.
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk
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 is the third year of that contract, 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 October 2021

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

4. The report states that the proposed target completion date for their fieldwork is 30th November 2021 and they aim to give their opinion on the financial statements by the end of December 2021. Reasons (and context) for the delay in issuing the opinion against the target date of 30 September 2021 are included in the report.

Sector Update

5. The report also includes a summary of emerging national issues and developments that may be relevant to the Council (as a local authority) and this update contains 'What can be learned from Public Interest Reports?' report by Grant Thornton, along with a link to the full publication.

Options Appraisal

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

Summary of financial implications

7. The proposed 2020/21 BCP Council Audit fee is £200,500 with an additional £37,000 for the Audit of subsidiary charities (total value £237,500).

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 sustainability impact implications from this report.

Summary of public health implications

11. There are 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 risk implications from this information report.

Background papers

None

Appendices

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

This page is intentionally left blank

BCP Council Audit Progress Report and Sector Update

Year ending 31 March 2021

October 2021

Contents

Section	Page

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

116

Introduction

Peter Barber

Engagement Lead

T: 0117 305 7897

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

Sam Harding

Engagement Manager

T   0117 306 7874

E   sam.g.harding@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)

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 .

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 October 2021

Financial Statements Audit

We undertook our initial planning for the 2020/21 audit in April 2021 and interim audit work commenced shortly afterwards. We began our work on your draft financial statements in August 2021.

A detailed audit plan, setting out our proposed approach to the audit of the Council's 2020/21 financial statements was included in the July Committee papers.

The Accounts and Audit (Amendment) Regulations 2021 push back the date by which principal authorities need to publish their draft financial statements to the first working day of August. Last year this date was delayed to 31 August.

In those plans we noted that MHCLG has set an indicative date of 30 September 2021 for audited local authority accounts (two months earlier than last year). Given the system-wide pressures set out in our audit plans, we indicated this is highly unrealistic for 2020-21 audits (but as a firm we are fully supportive of this in a 'normal' year).

Therefore we proposed a target completion date for our audit fieldwork at BCP of 30 November 2021.

We will report our work in the Audit Findings Report and aim to give our opinion on the financial statements by the end of December 2021.

Progress as at 5 October 2021

Our substantive audit fieldwork commenced in mid September 2021. The fieldwork is progressing well.

As in the previous year, the work of our IT auditors has identified a number of deficiencies which are reported in a separate report (and included on this agenda). This has increased the level of testing that we need to undertake on journal entries to ensure the completeness and authenticity of the underlying data as a result of the enhanced access permissions inherent within the Council's system.

To gain assurance over the completeness of the Council's financial transactions, significant time has been invested by both our team and the Council's IT officers to enable us to obtain a full transaction listing for testing.

We are receiving excellent co-operation from your finance officers at the Council and we are making good progress.

From our work undertaken to date, we have not identified any significant or material issues impacting on the accuracy of the draft financial statements presented for audit, however, a number of immaterial errors have been identified in the preparation of the fixed asset register and in the notes more generally. These will be reported once fully investigated and quantified and will be summarised in our Audit Findings Report.

From a context point of view, we want to assure you that you are not alone in your audit not meeting the 30 September target opinion sign off. The national picture being such that a significant proportion of local government audits have not meet the deadline of the end of September, and we are aware that some firms are not even starting their local government audits until the beginning of October. The delays nationally reflect the late start on many 2020/21 audits due to overrunning 2019/20 audits.

Progress at October 2021 (cont.)

119

Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline is now no more than three months after the date of the opinion on the financial statements.

Meetings

We meet with Finance Officers monthly as part of our liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Chief Executive in September to discuss the Council's strategic priorities and plans. A number of meetings are underway throughout the Council as part of our value for money work.

Other areas

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DwP). The certification work for the 2019/20 claim was completed in November 2020, and a verbal update on certification was delivered to the Audit and Governance Committee. The certification work for the 2020/21 claim is underway. We will report our findings to the Audit and Governance Committee in January 2022.

We certify the Council's annual Teachers' Pensions return in accordance with procedures agreed with Teachers' Pensions. The certification work for the 2019/20 return was completed in December 2020. The certification work for the 2020/21 is due to begin in October.

We also certify the Council's annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Ministry of Housing, Communities & Local Government. (MHCLG). The certification work for the 2019/20 return was completed in January 2021. The certification work for the 2020/21 return is due to begin in January.

Whole of government accounts

The Council is required to complete a return to MHLCG annually which we are required to certify. The return will not be available until December and our work in this area will not be completed until January 2022. We are unable to certify the audit until this work is completed.

Objection to the accounts

We have received an objection to the 2020/21 accounts covering a number of areas. We are considering the points raised by the elector during the course of our audit work.

Audit Deliverables

2020/21 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed 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 and the Auditor's Annual Report on the Council's Value for Money arrangements.	July 2021	Complete
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	September 2021	Complete
Audit Findings Report The Audit Findings Report will be reported to the December Audit and Governance Committee.	December 2021	Not yet due
Auditors Report This is the opinion on your financial statements.	December 2021	Not yet due
Auditor's Annual Report This Report communicates the key issues arising from our Value for Money work.	December 2021	Not yet due

120

Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusions and recommendations
Internal audit	We have reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.	Our review of internal audit work has not identified any weaknesses which impact on our audit approach.
Entity level controls	We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including: • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices	Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.
Review of information technology controls	Our information systems specialists performed a high level review of the general IT control environment, as part of the overall review of the internal controls system. A number of significant deficiencies in the IT systems were identified.	Our work has identified a number of significant deficiencies in the Council's IT systems particularly relating to a lack of segregation of duties. This results in the necessity for us to extend our testing of journals and perform additional procedures to ensure the integrity of information provided from the ledger and over the operation of feeder systems. Our full IT report is included in the Committee papers.

121

	Work performed	Conclusions and recommendations
Walkthrough testing	We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a significant risk of material misstatement to the financial statements. We also reviewed the internal audit reports on the controls operating at the Council's shared service providers including Stour Valley and Poole Partnership. Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding.	Our work has not identified any weaknesses which impact on our audit approach.
Journal entry controls	We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements. Our testing of journal entries remains ongoing, however the deficiencies identified from our IT review as reported earlier have impacted on the extent of testing required in this area.	Our work in this area remains ongoing.

Sector Update

Authorities 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 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

123

What can be learned from Public Interest Reports?– Grant Thornton

2020 will be remembered as a tumultuous year in local government, with the pandemic creating unprecedented pressure on the sector. It also saw the appearance of two Public Interest Reports (PIRs), followed by another in January this year – the first to be issued in the sector since 2016. PIR's can be issued by local auditors if there are significant concerns around council activity, such as major failings in finance and governance.

The recent PIRs have made headlines because, up to this point, very few have ever been issued. But, as our latest report "Lessons from recent Public Interest Reports" explores, all three illustrate some of the fundamental issues facing the wider sector and provide a lesson for all local authorities around: weaknesses in financial management; governance and scrutiny practices; and council culture and leadership; which, when combined, can provide fertile ground for the kind of significant issues we might see in a PIR.

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 PIRs at Nottingham City Council (August 2020), the London Borough of Croydon (October 2020), and Northampton Borough Council (January 2021) 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. Local authorities have a variety of different governance models. These 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 local authorities, it's 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) Local authority leadership.

The full report is available here:

Lessons from recent Public Interest Reports | Grant Thornton

Grant Thornton

This page is intentionally left blank

AUDIT AND GOVERNANCE COMMITTEE

BCP Council

Report subject	**Forward Plan (refresh)**
Meeting date	28 October 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	**It is RECOMMENDED that:** **The Audit & Governance Committee approves the forward plan set out at Appendix A.**
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	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk
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 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 – Forward Plan 2021/22

REPORT	10 JUN 2021 (extra)	29 JUL 2021	9 SEP 2021 (extra)	28 OCT 2021	2 DEC 2021 (extra)	13 JAN 2022	17 MAR 2022 (extra)	14 APR 2022
ANNUAL REPORTS								
Statement of Accounts 2020/21					✔			
Annual Governance Statement 2020/21 and Annual Review of Local Code of Governance (1 update on Action Plan only)		✔				✔₁		
Chief Internal Auditor's Annual Opinion Report 2020/21		✔						
Annual Breaches & approved Waivers of Financial Regulations Report 2020/21		✔						
Annual Review of Declarations of Interests, Gifts & Hospitality by Officers 2020/21		✔						
Use of Regulation of Investigatory Powers Annual Report) 2020/21		✔						
Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2020/21				✔				
Equality & Diversity Annual Report 2020/21 (*not needed as now reporting progress to Cabinet)				*				
Emergency Planning & Business Continuity 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								✔
QUARTERLY / HALF YEARLY REPORTS								
Internal Audit - Quarterly Audit Plan Update		✔		✔		✔		✔
Risk Management – Corporate Risk Register Update		✔		✔		✔		✔
Forward Plan (refresh)		✔		✔		✔		✔
Treasury Management Monitoring Report		✔		✔		✔		
Health & Safety and Fire Safety Update				✔				
AD HOC / OTHER REPORTS								
Annual evolution of Policies for 2022/23: - Whistleblowing - Anti-Fraud and Corruption - Declaration of Interests, Gifts & Hospitality - Regulation of Investigatory Powers							✔	
Financial Regulations - annual evolution for 2022/23.							✔	
Financial Statements 2020/21: Review of Significant Judgements and Sources of Estimation Uncertainty		✔						
Changes to Council Constitution		✔			✔			
Appointment of External Auditor					✔			
PRESENTATIONS (rather than formal reports)								
Review of Parks governance arrangements	✔							
Review of BH Live contractual and governance arrangements.			✔					
EXTERNAL AUDITS REPORTS								
External Auditor – Audit Plan 2020/21 (2 Audit Plan 2021/22)		✔						✔₂
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		✔		✔		✔		✔

External Auditor – Core Financial Systems IT Audit Report (additional report)				✔				