Notice of Audit and Governance Committee

Date: Thursday, 11 April 2024 at 6.00 pm

Venue: HMS Phoebe, BCP Civic Centre, Bournemouth BH2 6DY

Membership:

Chairman:
Cllr M Andrews

Vice Chairman:
Cllr E Connolly

Cllr J Beesley	Cllr R Herrett	Cllr S Armstrong
Cllr B Castle	Cllr M Phipps	Jansen-VanVuuren
Cllr A Chapmanlaw	Cllr C Weight	Samantha Acton

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=5611

If you would like any further information on the items to be considered at the meeting please contact: Democratic Services on 01202 096660 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

GRAHAM FARRANT
CHIEF EXECUTIVE

3 April 2024

Available online and
on the Mod.gov app

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

Does the matter directly relate to one of my Disclosable Pecuniary Interests (DPIs) (set out in Table 1)?

Yes → I have a DPI and cannot take part without a dispensation

No → Does the matter directly relate to the finances or wellbeing of one of my Other Registerable Interests (ORIs) (set out in Table 2)?

Yes → I have an ORI and must disclose it. I may speak as a member of the public but not discuss or vote and must leave the room

No → Does it directly relate to the finances or wellbeing of me, a relative or a close associate?

Yes → I have a NRI and must disclose it. I may speak as a member of the public but not discuss or vote and must leave the room

No → Does it affect the finances or wellbeing of me, a relative or a close associate or any of my ORIs?

Yes → Am I or they affected to a greater extent that most people? And would a reasonable person think my judgement is clouded?

No → I have no interest to disclose

Yes → I have an interest and must disclose it. I may speak as a member of the public but not discuss or vote and must leave the room

No → I have no interest to disclose

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	Predetermination 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?	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 (janie.berry@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   7 - 12

To confirm and sign as a correct record the minutes of the meeting held on 7 March 2024.

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/ieListMeetings.aspx?CommitteeID=151&Info=1&bcr=1

The deadline for the submission of public questions is 3 clear working days before the meeting.

The deadline for the submission of a statement is midday the working day before the meeting.

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

6. Information Governance Update   13 - 28

IG update report to the Committee, providing performance management information.

7. Risk Management – Corporate Risk Register Update   29 - 74

 This report updates councillors on the position of the council's Corporate

Risk Register. The main updates are as follows:
- Two risks were combined (CR02 and CR12)
- One risk was re-included (CR08)
- 4 new risks were added (CR16, CR23, CR24, CR25)
- 3 risks were removed (CR12, CR13, CR22).

Material updates for this quarter are outlined in sections 9 to 11.

8.   Internal Audit - Audit Charter & Audit Plan 2024/25   75 - 124

This report sets out the Internal Audit Charter and the Audit Plan for 2024/25. Approval of these documents by the Audit & Governance Committee is a requirement of the Public Sector Internal Audit Standards (PSIAS).

Some minor amendments have been made to the Internal Audit Charter which includes an updated Data Analytics Strategy.

The final Internal Audit Plan for 2024/25 has been produced which includes some minor amendments from the version provided to the Audit & Governance Committee in January 2024. Completion of the plan will enable the Head of Audit & Management Assurance to provide an annual opinion on the adequacy and effectiveness of the Council's control environment.

The allocated budget resource for 2024/25 is considered adequate to deliver the Internal Audit Charter and Audit Plan for 2024/25.

9.   Internal Audit - 4th Quarter, 2023/24, Audit Plan Update   125 - 144

This report details progress made on delivery of the 2023/24 Audit Plan for the 4th quarter – January to March (inclusive) 2024. The report highlights that:
- 11 audit assignments have been finalised, including 2 'Partial', 8 'Reasonable' and 1 'Follow Up' audit opinions;
- 25 audit assignments are in progress, including 9 at draft report stage;
- Total additional council tax yield of £243,678 has resulted, to date, from the Single Person Discount pilot project;
- 14 of the 18 recommendations from the Review of Pop-up/Temporary activities incorporating Bayside Restaurant Review have been implemented;
- A replacement Audit Manager has been successfully recruited and is now in post;

5 'High' priority audit recommendations have not been fully implemented by the original target date. Explanations from respective Directors appear reasonable and revised target dates have been agreed.

10.   Review of the Council's Constitution - Recommendations of the Constitution Review Working Group   145 - 156

The report summarises the issues considered by the Constitution Review Working Group and sets out a series of recommendations arising from the Working Group for consideration by the Committee relating to the introduction of budget and policy framework procedure rules.

Any recommendations arising from the Committee shall be referred to full

Council for adoption.

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

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BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL

AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 07 March 2024 at 6.00 pm

Present:-
Cllr M Andrews – Chair
Cllr E Connolly – Vice-Chair

Present: Cllr B Castle, Cllr A Chapmanlaw, Cllr R Herrett, Cllr C Weight, Cllr S Armstrong and Samantha Acton

Present Virtually: Cllr J Beesley, Cllr M Phipps and Lindy Jansen-VanVuuren

Also in attendance: Cllr M Cox

61. Apologies

There were no apologies received for this meeting.

It was noted that Cllr J Beesley and Cllr M Phipps were attending virtually, meaning they could speak but not vote.

62. Substitute Members

There were no substitute members.

63. Declarations of Interests

There were no declarations of interest.

64. Confirmation of Minutes

The minutes of the meeting held on 11 January 2024 were confirmed as a correct record for the Chair to sign.

65. Public Issues

There were no public questions, statements or petitions for this meeting.

66. Addressing the Local Audit Backlog & proposal for the 2022/23 Audit

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

The Committee was reminded that the audit of the 2022/23 accounts had not yet commenced and the audit of the 2021/22 accounts had not yet

concluded. As previously reported this was due to the continuing failure by the auditors of Dorset Pension Fund, Deloittes, to issue an IAS19 letter of assurance. The Council had submitted formal complaints on this matter to Public Sector Audit Appointments (PSAA) Limited and the Director of Deloittes. A further meeting was arranged with Deloittes which may also be attended by other local bodies affected by the delay.

The report set out the Government's proposals for a three stage process to address the local audit backlog in England. These proposals had recently been published for consultation and a copy of the Council's response was appended to the report. It was noted that a timescale of four weeks in which to provide meaningful feedback was insufficient, particularly for a large Council like BCP, and that a fundamental review of the accounting and auditing system was required. The report also included a copy of a letter from Grant Thornton with its proposal for the delivery of the 2022/23 audit.

Mr Peter Barber, representing Grant Thornton, reported that according to Deloittes they were one or two months away from issuing the IAS19 letter. He reassured members that subject to its receipt, he anticipated issuing an unqualified opinion on the 2021/22 accounts. He confirmed that the proposed backstop would not affect this, but it would have implications for the 2022/23 audit as it would not be possible to complete this by 30 September 2024 for the reasons provided in his letter. The application of the backstop would allow an early start on the 2023/24 audit with a view to signing off this set of accounts in a more timely manner. It was also noted that Grant Thornton was taking on the audits of Dorset Council and Pension Fund with effect from 2023/24.

The CFO and Mr Barber responded to questions and comments on the issues raised in the report. Members were advised that by the end of 2023 approximately 800 sets of accounts had been outstanding for around 500 public bodies in England. It was confirmed that Deloittes had cited resource challenges within its team including sickness as the reason for the delay in issuing an IAS19 letter. The procedure for appointing and changing auditors was explained. Mr Barber wished to make it clear that Grant Thornton did not intend to do any work on the 2022/23 audit for the reasons set out in its letter. He outlined the measures which would be taken to prepare for the 2023/24 audit. A Committee Member felt it would be helpful to know the key areas of risk from not undertaking further work on the 2022/23 audit.

The Portfolio Holder acknowledged that the backstop was a pragmatic approach to a system which was in need of wholescale review. He was concerned that Deliottes may not complete its work and suggested that the Council may also wish to submit a complaint to the Institute of Chartered Accountants.

Members thanked the CFO and Mr Barber for their clarity and commitment and the Committee endorsed the comments made in the Council's consultation response.

RESOLVED that

> a) **the Council's submission to the government's consultation in addressing the local audit backlog, as set out in Appendix 1 of the report, be noted;**
> b) **the letter from Grant Thornton, the external auditors, with regard to the delivery of the 2022/23 audit ne noted.**

Voting: Unanimous

67. <u>Annual Evolution (for the 2024/25 financial year) of the 'Anti-Fraud & Corruption Policy', the 'Whistleblowing Policy', the 'Declaration of Interests, Gifts & Hospitality Policy' (for Officers) and the 'Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) Policy'</u>

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

The Committee was advised that an annual review of these four policies had taken place to ensure they were updated in line with best practice and legislation. The Head of Audit and Management Assurance outlined how the reviews had been undertaken, including the use for the first time of Artificial Intelligence (AI). Changes made to the policies as part of the annual evolution process were summarised in paragraphs 5 to 12 of the report. The changes were set out in full in red text in each policy document, attached as appendices to the report. It was noted that the red text remained in the live document. The policies would be republished and further staff training and awareness would be carried out. The Committee was due to receive a report on the effectiveness of the policies later in the year.

The Head of Audit and Management Assurance highlighted additions to the Whistleblowing Policy including a note in paragraph 4.3 to explain that a whistleblowing referral will not impact any investigation into a theft / fraud / disciplinary / employment dispute involving the whistleblower. This had always been the case in practice but had not been explicitly specified in the policy.

The Head of Audit and Management Assurance responded to questions and comments on the report. He explained that there was a general growth in the use of AI and an increasing awareness of the benefits, including the speed at which AI could undertake what would otherwise be a time-consuming task. He explained the methods used to train staff in fraud awareness, including mandatory training using the E learning portal, additional specialist/face to face training as required and regular internal communications to all staff. Information on training was included in the annual report on the effectiveness of the policy.

Members were advised that the Committee received an annual report on whistleblowing incidents. It was noted that the policy included a procedure for a whistleblower to escalate their concerns by contacting either the Head

of Audit and Management Assurance, the Monitoring Officer or the Head of Paid Service. Members were advised that if the concerns related to one or more of these officers, the disclosure could be made to the Council's External Auditors or any another relevant 'prescribed' person or body. This was also specified in the procedure and could be explained further in training.

RESOLVED that the Council's Anti-Fraud & Corruption Policy, Whistleblowing Policy, Declaration of Interests, Gifts & Hospitality Policy (for Officers) and the Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) Policy for the 2024/25 financial year, be approved.

Voting: Unanimous

68.   Financial Regulations - Annual evolution for the financial year 2024/25

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

The report provided a summary of evolutionary changes to the Council's Financial Regulations as shown in red text throughout the document circulated at Appendix A. Members were advised that the key changes were contained in Part G and related to the following areas: threshold adjustment in relation to VAT, formation of a new procurement and contracts board, the removal of waivers (of financial regulations), competition requirements and other minor editing/reordering amendments. The Committee was advised of an amendment to the wording of Paragraph 16 in Part G of the Financial Regulations to read as follows in the version to be submitted to Council for approval:

"All procurement processes of any value covered by The Health Care Services (Provider Selection Regime) Regulations 2023 must be agreed with and run by the SPT."

The report also set out legislative changes resulting from the Procurement Act 2023, the likely resulting impact on Financial Regulations being the need for some potential in-year changes to ensure alignment. It was proposed to deal with this by delegation to the Chief Financial Officer and Monitoring Officer. Members were assured that any necessary changes would be reported to the first available Committee meeting.

The Head of Audit and Management Assurance responded to questions and comments on the report. He was asked what the Council was doing to encourage and enable providers with regards to social value considerations in light of updated legislation around public procurement. He explained that while further details from Government were awaited, the intention was to create a simpler system, remove barriers and extend opportunities for all potential providers in the procurement process, including small businesses and social enterprises. It was noted that social value criteria were already

included in Part G (Paragraph 10) of the Financial Regulations. The Head of Audit and Management Assurance agreed to arrange for a briefing note on this issue to be circulated following consultation with the Strategic Procurement Team.

Members asked about the new requirement to sign off what had previously been known as 'waivers', as part of the Procurement Decision Records (PDRs) process. It was explained that although there were always circumstances where 'waivers' were required, the terminology was unhelpful and had been removed. The requirement to publish as a PDR was seen as more accountable and transparent and it was noted that the Committee would still receive an annual report on relevant decisions. It was confirmed that Service Directors were ultimately responsible for their commissioning officers being fully aware of and compliant with the Financial Regulations. The Chief Financial Officer agreed to raise the issue of staff training with the new Procurement and Contracts Board.

Members also asked about the changes to competition requirements. The Head of Audit and Management Assurance referred to the details set out in Paragraph 22 of Part G of the Financial Regulations, including the role of the Strategic Procurement Team in dealing with each of the specified thresholds. He also clarified a query about asset management and the approach taken in maintaining a local inventory.

RECOMMENDED TO COUNCIL that the Financial Regulations as shown in Appendix A (with the updated amendment to Paragraph 16 in Part G) be approved for adoption, with the operational 'go live' date being 24 April 2024.

RESOLVED that the Committee approves a delegation to the Chief Finance Officer and the Monitoring Officer to amend the Financial Regulations, in year, if the Procurement Act 2023 or the secondary legislation Public Procurement Regulations 24 (PCR24) require such an amendment. The Head of Audit & Management Assurance to report any necessary changes to the first available Audit & Governance Committee.

Voting: Unanimous

The meeting ended at 7.11 pm

CHAIR

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AUDIT AND GOVERNANCE COMMITTEE

Report subject	**Information Governance Update**
Meeting date	11 April 2024
Status	Public Report
Executive summary	IG update report to the Committee, providing performance management information.
Recommendations	**It is RECOMMENDED that:** (a) **Committee note the Information Governance (IG) performance management information (PMI) for 2023/24 (Q1 to Q3 – December 2024) contained in this report.** **This includes requests received under the Freedom of Information Act 2000 (FOIA), Environmental Information Regulations (EIRs), Data Protection Act 2018 (DPA) and other agency disclosure requests.** (b) **Committee note that currently a review is underway by leadership team of the function of IG within BCP Council.**
Reason for recommendations	Its purpose is to provide an update to the Committee since its last report in March 2023 of the IG function within the Council.

Portfolio Holder(s):	Councillor Jeff Hanna
Corporate Director	Janie Berry, Service Director, Law & Governance
Report Author(s)	Nigel Channer, Team Leader of Information Governance
Wards	Council-wide
Classification	For update and information.

Background

1. IG reported to the A&G Committee 9 March 2023:

2. Since reported in March 2023, IG highlight the following:

    a. BCP Information Governance Board (IGB), meet regularly have met on 25 May 2023, 7 September 2023 and 19 January 2024.

    b. The 2021-22 Final Internal Audit report of March 2022 gave a Reasonable Assurance Audit opinion.

Performance Management Information (PMI)

3. Appendix A - Tables 1-9 provide performance management information for the period April 2023/24 - December 2023 Q1-Q3 (Q4 data not yet available) including Key Highlights.

4. 4The target response rate set by the Information Commissioner's Office (ICO) for requests for information under the FOIA/EIRs is 90%.

    The Council's average response rate has been:

    a. 82% for 2023/4; 88% for 2022/23; 83% for 2021/22; and 80% for 2021.

5. There has been an increase in volumes by a rise of 58% of requests for FOI/EIR, 15% for SAR and 27% for Disclosures.

The Information Governance Team

6. There have been no changes to the IG Team which currently comprises:

    a. Team Leader (0.50 fte)

    b. Information Governance Officers x4 (3.37 fte) with one on maternity leave

IG Function

7. What is Information Governance?

    a. A term used to describe the way we manage our obligations for:
        i. Freedom of Information;
        ii. Environmental Information Regulations;

iii. Re-use of Public Sector Information;

iv. Records Management;

v. Regulation of Investigatory Powers;

vi. Data Protection;

vii. Information Sharing and IT Security.

8. IG allows the Council and its employees to ensure that both business and personal information is dealt with legally, securely, efficiently and effectively in order to deliver the best possible services.

9. The IG Team are the primary point of contact for specialist IG advice, reviews of council procedures and policies.

10. BCP Information Governance Board provide overarching responsibility for compliance and reviews the PMI. The IG team are supported by a network of Information Assets Advisers in services who process requests.

11. To meet the future challenges the new Law and Governance leadership team are committed to review the operation of IG within BCP to better meet the expectations of the customer and ICO target response rate.

Options Appraisal

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

Summary of financial implications

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

Summary of legal implications

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

Summary of human resources implications

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

Summary of sustainability impact

16. There are no sustainability implications from this report.

Summary of public health implications

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

Summary of equality implications

18. There are no equality implications from this report.

Summary of risk assessment

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

Background papers

None

Appendices

Appendix A - (Tables 1-9) – Performance Management Information

Appendix A

Information Governance Performance Management Indicators

A & G Committee – April 2024

Table 1 – Service Unit All Requests for Information 2023/24

	DISCLOSURE	DPA SAR	FOI & EIR	TOTAL
Adult Social Care	160	28	81	269
Children's Social Care	437	159	94	690
Communities	1	11	143	155
Corporate (cross cutting requests(1)	6	22	80	108
Customer Programmes & Policy		2	17	19
Delivery – Regen (Future Places)(2)			6	6
Destination & Culture		2	73	75
Environment		1	148	149
Finance			122	122
Housing	50	65	138	253
People & Culture		14	65	79
Inclusion & Family Services		8	137	145
Information Technology			46	46
Law & Governance		3	35	38
Planning			96	96
Revenues & Benefits BCP (SVPP)			79	79
Transport & Engineering		1	98	99
Total	**654**	**316**	**1458**	**2428**

(1)   Corporate requests where information is held by more than one unit are processed by IG
(2)   Future Places (3 requests logged) will be removed from Jan 24

Table 2 – Service Unit FOI/EIR response rates 2023/24 (to Dec 2023)

	Q1	Q2	Q3	Overall Average (1)
Adult Social Care	89%	64%	83%	79%
Children's Social Care	64%	100%	82%	82%
Communities	87%	97%	98%	94%
Corporate cross cutting requests(2)	74%	74%	89%	79%
Customer Programmes & Policy	Nil	45%	50%	48%
Delivery – Regen (Future Places)(3)	100%	100%	100%	100%
Destination & Culture	85%	87%	84%	85%
Environment	98%	62%	68%	76%
Finance	63%	97%	72%	77%
Housing	70%	79%	89%	79%
People & Culture	73%	86%	85%	81%
Inclusion & Family Services	80%	98%	98%	92%
Information Technology	100%	80%	100%	93%
Law & Governance	56%	100%	10%	55%
Planning	78%	83%	74%	78%
Revenues & Benefits BCP (SVPP)	86%	82%	90%	86%
Transport & Engineering	99%	77%	88%	88%

(1)   Excludes Q4 data
(2)   Requests where information is held by more than one unit are processed by IG
(3)   Future Places will be removed from Q1 2024/25

Table 3 – BCP FOI/EIR quarterly volume & response rates – yearly comparison

Year	Q1 Requests	Q1 Response	Q2 Requests	Q2 Response	Q3 Requests	Q3 Response	Q4 Requests	Q4 Response	TOTAL REQUESTS	TOTAL RESPONSE
April 2020/21	196	81%	351	78%	313	79%	324	83%	1184	80%
April 2021/22	343	83%	311	88%	309	87%	342	73%	1305	83%
April 2022/23	309	85%	349	79%	272	82%	349	88%	1279	88%
April 2023/24	305	83%	343	83%	356	80%	454	82%*	1458	82%*

Requests - Number FOI/EIR requests logged and responded by all service units
Response - Percentage of requests responded within 20 business days
*April 23/24 projected response results (Q4 not available end April 24)

Table 4 - Information Commissioner's Office (ICO) target for FOI/EIR response rates

Good	95% or more of requests are responded to within 20 working days.	95% or more of internal review requests are responded to within recommended timescales.	Complaints to the ICO about late responses and failure to respond are rare and rarely upheld.
Adequate	90 to 95% of requests are responded to within 20 working days.	90 to 95% of internal review requests are responded to within recommended timescales.	Complaints to the ICO about late responses and failure to respond are occasional and sometimes upheld.
Unsatisfactory	Fewer than 90% of requests are responded to within 20 working days.	Fewer than 90% of internal review requests are responded to within recommended timescales	Complaints to the ICO about late responses and failure to respond are frequent and often upheld.

Table 5 - BCP FOI/EIR response rates within 20 business days – yearly comparison

	Q1	Q2	Q3	Q4	Yearly average %
FY 2020-21	81%	78%	79%	83%	80%
FY 2021-22	85%	88%	87%	73%	83%
FY 2022-23	85%	79%	82%	88%	88%
FY 2023-24	83%	83%	80%	82%*	82%*

*Projected response rate for Q4 and total 2023/24

Table 6 – Service Unit Subject Access Requests (SAR) volumes – yearly comparison

DSAR by Service Unit	2020/2021	2021/22	2022/23	2023/24
Adult Social Care	15	26	41	28
Children's Social Care	127	164	118	159
Communities	8	10	7	11
Cross Cutting	8	13	9	22
Customer, Prog & Policy	0	1	1	2
Destination and culture	0	0	0	2
Environment	1	0	0	1
Housing	9	23	38	65
People & Culture	15	7	4	14
Inclusion family & learning	14	11	2	8
Law and Governance	1	2	1	3
Revenues & Benefits (SVPP)	1	Nil	1	0
Planning	0	0	2	0
Transport & Engineering	0	4	0	1
Yearly Total	199	261	224	316

Table 7 – Service Unit Disclosure request volumes – yearly comparison

	2020/21	2021/22	2022/23	2023/24
Adult Social Care	153	171	83	160
Children's Social Care	217	301	213	437
Communities		3	1	1
Corporate cross cutting requests(2)	3	7		6
Customer Programmes & Policy			1	0
Housing	6	31	23	50
Inclusion & Family Services	2	1	2	0
Law & Governance	1			0
Planning	1			0
Revenues & Benefits BCP (SVPP)	4			0
Transport & Engineering		1		0
Yearly total	387	515	323	654

Table 8 – BCP Information Governance mandatory training

	Cyber Awareness and Staying Safe Online	Introduction to Data Protection	Headcount	Compliance Cyber	Compliance Data Protection
Aug 2020 to Aug 2023	3319	3188	6006	55.30%	53.10%
Dec 2020 to Dec 23	4204	4076	6273	67.02%	64.98%

Average headcount taken over period
Rolling percentage of compliance across the organisation

Table 9 – BCP Internal Reviews & ICO yearly comparison

	2020/21	2021/22	2022/23	2023/24
Internal Reviews	15	22	21	38
ICO Complaints	3	3	12	8
Yearly Total	18	25	33	46

Review Outcomes

	2020/21	2021/22	2022/23	2023/24
Position Maintained	7	16	17	21
Full Information released	11	7	9	12
Partial Information released		2	7	13

Key Highlights

Table 1 – Service Unit All requests for Information 2023/24

Highest volumes of requests for information processed by CSC 29%

60% of requests for FOI/EIR, 13% SAR, 27% Disclosure

Table 2 – Service Unit FOI/EIR Response rates 2023/24

5 units with consistent results through year: D & C, Inc & Family, IT, Revs and Bens, remaining units have inconsistent quarterly results

Table 3 – BCP FOI/EIR quarterly request volumes and response rates – yearly comparison

Number FOI requests increased 2023/24, notably in Q4 due to significant increase in volume of requests

Table 4 – Information Commissioner's Office target response rates for FOI/EIR

Table 5 – BCP FOI/EIR response rates within 20 business days – yearly comparison

BCP standing currently 'unsatisfactory' at an average of 82%

IG in process of reviewing service with a view to meeting minimum ICO response rate and customer service levels

Table 6 – Service Unit Subject Access Requests (SAR) volumes – yearly comparison

Significant increase in DSAR processed 2023/24 – overall 30% increase on previous year across SU's – all units increase (apart from ASC decrease)

75% increase in People & Culture (HR) SAR, 60 % increase in Corporate SAR processed by IG (Applications for personal data from ALL Council systems) often forming part of a formal complaint, 40% increase in Housing SAR.

DSAR response rates are not monitored, Increase in SAR (more complex) adding strain on IG resources across BCP

Table 7 – Service Unit Disclosure requests volumes – yearly comparison

Increase in requests for disclosure information on previous year

Majority disclosure requests processed by CSC and ASC

Table 8 – BCP Information Governance Mandatory Training

Increase in numbers of staff compliant with mandatory IG training

Table 9 – BCP Internal Reviews/ICO complaints – yearly comparison

Number of internal reviews increased 2023/24 – Attention required on quality of first response

More than 50% of reviews in 2023/24 found information should have been released in the first response

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AUDIT AND GOVERNANCE COMMITTEE

Report subject	**Risk Management – Corporate Risk Register Update**
Meeting date	11 April 2024
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: • Two risks were combined (CR02 and CR12) • One risk was re-included (CR08) • 4 new risks were added (CR16, CR23, CR24, CR25) • 3 risks were removed (CR12, CR13, CR22). Material updates for this quarter are outlined in sections 9 to 11.
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):	Councillor Mike Cox, Portfolio Holder for Finance
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 Policy, 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.

4. In addition to the quarterly reviews, in immediate practical terms, the Corporate Management Board (CMB) 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.

6. In order to provide the committee with insight in terms of the approach to risk management, a summary of the process followed is shown at Appendix 1.

7. To assist in the understanding of prioritisation of risk, the council's risk matrix and definitions is shown at Appendix 2.

8. Each risk is given a unique identifying number so where risks have been removed from the register the numbers will no longer run sequentially. To assist the committee a table of the full risks is shown at the beginning of Appendix 3. This is ranked according to the net risk score from the highest to the lowest.

Changes in Risk During Quarter 4 – 2023/2024

9. During the quarter, the risks were subject to a complete refresh as part of the priority planning days in February. This was a review by Cabinet Members, Corporate Management Board and Directors.

10. As a result of this review the following are the material changes:

CR02 – Failure to deliver effective safeguarding arrangements for children - Children & Communities and risk CR12 – Failure to achieve appropriate outcomes and quality of service for young people were combined and are shown as updated risk CR02 - We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding. The risk information has been refreshed.

CR08 – We may fail to run a fair and open election/referendum - this risk is again included in the risk register due to elections taking place over the next few months.

CR12 - Failure to achieve appropriate outcomes and quality of service for young people – this risk has been removed from the risk register in view of the change outlined above.

CR13 - Failure to deliver the transformation programme. This risk has been removed from the risk register and replaced with a new risk CR25 - We may be unable to effectively transform services to achieve efficiencies and improve service standards. This risk is being collated and will be presented to the next meeting of this committee.

CR16 – We may fail to secure partnerships and miss out on funding in the future - this is a new risk identified during the priority planning meetings. This risk is being collated and will be presented in detail to the next meeting of this committee.

CR21 – Impact of global events causing pressure on BCP Council & increase in service requirements - this risk has been re-allocated and will now be considered by CMB as a group to ensure all impacts for the council are considered. An update is in the process of being prepared and will be reported to the next meeting of this committee.

CR23 – Potential implications of the Dedicated Schools Grant financial deficit - this is a new risk. Due to the significance, it has been separated from risk CR09 and will now be considered on a standalone basis. A full update is provided for this risk.

CR24 – We may fail to adequately address concerns around community safety and environmental impacts - this is a new risk identified during the priority planning meetings. This risk is being collated and will be presented in detail to the next meeting of this committee.

CR22 – Failure of local care market to meet increasing demand - This risk has been removed from the Corporate Risk Register. This will continue to be considered at Director level and should the position change, it will again be considered for inclusion at a Corporate level.

11. As part of the overall refresh, all risks were reviewed and the titles of many risks have now changed to provide a clearer risk definition. This detail is included in Appendix 3.

12. 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.

During each quarter risk owners routinely review the allocated scores along with further discussion by CMB.

13. During this quarter in addition to the review of individual risks, the connectivity of risks continues to be considered in relation to the Corporate Risk Register. CMB will continue to be mindful of the accumulation of risk. New risk causes, such as inflation, may impact across several risks and in turn compound the overall risk position for the council in a negative way.

14. Full details of the updates for this quarter can be found in Appendix 3.

Dynamic Risk Review Process

15. Recognising the rapidly changing environment and the increasingly complex interaction between some of the corporate risks, a standard agenda item has been added to CMB to add a further layer to the risk review process.

16. This process allows for more dynamic consideration of the immediate responses required to some of the corporate risks, which will help the Corporate Risk Register to be considered, managed and communicated through the organisation.

17. The consideration of the risks in this way will also inform the regular quarterly reviews that continue to take place in a more timely manner, by flagging changes in risk profile ahead of the regular reviews with risk owners, which will continue to take place.

Risk Management Process and Development

18. The process of developing a new risk management policy for the council continues. The policy draws upon best practice as set out in standards such as the Orange Book, ISO 31000, CIPFA and ALARM (Association of Local Authority Risk Managers).

19. The development of the new policy will ensure the council's risk appetite (the amount of risk that the council is willing to seek or accept in the pursuit of it long term objectives) and tolerance (the boundaries of risk taking outside of which the organisation is not prepared to venture in the pursuit of its long-term objectives) are clearly articulated.

20. The next step of the review process will be for CMB to review the council's risk scoring matrix and definitions to ensure they remain relevant to the organisation and that the appetite and tolerance are set at the correct levels. The appetite will be set against a series of criteria to ensure the subsequent definitions for impact are correctly applied. Once this exercise is completed all identified risks on all levels of risk registers will need to be re-prioritised against the new guidance.

Service Development

21. 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.

22. As part of the role of the team, continuous "horizon scanning" is undertaken to identify issues that may give rise to risk for the council. When matters are identified, these are raised with the relevant Corporate Director/Director for review and consideration of any necessary action. Examples during this quarter include:

- Routinely reviewing the outcomes of partial assurance internal audit reports to raise risk issues with the relevant service risk champion to ensure, if appropriate, they are suitably reflected and captured in the service risk register;

- Circulating information from a risk management perspective on various topics including legislative matters, current articles on fires relating to electric vehicles, information on the SEND inspection framework, risk guidance publications and other risk related issues;

- Sharing training opportunities on areas of risk.

Summary of financial implications

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

Summary of legal implications

There are no direct legal implications from this report.

Summary of human resources implications

There are no direct human resources implications from this report.

Summary of sustainability impact

There are no direct sustainability implications from this report.

Summary of public health implications

There are no direct Public Health implications from this report.

Summary of equality implications

There are no direct equality implications from this report.

Summary of risk assessment

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 11 January 2024.

Appendices

Appendix 1 - Summary of Risk Management Process
Appendix 2 - BCP Council's Risk Matrix and Definitions
Appendix 3 - Full Risk Details Including Summary

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BCP Council - Risk Management

Identify Risks	Evaluate Risks	Treat Risks	Review Risks
Process to be integrated into council business as usual and considered by all business areas **RISK** is the effect of uncertainty on objectives. Risk is usually expressed in terms of causes, potential events, and their consequences. Risk management is the planned approach and should consider the following: • Those which threaten the achievement of our objectives • Those which go against our values • Those relating to the legal and regulatory frameworks we work within • Those relating to our own policy and internal control framework **Consider what could go wrong or what more could we achieve?**	Combination of the impact and likelihood of an event and its consequences (Gross or Inherent risk) **Red** – High Risks, immediate action **Amber** – Medium priority, review current controls **Green** – Low priority, limited action, continue to review	Consider each risk and ask: • Can we reduce the likelihood? • Can we reduce the impact? Risk Responses: • Terminate (stop the activity or remove a risk cause) • Transfer (pass specific loss risk ownership to another party) • Treat (contain the risk at am acceptable level by the application of controls • Tolerate (accept the risk) Consider the risk score after the risk responses have been considered. The revised combination of impact and likelihood and its consequences post current mitigations (Net or Residual risk) Devise contingencies and action plans to reduce the mitigated risks to an acceptable level.	**Risk Registers** • Record all identified risks, risk owners, risk evaluation, risk treatment and risk action plans • Regular monitoring as part of business as usual **Council risk monitoring** • Risk registers reviewed in Directorates quarterly • Challenge process via Risk Team • Regular reporting to CMB **Council's Corporate Risks** • Regular review by CMB • Quarterly review by Risk leads • Quarterly monitoring by Audit and Governance Committee

The matrix under Evaluate Risks:

THREATS

Likelihood	Low (1)	Medium (2)	High (3)	Extreme (4)
Almost Certain (4) >90%	4	8	12	16
Likely (3) 60-90%	3	6	9	12
Could Happen (2) 20-60%	2	4	6	8
Unlikely /Rarely (1) 0-20%	1	2	3	4

Impacts

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Risk Scoring Matrix and

Impact and Likelihood Scoring Definitions

THREATS					
	Almost Certain (4) >90%	4	8	12	16
	Likely (3) 60 – 90%	3	6	9	12
Likelihood	Could Happen (2) 20 – 60%	2	4	6	8
	Unlikely/ Rarely (1) 0 – 20%	1	2	3	4
		Low (1)	Medium (2)	High (3)	Extreme (4)
	Impacts				

Please see below for an explanation of impact and likelihood scoring definitions.

Impact of Risk

Impact Scoring Guidance

Threat (Negative) Impacts Scores		
1	**Low**	a) Potential financial loss of less than £200k b) Minor injury c) Minor legal/regulatory consequence d) Minor impact outside single objective/local system e) Internal adverse publicity, minor reputational damage/ adverse publicity f) Minor service disruption g) Minimal service user complaints
2	**Medium**	a) Potential financial loss of between £200k and £999,999 b) More serious injury c) Significant legal/ regulatory consequence d) Significant impact on objective/s, processes or systems e) Significant localised reputational damage f) Significant service disruption g) Multiple service user complaints
3	**High**	a) Potential financial loss of between £1m and £1,999,999 b) Major disabling injury c) Substantial legal/ regulatory consequence d) Substantial impact on objective/s, processes or systems e) Prolonged adverse local and national media coverage f) Substantial service disruption g) A substantial number of service user complaints
4	**Extreme**	a) Potential financial loss of over £2m b) Fatality and/or multiple injuries c) Major legal/regulatory consequence d) Major impact on corporate level objective/s e) Major/severe reputational damage/ national adverse publicity f) Central government interest/ administration g) Loss of all critical services for a significant period of time

Likelihood of Risk

Likelihood Scoring Guidance

Threat (Negative) Likelihood Score		
1	**Unlikely/ Rare**	a) 0 – 20% chance of occurrence b) 1 in 20 year event c) May occur only in exceptional circumstances d) Has never or very rarely happened before
2	**Could Happen**	a) 20 – 60% chance of occurrence b) 1 in 10 year event c) Is unlikely to occur but could occur at some time/in some circumstances
3	**Likely to Happen**	a) 60 – 90% chance of occurrence b) 1 in 5 year event c) Will probably occur at some time/in most circumstances
4	**Almost Certain**	a) Over 90% chance of occurrence b) Occurs on an annual basis c) Is expected to occur in most circumstances

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Audit and Governance Committee – April 2024

Corporate Risk Register – Risk Table

Risk Ref	Risk Title	Net Risk Score	Risk Status
CR15	**We may fail to have in place suitable talent attraction, retention and succession planning, staff wellbeing and support**	**16**	**Corporate Risk**
CR23	**Potential implications of the Dedicated Schools Grant financial deficit**	**16**	**Corporate Risk - New Risk Q4 2023**
CR02	**We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding**	**12**	**Corporate Risk**
CR04	**We may suffer a loss or disruption to IT Systems and Networks from cyber attack**	**12**	**Corporate Risk**
CR09	**We may fail to maintain a safe and balanced budget for the delivery of services, and managing the MTFP**	**12**	**Corporate Risk**
CR20	**Potential of climate change to outstrip our capability to adapt**	**12**	**Corporate Risk**
CR18	**We may fail to provide adequate customer interfaces**	**9**	**Corporate Risk**
CR19	**We may fail to determine planning applications within statutory timescales, or within agreed extensions of time (EOT)**	**9**	**Corporate Risk**
CR08	**We may fail to run a fair and open election/referendum**	**8**	**Corporate Risk**
CR16	**We may fail to secure partnerships and miss out on funding in the future**	**TBC**	**Corporate Risk - New Risk Q4 2023**
CR21	**Impact of global events causing pressure on BCP Council & increase in service requirements**	**TBC**	**Corporate Risk – currently under review**
CR24	**We may fail to adequately address concerns around community safety and environmental impacts**	**TBC**	**Corporate Risk - New Risk Q4 2023**
CR25	**We may be unable to effectively transform services to achieve efficiencies and improve service standards**	**TBC**	**Corporate Risk - New Risk Q4 2023**
CR01	Failure to respond to the needs arising from a changing demography.	N/A	Risk removed Q4 2022
CR03	Failure to ensure adequate Information Governance – now Key Assurance – Information governance Board Risk	N/A	Risk removed Q2 2020
CR05	Failure to plan effectively for EU Transition	N/A	Risk Removed Q2 2020
CR06	Failure to adequately respond to an incident involving the activation of the emergency plan– now Key Assurance – Resilience Governance Board Risk	N/A	Risk Removed Q2 2020

CR07	Failure to provide adequate services as a result of an incident requiring a business continuity response– now Key Assurance – Resilience Governance Board	N/A	Risk Removed Q2 2020
CR10	Failure to deliver effective health and safety to protect staff, councillors including the public	N/A	Risk removed Q3 2020
CR11	Ability of the council to function and operate efficiently in the delivery of single services across the area of BCP	N/A	Risk removed Q1 2023
CR12	Failure to achieve appropriate outcomes and quality of service for young people	N/A	Risk removed Q4 2023
CR13	Failure to deliver the transformation programme	N/A	Risk removed Q4 2023
CR14	Continuity of Public Health arrangements for health protection	N/A	Risk removed Q3 2023
CR17	Risk to Reputation of Place & Council if summer arrangements are not managed	N/A	Risk Removed Q3 2022
CR22	Failure of local care market to meet increasing demand	N/A	Risk removed Q4 2023

AUDIT AND GOVERNANCE COMMITTEE

April 2024

CORPORATE RISK REGISTER UPDATE Q 4 – 2023/24

1.1 Mitigation actions and significant changes this quarter are detailed below.

1.2 The table below is a key to arrow directions in relation to individual risk scoring.

	RISK DIRECTION OF TRAVEL STATUS
⬆	Risk impact or likelihood has **increased** since last review.
⬇	Risk impact or likelihood has **decreased** since last review.
⬌	There is **no change** to the risk impact or likelihood

Risk CR15 – We may fail to have in place suitable talent attraction, retention and succession planning, staff wellbeing and support

Risk Owner – Sarah Deane, Director of People and Culture

Cabinet Member (BCP Council – Democracy) – Councillor Jeff Hanna, Portfolio Holder for Transformation and Resources

Links to Corporate Objective(s): Modern, Accessible, Accountable Council

Risk Information

A new People Strategy was launched in December 2023 which covers the period from 2024 to 2027. The People Strategy is closely aligned to the corporate vision and ambitions, and the transformation agenda. There are twelve key workstreams in the People Strategy together with a three-year detailed implementation plan. BCP Council needs to have the right staff, at the right time, in the right roles in order to deliver front line and corporate services effectively and efficiently.

Key outcomes:

- Single pay structure & terms and conditions to ensure fair and equal pay
- High performance culture
- Improved workforce planning
- Improved talent attraction and retention
- Improved wellbeing and absence rates
- Improved leadership development
- Full automation of HR systems to support efficiencies and new ways of working

Risk Causes (definite situational facts affecting our objective) (please list):

Single harmonised pay structure & terms and conditions. The delay in implementation of pay & reward will increase the risk of equal pay claims.

The outcome of the Pay & Reward ballot, Unison accepting the offer, GMB rejecting the offer has increased the complexity and risk to the council.

Increase in cost of living, national shortage of skills, and a buoyant employment market means that there are still significant recruitment difficulties in some areas of the council.

Significant organisational downsizing and restructuring will result in savings, but there will be an impact on employees' morale and wellbeing, and reputational damage in the recruitment market.

Lack of funding for the People & Culture Target Operating Model will mean that the delivery of key workstreams will be severely impacted

Risk Impacts (contingent effect on objective) (please list):

There is a significant amount of people related change, which will destabilise the workforce for a period of time. During this time there will be an increased risk around industrial action; grievances; absence levels; higher turnover with resultant increase in recruitment costs; low morale and employee engagement, together with a negative impact on employee's wellbeing and financial situations. This will mean that some service delivery may be affected.

Staff engagement survey shows that people are struggling with high work demands. Reducing headcount will impact further on work demands.

Lack of capacity in People & Culture will reduce the ability to support organisational change programmes, slowing down services ability to restructure to deliver savings and effective services.

There will also be an impact on delivering interventions to improve retention, performance, employee engagement, wellbeing, leadership development and workforce planning.

Risk Categories (for impacts) – please see pages 2-5 of this guidance – choose all that apply in either Service or Corporate Categories whichever fits best:

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		N/A

Mitigations in Place & Completed Actions

- People & Culture are working closely with GMB and Unison to agree a way forward which is acceptable to all parties. Legal advice has been sought, and various options, including dismissal and re-engagement, have been reviewed
- Services working with People & Culture are undertaking risk assessments of retention issues in relation to pay & reward
- Change and wellbeing training sessions have been delivered together with relevant toolkits
- Risk of not implementing the People & Culture Target Operating Model has been identified and escalated
- Restructuring of People & Culture will be required, with clear priorities and expectations of what can be delivered within the resource available
- Governance process developed to support people strategy workstreams to prioritise, escalate risk and manage expectations.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	X

**Net risk Score –** this is the rating of a risk with current mitigations in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	4	16		N/A

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Implementation of Pay and Reward	TBC
Action 2:	People Strategy Implementation Plan	2027
Action 3:		
Action 4:		
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	2	1	2		N/A

Quarter Update

As detailed above, there are several significant and complex people change programmes which will destabilise the workforce for a period of time.

The outcome of the pay and reward ballot, Unison accepting the offer, GMB rejecting the offer, has increased the complexity and risk to the council.

The start of significant headcount reduction and restructuring will result in savings, but there will be an impact on employee morale, motivation and some reputational damage in the recruitment market.

There remains a buoyant employment market, together with national skills shortages which means that there are significant recruitment issues in some service areas, carrying high number of vacancies.

Embedding of new technology continues, with an on-line performance framework being introduced with a refreshed approach to managing performance effectively with a focus on linking objectives to corporate ambitions, and supporting employee wellbeing.

The Executive Leadership development programme has been launched.

Work demands remain a key concern for employees, and this will be impacted by further headcount reduction.

The lack of funding for People & Culture to embed the Target Operating Model will impact on the delivery of the people strategy in key workstreams: talent attraction, retention, workforce planning, employee engagement and wellbeing, and supporting organisational restructuring.

The risk level remains the same despite some of the mitigation already implemented and outlined above, due to the pay & reward union split ballot outcome, together with the lack of resource to embed the Target Operating Model and significant organisational change which will destablise the workforce.

In the next quarter People & Culture will work with services to understand any high risk issues around retention which might be impacted adversely by pay & reward and put in place mitigation plans; use the new people strategy governance process to escalate risk, prioritise and manage expectations; continue to deliver sessions to support employees' wellbeing and support them through change; roll out the next stage in the leadership job family development which is around financial management and efficiencies; and review the structure in People & Culture. People & Culture will continue to work with services to develop recruitment strategies, develop new entry routes into the organisation, embed the apprenticeship programme further and continue to embed the behavioral framework.

Risk CR23 – Potential implications of the Dedicated Schools Grant financial deficit

Risk Owner – Graham Farrant, Chief Executive (Cathi Hadley, Corporate Director for Children's Services and Adam Richens, Director of Finance)

Cabinet Member (BCP Council – Democracy) **–** Councillor Mike Cox, Portfolio Holder for Finance

Links to Corporate Objective(s): Modern, Accessible, Accountable Council

Risk Information

The annual funding gap for the high needs block of the Dedicated Schools Grant (DSG) is £29 million with a deficit management plan developed to eliminate the gap over 15 years. The accumulated deficit forecast for March 2025 is £92 million, rising to £300million by the end of this period.

The statutory override preventing the accumulated deficit from impacting on the financial sustainability of the council ends on 31 March 2026. However, during the financial year 2025/26 the council would need to borrow to finance high needs revenue expenditure which is illegal.

There is also the risk that children's services will not be able to limit expenditure to the levels included in the deficit management plan with the accumulated deficit growing more quickly and the need to borrow sooner.

Disccisions have commenced with the Department for Education (DfE) and the Department for Levelling Up, Housing and Communities (DLUHC) to establish how financial sustainability can be achieved.

Risk Causes (definite situational facts affecting our objective) (please list):

Insufficient grant funding with growing demand and high costs of provision.

Risk Impacts (contingent effect on objective) (please list):

Financial sustainability of the council, including insufficient cash flow to meet normal service expenditure with further risk of illegality from the need to borrow to meet revenue expenditure to maintain appropriate levels of statutory services.

Risk Categories (for impacts) – please see pages 2-5 of this guidance – choose all that apply in either Service or Corporate Categories whichever fits best:
- **Economic –** inability to meet financial commitments.
- **Legal -** breach of regulations that prohibit borrowing for revenue expenditure.
- **Reputation** – lack of confidence in the ability of the council to manage its financial affairs as indicated by the issue of a S114 notice (effective bankruptcy).
- **Resources** – impact on other areas of the council (capital and revenue) as expenditure is limited to preserve cashflow.

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		New

Mitigations in Place & Completed Actions

Dialogue has commenced with both DfE and DULHC as part of on-going discussions through the DfE Safety Valve programme.

Meetings were held with the DfE over the autumn of 2023 in the development of the DSG 15-year deficit management plan.

A new series of meetings commenced on 14 March 2024 to include officers from DLUHC given the severity of the council's financial position and the imperative to find a solution due to the funding gap, inability to reduce high needs expenditure and the low level of general fund reserves all acting to deplete the council's cash balances rapidly.

The meeting on 14 March was an opportunity for senior officers to bring DLUHC up to date on the council's financial position (DSG and general fund).

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	Not possible to eliminate the funding gap through reduced expenditure as there are statutory requirements. Strategy is to secure additional DSG grant.
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	Not possible - the solution must be additional funding.
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	The 15-year plan is considered to be an appropriate approach to balance the statutory requirements of the service and stop the escalation of the funding gap annually.
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	No – it cannot be tolerated and government help is being sought.

Net risk Score – this is the rating of a risk with current mitigations in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	4	16		New

It is too early to establish if the mitigations have impact as no Safety Valve agreement has yet been secured and children's services has not yet provided an action plan linked to the DSG management plan as requested at Council in February 2024 for April 2024 Cabinet.

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Discussions with Government through the Safety Valve process to secure additional funding	On going
Action 2:	Children's services to develop an action plan linked to the DSG management plan to enable the progress of the accumulated deficit to be monitored.	On going
Action 3:	Children's services to improve the data quality of its high needs commitments to enable robust forecasting and monitoring of expenditure to take place.	30 April 2024
Action 4:		
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	2	8		New

Quarter Update

This is a new risk with the quarter's update provided above.

Risk CR02- We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding

Risk Owner – Cathi Hadley, Corporate Director for Children's Services

Cabinet Member (BCP Council – Democracy) **–** Councillor Richard Burton, Portfolio Holder for Children and Young People

Links to Corporate Objective(s): Brighter Futures and Connected Communities

Risk Information

Corporate Context

Safeguarding is the responsibility of all members and corporate officers, and this is reflected in the Corporate Safeguarding Strategy which was agreed by Cabinet in September 2019.

BCP Council had a Special Educational Needs and Disabilities (SEND) inspection in June 2021 which identified significant gaps in services which are being addressed through a SEND Improvement Plan and a Department for Education (DfE) Statutory Notice.

BCP Council had an Ofsted ILACS (inspecting local authority children's services) inspection in Dec 2021 and was rated inadequate. Detailed improvement plans have been put in place since that judgement, and there have been 6 monitoring visits and a DfE review which have confirmed that there is progress being made.

Partnerships

BCP Council must ensure that it is working with all partners in the most effective way to identify, assess and respond to safeguarding issues, and those which cut across children's, adults' and community safety. BCP Council does this through various boards, the Pan Dorset Safeguarding partnership, BCP Children's Safeguarding Board and Community Safety Partnership being two examples.

Communities

Key consideration for the Communities directorate in discharging the range of duties provided across a range of services, community safety and domestic abuse.

Children's Services

There is an increase in demand of services and in the complexity of need in children and young people presenting to Children's Services across Childrens Social Care and Education and Skills. This is placing demand on resources and budgets. For example, there is an increase in the number of children with complex needs placed in residential care which creates additional pressure on the Children's Services budget and providers also increase their costs and there is an increase in Education, Health and Care Assessments.

There is a shortage of Children's Services Social Workers nationally, which means that there is a reliance on agency staff which puts pressure on budgets and can affect the continuity and consistency of service to our children and young people.

Risk Causes (definite situational facts affecting our objective) (please list):
- Lack of collaboration with partners
- Shortage of staff and staff capacity
- Insufficient specialist local and national placements from both in house and external provision which also drives up the cost of placements
- Failure to deliver safe service to children and families as per the findings of the Ofsted ILAC inspection Dec 2021 and the Care Quality Commission/Ofsted SEND Inspection July 2021
- Poor identification and management of risk across the service and partnership

Risk Impacts (contingent effect on objective) (please list):
- Victims, death or serious injury
- Children and Young People being placed further away from networks
- Delays in finding suitable homes

- Poor performance assessment
- Poor staff morale and further retention issues
- Litigation costs and failure to meet legislative requirements
- Adverse media coverage - damaged reputation/public image
- Council wide economic impact with more children being placed Out of Borough (OOB) and additional budget pressure.

Risk Categories (for impacts) – please see pages 2-5 of this guidance – choose all that apply in either Service or Corporate Categories whichever fits best:

Customer, physical, legislative, resource, social, contractual, political, reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		N/A

Mitigations in Place & Completed Actions

Children's Directorate

- Focus on the Children's Services improvement journey and SEND improvement journey to ensure core services are safe for vulnerable children and young people
- The strongest mitigation is to have the capacity to meet the rising demands of need across the services and to have the assurance of the quality of practice through new quality assurance frameworks and governance processes
- Robust governance is in place to ensure that improvement continues at pace in both Children's Social Care and SEND
- There is a Children's Services Improvement Board which is chaired by a Department for Education Advisor and the Board holds services, council and partners accountable for the delivery of improvements as identified in the improvement plan
- There is a SEND Improvement Board which is chaired by a DfE Advisor and the Board holds service, council and partners accountable for the delivery of improvements identified in the improvement plan
- There is an Education Improvement Board in development which is chaired by the Director of Children's Services and the Board holds service, council and partners accountable for the delivery of the improvement plan
- DfE Advisor and Improvement Officer have been assigned by the DfE to oversee and support the improvement of services as identified in the Statutory Notices to Improve by the Secretary of State (Children's Social Care and SEND)
- BCP Children's Services has had 6 Monitoring Visits by Ofsted all reporting improvements in service delivery and the DfE Advisor reports cautious optimism on the improvements in the service
- Education Services are subject to termly Ofsted Monitoring meetings which oversee improvement and hold the service accountable to meet statutory standards
- Sector Led Improvement Partner carry out Assurance Auditing as an independent review to assure the service and DfE of the quality of practice, they report improvements
- A Quality Assurance Framework has been embedded into Children's Social Care practice giving the assurance that improvements are being made. Practice Learning Reviews (audits) now evidence practice consistently at 'requires improvement' with an increasing number of 'good' demonstrated. Governance processes introduced in 2022 continue to review practice and give

increasing assurance that children are safeguarded. Ofsted in their Monitoring visit 6 stated that they considered children to now be safe in BCP
- Scheme of Delegation reviewed and updated for Children's Services
- Monthly budget management meetings between finance and budget holders
- Financial accountability is held at Senior Leadership Team and Building Stronger Foundations Board through reporting by the Finance Manager.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place

| Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	3	12		N/A

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Deliver on the Children's Services Improvement Plan • Raise the quality of practice to improve the experiences and progress of children who need help and protection • Raise the quality of practice to improve the experiences and progress of children in care and care leavers.	April 2025
Action 2:	Deliver on the SEND Improvement Plan (8 areas for improvement)	June 2025
Action 3:	Deliver on the Education Improvement plan	June 2025
Action 4:	Create an environment where BCP children and young people are understood to be everyone's responsibility in BCP and all BCP and partner services own this and take accountability	Dec 2024

Action 5:	Ensure the BCP model of Corporate Support services and systems is fully conducive to the children's improvement journey	Dec 2024	
Action 6:	Sufficient suitable accommodation available for our Care Experienced young people and placement choice of good quality locally for children in care	June 2025	

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	2	8		N/A

Quarter Update

The Council has had 6 Ofsted Monitoring Visits and 2 SEND Monitoring Visits. Progress in both areas has been recognized by Ofsted and the DfE Advisors which is underpinned by positive assurance activity from both the Sector Led Improvement Partners Hampshire (CSC) and Bedford (SEND).

New Improvement plans have been developed and agreed by both Improvement Boards and the DfE to take the improvement journey to its next level in 2024-2025.

Risk CR04 – We may suffer a loss or disruption to IT Systems and Networks from cyber attack

Risk Owner – Katie Lacey, Director IT and Programmes

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Mike Cox, Portfolio Holder for Finance

Links to Corporate Objective(s): Modern, Accessible, Accountable Council

Risk Information

BCP Council relies heavily on digital technology and online capability, including in the delivery of essential and public-facing services.

The COVID-19 pandemic emphasised BCP Council's reliance on digital technologies, both through personal communication and through the council's ability to work remotely in support of the local and national response.

Disruption can come in many forms (some described below), both deliberate through acts of cyber-crime, or accidental through loss of hardware or infrastructure. Both can cause immense disruption to the council by denying staff and public access to key services. Even traditional face to face services can be impacted by a loss of IT systems as many back-office functions rely entirely on the availability of computers and data.

Nationally, the threat of cyber-attacks remains high on the UK.GOV National Risk Register, featuring prominently across the register with the potential for disruption to national infrastructure, finance, telecommunications, transport and social care systems. Cyber is ranked the number 1 surveyed risk by the Business Continuity Institute moving into 2024.

While there are huge opportunities and benefits for the council by continuing to actively leverage technology in support of the transformation agenda, our vulnerabilities become greater as we increasingly rely on cyberspace.

Risk Causes (definite situational facts affecting our objective) (please list):

Some of the highest risk causes include:

Phishing attacks: These attacks use social engineering tactics to trick individuals into revealing sensitive information, clicking on malicious links or trying to defraud the council of money. These often lead to further breaches by allowing the attacker to gain access to the council's systems and data.

Ransomware attacks: These attacks involve encrypting the council's data and demanding payment in exchange for the decryption key.

Insider threats: These threats can come from employees, contractors, or other individuals with access to the council's systems and data.

Supply chain attacks: These attacks target third-party vendors or suppliers to gain access to the council's systems and data.

Risk Impacts (contingent effect on objective) (please list):

A loss or disruption to IT systems, specifically those caused by cyber-attacks, can incapacitate essential networks, for example, by encrypting or destroying data on which vital services depend. Such attacks could cause a variety of real-world harm if services like Social Care, Housing or Place (Highways etc.) are impacted.

Financial loss is the most common impact through both direct loss of funds as well as recovery costs, reputational impacts or Information Commissioner's Office fines.

Public confidence may be affected if the council is not able to adequately protect its IT systems and networks against loss or disruption, whether caused accidentally or intentionally.

Risk Categories (for impacts) – please see pages 2-5 of this guidance – choose all that apply in either Service or Corporate Categories whichever fits best:

Technological, Customer/Citizen, Economic, Reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		↔

Mitigations in Place & Completed Actions

IT and Programmes have in place robust mitigations to assist in the management of this risk.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	No
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	Partial
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	Yes
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	Yes

Net risk Score – this is the rating of a risk with current mitigations in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	3	12		↔

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		Ongoing
List All Significant Actions Below:		
Action 1:	Training and increase user awareness of risks: ITSEC teams continue to deploy monthly cyber awareness training to all staff digitally. There are no plans to cease this training currently and will continue if funding provides. ITSEC are working with individual managers to supply reports on course completion. They may soon consider adopting a more "name and shame" approach at Corporate Management Board to drive up completion if approach through managers is not successful.	Ongoing
Action 2:	Increased cyber detection and response tooling: Annually, IT and Programmes undertake an exercise to bid for capital funding to improve or maintain its IT infrastructure and cyber security posture.	April 2024
Action 3:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	3	12		

Quarter Update

Focus on delivering new Denial of Service (DOS) platform (expected to complete by end of March 2024) – providing protection against associated network-based threats.

Completion rates on bitesize MetaCompliance Security Training scores are rising slowly following concerted effort by ITSEC team with Managers.

March 2024 IT Security Course Completion Rates:

Course	Complete - Users	Complete - Percentage
BCP 2023 - Personal cyber part 2 v1.0	2891	52.92%
BCP2023 - Personal cyber part 1 v1.0	3053	55.87%
BCP2023 - AI v1.0	3318	60.72%
Think first v1.0	3373	61.73%
GDPR Data Protection v1.0	3446	63.07%
BCP 2023 - May Best practices v1.0	3542	64.82%
BCP 2023 - Cyber Attack v1.0	3631	66.45%
BCP 2023 - Scams v1.1	3176	58.13%
BCP 2023 -insider threats2 v1.1	3216	58.86%
BCP 2022: cyber-criminal use the information v1.0	3863	70.7%
BCP 2022: cyber-Security the essentials v1.0	3790	69.36%
2022 - Danger of Public WiFi v1.0	2733	65.09%
BCP 2022 Social Engineering course v1.0	2842	67.68%
BCP 2022 Password Safety course v1.0	2425	57.75%
BCP 2022 Remote Working course v1.0	2521	60.04%
BCP 2022 Physical Security course v1.0	2344	55.82%
BCP 2022 Essential Phishing Awareness course v1.1	2647	63.04%
BCP 2022 Malicious Software course v1.0	2320	55.25%

Risk CR09 – We may fail to maintain a safe and balanced budget for the delivery of services, and managing the MTFP

Risk Owner – Adam Richens, Director of Finance

Cabinet Member (BCP Council – Democracy) **–** Councillor Mike Cox, Portfolio Holder for Finance

Links to Corporate Objective(s): Modern, Accessible, Accountable Council

Risk Information

The council has a legal responsibility to ensure it can balance its budget. As part of this framework, it is not permitted to have negative reserves.

The 2024/25 Budget and Medium-Term Financial Plan (MTFP) covering the period to 31 March 2028 was approved by Council on 20 February 2024. There were three main aspects to this report.

A) 2024/25 Financial Year budget was based on the following:
- 4.99% Council Tax increase (2.99% basic and 2% Social Care Precept) in line with the maximum threshold for upper tier authorities
- £41m of savings, efficiencies, increases to fees and charges, and service reductions of which £13.8 is in relation to transformation
- Provide £7.5m in extra resources to cover demand and inflationary pressures, including any pay changes, in the council's highest priority area, Children's Services
- Provide £15.2m in extra resources to cover demand and inflationary pressures, including any pay changes, to the most vulnerable members of our community via investment in Wellbeing Services be that adult social care or housing services
- Elimination of the £30m structural deficit/funding gap created by using £30m of reserves to balance the 2023/24 budget.

B) 2025-28 Financial Year:
- The medium financial plan up 31 March 2028 as at the February report is balanced in every year. This of course is subject to change and delivery of saving that underpin the future year assumptions
- Items which have aided this are the application of one-off resources from the fundamental review of the business rates collection fund to improve the council's financial health, sustainability and resilience and cover one-off or time-limited issues such as the phasing in of certain saving proposals over a period of more than one-year.

Risk Causes (definite situational facts affecting our objective) (please list):
- Expenditure of the authority is higher than all available sources of income.

Risk Impacts (contingent effect on objective) (please list):
- S151 Officer would be required to issue a formal s114 notice.

Risk Categories (for impacts) – please see pages 2-5 of this guidance – choose all that apply in either Service or Corporate Categories whichever fits best:
- Political, Economic, Customer/Citizen, Reputational

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		↔

Mitigations in Place & Completed Actions

- Quarterly budget monitoring reports to Cabinet
- Monthly budget monitoring information provided to budget holders
- Regular meetings between Cabinet Members and Senior Officers in respect of the financial strategy and the budget position
- New Microsoft Dynamics Enterprise Resources System implemented in April 2023 to improve the provision of financial management information underpinned by the principle of self-service
- Council (February 2024) the implementation of a freeze on all non-essential expenditure from 1 April 2024 and until such time as the Corporate Management Board have provided Cabinet Members with assurance that all the £41m of 2024/25 budget savings have been delivered.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	X
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	3	12		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Public Consultation 2025/26	Dec 2024
Action 2:	Budget Report 2025/26 & MTFP	February 25
Action 3:	Quarter 3 Budget Monitoring Report 2024/25	February 25
Action 4:		
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	2	8		

Quarter Update

The outturn report for 2023/24 will be presented to Cabinet in July 2024 and the Quarter 1 monitoring in September 2024.

Risk CR20 – Potential of climate change to outstrip our capability to adapt

Risk Owner – Isla Reynolds, Director of Communications, Marketing and Policy

Cabinet Member ([BCP Council – Democracy](#)) **–** Councillor Andy Hadley, Portfolio Holder for Climate Mitigation, Environment and Energy

Links to Corporate Objective(s): Sustainable Environment

Risk Information

The International Panel on Climate Change's 5th report has robustly concluded that climate change is unequivocally real and caused by human activity such as the burning of fossil fuels and destruction of habitats releasing greenhouse gases in unprecedented levels and limiting the earth's ability to reabsorb them.

The UK Government has committed to achieving 'net zero' greenhouse gas emissions by 2050, and a challenge of this scale will require transformative change to the UK economy. BCP Council has declared a climate and ecological emergency committing the council and region to decarbonising the economy and society by 2030 and 2045 respectively (the latter having been agreed by Cabinet on 6 March 2024).

There are a number of departments across BCP Council that are central to the response to climate change. However, the all-encompassing nature of achieving net zero means that all council bodies, including departments and arms-length bodies, have a role to play. In order to be more resilient to the threat posed by climate change, in addition to meeting the challenges of achieving net zero, it is vital that all of BCP and its organisations effectively manage climate change risks.

Climate change risks should not be considered in isolation and should be clearly integrated into the strategy of an organisation. It is vital for organisations to recognise that the potential impacts of climate change are not only to do with the physical effects on people and the environment, but also to do with the effects of the transition to a changing climate and the adaptation and mitigation work involved. Similarly, the impacts of climate change should not only be considered as long-term risks.

Risk Causes (definite situational facts affecting our objective) (please list):
Floods, sea level rise and coastal change, changes in temperature and rainfall.

Risk Impacts (contingent effect on objective) (please list):
Floods will have a significant impact on infrastructure, causing damage to buildings and wide-scale disruption to service delivery. sea level rise and coastal change, will pose risks to certain communities and organisations, and changes in temperature and rainfall will place additional pressures on infrastructure. Physical risks can also lead to indirect economic and social impacts through supply chain disruptions, subsequent impacts from infrastructure damage (for example, lack of transport, communication, manufacturing) or market shifts (such as increases in insurance premiums changes in the need for government support, consumer attitudinal and expectation changes).

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Political, Economic, Social, Environmental, Citizen, Reputation, Physical, Resource.

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions

Physical risks mitigations in place:

The most immediate risk to the BCP area comes from Flooding and Coastal Erosion. As a result, most of the Council's adaptation resources have been dedicated to addressing these. The Climate Annual Progress Update to Cabinet on 6 March outlined activity as follows:

The Flooding and Coastal Erosion Risk Management (FCERM) team have been involved in joint authoring of the draft BCP Local Plan policies relating to flood risk, coastal change risk & Sustainable Urban Drainage to support BCP's development agenda for the next 15 years. A Strategic Flood Risk Assessment (SFRA) is also in preparation to support the Local Plan, which includes a new assessment for BCP's open coast to establish the risk from wave action. A new Christchurch Bay and Harbour FCERM Strategy is in preparation for managing flood & coastal erosion risks for the next 100 years in a sustainable way from Hengistbury Head to Hurst Spit, as is a new integrated cliff management strategy for all of the BCP area sea cliffs and chines. The team is also preparing a new beach management plan that will draw together historic information on how beaches between Sandbanks and Hengistbury Head have been managed, to create a single reference for how the beach is managed to ensure it provides its vital coast protection function.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	Treat
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place and flooding and coastal erosion management measures in place as described above.

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	3	12		⬇

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Appointment to new post to begin work on an Adaptation Strategy (will be resolved when Directorate restructuring is completed)	July 2024

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	2	4	8		↔

Quarter Update

On 6 March, Cabinet received the annual Climate Progress Report, updating on emissions reduction that will help to combat future climate change. Since 2019, Council emissions have reduced by 9.9% and area-wide by 8.3%. The report also contained an update on flooding and coastal erosion works to reduce this corporate risk as included above and as follows:

A study will explore how to improve management of the sand dunes at Sandbanks. Capital projects include replacement of Bournemouth's existing 53 timber groynes and construction of a new replacement of Hengistbury Head Long Groyne - a critical shoreline stability structure; and Poole Bridge to Hunger Hill Flood Defence Scheme, designed to avoid £161million damages in the Old Town area of Poole during the lifetime of scheme. Asset management activities include developing new digital coastal and inland FCERM asset management systems, cataloguing all FCERM assets across the BCP area; refurbishment of Hamworthy Eastern Seawall to extend life by 30 years; and repairs required to Kinson Dam to reduce flood risk within the Kinson catchment.

Further emissions reduction action was confirmed, and Cabinet agreed:
- to join the UK100 initiative and adopt the Net Zero by 2045 pledge thereby clearly defining the previous commitment of 'before 2050' for our area-wide target

- the proposal to set interim reduction targets for the Council owned estate, specifically the priority emission sources of Council buildings and energy supply. In addition, we will look to establish targets for energy use in homes and road transport reduction in order to validate that both our corporate and area-wide targets are achievable
- to look at funding proposals, including 'invest to save' and consider a revolving fund for energy improvements in Council-owned buildings and other projects
- the proposal to establish a Carbon Neutral Steering Group, to bring services together and to find solutions to carbon reduction challenges across the corporate estate
- work with external partners to shape and set interim targets towards the area-wide commitment to Net Zero
- Creating interactive dashboards to highlight targets and progress towards the internal and area-wide goals
- to the delivery of carbon literacy training (with or without accreditation) for officers and members, business and community, which will empower decision making to meet carbon neutral targets and initiatives.

Risk CR18 – We may fail to provide adequate customer interfaces

Risk Owner – Matti Raudsepp, Director Customer, Arts and Property

Cabinet Member (BCP Council – Democracy) – Councillor Andy Martin, Portfolio Holder for Customer, Communications and Culture

Links to Corporate Objective(s): Connected Communities and Modern, Accessible and Accountable Council

Risk Information

While full-scale transformation of the council is underway, there is a risk that our current customer service capabilities, capacity, systems and processes fail to provide the level of responsiveness that our communities and residents expect. This risk is specifically focused on the short-term capabilities of the council.

Full baselining and data monitoring of the corporate Customer Contact Centre is now possible with the significant upgrade to the council's legacy telephony arrangements having been undertaken during the Covid pandemic. Data is now available across all telephone contact lines within the corporate Customer Contact Centre, but there remains much less robust data in respect of the lines that continue to be managed within services. This reflects the current fragmented customer contact picture, which the transformation process is designed to simplify through the introduction of new customer contact technology and the consolidation of customer contact staff (as far as practicably possible) into a single council front door.

Risk Causes (definite situational facts affecting our objective) (please list):
- The end to end customer journey is affected by a range of factors, both within the contact centre and also within services. Delays in redesigning any aspect of the journey can impact the customer experience
- The availability of new digital functionality may arise incrementally which means that in the short term the management of customer contact can become more, not less, complicated, potentially impacting the customer experience

Risk Impacts (contingent effect on objective) (please list):
-   Call answering performance that does not meet customer expectations
Customer contact subject to ongoing handoffs to services, which may complicate and extend the process and increases the risk of failure and customer dissatisfaction. Customers in need of important support fail to receive a timely response to address their needs

Risk Categories (for impacts) – please see pages 2-5 of this guidance – choose all that apply in either Service or Corporate Categories whichever fits best:
-   Customer/Citizen
-   Political
-   Technological

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	3	12		↔

Mitigations in Place & Completed Actions

- Temporary funding for 2022/23 ended in March which resulted in a reduction of approximately 20 staff that had been used to improve call response performance. Call response times have fallen back as a consequence.
- Call handling performance data is available to monitor performance on a line-by-line basis, which can support the allocation of available staff resources. The implementation of the council's target operating model along with streamlined technology and processes is anticipated to mitigate the loss of temporary funding, but it is anticipated that there will be pressure on capacity in the interim.
- New BCP website successfully launched, replacing legacy sites, allowing for further development based on a single platform.
- New Contact Centre telephony system successfully implemented in December 2023.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	X
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	3	3	9		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Implementation of improved corporate telephony solution	Dec 2023
Action 2:	Launch of new website - improved platform for digital solutions	Dec 2023
Action 3:	Implementation of selected, high volume, high impact customer journey improvements	April 2024
Action 4:	Service redesign to improve and simplify customer journeys	Ongoing
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	2	1	2		

Quarter Update

The launch of the new BCP website in December 2023 allows for a more efficient approach to the day to day updating of web-based information and development of new or improved digital functionality through the website. Whilst progress will be made incrementally the new website creates a more effective platform from which to move forward, and avoids the high levels of duplication that currently exists from managing legacy websites. New digital functionality (allowing customers to complete more transactions/enquiries online without the need to call the council) will be launched as they become available.

The successful implementation of a new contact centre telephony solution in December 2023 immediately ensures greater resilience for customer telephone contact, and will also offers a wider range of opportunities for customers to make contact with the council in the future eg, social media. These additional channels will be developed over time as resources to support their implementation become available.

Telephone call answering performance remains variable with some lines performing well and others experiencing pressures at busy times. Savings from customer services required to support the council's wider financial position have added additional pressure for 2024/25 but the new developments referred to above (ie, new website and contact centre solution) as well as the results of ongoing service redesign, are expected to begin to support improvement over the course of 2024/25 as they lead to greater digital self-service.

Risk CR19 – We may fail to determine planning applications within statutory timescales, or within agreed extensions of time (EOT)

Risk Owner – Chief Operations Officer

Cabinet Member (BCP Council – Democracy) – Councillor Millie Earl, Portfolio Holder for Connected Communities

Links to Corporate Objective(s): Dynamic Places and Modern, Accessible and Accountable Council

Risk Information

The risks associated with CR19 relate both to the reputation of the council and being put into special measures by the government if performance falls below 60% for major planning applications and 70% for non-major planning applications. The Planning Service is presently performing as follows:

Category	Government Intervention level	2021/2022	2022/2023
Majors	60%	83%	83%
Minors	70%	79%	78%
Others	70%	85%	87%

As can be shown from the above statistics, there is no risk of the council being put into 'special measures' as a result of planning applications performance. The performance since 2021/22 has consistently been at a reasonable level, well above intervention by government when minors and others are combined. It is recognised that the above statistics include use of Extensions of Times (EOT) as per government guidelines. Whilst this is accepted at government level and can be a pragmatic way of engaging with customers to resolve issues, the council wants to ensure the Planning Service performance moves to making decisions within the statutory timeframes, especially for non-majors

The weekly Planning Performance Strategic Co-ordinating Group (SCG) and Tactical Coordinating Group (TCG) monitor performance and identify any trends in downward performance, putting interventions in place.

Risk Causes (definite situational facts affecting our objective) (please list):
Workloads

Risk Impacts (contingent effect on objective) (please list):

Risk Categories (for impacts) – please see pages 2-5 of this guidance – choose all that apply in either Service or Corporate Categories whichever fits best:
Customer/Citizen
Political
Reputational

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	3	4	12		↔

Mitigations in Place & Completed Actions

- A Planning Improvement Board continues to monitor performance and to ensure mitigations are on track.
- A weekly Emergency Planning approach has been introduced in summer 2023 to monitor and manage the planning caseload backlog. This approach has begun to have a positive impact on the older cases being dealt with.
- A temporary senior officer has been appointed to assume responsibility for managing this backlog of older cases. These cases are being systematically reviewed with significant reductions in the oldest with 25 of the oldest determined since the performance management regime was started at the end of May.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	x
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	3	3	9		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

	Due Date/s:
Overall Target Score Expected Completion Date:	
List All Significant Actions Below:	
Action 1:	
Action 2:	
Action 3:	
Action 4:	
Action 5:	
Action 6:	

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	3	2	6		

Quarter Update

BCP Council performance, with EOTs, has consistently been above government intervention levels, apart from Minor applications which are close to the 70% target.

Risk CR08 – We may fail to run a fair and open election/referendum

Risk Owner – Graham Farrant, Chief Executive

Cabinet Member (BCP Council – Democracy) – Councillor Jeff Hanna, Portfolio Holder for Transformation and Resources

Links to Corporate Objective(s): Connected Communities, Brighter Futures & Modern, Accessible and Accountable Council

Risk Information

The Council has a legal responsibility to ensure the running of elections and appoint the Returning Officer.

There is an inability to change the date of the elections, so the Council/Returning Officer needs to ensure there is adequate resource to run the elections as required by law.

The running of elections involves a large workforce and the booking of many non-Council run buildings along with multiple halls at the Bournemouth International Centre (BIC). Due to the scale of this undertaking, there are inherent risks in the failure to deliver in each of these areas.

The management of this risk is closely controlled but that could be undermined by the government announcing a snap general election or referendum at any time. This would have major implications, increasing turnout and reducing the availability of key electoral staff.

Risk Categories (for impacts) – please see pages 2-5 of this guidance – choose all that apply in either Service or Corporate Categories whichever fits best:

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		New

Mitigations in Place & Completed Actions

- Planning and delivery are reviewed monthly by the Chief Executive along with several key officers of the council.

- We have a "One team council approach to running elections", engaging with other key council departments, to ensure appropriate resource can be provided to run the election.

- Ensuring project plan, finances, staff resource and buildings are all completed/available, allocating lead officers to each key area of the election to ensure the requirements/deadlines are met.

- Communication Plan for the running of the elections, including changes due as a result of the Elections Act 2022 and the requirement for all voters to bring ID to be able to vote.

- Continued close liaison with the Electoral Commission and regional partners.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	Yes
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

**Net risk Score –** this is the rating of a risk with current mitigations in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	2	8		New

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		04/05/2024
List All Significant Actions Below:		
Action 1:	Book all polling stations and count venues – complete	31/01/2024
Action 2:	Publish Notices and accept nominations	25/04/2024
Action 3:	Arrange logistics of equipment delivery and ballot box despatch	30/04/2024
Action 4:	Identify and appoint polling, postal vote, verification & count staff	01/05/2024
Action 5:	Issue and open postal votes	02/05/2024
Action 6:	Verify & Count ballots and announce result	04/05/2024

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	1	4		New

Quarter Update

We have had verbal confirmation that the Police and Crime Commissioner elections will not be combined with a Parliamentary election on the 2 May 2024, which reduces the risk of complications as a result of the combination of these two electoral events and now we can plan for the known instead of building contingencies for unknown aspects of a combined election.

AUDIT AND GOVERNANCE COMMITTEE

Report subject	**Internal Audit - Audit Charter & Audit Plan 2024/25**
Meeting date	11 April 2024
Status	Public Report
Executive summary	This report sets out the Internal Audit Charter and the Audit Plan for 2024/25. Approval of these documents by the Audit & Governance Committee is a requirement of the Public Sector Internal Audit Standards (PSIAS).

Some minor amendments have been made to the Internal Audit Charter which includes an updated Data Analytics Strategy.

The final Internal Audit Plan for 2024/25 has been produced which includes some minor amendments from the version provided to the Audit & Governance Committee in January 2024. Completion of the plan will enable the Head of Audit & Management Assurance to provide an annual opinion on the adequacy and effectiveness of the Council's control environment.

The allocated budget resource for 2024/25 is considered adequate to deliver the Internal Audit Charter and Audit Plan for 2024/25. |
| **Recommendations** | **It is RECOMMENDED that Audit & Governance Committee:**

- **approve the Internal Audit Charter and agree that the Chair signs the document to record this approval (this may be a virtual sign off using email)**
- **approve the Internal Audit Plan 2024/25 including the detailed breakdown of quarter 1 audits**
- **note the 2024/25 budget for the Internal Audit service which was approved by Council as part of the 2024/25 Council Budget setting and Medium Term Financial Plan update in February 2024** |
Reason for recommendations	To comply with Public Sector Internal Audit Standards
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
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. The Public Sector Internal Audit Standards (PSIAS) provide a consistent framework for Internal Audit Services operating across the public sector. The Public Sector Internal Audit Standards require Internal Audit to:

    a. periodically review its Charter;
    b. produce a risk based Audit Plan; and to
    c. obtain approval for the Internal Audit service budget.

2. To comply with the PSIAS, the Audit & Governance Committee should approve the Internal Audit Charter and Audit Plan annually (in this case for 2024-25), and also note the Internal Audit service budget (as previously approved by Council).

Internal Audit Charter 2024/25

3. The Internal Audit Charter (Appendix A) describes the purpose, authority, responsibilities and scope of the Council's Internal Audit Section.

4. An annual review has been undertaken of the Charter as required by the PSIAS.

5. The following minor amendments have been made to the Charter:

    - The Health & Safety function has been added as area that is managed by the CIA (paragraph 11.4).

    - The Service Strategy (section 14) has been updated including actions taken to improve the service during the past year and planned actions for next year.

    - For Medium Priority recommendations, where a revised target date has been agreed, these will be followed-up by Internal Audit as the recommendation revised target date falls due.

    - A statement that all audit reports are sent to the relevant Corporate Director (and member of the Corporate Management Board) has been added (paragraph 18.9).

    - The Equality Impact Assessment conversation screening tool (Annexe 4) was reviewed and refreshed (no changes required).

    - The Internal Audit Data Analytics Strategy (Annexe 6) has been updated on actions completed and actions planned for 2024/25.

6. The Audit & Governance Committee are asked to approve the amended Charter, including the updated Internal Audit Data Analytics Strategy.

Internal Audit Plan 2024/25

7. The Internal Audit Planning Consultation 2024/25 (high level allocation of resource and delivery approach) was presented to the Audit & Governance Committee on the 11 January 2024 for comments and feedback. There have been some minor amendments to the draft 2024/25 Internal Audit Plan which are highlighted below:

AUDIT ACTIVITY	2024/25 PLAN DAYS (Reported to Jan A&G)	2024/25 PLAN DAYS (Updated)	Difference (Days)	Difference (Reason)
CORE AUDIT & ASSURANCE WORK				
HIGH LEVEL RISKS	**700**	**740**	**+40**	Less time required due to cyclical nature of reviewing Key Financial Systems. Time reallocated to High Risk audit areas
KEY FINANCIAL SYSTEMS	**200**	**160**	**-40**	
KEY ASSURANCE FUNCTIONS	**195**	**195**		
COUNTER FRAUD RISKS	**160**	**160**		
SCHOOLS	**60**	**50**	**-10**	School transferred to an Academy
PLANNING, ADVICE, FOLLOW UP	**270**	**270**		
TOTAL	**1,585**	**1,575**	**-10**	
OTHER AUDIT WORK				
INVESTIGATIONS	**100**	**100**		
CONTINGENCY WORK	**20**	**20**		
GRANT CERTIFICATION WORK	**45**	**45**		
FINANCIAL REGULATIONS COMPLIANCE	**20**	**20**		
BCP TRANSFORMATION & EFFICIENCY	**35**	**35**		
TOTAL	**220**	**220**	**-**	
CORPORATE ASSURANCE WORK				
CORPORATE FRAUD	**260**	**260**		
FREE EARLY EDUCATION FUNDING AUDITS	**25**	**50**	**+25**	Amended estimated days required for this activity following consultation with the service
OTHER CORPORATE ASSURANCE WORK	**30**	**30**		
TOTAL	**315**	**340**	**+25**	
GOVERNANCE WORK				
CORPORATE MANAGEMENT & LIAISON	**70**	**70**		
MEMBER LIAISON	**65**	**65**		
AGS (Annual Governance Statement)	**75**	**75**		
TOTAL	**210**	**210**	**-**	
IA SERVICE MANAGEMENT WORK				
MANAGEMENT & MEETINGS	**285**	**285**		
AUDIT DEVELOPMENT	**80**	**80**		
PERFORMANCE MANAGEMENT	**45**	**45**		
TOTAL	**410**	**410**	**-**	
NON-PRODUCTIVE TIME				
LEAVE	**535**	**535**		
SICK\DOWNTIME	**55**	**55**		
TRAINING & CPD	**335**	**320**	**-15**	Slightly less internal training required for Audit Apprentices
TOTAL	**925**	**910**	**-15**	
TOTAL DAYS	**3,665**	**3,665**	**-**	

8. The 'Core Audit & Assurance Work' (1,575 days) is detailed further at Appendix B and shows all planned work across each individual Service Area. A further breakdown of the audits that are planned to be carried out in quarter 1 of 2024/25 is shown at Appendix C.

9. Time planned to be spent on Key Financial Systems (160 days) has been temporarily reduced from the previous year (200 days) due to the assessed risk and cyclical nature of key financial system audits (full or annual key control reviews). All Key Financial Systems will still be reviewed during 2024/25.

10. Internal Audit have also produced an Anti-Fraud & Corruption Work Plan (see Appendix D) which details planned work to prevent, detect and investigate fraud and corruption during 2024/25.

11. Consultation is being finalised with Corporate and Service Directors and External Audit on the Audit Plan.

12. The proposed work in the 2024/25 Audit Plan has been designed to enable the Head of Audit & Management Assurance to provide an annual opinion on the adequacy and effectiveness of the Council's control environment. The Audit Plan has been designed to be very flexible to take account of BCP services change which may occur across the organisation.

13. Monitoring of the Audit Plan completion and any changes will be brought to this committee on a quarterly basis. Audit & Governance Committee are asked to agree the proposed 2024/25 Audit Plan.

Options Appraisal

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

Summary of financial implications

15. The BCP Internal Audit Team budgeted cost for 2024/25 is £752,000. This budget is inclusive of all direct costs including supplies and 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.

16. The allocated budget resource for 2024/25 is considered adequate to deliver the Internal Audit Charter 2024 and 2024/25 Audit Plan. Audit & Governance Committee are asked to note the budget for the Internal Audit service which has been previously approved by Council as part of the 2024/25 Budget setting and Medium Term Financial Plan update in February 2024.

Summary of legal implications

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

Summary of human resources implications

18. There are 14.35 full-time equivalent (FTE) Internal Audit staff members planned to be employed as part of the 2024/25 Audit Plan inclusive of the Head of Audit & Management Assurance. It is the opinion of the Chief Internal Auditor that these resources are sufficient to provide Audit & Governance Committee and the Council's Corporate Management Board with the assurances required.

19. This represents an increase of 1 FTE from 2023/24 resulting from a minor restructure of the team and the appointment of three audit apprentices in place of two auditors.

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 – Internal Audit Charter 2024/25

Appendix B – Core Audit Plan 2024/25

Appendix C – Audits Planned for Quarter 1

Appendix D – Anti-Fraud & Corruption Work Plan 2024/25

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Audit Charter 2024/25

Live from 1 April 2024

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

Internal Audit

Author: Simon Milne & Ruth Hodges, Deputy Chief Internal Auditors
Version: V2024
Review Date: March 2025

1.   Purpose Statement

1.1   The Public Sector Internal Audit Standards (PSIAS) provide a consistent framework for Internal Audit Services operating across the public sector. The PSIAS require Internal Audit to periodically review its Charter

1.2   The Internal Audit Charter describes the purpose, authority, responsibilities and scope of the Council's Internal Audit Section.

2.   Who the Charter applies to

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

3.   This Charter replaces

3.1   This Charter replaces the Audit Charter 2023/2024.

4.   Approval process

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

5.   The Charter

5.1   The Public Sector Internal Audit Standards (PSIAS) require all internal audit activities to implement and retain an 'Internal Audit Charter'.

5.2   The PSIAS are supplemented with a Local Government Application Note (LGAN) produced by the Chartered Institute of Public Finance & Accountancy (CIPFA) in collaboration with the Chartered Institute of Internal Auditors (CIIA). The LGAN provides sector-specific requirements for local government organisations within the UK Public Sector.

5.3   The PSIAS encompass the mandatory elements of the CIIA's International Professional Practices Framework (IPPF) as follows:
- Definition of Internal Auditing,
- Code of Ethics, and
- International Standards for the Professional Practice of Internal Auditing (including interpretations and glossary).

5.4   The headings of each section of this Charter refer to specific sections and standards of the PSIAS for reference purposes and also takes into account the PSIAS core principles:
- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

For an internal audit function to be considered effective, all core principles should be present and operating effectively.

6. Definition (Standard 1010)

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

7. Purpose (Standard 1000)

Internal Audit Charter

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

Internal Audit Purpose

7.2 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems and governance arrangements. Internal Audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

7.3 The Council's Internal Audit Service should contribute to the strengthening of the control environment and therefore contribute to the achievement of the organisation's objectives.

7.4 This is achieved through Internal Audit providing a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

Scope & Objectives of Internal Audit

7.5 The Internal Audit Service structurally sits within the Audit & Management Assurance Team within Finance.

7.6 The scope and objectives of the Internal Audit Service is to:

- Appraise and report on the adequacy of internal controls across the whole organisation as a contribution to the proper, economic, efficient and effective use of resources. This includes:
    i. the completeness, reliability and integrity of information, both financial and operational,
    ii. the systems established to ensure compliance with policies, plans, procedures, laws and regulations,
    iii. the extent to which assets and interests are accounted for and safeguarded from loss,
    iv. the economy, efficiency and effectiveness with which resources are employed, and
    v. whether operations are being carried out as planned and objectives and goals are being met.
- Promote good governance arrangements and monitor progress made against governance actions.
- Support the risk management process within the Council.
- Advise on internal controls, risks or governance arrangements.
- Support where necessary on relevant corporate / service projects or reviews.

- Add value through advice, facilitation and training (subject to there being no impact on core assurance work, the maintenance of independence and the availability of skills and resources).
- Be proactive in countering fraud and corruption.
- Provide a corporate fraud investigation service.
- Support the work of the Audit and Governance Committee.
- Provide assurance over the financial operation of the Council's maintained schools.
- Provide assurance on government funds allocated to nurseries, pre-schools and childminders.
- Provide an Internal Audit service for partnerships as directed by the Council.
- Provide grant certification work as directed by the Council and/or external bodies.

7.7   The detailed work of Internal Audit is set out within the risk based Internal Audit Plan which is designed to support the Chief Internal Auditor's Annual Internal Audit Opinion and Council's Annual Governance Statement (AGS).

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

8.   Authority (Standards 1000, 1010)

Accounts and Audit (Amendment) Regulations 2021

8.1   Regulation 5 of the Accounts and Audit (Amendment) Regulations 2021 requires the Council to *"undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and taking into account public sector internal auditing standards or guidance."* The Regulations also add that authorities are to *"make available such documents and records and supply such information and explanations as are considered necessary by those conducting the internal audit".*

Local Government Act 1972

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

Financial Regulations

8.3   Part E (Internal Control, Audit and Risk Management) of the Council's Financial Regulations support the authority given by Accounts and Audit (Amendment) Regulations 2021 and the Local Government Act 1972.

8.4   Part B Section 12 of the Financial Regulations states that "*The CIA has rights of access to information and data held by officers or councillors of the Council at all reasonable times and is responsible for the overall co-ordination and deployment of external and internal audit resources at the Council. He/she also has the right to report on any relevant matter of concern to senior management and councillors of the Council outside normal line management arrangements should he/she deem this necessary in protecting the interests of the Council and/or local taxpayers."*

8.5   For clarity, the above authority may extend to partner organisations if required.

9. Responsibilities (Standard 1000)

Chief Internal Auditor (CIA)

9.1 The CIA is defined by PSIAS as the role of a person in a senior position responsible for effectively managing the Internal Audit Service in accordance with the Internal Audit Charter and the mandatory elements of PSIAS.

9.2 The CIA is designated by the Chief Finance Officer (CFO) as part of his/her Service Scheme of Delegation of the Council's Constitution and plays a key role in providing assurance to Councillors, the CFO, the Head of Paid Service (HPS) and the Statutory Officers Group about the probity, practical deployment and effectiveness of financial management of the Council.

The CIA is responsible for:

- Managing the Internal Audit Service and determining the scope and methods of audit activity.

- Ensuring that Internal Audit staff operate within current auditing and ethical standards of the professional bodies of which Internal Audit are members.

- Ensuring Internal Audit staff have an impartial, unbiased attitude and avoid conflicts of interest.

- Preparing an Internal Audit Charter and annual Internal Audit Plan in consultation with the Audit and Governance Committee for approval.

- Ensuring that the Internal Audit Service is appropriately resourced in terms of numbers, grades, qualification levels and experience to meet its objectives.

- Ensuring a system of audit work supervision is in place.

- Ensuring effective liaison between Internal and External Audit functions.

- Providing an annual opinion on the overall adequacy and effectiveness of the Council's control environment for Councillors' consideration.

- Notifying External Audit of any matter that they would rightly expect to be informed of in order to support the function of an effective and robust external audit service.

- Determining the nature of any investigation work required in respect of any allegation of wrongdoing, and/or any other action required.

- Requiring any Councillor or staff of the Council to provide any information or explanation needed in the course of an investigation subject to the lawful limits set out in relevant legislation.

- Referring investigations to the Police in consultation with the CFO and Monitoring Officer (MO); under normal circumstances the relevant service manager would also be consulted.

- Referring cases directly to the Police, in consultation with the CFO and MO, if it is believed an internal enquiry would compromise the integrity of the investigation and /or otherwise prejudice the interests of the Council or the general public.

Audit and Governance Committee

9.3 For the purpose of the PSIAS, the Council's Audit and Governance Committee will act as the 'Board' defined by the standards. Audit and Governance Committee provides independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of BCP Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

9.4   The Audit and Governance Committee are responsible for the following (please see the Audit and Governance Committee Terms of Reference for a full list of responsibilities):

- To approve the Internal Audit Charter.
- To approve the risk-based Internal Audit Plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk-based Internal Audit Plan and resource requirements.
- To consider reports from the Head of Internal Audit on Internal Audit's performance during the year, including the performance of external providers of internal audit services. These will include:
  a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
  b) regular reports on the results of the Quality Assurance Improvement Programme (QAIP)
  c) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the Head of Internal Audit's annual report, with specific reference to:
  a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
  b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.
- To consider summaries of specific internal audit reports as scheduled in the forward plan for the Committee or otherwise requested by Councillors.
- To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every 5 years.
- To commission work from the Internal Audit Service with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee.
- To consider the arrangements for corporate governance including reviews of the Local Code of Corporate Governance and review and approval of the Annual Governance Statement (AGS).
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider arrangements for counter-fraud and corruption, including 'whistle-blowing' including approval of the Anti-Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy.
- To liaise with the national body (currently Public Sector Audit Appointments (Ltd)) (PSAA) over the appointment of the Council's External Auditors.
- To support the independence of External Audit through consideration of the External Auditor's annual assessment of its independence and review of any issues raised by PSAA.
- To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.

Chief Finance Officer, Section 151 Officer (CFO)

9.5   The CFO (S151) will be responsible for:

- Advising on effective systems of internal control to ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with statutes, regulations, and other relevant statements of best practice.

- Conducting an annual review of the effectiveness of the system of internal control and publishing the results of this within the AGS for inclusion in the Council's Annual Statement of Accounts.

- Maintaining an adequate and effective Internal Audit Service in accordance with the Accounts and Audit (Amendment) Regulations Act 2021 and further to Section 151 of the Local Government Act 1972.

- Ensuring that the rights and powers of Internal and External Auditors and fraud investigators are upheld at all times across the organisation.

- Ensuring that the statutory requirements for External Audit are complied with and that the External Auditor is able to effectively scrutinise the Council's records.

- Ensuring that audit plans and resulting activities are reported to the Audit and Governance Committee.

- Developing, maintaining and implementing an Anti-Fraud and Corruption Policy (and in conjunction with Human Resources a Whistleblowing Policy) that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity.

- Advising on the controls required for fraud prevention and detection.

- Appointing a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made.

- Ensuring that effective preventative measures are in place to reduce the opportunity for bribery occurring in accordance with statutory requirements of the Bribery Act.

- Preparing the Council's Risk Management Strategy and its promotion throughout the Council and for advising on the management of strategic, financial and operational risks.

Senior Management

9.6   For the purpose of the PSIAS, senior management is defined as the strategic leadership teams. In BCP Council this is the Corporate Management Board (CMB) and Directors Strategy Group (DSG).

Managers and employees

9.7   Managers and employees are responsible for:

- Implementing effective systems of internal control including adequate separation of duties, clear authorisation levels, and appropriate arrangements for supervision and performance monitoring.

- Maintaining sound systems of internal control and implementing agreed Internal and External Audit recommendations within agreed timescales.

- Taking corrective action in respect of any non-compliance by staff with relevant rules, regulations, procedures and codes of conduct.

- Planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their objectives, standards and targets.

- Ensuring that auditors (Internal and External) have access to all documents and records for the purposes of the audit and are afforded all facilities, co-operation and explanation deemed necessary.

- Cooperating in the production of annual audit plans by highlighting any areas of risk that may benefit from audit review.

- Ensuring the proper security and safe custody of all assets under their control.
- Reporting cases of suspected cases of fraud or irregularity to the CIA immediately for investigation and complying with the Council's Whistleblowing Policy.
- Complying with the Council's Anti-Fraud and Corruption Policy.
- Ensuring that there are sound systems of internal control within their respective service areas for fraud prevention and detection.
- Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.
- Maintaining local staff registers of interests, gifts and hospitality within their service areas.

10.   Reporting Lines (Standard 1000)

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

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

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

Code of Ethics

11.1   All Internal Auditors will conform to the CIIA's Code of Ethics. Where members of the Internal Audit Service have attained membership with other professional bodies such as the Institute of Chartered Accountants in England and Wales (ICAEW) or CIPFA, those officers must also comply with their relevant bodies' ethical requirements. In addition to this, all Internal Auditors will have regard to the "Seven Principles of Public Life", known as the Nolan Principles. (www.public-standards.gov.uk)

11.2   Each member of the Service will receive a copy of the Code of Ethics and sign up to an annual declaration to confirm that they will work in compliance with the Code of Ethics as well as the Council's standards and policies such as the Council's Codes of Conduct. Where potential areas of conflict may arise during the year, the Auditor will also be required to disclose this. It is critical that all Auditors maintain high standards of integrity, independence, objectivity, confidentiality and competence.

11.3   Where an Internal Auditor's conduct does not comply with these standards or codes, disciplinary action may be taken, either by the Council or by the individual's professional body.

Independence and Objectivity (1100)

11.4   Other functions such as Health & Safety, Emergency Planning, Business Resilience, Risk Management and Insurance operate within the Audit & Management Assurance Section and are managed by the CIA. This presents an inherent conflict of interest risk for the CIA for the audit of those areas. Therefore, Internal Audit engagements of these areas will be overseen by the Deputy Chief Internal Auditor (DCIA).

11.5   The CIA (and DCIA when overseeing the areas outlined in 11.4) has direct access and freedom to report in his/her name and without fear or favour to all officers, Senior

Management and Councillors (including the Chair of the Audit and Governance Committee) and particularly to those charged with governance.

11.6 Internal Auditors must remain independent; therefore, Auditors will be independent of the activities audited to enable staff to perform their duties in a way that allows them to make impartial, objective and effective professional judgements and recommendations. As such, Audit staff will not ordinarily have any operational responsibilities or involvement in system design unless approved by the CIA. Further to this, audit staff will not assess specific operations for which they have had any responsibility within the previous year.

11.7 The CIA will report annually to the CFO (S151) and the Audit and Governance Committee that independence and objectivity has been maintained. If this is not the case, disclosure will be made, this for example may be as a result of resource limitations, conflicts of interest or restricted access to records.

12. Proficiency & Due Professional Care (Standard 1200)

Proficiency (1210)

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

12.2 Auditors maintain a record of their continual professional development in line with their professional body.

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

Due professional care (1220)

12.4 Internal Auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the engagement's objectives.
- Relative complexity, materiality or significance of matters under review.
- Adequacy and effectiveness of governance, risk management and control processes.
- Probability of significant errors, fraud, or non-compliance.
- Cost of assurance in relation to potential benefits.

13. Quality Assurance & Improvement Programme (Standard 1300)

13.1 To enable the CIA to assess the Internal Audit Service's conformance to the PSIAS and to aid in the annual assessment of Internal Audit's efficiency and effectiveness and identify opportunities for improvement, a QAIP is in place (see Annexe 5). The QAIP includes both internal and external assessments.

13.2 Assessment against the QAIP will form part of the annual assessment of the effectiveness of internal audit (contained within the Annual Auditors Report) which is published to the CFO (S151) and the Audit and Governance Committee.

13.3 Where there are instances of non-conformances to the PSIAS this is reported to the CFO (S151) and Audit and Governance Committee. Any significant deviations will be detailed within the AGS.

Internal Assessments (1311)

13.4   Annual self-assessments will be carried out on the Internal Audit Service to confirm that it adheres to the PSIAS. The Local Government Application Note will be used to assist the self-assessment. The self-assessment will be included in the Annual Internal Audit Report and will be annually reported to the Audit and Governance Committee.

13.5   All Auditors have access to an up to date audit manual (audit process document), the Internal Audit Charter, Council policies, the PSIAS and LGAN as well as other references. In addition, the CIA shares journals, publications and other relevant articles. Where staff are members of bodies such as the CIIA further guidance is available.

13.6   Targets and performance indicators are set for individual auditors as well as for the team. These are agreed with the CFO (S151) and the Audit and Governance Committee.

13.7   In addition to the QAIP, progress made against the annual Audit Plan and any emerging issues (i.e. fraud risks or governance issues) is reported regularly to the CFO (S151) and the Audit and Governance Committee.

13.8   Ongoing assessment of staff is carried out through regular one to one meetings, stakeholder feedback from post audit questionnaires and formally in the annual performance conversation process.

External Assessments (1312)

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

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

14.   Managing the Internal Audit Activity (Standard 2000)

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

Planning (2010)

14.2   The CIA develops an annual risk based Internal Audit Plan, which can be updated to reflect changing risks and priorities of the organisation, to enable the production of the annual internal audit opinion.

14.3   The plan will consider:

- The need for specialist auditor skills, where they are not available already.
- Contingency time for ad hoc reviews or fraud investigations.
- Sufficient time for audit management including audit planning, development of the annual opinion and attendance at meetings and maintenance of audit policies and procedures (Standard 2040).
- Staff training and development needs.
- Liaison time with other assurance providers to share information (standard 2050), such as the External Auditor.
- Assurances provided by other bodies (as detailed in the Council's Assurance Framework).

14.4   The CIA reports the risk based Internal Audit Plan and resource requirements to the CFO (S151) and the Audit and Governance Committee annually for review and approval.

Resource Management (2030)

14.5   For the Internal Audit Service to fulfil its responsibilities, it must be appropriately staffed in terms of numbers, professional qualifications, skills and experience. Resources must be effectively deployed to achieve the approved risk-based plan. The mix of available knowledge, skills and other competencies will be considered once the risk-based plan is drafted to ensure they are sufficient to deliver the plan.

14.6   It is the responsibility of the CIA to report to the CFO (S151) and the Audit and Governance Committee on any resource concerns that may impact upon the delivery of the annual audit opinion.

14.7   If necessary, the CIA will engage additional (specialist) resources.

14.8   Employment of staff will be in compliance with the Council's Human Resources policies. External resources will be procured in line with the Council's Financial Regulations.

Policies & Procedures (2040)

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

Strategy for an Insightful, Proactive, and Future-focused Service

14.10   As part of the management of the Internal Audit Service, the CIA will ensure continual development of the function to improve quality, performance and efficiency. Additionally, the Service will take opportunities to embrace new technology and ways of working, and ensure it is well positioned to respond to internal and external challenges.

14.11   During 2023/24, improvements included:
- Implementation of a new in-house Internal Audit Management system which has produced ongoing system support and maintenance savings.
- Implementation of actions and progression on the Data Analytics Strategy.
- Recruitment of three internal audit apprentices to address the difficulties in recruiting professionally qualified and experienced Internal Auditors.

14.12   Looking ahead to 2024/25, this will include:
- Further development of the new Internal Audit Management system to assist with audit planning processes.
- Further progress implementation of actions on the Data Analytics Strategy.
- Ensure robust training and support is in place for the development of the new Internal Audit Apprentices.
- Ensure planned changes to the professional internal audit standards are reflected in BCP Internal Audit processes.
- Consideration of how the use of artificial intelligence can help improve the efficiency and effectiveness of the Internal Audit service.

15.   Nature of the Work (Standard 2100)

Governance (2110)

15.1   Internal Audit will assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:
- Promoting appropriate ethics and values within the organisation.
- Ensuring effective organisational performance management, accountability and improvements to strategic and operational processes to meet the Council's objectives.

- Communicating risk and control information to appropriate areas of the organisation.
- Coordinating the activities of and communicating information among the Audit and Governance Committee, External and Internal Audit and management.

Risk Management (2120)

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

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

Internal Control (2130)

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

15.5 Internal Audit evaluates the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:
- Achievement of the organisation's strategic objectives.
- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programmes.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures and contracts.

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

16. Engagement Planning (Standard 2200)

Planning Considerations & Engagement Objectives (2201 & 2210)

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

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

Engagement Scope & Engagement Resource Allocation (2220 & 2230)

16.3   The scope prepared in the terms of reference will consider the relevant systems, records, personnel and premises.

16.4   The scope of any engagements will be sufficient to address the objectives. However, if there are any reservations regarding the scope during an engagement, these will be raised with the client and the CIA (or delegated officer) to determine if the scope needs to be amended.

16.5   Engagements will be allocated and carried out by Internal Auditors with the right mix of knowledge and skills to effectively complete the engagement. Auditors will be given sufficient resources to undertake the engagement.

Engagement Work Programme (2240)

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

Data Analytics

16.7   The use of Data Analytics will be considered for all appropriate audit engagements in line with the Internal Audit Data Analytics Strategy (Annexe 6).

17.   Performing the Engagement (Standard 2300)

17.1   Auditors are required to identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives. This evidence supports their conclusions, professional judgements and recommendations and therefore must be factual and accurate. This data is held in compliance with the Council's retention policies.

17.2   Access to the engagement records will be controlled. The Information Governance Team will be consulted on the release of all records to external parties.

17.3   Each audit engagement will be overseen by the relevant Audit Manager.

18.   Communicating Results (Standard 2400)

Criteria for Communication (2410)

18.1   The results of all engagements are reported, including the objective, scope, all material facts, conclusions, recommendations, action plans, and any limitations and where appropriate contain the Internal Auditor's opinion. Reports will be issued in a timely manner, in accordance with the Terms of Reference, subsequent to the completion of the work programme. Any significant variance in the timeframe for the report being issued will be agreed by the CIA or DCIA.

18.2   Where results of engagements are released to external parties, a description of the limitations on distribution and use of the results will be included.

18.3   The CIA has the overall responsibility for reviewing and approving the final engagement communication. However, Audit Managers are delegated this duty in most instances. Final Reports will be communicated to the correct officers/Councillors to ensure that the results are given due consideration.

18.4   Final engagement communication may be in the form of an email where considered appropriate; however, this will be agreed with the CIA or DCIA before issuing.

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

Table 1

Opinion	Description
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.

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

Table 2

Priority	Description
High	High priority recommendations have actual / potential critical implications for achievement of the Service's objectives and/or a major effect on service delivery. Agreed actions should be urgently implemented by the Service within 3 months of the issue of the final audit report and the associated risk(s) added to the Service Risk Register. *Recommendations will be followed-up by Internal Audit as they fall due.*
Medium	Medium priority recommendations have actual / potential significant implications for achievement of the Service's objectives and/or a significant effect on service delivery. Agreed actions should be implemented by the Service within 9 months of the issue of the final audit report and formal consideration should be given to adding the associated risk(s) to the Service Risk Register. *Recommendations will be followed-up by Internal Audit as part of the next audit review or within 12 months after the implementation due date (whichever is sooner). Where a revised target date has been agreed, this will be followed-up by Internal Audit as the recommendation falls due.*
Low	Low priority recommendations have actual / potential minor implications for achievement of the Service's objectives and/or a minor effect on service delivery. It rests with the Service to implement these actions. *Recommendations will not be routinely followed up by Internal Audit, however, action taken to implement may be assessed on an ad hoc basis.*

18.7 Contents of draft reports are discussed with managers to confirm factual accuracy. Significant issues will be brought to the attention of management during the course of engagements to allow for immediate action.

18.8 Managers are required to give timely responses to each recommendation, detailing the responsible officer for each action and the target date for completion.

18.9 All audit reports (including audit opinions) are sent to the relevant Corporate Director (and member of the Corporate Management Board), and all audit opinions are reported to Audit and Governance Committee. Audit reports with 'Minimal' assurance will be provided in full to the Audit and Governance Committee and 'Partial' assurance audit reports will be provided in a summary format.

Errors or Omissions (2421)

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

Engagement Disclosure of Non-conformance (2431)

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

18.12 Instances of non-conformance will be reported to the Audit and Governance Committee.

Annual Internal Audit Opinion (2450)

18.13 The CIA will prepare an Annual Internal Audit Opinion Report that will be used by the Council to inform the AGS.

18.14 The Annual Internal Audit Opinion Report will conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control by giving an overall opinion, summary of the work undertaken to support this opinion (including any reliance place on work by other assurance providers).

18.15 The Annual Internal Audit Opinion Report will include a statement on the conformance with the PSIAS and the results of the QAIP.

19. Monitoring Process (Standard 2500)

19.1 The CIA will establish a follow-up process to ensure that management actions have been effectively implemented or that Senior Management has accepted the risk of not taking action.

19.2 Non-implemented audit recommendations will follow the Internal Audit escalation process. (See Annexe 2)

20. Communicating the Acceptance of Risks (Standard 2600)

20.1 Where management does not intend to address risks mitigated by High or Medium priority audit recommendations, there must be a request in writing to the CIA and the Statutory Officers Group to approve this. All accepted risks will be reported to Audit & Governance Committee (see Annexe 2).

21. Review of the Internal Audit Charter

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

Internal Audit Charter proposed by:

…………………………………………………………………..   ……………..
CIA   Date

Internal Audit Charter approved by:

…………………………………………………………………..   ……………
CFO (Section 151 Officer)   Date

…………………………….…………………………………….   ……………
Chair of the Audit and Governance Committee   Date

22. Further information and evidence

Annexe 1 – Glossary & Acronyms

Annexe 2 – Escalation Policy for Non-Implemented Internal Audit Recommendations

Annexe 3 – Consultees and document control

Annexe 4 – Equality Impact Assessment

Annexe 5 – Internal Audit Quality Assurance and Improvement Programme

Annexe 6 – Internal Audit Data Analytics Strategy 2022-25

GLOSSARY & ACRONYMS

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

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

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

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

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

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

CCAB – Consultative Committee of Accountancy Bodies.
CFO – Chief Finance Officer.
CIA – Chief Internal Auditor. (The Head of Audit & Management Assurance in BCP Council)
CIIA – Chartered Institute of Internal Auditors.
CIPFA – Chartered Institute of Public Finance and Accountancy.
CMIIA – Chartered Member of the Institute of Internal Auditors.

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

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

- Integrity and ethical values.
- Management's philosophy and operating style.
- Organizational structure.
- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.

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

DCIA – Deputy Chief Internal Auditor.

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

HPS – Head of Paid Service.

ICAEW - Institute of Chartered Accountants in England and Wales.

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

LGAN – Local Government Application Note.

MO – Monitoring Officer.

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

QAIP – Quality Assurance and Improvement Programme.

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

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

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

S151 – Section 151 Officer.

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

ESCALATION POLICY FOR NON-IMPLEMENTED INTERNAL AUDIT RECOMMENDATIONS

Auditor / AM to contact Responsible Officer

Response received and reviewed by AM

2 weeks*

1. No Response

AM to escalate to Head of Service.

1 week*

AM to escalate to Service Director

1 week*

CIA to escalate to Service Director / Corporate Director (advise this will go to A&G)

CIA to escalate to Audit & Governance Committee at next quarterly meeting

Response received

2. Risk Accepted

3. Risk Not Addressed

4. Risk Addressed

Recommendation closed

AM/CIA to determine if risk can reasonably be accepted (request from Service Director/Director)

CIA to discuss at SOG

SOG determines risk CANNOT be accepted

SOG determines risk CAN be accepted

Service advised that recommendation must be implemented – normal follow up process to be followed

Report to Audit & Governance Committee at next quarterly meeting

Recommendation closed

AM to obtain reason for delay and revised timescale (advise/verify response with Service Director)

Medium Priority

High Priority

Follow up process begins again

Yes

Has the reason/ timescale been agreed by the CIA?

No

CIA to report and escalate to Audit & Governance Committee at next quarterly meeting

Follow up process begins again

Key
* = suggested timescale

66

NOTES:

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

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

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

GLOSSARY

AM – Audit Manager

CIA – Chief Internal Auditor

SOG – Statutory Officer's Group

Consultees

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

Name
Internal Audit
Statutory Officers Group
Audit and Governance Committee

Equalities Impact Assessment

Assessment date	Reviewed as part of this years' evolution 20/03/2024 (screening tool – no formal assessment required) as per Annexe 4

Document Control

Approval body	Audit and Governance Committee
Approval date	11 April 2024
V1 – April 2019	New Charter created (please note any version changes in the future will be shown in red text)
V2 – June 2020	- Added appendix of the escalation process. - Update to reflect Audit and Governance Committee responsibilities in line with new Terms of Reference. - Update to reflect changes to Service and Job title naming. - Update to reflect responsibilities in line with updated Financial Regulations. - Update to reflect changes to audit processes. - Update Accounts & Audit Regulations reference from 2015 to 2020
V2021 – April 2021	- Expected timeframe for implementation of High and Medium Priority recommendations added (para 18.6 table 2) - Expanded Medium 'Recommendations will be followed-up by Internal Audit as part of the next audit review or within 12 months after the implementation due date (whichever is sooner)' (para 18.6 table 2) - Reformatted to follow corporate policy template - Appended EIA screening tool.
V2022 – April 2022	- Legislation reference update to Accounts and Audit (Amendment) Regulations from 2020 to 2021 - Added PSIAS core principles - Defined 'senior management' in the document - Included conflict of interest risk inherent in the Chief Audit Executive (Head of Audit and Management Assurance) having non-audit functions - Quality Assurance & Improvement Programme added at Annexe 5 - Escalation process enhanced to include regular reporting to Audit and Governance of non-implemented High Recommendations - Clarified Low priority Recommendations will not be routinely followed up by Internal Audit, however, action taken to implement may be assessed on an ad hoc basis.
V2023 – March 2023	New section on Strategy added into section 14

	- Reference to consideration of Data Analytics added into section 16 Engagement Planning - Updated/clarified risk accepted process and escalation diagram in section 20 and Annexe 2 - Annexe 5 - Appendix 1 2D – Target customer satisfaction survey satisfaction score increased from 3 to 4 or above - Annexe 6 – Added Internal Audit Data Analytics Strategy 2022-25.
V2024 – April 2024	- Health & Safety function added as area that is managed by the CIA in paragraph 11.4. - Update of service strategy in section 14 including actions taken to improve the service during the past year and planned actions for next year. - Added in paragraph 18.6 Table 2 that for Medium Priority recommendations, where a revised target date has been agreed, these will be followed-up by Internal Audit as the recommendations fall due. - Added in paragraph 18.9 that all audit reports are sent to the relevant Corporate Director (and member of the Corporate Management Board). - Equality Impact Assessment conversation screening tool in Annexe 4 refreshed (no changes). - Update of Annexe 6 Internal Audit Data Analytics Strategy on actions completed and actions planned for 2024/25.

Equality Impact Assessment: conversation screening tool

Policy/Service under development/review:	Internal Audit Charter 2024/25
What changes are being made to the policy/service?	Annual refresh of the Charter
Service Unit:	Finance
Persons present in the conversation and their role/experience in the service:	Simon Milne, Deputy Chief Internal Auditor Jon Cockeram, Deputy Service Equality Champion
Conversation dates:	20/03/2024
Do you know your current or potential client base? Who are the key stakeholders?	The Audit Charter will affect employees (particularly those within Internal Audit), Members and Statutory Officers.
Do different groups have different needs or experiences in relation to the policy/service?	The Charter does not create different needs for different groups. No issues have been identified as a result of the changes to this Charter
Will the policy or service change affect any of these service users?	The Charter lays out the roles and responsibilities of Internal Audit, the Chief Internal Auditor, the Audit and Governance Committee, the Section 151 Officer and managers & employees

[If the answer to any of the questions above is 'don't know' then you need to gather more evidence and do a full EIA. The best way to do this is to use the Capturing Evidence form]

What are the benefits or positive impacts of the policy/service change on current or potential service users?	No benefits or positive impacts have been identified
What are the negative impacts of the policy/service change on current or potential service users?	No negative impacts have been identified
Will the policy or service change affect employees?	Yes, the Charter affects employees by laying out their roles & responsibilities in relation to Internal Audit
Will the policy or service change affect the wider community?	This Charter does not affect the wider community
What mitigating actions are planned or already in place for those negatively affected by the policy/service change?	No negative implications identified, so no mitigating actions required
Summary of Equality Implications:	No equality implications have been identified as a result of the changes to this Charter. As such, it is not considered necessary for this to go through the EIA panel

INTERNAL AUDIT
QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

1. Introduction

1.1 The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Executive Auditor (referred to in this document as the Head of Audit and Management Assurance – HAMA) develops and maintains a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity including consultancy.

1.2 A QAIP is designed to enable an evaluation of the internal audit activity's conformance with the Standards and whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

1.3 All internal audit staff have a responsibility for maintaining quality.

1.4 The QAIP includes the following:
- Internal Assessments – Ongoing performance monitoring of the Internal Audit Activity to ensure effectiveness of the Internal Audit Team (Paragraph 2) and periodic self-assessments to evaluate conformance with the Code of Ethics and Public Sector Internal Audit Standards (Paragraph 3).
- External Assessments - assessments of the audit activity to evaluate conformance with the Code of Ethics and Public Sector Internal Audit Standards (Paragraph 4).

1.5 In designing the BCP's Quality Assurance and Improvement Programme due regard was given to the PSIAS and IIA QAIP Framework (Paragraph 5).

2. Ongoing Performance Monitoring

2.1 Ongoing performance monitoring is an integral part of the day-to-day supervision, review and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools and information considered necessary to evaluate conformance with the Code of Ethics and the PSIAS.

INTERNAL AUDIT RESOURCES
2.2 The structure of the Internal Audit Service will be periodically reviewed to ensure that it remains appropriately resourced in terms of numbers, grades, qualification levels and experience to meet its objectives.

2.3   All Auditors will hold a relevant professional qualification, be studying towards one or will have equivalent audit experience.

INTERNAL AUDIT DELIVERY

2.4   **Engagement Supervision / Reviews** – Audit engagements are supervised by either an Audit Manager (AM) or Deputy Chief Internal Auditor (DCIA). All work programmes and/or working papers are reviewed by an AM or deputy CIA during and after the engagement. Review and approval of all draft and final audit reports are undertaken by the AM and all partial / minimal assurance reports are reviewed by the deputy CIA and HAMA. Audit engagement rotations are made where desirable to ensure new ideas are injected into audits to improve quality. Evidence of supervision / reviews are kept on file.

2.5   Monthly one-to-one meetings (with Auditors and Audit Managers) and fortnightly team catch-up meetings include discussions on audit progress and audit engagement issues.

2.6   **Audit Processes** – Various policy and procedure documents have been produced and made available to all auditors to assist with performing the internal audit activity and maintain quality including:
- Internal Audit Charter
- Internal Audit Process Manual
- Internal Audit process templates and process videos
- Internal Audit Data Retention Policy.

Audit processes are regularly reviewed. Any changes to processes are updated and recorded in the audit manual and/or Audit Charter where required.

2.7   **Stakeholder Feedback** – Internal Audit Satisfaction Surveys are requested for each audit engagement. Survey results are monitored by the Deputy Chief Internal Auditors (DCIAs) and appropriate action taken in respect of any issues raised.

2.8   **Recommendation Follow-ups** – Audit recommendations are logged to monitor and ensure that management actions have been effectively implemented or that senior management have accepted the risk of not taking action.

2.9   **Performance Conversation Appraisals (PCA)** – Annual PCAs are undertaken in respect of all staff within the Internal Audit Service. These reviews support Internal Audit in implementing appropriate training programmes for all auditors to ensure that they continue to deliver a professional service in line with current best practice. PCAs also include a retrospective review of performance on audits and a review of the SMART objectives set.

2.10 **Training** – Monthly one-to-one meetings are held with Auditors and Audit Managers to assess staff training needs and monitoring. Formal records of training are held on each individual auditor's one-to-one document.

PERFORMANCE TARGETS

2.11 Internal Audit's performance against its service objectives will be managed by setting and monitoring performance targets as set out in Appendix 1. Where performance levels are not being met, an action plan will be put in place to address these concerns.

3. Periodic Self-Assessments

3.1 Periodic self-assessments are designed to assess conformance with the PSIAS.

3.2 Periodic assessments will be conducted through:

- Completion of an annual checklist by DCIA to determine Internal Audit's conformance with the Public Sector Internal Audit Standards.
- A detailed review of individual PSIAS standards carried out by an Audit Manager on rolling basis, aiming to cover all standards within a five-year period.
- Results from the checklist and reviews above are reported in the CIAs Annual Report & Opinion and the Audit and Governance Committee meetings.

3.3 The level of conformance of the internal audit activity with the PSIAS is measured using Conforms / Partially Conforms / Not Conforming assessment criteria. The HAMA will determine if Internal Audit overall conforms to the PSIAS taking into account any areas of partial or non-conformance.

4. External Assessments

4.1 BCP Internal Audit will ensure that an external review is undertaken every five years (as required by PSIAS). The scope of the external review will be approved by the Audit and Governance Committee and confirmed with the relevant assessor prior to the assessment taking place. The results of the assessment will be communicated to the Audit and Governance Committee. An action plan to address any issues raised from the external reviews will be put in place and presented to the Audit and Governance Committee.

5. Background information and reference:

IIA practice guide-Quality-Assurance-and-Improvement-Program 2012
Diagram 1 Program (QAIP) Framework
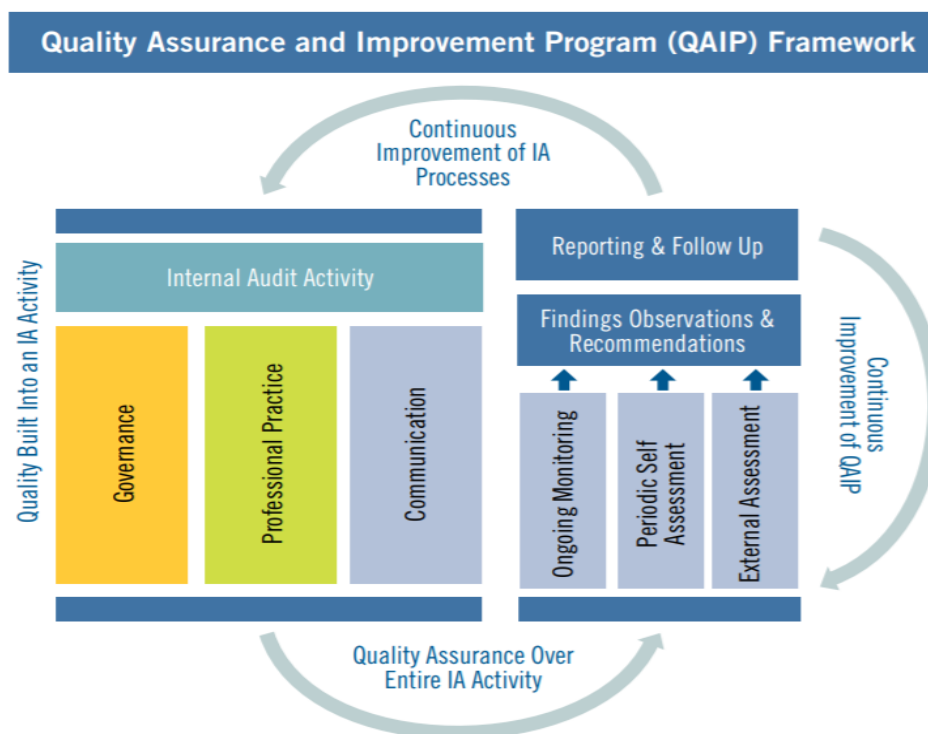
Extract from: Quality Assurance and Improvement Program IPPF – Practice Guide, IIA, (2012:p4)

6. Document Control

Title	Internal Audit Quality Assurance and Improvement Programme
Owner (job title)	Nigel Stannard, Head of Audit & Management Assurance
Authors (job title)	Simon Milne & Ruth Hodges, Audit Managers, Deputy Chief Internal Auditors (DCIAs)
Current version	V2024
Effective from date	1 April 2024
Approval By	Audit and Governance Committee
Approval date	11 April 2024
Review Frequency	Annually
Next Review Date	April 2025

INTERNAL AUDIT SERVICE OBJECTIVE:
To provide an independent and objective assurance and consulting activity designed to add value and help the Council achieve its objectives by ensuring there is a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

CSF1: Internal Audit is adequately resourced to allow the CIA to conclude on their Annual Opinion				
REF	PERFORMANCE TARGET	REPORTED TO*	MONITORING PROCESS	MONITORING FREQUENCY
1A	To complete at least 90% of the annual audit plan.	A&G (Quarterly) SOG (Quarterly) CIA Report (Annual)	• Internal Audit Monitoring Sheet – Audit Managers regularly update audit statuses and available auditor resources. • Monitored by the DCIAs and communicated to the HAMA monthly through 2-2-1 meetings.	Ongoing Monthly
1B	All auditors to complete their allocated audits within the required timescales (both within total days allocated and target key dates).	DCIA / HAMA (at least Monthly)	• Internal Audit Plan Monitoring Sheet – Audit Managers regularly update target dates, budgeted vs actual time spent and audit statuses. • Individual engagement performance is reported to and considered by the HAMA. • Audit Manager or DCIA oversight during/end of audit engagements including through 1-2-1 meetings. • Annual Performance conversation appraisals will review the year end position.	Ongoing Ongoing Ongoing Annually
CSF2: Internal Audit provides an effective and efficient service				
2A	All auditors to complete their allocated audits to a professional standard.	DCIA / HAMA	• Audit Manager or DCIA oversight during/end of audit engagements including 1-2-1 meetings. • Annual Performance conversation appraisals will review the year end position.	Ongoing Annually
2B	All auditors to ensure a provision of timely and professional ad hoc support and advice.	DCIA / HAMA	• Professional standard of ad hoc support and advice reviewed at 1-2-1 meetings. • Annual Performance conversation appraisals will review the year end position.	Monthly Annually
2C	100% of recommendations accepted for implementation by management (or risk acceptance agreed).	A&G (Annually via CIA Report) SOG (Accepted Risks only)	• Client agreement of Draft Audit Report and Recommendations.	Ongoing
2D	100% of customer satisfaction surveys received rate the service as good (score of 4) or above.	A&G (Annually) DCIA / HAMA	• Satisfaction Survey results are recorded on the Teams Dashboard and Internal Audit Monitoring Sheet. • Individual engagement satisfaction surveys are reported to and considered by the HAMA.	Ongoing Ongoing

2E	100% of High and Medium recommendations are followed up within timescales stated in the Audit Charter.	A&G (Quarterly) DCIA / HAMA (Monthly)	• Recommendation tracker is updated where follow-ups have been carried out. Overdue recommendations are monitored via the Recommendation Teams Dashboard and discussed with Audit Managers / DCIA at their 1-2-1.	Monthly
2F	100% of High and Medium Recommendations comply with the Escalation Policy for non-implemented Internal Audit Recommendations.	A&G (Annually) DCIA / HAMA (Monthly)	• Recommendations followed up but not implemented are escalated in compliance with the comply with Escalation Policy for non-implemented Internal Audit Recommendations. Monitored via Recommendation Teams Dashboard and discussed with Audit Managers / DCIA at their 1-2-1/2-2-1.	Monthly
CSF3: Internal Audit staff are adequately skilled to provide a professional service				
3A	100% completion of Performance Conversation Appraisals within the Internal Audit Team.	DCIA / HAMA (Annually)	• All staff receive a performance conversation appraisal (PCA), using the corporate template, during which employee behaviours and achievement of previous year objectives are discussed. In addition, objectives for the year ahead are agreed.	Annually
3B	100% Completion of Mandatory Training as required.	DCIA / HAMA	• Records of mandatory training are logged centrally. • Mandatory training is discussed and monitored at 1-2-1 meetings.	Ongoing Monthly
3C	Completion of individual staff CPD requirements for Audit Managers, DCIA and HAMA.	DCIA / HAMA	• Monthly one to one meetings are held to assess staff training which includes CPD monitoring for Audit Managers.	Monthly

*KEY: A&G – Audit and Governance Committee
SOG – Senior Officers Group
HAMA – Head of Management Assurance (Chief Internal Auditor (CIA)
DCIA – Deputy Chief Internal Auditor

INTERNAL AUDIT
DATA ANALYTICS STRATEGY 2022-25

A.   Purpose

Data analytics is the process of examining data sets in order to find trends and draw conclusions about the information they contain.

The purpose of this strategy is to detail how Internal Audit will increase its use of Data Analytics over the next 3 years to support the effective and efficient delivery of assurance. The aim is for Internal Audit to move away from being simply "Data Analytics Aware", moving more towards "Data Analytics Enabled".

BCP Council is increasingly collecting and holding a vast range of data on their service users, staff and other stakeholders. As part of the new organisational design, data and insight will be key elements of the proposed increase of automation of services and the speed and ease with which our customers can get the outcome they need.

Data analytics is a critical tool to add to the auditors' toolkit to assist in the credibility of assurance work, and the maximisation of audit findings and value. Data analytics are relevant at all stages of the audit journey; developing the audit plan, planning individual audit engagements to ensure they are focused on what is important, providing assurance at the execution phase of audits through to strategic sample testing and 100% testing of data sets and supporting the production of value-added audit reports.

The strategy supports Internal Audit's conformance with the Public Sector Internal Audit Standards in respect of Internal Audit's independence of the control framework.

B.   Background

The expectations and the environment within which Internal Audit operates is changing. Increasingly processes are becoming more data driven, more automated and there is less human involvement in decision making, resulting in a reliance on data quality in decision making.

Internal Audit therefore needs to adapt, change and embrace new ways of providing assurance, moving with the organisation and supporting it by adding value through data driven assurance practices.

Internal Audit has an opportunity to achieve this through the use of data analytics to assist in the identification of risks and provision of insight into the organisation.

Whilst it is management's responsibility to ensure that risks are appropriately mitigated, Internal Audit can focus its use of data analytics to identify areas or transactions where controls do not exist or are not operating effectively.

Internal Audit aims to support the organisation in making better, more accurate decisions through delivery of this type of assurance, driving change and mitigating risks of poor decision making through improving reliability of data.

C.   Why Data Analytics?

Benefits			
Increased Data Availability	**Efficient and Effective**	**Increased Assurance**	**Gain New Insights**
• Information is available more readily from modern systems • Council moving towards single data set (ERP System) • Modern working practices and technology increasing data availability	• Less manual testing • Whole population testing • Larger datasets able to be reviewed	• Continuous and periodic monitoring • Wider coverage allows greater assurance • Supporting organisational decision making	• Trends and outliers • Unexpected outcomes • Potential areas of fraudulent activity identification

Process		
Assess Risk	**Analyse**	**Report, Insight, Follow up**
• Scenarios • Values • Data Quality	• Integrity checks • Data matching • Trend Analysis	• Dashboards • Predictive and Targeted analysis

D.   Where are we now and the plan forward

The diagram below is a recognised scale for assessing maturity of an audit function to Data Analytics*. Whilst the ultimate goal is to reach the upper end of the scale (Enabled), it is recognised that incremental steps will need to be taken to embed Data Analytics within the systems and processes that are currently in place.

Data Analytics Maturity Model;

Current Assessment

Maturity Level

Data Analytics Enabled

Data Analytics Managed

Data Analytics Defined

Data Analytics Aware

Data Analytics Naïve

No Data analytics skills

Some Skills within the Internal audit activity and some value added opportunities

Clear understanding within internal audit and the organisation as to the value use of data analytics as a tool can bring

Organisation wide approach to the use of data analytics along with support from IT

Use of data analytics fully embedded within the internal audit activity. The organisation is looking to internal audit for assurance linked to 100% testing in business critical areas.

Based on the above maturity levels Internal Audit can be assessed as 'Aware'. Internal Audit should strive to move up this scale and improve their internal practices and moving more towards "Data Analytics Enabled".

* IIA Definition of the path to maturity

E.   Actions

BCP Internal Audit, based on the above analysis therefore have the following actions for implementing improvements to Internal Audits Data Analytics process:

Action	Responsible Officer	Target Date/ Status
2022/23 ACTIONS		
Determine responsible officers for data analytics within Internal Audit	Deputy CIAs	Completed
Identify key datasets from audit plan universe	Audit Managers	Completed
Determine relevant dataset owners and build necessary relationships	Audit Managers	Completed
Identify technology/tool(s) that team will use for data analytics	Deputy CIAs Audit Manager	Completed
Determine competencies and skill gaps within the team and provide necessary training.	Deputy CIAs	Training Ongoing
To consider data analytics as part of all audits (add to audit planning document)	Deputy CIAs	Completed
2023/24 ACTIONS		
To build data analytics into the 2022/23 Audit Plan, allocate appropriate resource to deliver assurance outside of traditional audit engagements.	Deputy CIAs	Completed
To communicate with key stakeholders (clients and audit officers) Internal Audits data analytics strategy.	Deputy CIAs Audit Managers	Stakeholder engagement ongoing
Consider reporting format to management of output from Data Analytics	Deputy CIAs Audit Managers	Completed
To deliver assurance through data analytics for all relevant key financial systems	Audit Managers	Completed for some key financial systems
2024/25 ACTIONS		
To deliver assurance through data analytics for further key financial systems	Audit Managers	March 2025
To deliver assurance through data analytics for other dataset areas (areas to be determined)	Deputy CIAs Audit Managers	March 2025 (as part of 2024/25 audit plan)

Ascertain information held within the "Data Lake" and how we might use this information within Data Analytics	Deputy CIAs	March 2025 (work underway)
To review overall progress on Data Analytics Strategy and produce update strategy for 2025-2028	Deputy CIAs	March 2025

These actions will be reviewed annually throughout the strategy period.

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2024/25 BCP Core Audit Plan

Audit	(Lead) Area	Wellbeing – Adult Social Care Services	Commissioning	Housing & Communities	Public Health	Children's Services – Corporate Parenting & Permanence	Safeguarding & Early Help	Children's Commissioning	Quality, Improvement & Governance	Education & Skills	Operations – Operations Partnerships & Strategy	Planning & Transport	Commercial Operations	Customer & Property	Investment & Development	Environment	Resources – IT & Programmes	People & Culture	Finance	Law & Governance	Marketing, Comms & Policy	2024/25 Total Days (original)	2023/24 Total Days
Key Assurance Functions (core functions)																							
Asset Management (Estate Management)	Finance																		20			20	20
Asset Management (Facilities Management)	Customer, Arts & Prop													20								20	20
Business Continuity	Finance																		10			10	10
Business Planning & Performance Management	Marketing, Comms & Policy																				10	10	10
Financial Management	Finance																		10			10	10
Health & Safety	Finance																		10			10	10
Fire Safety	Customer, Arts & Prop													5								5	5
Human Resources	People & Culture																	10				10	10
ICT	IT & Programmes																10					10	10
Information Governance	Law & Governance																			10		10	10
Procurement	Commissioning		20																			20	20
Project & Programme Management	IT & Programmes																10					10	10
Risk Management	Finance																		10			10	10
Safeguarding	Adult Social Care	10																				10	10
Sustainable Environment	Marketing, Comms & Policy																				20	20	20
Partnerships	Marketing, Comms & Policy																				10	10	10
Total		10	20	0	0	0	0	0	0	0	0	0	0	25	0	0	20	10	60	10	40	195	195
Key Financial Systems																							
Council Tax	Finance																		15			15	30
NDR	Finance																		15			15	10
Housing Benefit & Council Tax Reduction Scheme	Finance																		15			15	5
Debtors	Finance																		30			30	30
Main Accounting System	Finance																		10			10	30
Social Services Financial Assessments	Finance																		10			10	25
Creditors	Finance																		20			20	10
Payroll	People & Culture																	10				10	40
Treasury Management	Finance																		10			10	10
Housing Rents	Housing & Communities			25																		25	10
Total		0	0	25	0	0	0	0	0	0	0	0	0	0	0	0	0	10	125	0	0	160	200
High Level Risks																							
Corporate\Service Risk Register & other risks	-	60	50	55	20	25	25	20	30	20	5	40	30	20	20	15	40	20	35	20	5	555	540
Key Assurance Function risks	-	15	15	15	-	5	5	5	10	5	10	10	10	15	15	20	10	0	10	5	5	185	160
Total		75	65	70	20	30	30	25	40	25	15	50	40	35	35	35	50	20	45	25	10	740	700
Schools																							
Schools	Education & Skills									50												50	60
Counter Fraud																							
Corporate Work (inc. NFI)	Finance				-														45			45	
Contract Award	All Services	0	3	2	-	0	0	4	0	0	1	2	2	1	1	2	2	1	2	1	1	25	
Mandate Fraud	Finance				-														5			5	
Cash Income	All Services	1	1	1	-	1	1	0	1	1	0	2	2	2	2	2	0	0	3	0	0	20	
Direct Payments	Children's Services				-	15																15	
Planning Applications	Destination & Planning				-							15										15	
Procurement Cards	All Services	1	2	1	-	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	20	
Homecare and Residential Care Payments	Adult Social Care	15																				15	
Total		17	6	4	0	17	2	5	2	2	2	20	5	4	4	5	3	2	56	2	2	160	160
Other																							
Planning, Advice, Follow Ups	-	20	20	20	5	8	8	8	8	8	5	10	20	20	15	20	15	15	25	10	10	270	270
Total																							
Total Days 2023/24		122	107	117	25	52	47	0	50	117	92	57	52	72		67	77	76	347	47	61		
Total Days 2024/25		122	111	119	25	55	40	38	50	85	22	80	65	84	54	60	88	57	311	47	62	1575	1585
Overall Total Days 2024/25		**377** (Wellbeing)				**268** (Children's Services)					**365** (Operations)						**565** (Resources)						

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2024/25 BCP INTERNAL AUDIT PLAN

QUARTER 1 AUDITS PLANNED (provisional)

Service Area	Audit
WELLBEING	
Adult Social Care	Corporate Safeguarding KAF - Modern Slavery (23/24/25 audit)
Adult Social Care	Section 117 Hub (23/24/25 audit)
Adult Social Care	Contact Centre
Commissioning	Homecare & Residential Care Payments (counter fraud review)
Wellbeing Directorate	Risk Management (service KAF review)
CHILDREN'S SERVICES	
Education & Skills	Somerford Primary School
Education & Skills	St Walburga's Catholic Primary School
Education & Skills	Christchurch Learning Centre
Education & Skills	Pupil Premium Grant / Virtual School
Quality, Improvement & Governance	Workforce Development / Training
Safeguarding & Early Help	Direct Payments (counter fraud review)
OPERATIONS	
Customer, Arts & Property	Corporate Buildings Health & Safety Facilities Management Compliance (23/24/25 audit)
Housing & Communities / Customer, Arts & Property	Housing Assets Health & Safety Facilities Management Compliance (23/24/25 audit)
Planning & Transport	Developer Contributions Management of Spend (23/24/25 audit)
Housing & Communities	Food Safety Regulatory Compliance
RESOURCES	
Finance	Debtors KFS (23/24/25 audit)
Finance	Asset Management - Estates (KAF) (23/24/25 audit)
Finance	Business Continuity (service KAF review)
Finance	Procurement Cards (counter fraud and data analysis review)
Law & Governance	Information Governance (23/24/25 audit)
IT and Programmes	Business Planning & Performance Management (service KAF review)
People & Culture	Employee Claims Analysis (23/24/25 audit)

Key: KAF – Key Assurance Function, KFS – Key Financial System

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INTERNAL AUDIT

ANTI-FRAUD & CORRUPTION AUDIT PLAN

2024/25

Author: Simon Milne, Audit Manager Deputy CIA
Version: v2024
Review Date: Annual, next due March 2025

Background

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

The following key policies are in place within the Authority:
- Anti-Fraud and Corruption Policy
- Whistle-Blowing Policy
- Declarations of Interests, Gifts and Hospitality Policy
- Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy
- Financial Regulations
- Employee/Member Codes of Conduct

Introduction

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

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

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

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

2024/25 Annual Fraud Risk Assessment

The audit of fraud and corruption is an important feature of the Audit Plan and comprises of three main elements:
- An assessment of all or part of the Council's overall arrangements for preventing and detecting fraud and corruption;
- Ensuring counter-fraud and corruption work is incorporated within planned audits across directorates (e.g. payroll, creditors);
- Review and testing of specific risk areas that are not covered by planned audits.

Time has been allocated in the 2024-25 Audit Plan to carry out pro-active prevention and detection work on fraud and corruption, including the specific risk areas not covered by planned audits. This time also includes work on the co-ordination of the National Fraud Initiative (NFI) data matching exercise.

The 2024-25 Audit Plan has also allocated days to undertake investigative work to be carried out if fraud or corruption is suspected or detected.

Corporate Fraud Work

Fraud checks on Council housing services (right to buy) will be carried out by the Corporate Fraud Specialist within Internal Audit, as well as providing specialist support for Blue Badge and housing tenancy fraud. In addition, Internal Audit are undertaking a pilot Council Tax Single Person Discount Project with the aim to increase Council Tax yield by removing discounts that have been incorrectly applied.

REF	PLANNED ACTIVITY	Core Audit DAYS	Investigation DAYS	Corporate Fraud DAYS
	ANTI-FRAUD AND CORRUPTION WORK PLAN 2024/25			
	STRATEGIC			
1.1	**Review of Best Practice** – against CIPFA & other guidance	2		
1.2	**Fraud Risk Assessment** – review and update	2		
1.3	**Fraud Surveys** – complete	1		
	CULTURE & DETERRENCE			
2.1	**Issue fraud alerts -** review types of frauds occurring & inform officers\managers	3		
2.2	**E-learning -** review use of e-learning module	1		
2.3	**Counter Fraud Policies -** annual review	2		
	PREVENTION & DETECTION			
4.1	**Proactive analytical fraud detective work**			
4.2	Contract Award (all services)	25		
4.3	Bank Mandate Fraud (Finance)	5		
4.4	Cash Income (all services)	20		
4.5	Direct Payments (Children's Services)	15		
4.6	Planning Applications (Destination & Planning)	15		
4.7	Procurement Cards (all services)	20		
4.8	Homecare and Residential Care Payments (Adult Social Care)	15		
4.9	NFI Data-matching support and investigation	30		
4.10	Corporate Fraud Work - Housing Allocation\Tenancy\Right to Buy\ Blue Badges & Council Tax Single Person Discounts Pilot			235
	INVESTIGATION			
5.1	Counter Fraud Work - responding to suspected irregularities		100	20
	SANCTION/REDRESS			
6.1	**Regular review** of internal audit investigation log to confirm that sanctions applied are consistent and in accordance with policy	1		
6.2	**Prosecution\Penalties** for external fraud e.g. Housing Tenancy			5
	DEFINING SUCCESS			
7.1	**2025-26 Counter Fraud Plan** – prepare and complete	2		
7.2	**Annual Report to Audit & Governance Committee** – production	1		
	TOTAL ALLOCATED DAYS 2024/25	160	100	260
	GRAND TOTAL ANTI-FRAUD & CORRUPTION DAYS	**520**		

KEY FRAUD RISK AREAS (FROM CORPORATE FRAUD RISK REGISTER)

Area of Fraud Risk	Register Score	Internal Audit (IA) work coverage	Resource Required 24/25
Mandate Fraud Fraudulent attempt to change bank account details for a supplier	12	- Annual Creditors audits	Review bank mandate fraud prevention arrangements
Creditor Payments Creditor payments made to incorrect supplier	12	- Annual Creditors audits - 21/22 duplicate payments review carried out - NFI biennial exercise (last Jan 2023).	-
Procurement Unfair award of contract to a supplier / incorrect payment made to suppliers	12	- BCP audit review 2023/24	Further review/testing of BCP contract award arrangements
Cybercrime Illegal activities conducted using computers or networks, encompassing hacking, fraud, identity theft, and other malicious actions online	12	- BCP cyber security audit review 2021/22 - Network security audit review 2023/24	-
Grant Award False payment of grants to private individuals, companies, charities / misuse of grant funding	9	- Includes COVID grant awards – Internal Audit assurance work carried out 2020/21/22 - BCP Grant Award audit review 2022/23	-
Income Money due to the Council is intercepted	9	- 2019/20 BCP cash income checks carried out	Review cash income collection arrangements
Council Tax Discount Fraud Council Tax Discount claimed despite not being eligible thus undermining Council Tax income and budget situation	9	- Annual Council Tax audits - Council Tax Single Persons Discounts Pilot 2023/24	Council Tax Single Person Discount Pilot continued by Internal Audit
Financial Assessments Financial circumstances are not accurately disclosed, resulting in incorrect contribution calculation	9	- Annual Key Financial System reviews	-
Residential Care / Homecare Payments Residential care payments made when either the client does not exist, or no notification was made of deceased resident	9	- Annual Key Financial System reviews - Reviewed payments to residential and homecare clients 2023/24	-
Direct Payments (Adult & Children) Direct payments are not spent as per care plan activities	9	- Children's audit review 2019/20 (Family & Inclusion) - Adults audit review 2021/22/23	Review direct payment expenditure controls
Housing Tenancy Incorrect declaration of circumstances leading to Council property being obtained / Council property is illegally sub-let / Council property is not lived in by tenant	9	- BCP audit review 2023/24	Corporate Fraud work to advise on applications. NFI data matching work.
Housing Right to Buy Obtaining discount and property by providing false records of circumstances	9	- BCP audit review 2022/23	Corporate Fraud work on applications

Area of Fraud Risk	Register Score	Internal Audit (IA) work coverage	Resource Required 24/25
Recruitment Individual wrongfully obtaining employment using false information	9	- BCP audit review 2021/22	-
Planning Applications Incorrect information given in order to wrongfully obtain planning permission	9	- BCP audit review 2020/21	Review planning application process
Schools Creditor payments, expense payments, funding payments and payroll	9	- Ongoing school audits	-
Council Tax Reduction Scheme (CTRS) Submitting false information in order to wrongfully gain CTRS	8	- Annual Housing Benefit audit - NOTE BCP Revs responsibility	-
Business Rates Incorrect declaration of circumstances leading to incorrect rates being charged	6	- Annual NDR Key Financial System audits - Small Business Relief data matching work 2019/20 - NOTE BCP Revs responsibility	-
Blue Badge Use of a counterfeit / stolen / deceased / fraudulently obtained Blue Badge	6	- BCP audit review 2021/22	Corporate Fraud support work
Procurement Cards Fraudulent use of procurement card such as personal use	6	- BCP Counter Fraud Review 2020/21 - BCP audit review 2021/22	Review procurement card expenditure
Concessionary Travel Gaining access to Concessionary travel using false or omitted information / fraudulent use of permit	6	- BCP audit review 2020/21 - NFI biennial match to deceased process	-
Treasury Management Payments Fraudulent bank transfer payments made disguised as genuine treasury management transactions	4	- BCP audit review 2023/24	-
Theft of Assets Assets and / or data stolen / used for personal use	4	- Asset Management Key Assurance Function service reviews	-
Employee False Claims Inappropriate employee claims for expenses and / or time	4	- BCP Counter Fraud Review 2020/21 & 2023/24 (expenses only) - Payroll Key Financial System audits	-
Licences Obtaining licence through provision of false information	4	- Covered with Identity Fraud audit review 2022/23	-
Debt Collection Debts written off / reduced incorrectly (intentional)	4	- Annual Debtors audit	-
Serious and Organised Crime Council fails to prevent serious and organised crime	4	- BCP audit review 2021/22	-

Area of Fraud Risk	Register Score	Internal Audit (IA) work coverage	Resource Required 24/25
Identity Fraud Somebody uses someone else's identification / personal data to gain services / funds to which they would not otherwise be entitled	4	- BCP audit review 2022/23	-
Councillor Declaration of Interests Non-compliance with law	4	- BCP audit review 2022/23	-
Employee Declaration of Interests Non-compliance with law	4	- BCP audit review 2020/21 - Annual review of senior officer form completion - Targeted training and awareness sessions - Operations	Targeted training and awareness sessions – led by CIA
False Insurance Claims Fraudulent insurance claim paid by the Council	3	- BCP Insurance audit review 2020/21	-
"Ghost" Employee Payments Payments made when the employee does not exist	2	- Annual payroll audits	
Schools Allocations Submission of false information to gain a place at a preferred school	2	- School Admission arrangements reviewed 2023/24	-
Recourse to Public Funds Persons gaining access to services/funds to which they are not entitled through false or omitted information	2	- BCP audit review 2020/21	-
Local Welfare Assistance Fund Falsely claiming entitlement to crisis payment financial assistance	2	- BCP audit review 2019/20 & 2020/21	-
Sham Marriages Council allows a marriage to proceed without carrying out adequate checks	2	- BCP audit review 2021/22	-
Policy Compliance			
Criminal Finances Act	4	- BCP audit review 2022/23	-
Anti-Money Laundering	4	- BCP audit review 2022/23	-
Anti-Bribery & Corruption	4	- BCP audit review 2023/24	-
Regulation of Investigatory Powers Act and Investigatory Powers Act	4	- BCP audit review 2023/24	-

AUDIT AND GOVERNANCE COMMITTEE

BCP Council

Report subject	**Internal Audit - 4th Quarter, 2023/24, Audit Plan Update**
Meeting date	11 April 2024
Status	Public Report
Executive summary	This report details progress made on delivery of the 2023/24 Audit Plan for the 4th quarter – January to March (inclusive) 2024. The report highlights that: • 11 audit assignments have been finalised, including 2 'Partial', 8 'Reasonable' and 1 'Follow Up' audit opinions; • 25 audit assignments are in progress, including 9 at draft report stage; • Total additional council tax yield of £243,678 has resulted, to date, from the Single Person Discount pilot project; • 14 of the 18 recommendations from the Review of Pop-up/Temporary activities incorporating Bayside Restaurant Review have been implemented; • A replacement Audit Manager has been successfully recruited and is now in post; • 5 'High' priority audit recommendations have not been fully implemented by the original target date. Explanations from respective Directors appear reasonable and revised target dates have been agreed.
Recommendations	**It is RECOMMENDED that:** a) **Note progress made and issues arising on the delivery of the 2023/24 Internal Audit Plan.** b) **Note the explanations provided (Appendix 1) and determine, in the case of High Priority recommendations not implemented by the initially agreed target date, if further explanation and assurance from the Service / Corporate Director is required.** c) **Note the progress against the implementation of the recommendations from the Review of Pop-up/Temporary activities incorporating Bayside Restaurant Review.**
Reason for recommendations	To communicate progress on the delivery of the 2023/24 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 Mike Cox, Finance
Corporate Director		Graham Farrant, Chief Executive
Report Authors		Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk
Wards		Not applicable
Classification		For Information

Background

1. This report details Internal Audit's progress against the 2023/24 Audit Plan for the period January to March 2024 inclusive and reports the audit opinion of the assignments completed during this period.

2. The report also provides an update on significant issues arising and implementation of internal audit recommendations by management (as at February 2024).

Delivery of the 2023/24 Internal Audit Plan – Quarter 4 review (Jan – March 2024)

3. 11 audit assignments have been fully completed in this quarter of 2023/24 as outlined below.

Audits Completed

	Service Area	Audit & Scope	Assurance Opinion	Recommendations		
				High	Med	Low
1	Finance	Treasury Management – Key Financial System & Counter Fraud Review ➤ Strategy & Policy – including whether they define investment, borrowing and payments strategy clearly. ➤ Training & Contingency arrangements operating effectively. ➤ Risk Management – is risk effectively considered as part of Treasury Management decision making. ➤ Payments – confirm payments made via CHAPS and associated systems operating effectively.	Reasonable	0	4	1

	Service Area	Audit & Scope	Assurance Opinion	Recommendations		
				High	Med	Low
2	Schools	St Katharine's CE Primary School ➢ the establishment has a sound financial management system ➢ Internal controls are effective over Governance, Budgeting, Purchasing, Income & Banking, Payroll, Asset Management & Insurance arrangements ➢ The Local Authority's Financial Regulations, and other instructions, are being adhered to.	Reasonable	0	1	4
3	People & Culture	Payroll – ensure that controls were operating effectively over: ➢ Starters & Leavers process ➢ Amendments to Pay, Deductions & Payments ➢ Reconciliations ➢ Access to Data	Reasonable	0	3	0
4	Housing & Community	Housing Rents – detailed follow up to provide assurance that the 10 outstanding recommendations made in 2022/23 are implemented / in progress.	Follow Up	6 of these had been fully implemented. The remaining 4 have been delayed due to the revised BCP Homes management arrangements but implementation is in progress with revised target date of 30 June agreed.		
5	Safeguarding & Early Help	Section 17 ➢ Governance – including policies, procedures, roles & responsibilities. ➢ Financial Management – including management information reporting and appropriateness of spend.	Partial	2	1	2
6	Children's Services	Risk Management ➢ Compliance with corporate policies & procedures including review and update of risk register.	Reasonable	No recommendations were made as a new governance framework was being implemented at the time of the audit. Once this has been fully established, Internal Audit will confirm that the arrangements have been embedded.		
7	Housing & Communities	Counter Fraud – Housing Tenancy ➢ Failure to prevent Housing	Reasonable	0	4	2

	Service Area	Audit & Scope	Assurance Opinion	Recommendations		
				High	Med	Low
		Tenancy Fraud – including review of policy/strategy/procedures; training; background & verification checks; counter-fraud statement; risk assessments to identify fraudulent activities ➢ Failure to detect Housing Tenancy Fraud – including internal/external reporting lines; escalation processes; data matching exercises ➢ Failure to investigate Housing Tenancy Fraud – including roles & responsibilities; policies & procedures				
8	Customer, Arts & Property	Customer Contact Centre – Business Planning & Performance Management ➢ Review of arrangement for establishing aims & objectives including: service planning arrangements/compliance with Corporate Policy Framework/link to Corporate Strategy; approval, review & update arrangements; decision making framework including scheme of delegation; service level agreements/other agreements ➢ Review of arrangements for managing performance including: monitoring of performance indicators, recording & reporting; use to identify risk, benchmarking & consultation. ➢ Complaints Management including: compliance with corporate guidance, recording and resolving; management reporting to inform decision making.	Reasonable	0	4	1
9	Environment	Bereavement Services Income ➢ Invoicing & charging ➢ Income Collection, Recording, Banking & Reconciliation ➢ Debt Recording, Monitoring & Reporting ➢ Refunds, Amendments & Write-Offs ➢ System Access and Authorisation Controls ➢ System Interface Controls	Partial	5	7	2
10	IT & Programmes	Network Security (PSN/Cyber) - review network security against good	Reasonable	0	8	7

	Service Area	Audit & Scope	Assurance Opinion	Recommendations		
				High	Med	Low
		practice guidance, published by the National Cyber Security Centre (NCSC). Additionally checks will be made on current Public Service Network (PSN) status. The specific objectives are set out below: ➢ Browsing & Messaging ➢ Social Media & Web Presence ➢ Distributed Denial of Service ➢ Malware ➢ Cloud Services ➢ PSN (Public Service Network)				
11	Finance	Risk Management (Core KAF) ➢ Risk Management Strategy/Policy ➢ Governance Framework ➢ Corporate Risk Register ➢ Guidance & Training ➢ Compliance & Review	Reasonable	0	0	2
Total Recommendations				**7**	**32**	**21**

4. The table below shows comparison of total recommendations during this year with previous years. Whilst this indicates relatively consistent levels of reports issued, direct comparisons for number of recommendations issued cannot be drawn, as this will depend on many factors, such as type and scope of audit, framing of the recommendation etc.

Table showing comparison of Recommendations made during 2023/24 with Previous Years

Financial Year	Recommendations Made			
	High	**Medium**	**Low**	**Total**
2023/24	18	97	61	176
2022/23	7	77	41	125
2021/22	14	111	66	191

Partial Assurance Audit Opinions

5. There were 2 'Partial' assurance audit reports issued during the quarter as follows:

6. **Children's Services - Section 17 Expenditure -** Five Recommendations (2 high, 1 medium and 2 low) were made in this Audit Report which resulted in a 'Partial Assurance' audit opinion. The following issues were found:

High Priority	
Policies and procedures Expenditure authorisation	There are no formal policies or procedures relating to Section 17 expenditure. Evidence of authorisation to incur expenditure is not always retained on Mosaic.
Medium Priority	
Expenditure monitoring	There is no way to monitor expenditure on a young person by young person basis.
Low Priority	
Expenditure coding	Testing identified expenditure which had been incorrectly coded as Section 17 expenditure. Testing identified expenditure which appeared to be coded as Section 17 expenditure on a historic basis.

7. **Environment – Bereavement Services Income -** Fourteen Recommendations (5 high, 7 medium and 2 low) were made in this Audit Report which resulted in a 'Partial Assurance' audit opinion. The following issues were found:

High Priority	
Raising Invoices	Invoices raised outside of the corporate system in breach of Financial Regulations. No interface between the new PlotBox system and the corporate Academy system. No formal plan to clear invoicing backlog
Sale and Renewal of Memorial Permits, Commemorative Items and Deeds of Grave	No formally documented procedures / processes in place for sale and renewal of these. Renewals not processed in a timely manner and no formal plan to address the backlog. Some applications added to the system without payment and some cheque payments have expired.
Income Reconciliations	Delay in processing income returns and no formal plan is in place to address. Reconciliation of expected and banked income cannot take place resulting in accounting system data being out-of-date and preventing effective budgetary management.
Debt Management	Debt management arrangements are not compliant with the Corporate Debt Management Policy. No formal recovery policies / procedures in place nor consolidated report of outstanding debts and recovery actions taken.
Integration with Corporate Debtors System	Arrangements to update the system to take account of payments received (to ensure that account statements and associated invoices are correct) have not been specified.
Medium Priority	
Value Added Tax	VAT is not correctly applied to fees and charges for some items/packages.
Receipt, Storage, Processing and Banking of Cash and Cheques	Cash and cheques are not banked in a timely manner nor routinely receipted/securely stored.
	Corporate cash collection arrangements are not in use
	No formal plan in place to identify the extent of and resolve the processing backlog
	Access to safes is not adequately controlled.
	Safes contain cash and cheques (less than £200) including charitable donations which, in some cases, appear to have been left unbanked and it is unclear which charities the donations are for and how payment will be made.

Debt Management	Current terms and conditions of service provision and bookings process do not facilitate debt recovery in the event of changes in Funeral Director ownership or structure.	
Low Priority		
Storage and Disposal of Lost Property and Public Funeral Personal Effects	Safes contain personal effects including unclaimed lost property and items relating to public health funerals. There is no formal policy or procedures in place for dealing with these.	

8. Substantial progress has been made towards implementation of the 14 recommendations made in this audit: three medium priority recommendations have been fully implemented. All recommendations are anticipated to be implemented by the end of June 2024 and progress will be reported to this Committee.

9. There were no 'Minimal' assurance audit reports issued during the quarter.

10. The status of audits in progress (Jan – March 2024) is outlined below:

Audits In Progress

	Service Area	Audit	Progress
1	Adult Social Care	Hospital Discharge Service	Draft
2	Commissioning	Procurement (Core KAF)	Draft (joint report)
3	Commissioning	Contract Award (Counter Fraud)	
4	Finance	Financial Management (Core KAF)	Draft (joint report)
5	Finance	Main Accounting (KFS)	
6	Marketing, Comms & Policy	Business Planning & Performance Management (Core KAF)	Draft (joint report)
7	Marketing, Comms & Policy	Partnerships (Core KAF)	
8	Children's Services	Agency Staffing	Draft
9	Commercial Operations	Seafront Recruitment	Draft
10	Customer, Arts & Property	Fire Safety (Core KAF)	Fieldwork
11	Education & Skills	Schools Admissions (Counter Fraud)	Fieldwork
12	Finance	Asset Management (Estates)(Core KAF) (2023/24/25 audit)	Fieldwork
13	Finance	Creditors (KFS)	Fieldwork
14	Finance	Health & Safety (Core KAF)	Fieldwork
15	Adult Social Care	Section 117 Hub (2023/24/25 audit)	Fieldwork
16	Customer, Arts & Property	Facilities Management (2023/24/25 audit)	Fieldwork
17	Housing &	Housing Assets Health & Safety Compliance	Fieldwork

	Communities	Follow Up (2023/24/25 audit)	
18	Marketing, Comms & Policy	Environmental Sustainability (Core KAF)	Fieldwork
19	People & Culture	Employee Additional Payments Review (2023/24/25 audit)	Fieldwork
20	Schools	Linwood School	Fieldwork
21	Adult Social Care	Corporate Safeguarding (Modern Slavery) (2023/24/25 audit)	Fieldwork
22	Planning & Destination	Developer Contributions - Management of Spend (2023/24/25 audit)	Fieldwork
23	Law & Governance	Information Governance (Core KAF) (2023/24/25 audit)	Fieldwork
24	Finance	Debtors (2023/24/25 audit)	Fieldwork
25	IT & Programmes	Project Management (Core KAF)	Fieldwork

11. 2023/24 audit activity does not neatly end on 31 March 2024, and 2024/25 audit activity does not neatly commence on 1 April 2024. Where fieldwork 'straddles' the financial year, the audit is shown with the (2023/24/25 audit flag).

12. The 2024/25 Audit Plan, including details of the quarter 1 audits, is included in the 'Internal Audit – Audit Charter & Audit Plan 2024/25' paper presented to this Committee.

13. The 2023/24 Audit Plan was kept under review to ensure that any changes to risks, including emerging high risks, are considered along with available resource. The following changes have been during quarter 4:

2023/24 Audit Plan Changes – Quarter 4

	Service Area	Audit	Added / Removed	Comment/rationale
1	Education & Skills	SEND Workforce Development	Removed	This was removed from the 2023/24 plan as a SLIP review looking at workforce competence and capacity was being undertaken at the same time. This will be undertaken in 2024/25 as part of the Children's Services-wide audit of Workforce Development – Training.
2	Development & Investment	Development & Investment – KAF Overview	Removed	Awaiting for new Service Directorate arrangements to be confirmed. Audit planned for 2024/25.
3	Adult Social Care	Contact Centre	Removed	Project Management arrangements still being determined. Audit planned for 2024/25.
4	Commissioning	Homecare & Residential	Removed	Postponed until Q1 2024/25 due to resourcing issues.

			Removed	Postponed until Q1 2024/25 to clarify
		Care Payments (Counter Fraud)		
5	Education & Skills	Pupil Premium Grant	Removed	Postponed until Q1 2024/25 to clarify scope – this will now specifically look at PPG arrangements in relation to the virtual school.

Significant Issues Arising and Other Work

Single Person Discount

14. Further work has been carried out on the Single Person Discount (SPD) pilot project to increase Council Tax yield by systematically reviewing all National Fraud Initiative (NFI) data matches that may indicate fraud or error in relation to residents claiming SPD. Discounts are removed where fraud or error is found, and the national penalty charge (£70) is levied for failure to notify the Council of a change in circumstances.

15. The tables below shows progress on the project as at 21/3/24 vs the previous reported figures as at 15/12/2023:

Table showing number of cases reviewed and status:

	15/12/23	28/03/24
Number of NFI data matches (approx.)	6,000	6,000
Total matches reviewed	294 (approx. 5% of total matches)	993 (approx. 16% of total matches)
Closed with no further action necessary (e.g. SPD has already been removed)	136	555
Letters sent	158	438
Responses completed	124	330
SPDs removed	77	221
Of which: SPDs replaced with similar discount (e.g. student discount)	12	37
SPDs completely removed	65	184

Table showing value of additional council tax yield as a result of the SPD work:

	15/12/23		28/03/24	
	Total value *(excluding those where the SPD was replaced with a similar discount)*	**Total value** *(including those where the SPD was replaced with a similar discount)*	**Total value** *(excluding those where the SPD was replaced with a similar discount)*	**Total value** *(including those where the SPD was replaced with a similar discount)*
Underpayments – *this is the value (£) billed in respect of incorrect SPD claimed to date*	£36,826	£36,826	£125,483	£125,483
Annual value of SPD removed – *this is the value (£) of an additional one year's worth of the SPD from the date identified. This is because Council Tax bill increases till the end of the year (as the SPD was removed) and that it is likely without our intervention the wrongly applied SPD would carry on for at least a year. This is in comparison to the Cabinet Office who claim based an assumption of two years.*	£32,900	£38,468	£89,789	£107,275
Total additional council tax yield	£69,726	£75,294	£215,272	£232,758
Financial penalties	£3,360	£3,360	£10,920	£10,920
Total yield + financial penalties	£73,086	£78,654	£226,192	£243,678

16. On average, each SPD removed results in approximately an additional £681 (was £565) in billed underpayments and £1,170 (was £1,070) of total additional council tax yield.

17. The highest individual case has resulted in an additional yield of £3,884.84 (was £3,052.75) where the SPD going back to 2015 (was 2019) was removed.

18. The pilot project is continuing to produce significant additional yield and plans are in place for the work to transition to the Revenues service during 2024/25. They will be creating an Income Maximisation and Compliance team which will review SPD's as well as a business as usual process to identify fraud and error much earlier than is currently the case.

Other work

19. Work is underway on the Multiply Grant in Skills and Learning to ensure that the Council is complying with the grant conditions; namely that the Council has a strong control framework in place around grant expenditure and the eligibility of the learners to qualify for the grant.

20. Testing has been undertaken on the Supporting Families grant to allow the sign off the quarter 4 claim.

21. The annual internal audits on behalf of the two Charter Trustees has begun. The outcomes of the audits are reported to the Charter Trustees.

22. Following the recent recruitment exercise reported to the last Audit & Governance Committee, a new Audit Manager has been appointed and took up their post at the beginning of March 2024.

<u>Recommendation Progress – Review of Pop-up/Temporary activities incorporating Bayside Restaurant</u>

23. The findings of the Review of Pop-up/Temporary activities incorporating Bayside Restaurant were brought to Audit & Governance Committee in July and October 2023. Appendix 2 shows an update of the progress in implementing the recommendations.

24. Of the 18 recommendations, 14 have been implemented. The remaining 4 recommendations are underway but are contingent upon the agreement of the Seafront Strategy which is going to Cabinet in June 2024. The target date for these recommendations has been extended to the end of August 2024 to allow time for any queries to be resolved following Cabinet approval.

Implementation of Internal Audit Recommendations

25. It is a requirement of the Audit Charter that all High Priority recommendations that have not been implemented by the initially agreed target date will be reported to the Audit & Governance Committee (where the revised target date has not previously reported). This is to ensure the Committee is fully appraised of the speed of implementation to resolve, by priority, the most significant weaknesses in systems and controls identified.

26. There were 6 high recommendations across 4 audits which met the criteria; they are shown in detail in Appendix 1.

27. Audit & Governance Committee are asked to review Appendix 1, along with the explanations and the revised timescales. Relevant Directors can be asked for further explanations as required, explanations can be in written or verbal form, as the Committee deems appropriate for each individual circumstance.

28. All remaining High Priority recommendations followed up during the period (in line with the agreed action plan) were found to have been satisfactorily implemented by management.

29. The Audit Charter also requires any management proposed revisions to the implementation dates of Medium Priority recommendations to be agreed by the Chief Internal Auditor, who will report to Audit & Governance Committee any such requests considered unreasonable. There are no such instances this quarter.

Options Appraisal

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

Summary of financial implications

31. The BCP Internal Audit Team budgeted cost for 2023/24 is £772,100, this figure is inclusive of all direct costs, including supplies & services, but it does not include the apportionment of central support costs (which are budgeted in aggregate and apportioned to services as a separate exercise). The budget figure also includes the Head of Audit & Management Assurance who manages other teams.

32. In-year vacancies and other factors will result in an underspend against the budget for this financial year. This is likely to result in an aggregate underspend of about £65,000. This figure has been included in the outturn projections in the latest corporate budget monitoring report.

Summary of legal implications

33. This report gives a source of assurance on the adequacy and effectiveness of the risk, control, and governance systems in place.

Summary of human resources implications

34. The BCP Internal Audit Team currently consists of 14.35 FTE inclusive of the Head of Audit & Management Assurance. It is the opinion of the Chief Internal Auditor that these resources are sufficient to provide Audit & Governance Committee and the Council's Corporate Management Board with the assurances required. The Audit Manager vacancy has recently been filled.

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

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

Background papers

None

Appendices

Appendix 1 - High Priority recommendations – original target date for implementation not met

Appendix 2 - Recommendation Progress – Review of Pop-up/Temporary activities incorporating Bayside Restaurant

Appendix 1 - Table showing High Priority recommendations where the original target date for implementation was not met

Recommendation	Original Target Date	Explanation from Director	Revised Target Date	Internal Audit Comments
HIGH PRIORITY RECOMMENDATIONS				
Children's Services – Capital Programme				
The Children's Service Capital Programme Strategy should be updated to ensure it considers the following: • Aims & objectives. • Roles, responsibilities and accountabilities. • How it links to the Council's Big Plan and other relevant corporate strategies. • Governance arrangements, including oversight of the Capital Programme Board linking into the corporate capital and reporting processes • Links to policies such as condition survey, including frequency and grading criteria used and impact on budget setting process, Capital Project Methodology. • How it links to the SEND Strategy and any other additional funding received.	30/6/2022	Completion of these actions will be achieved when there is a dedicated resource/ team in place. There have been delays in achieving this though new posts have now been graded and approved by the job evaluation panel and job interviews for interim positions are in progress (ahead of recruitment to permanent posts). This will establish a dedicated team and close existing gaps in our resource. In the meantime, a very limited resource is delivering in challenging circumstances and work to achieve approvals and day to day delivery of projects has been prioritised in order to ensure schools remain open and operational and that SEND place projects continue to be implemented. All works are informed by up to date condition surveys, standardised grading criteria and close working with the Health and Safety team. *Previous updates:* ***The aims and the objectives of the capital strategy*** *are informed by our strategic priorities which include a focus on SEND improvement and inclusion. They are also shaped by our local context and this includes our performance, our capacity for improvement and the challenges of operating in the current climate i.e. the corporate infrastructure necessary to support our work. Given the scale/range of challenges, our work with the construction partnership extends across two phases as outlined below.* *Phase 1 (between May – November 2022) focussed on improving the following:* • ***Governance arrangements –*** *new arrangements in place including approvals aligned to RIBA stages and clarity on roles and responsibilities.*	30/6/24	Progress to implement all aspects of the recommendation is underway. Recruitment is in progress to provide dedicated resource which will facilitate delivery of the actions.

Recommendation	Original Target Date	Explanation from Director	Revised Target Date	Internal Audit Comments
		• *Capital Project Process/methodology - robust methodology defined, agreed and being implemented* • *Programme management oversight – established links to procurement strategy, communications plan and opportunities for efficient management of work* • *Good estate management – identified gaps in compliance with associated risks and currently liaising with corporate teams to deliver services to schools. Progress in this area has been affected by gaps in expertise and capacity between services.* *Phase 2 was due to be complete in May 2023 though delays with the work to restructure the team mean that interim arrangements for the management of schemes are continuing. Phase 2 will help create the right conditions for the work identified in the Delivering Better Value (DBV) programme. There are further actions that are funded by DBV that will help support the delivery of the SEND programme of expansion, the graduated support schemes, reactionary SEND schemes and schemes that promote inclusion practice in our mainstream schools. Request has been made through DBV for a project manager to support mapping the procurement and commissioning of additional SEND sufficiency for EOI through acceptance, planning, legal, commissioning to build and populating with SEND CYP.*		
The Service should ensure that the following improvements to the programme governance arrangements are made: • Determination of a Programme Manager responsible for the delivery of the Children's Services Capital Programme. • Implement a standard capital project methodology which should include a business case / feasibility study, a project gateway process and a clear approval process. • Formalisation for the commissioning of project	30/6/2022	Determination of a Programme Manager responsible for the delivery of the Children's Services Capital Programme: A job description has been evaluated and interim recruitment is taking place ahead of a permanent appointment. Implement a standard capital project methodology which should include a business case / feasibility study, a project gateway process and a clear approval process: **Complete.** Formalisation for the commissioning of project managers: **Complete** Clarifying the Team / Board responsible for receiving regular capital	30/6/24	Progress to implement all aspects of the recommendation is underway. Recruitment is in progress to provide dedicated resource which will facilitate delivery of the actions.

Recommendation	Original Target Date	Explanation from Director	Revised Target Date	Internal Audit Comments
managers. • Clarifying the Team / Board responsible for receiving regular capital programme and project updates and in what format.		programme and project updates and in what format: A Children's Services Capital Board is established though it has not been operating at the level required. Plans are in place to remedy this benefiting from leadership oversight of the Interim Director of Education and Skills as part of the DSG Recovery Plan. A project steering group continues to work well where the detail of schemes are discussed.		
Children's Services – Alternative Provision				
The adequacy of placement monitoring should be reviewed in order to be able to confirm that a young people placed in Alternative Provision is receiving an equivalent education to that of mainstream schools.	29/4/2023	Inclusion Service Diagnostic review undertaken and Service Improvement plan written which includes further actions to address this issue, including development of improved processes for monitoring, reviewing and quality assuring education plans for children in Alternative Education Provision (AEP). Significant increases in the number of pupils being placed in AEP is resulting in capacity pressures, which present challenges in relation to undertaking regular placement reviews on an individual basis for all pupils in alternative provision.	1/7/24	Progress to implement the recommendation is underway as part of the wider Service Improvement plan.
Children's Services – Section 17				
Management should ensure that a policy relating to Section 17 expenditure is produced and agreed with senior management, with supporting procedures fully documented and disseminated.	31/12/23	Scheme of delegation has been reviewed, subject to Senior Leadership Team approval. A process and systems improvement project on non-placement brokerage and expenditure, which encompasses S17 spend has commenced, from which new policies and procedures may be developed as required.	30/4/24	Progress is underway and the target date has been revised to reflect additional time required for approval, additional review and communication to the wider team.
Management should ensure that no Section 17 expenditure is incurred without prior authorisation in line with the Scheme of Delegation, either through the Council's purchase order system or through written confirmation in the case of P-card expenditure.	31/12/23	Scheme of delegation has been reviewed, subject to Senior Leadership Team approval, and will be communication once signed off. and through SLT for approval. Senior Managers have been reminded by email regarding the recording of financial authorisation on MOSIAC.	30/4/24	Progress is underway and the target date has been revised to reflect additional time required for approval and communication to the wider team.

Recommendation	Original Target Date	Explanation from Director	Revised Target Date	Internal Audit Comments
Housing – BCP Homes Governance Review				
Spend with Suppliers and Breach of Financial Regulations (a) Undertake a full tendering exercise for those activities identified in the breach and agree a contract in accordance with BCP Financial Regulations. (b) BCP Homes reviews all supplier spend data for 2022/23 to confirm whether appropriate contracts are in place in accordance with Financial Regulations. • Where contracts are duplicated, coming to end of term or otherwise considered redundant, a value for money review of alternatives should be undertaken accordingly. • Where breaches with Financial Regulations are identified (for example due to the aggregation of spend with a specific supplier) this should be recorded in a breach form and submitted following corporate requirements. (c) The above is included as a specific entry in the applicable Delivery and Alignment Plans to ensure that defined responsibility and timeframes for completing the review are in place and monitored.	1/1/24	a) This action is complete. CMB have agreed that the activities relating to the Financial Regulations breach will be brought back in-house in early 2024/25. (b) This element of the recommendation is in progress. Work is underway to review supplier spend and associated contractual arrangements and an action plan will be developed to address identified issues. This work will cover not just BCP Homes but the whole Housing Revenue Account. (c) This action is complete. The review of supplier spend and associated contractual arrangements will be completed by the end of June 2024 and resulting actions completed by the end of September 2024.	30/09/2024	This recommendation is in progress and the target implementation date has been revised to reflect that the review of supplier spend and contractual arrangements has been widened to cover the whole of the HRA.

Appendix 2 – Recommendation Progress – Review of Pop-up/Temporary activities incorporating Bayside Restaurant

	Recommendation Status	Original Target Date	Update, explanations, target date extension details	Revised Target Date
RECOMMENDATIONS				
R1. The overarching approach for pop-up restaurants and activities should be formally documented including: (a) Fit with Seafront Strategy vision, aims and objectives. (b) How 'character areas' hosting pop-ups are selected. (c) The types of operating model which will be used (in-house, concession, hybrid) and factors to be taken into account when determining the appropriate approach. (d) Where trials are undertaken, clear definition of the purpose, scope, duration and monitoring of any trial activities including subsequent formal analysis, documentation and dissemination of lessons learned. (e) Development of business cases for individual pop-up projects including options appraisal, risk assessment, assumptions and dependencies (eg. obtaining appropriate Licenses, Planning permission, leases, access to mains utilities and infrastructure, Legal and Estates support, etc). (f) How and by whom viability will be assessed including formal consideration of risk appetite and escalation / decision-making thresholds. (g) Approach to pricing concessions (including expert input from other Council teams including Accountancy and Strategic Procurement as appropriate). (h) Approach to procurement and contract design to ensure an appropriate balance of risk and reward between the Council and any external contractors. (i) Arrangements for ongoing performance monitoring and management of pop-ups including reporting (covering content, frequency and distribution) and the issue escalation process.	Not yet fully implemented	31/12/2023	Work is underway but full completion of this action is contingent upon agreement of the new Seafront Strategy which is going to Cabinet in June 2024. Target date extended to end of August 2024 to allow time to resolve any queries arising from Cabinet approval process.	31/08/2024
R2. Formal consideration should be given to the creation of an overarching Pop-Ups Programme including: (a) Formally assigned roles and responsibilities (including Programme Manager and oversight groups in accordance with the agreed approach) to guide and support decision-making, manage programme-level risks, issues and dependencies, receive and act-upon escalated issues and ensure that lessons learned inform future strategies and plans. (b) Detailed programme plan which is reviewed and updated on a regular (at least monthly) basis. (c) Formal appointment of individual pop-up project managers responsible for all stages of the project from feasibility to closedown and lessons learned. (d) Appropriately detailed individual pop-up project plans including regularly reviewed and updated risk, assumption, issue and dependency logs.	Not yet fully implemented	31/12/2023	Work is underway but full completion of this action is contingent upon agreement of the new Seafront Strategy which is going to Cabinet in June 2024. Target date extended to end of August 2024 to allow time to resolve any queries arising from Cabinet approval process.	31/08/2024
R3. Consideration should be given to making appropriate reference to pop-ups and inclusion of supporting high-level actions in Service and Team Plans. (Low priority recommendation)	Implemented	31/3/2024	Implemented	n/a
R4. All future pop-up activities should be informed by: (a) A sufficiently detailed business case which clearly sets-out the purpose and objectives of the exercise and links to the documented Pop-Ups approach recommended above.	Not yet fully implemented	31/12/2023	Work is underway but full completion of this action is contingent upon agreement of	31/08/2024

	Recommendation Status	Original Target Date	Update, explanations, target date extension details	Revised Target Date
(b) A detailed financial assessment, which should be subject to formal consultation with Finance officers and relevant experts to confirm viability. (c) A formal risk assessment which is reviewed on a regular (at least monthly) basis and updated as appropriate. (d) A formal issues log which is reviewed on a regular (at least monthly) basis and updated as necessary with significant issues escalated to an appropriate level of management. (e) Processes should also be put in place to monitor and manage performance including arrangements for raising concerns and ensuring that they are formally acknowledged and acted upon appropriately.			the new Seafront Strategy which is going to Cabinet in June 2024. Target date extended to end of August 2024 to allow time to resolve any queries arising from Cabinet approval process.	
R5. Consideration should be given to completing formal Officer Decision Record forms for all future decisions to undertake pop-ups and events. These should include an appropriately detailed business case and project plan according to the value and complexity of the proposed venture.	Implemented	31/12/2023	Service has reinforced the need for ODRs and evidence seen within the wider Commercial Operations Service.	n/a
R6. Arrangements should be put in place to ensure that Licence applications are sufficiently focussed and detailed to allow key stakeholders to make a pragmatic assessment of likely effects on legal duties including prevention of public disturbance, public nuisance and harm to children.	Implemented	31/12/2023	Work undertaken regarding planning applications and licensing conditions (alcohol and entertainment).	n/a
R7. Detailed financial analysis should be undertaken of spend with Slick Events since BCP Council's inception in April 2019 and Financial Regulations Breach Reports submitted if required.	Implemented	31/12/2023	Financial analysis undertaken.	n/a
R8. Formal consideration should be given to aggregating activities into larger packages where possible and appropriate to do so to increase the number of potential providers and potentially offer better value for money for the Council through greater competition. Further expenditure should not be incurred without obtaining formal quotations and/or tendering as appropriate and supporting Procurement Decision Records should be routinely put in place in accordance with Financial Regulations to facilitate good governance and transparency.	Implemented	31/12/2023	This is being done with Procurement.	n/a
R9. Where potential conflicts of interests are declared, detail should be provided on how these are to be managed and whether the individuals or their organisations currently or will potentially transact with the Council. This information should also be added to Procurement Waver requests where necessary to ensure transparency and allow appropriate mitigations to be put in place.	Implemented	31/12/2023	Reminders of declaration of interest process sent. All Heads of Service complete with mitigations in place where required.	n/a
R10. Contractual arrangements should ensure an appropriate balance of risk and reward.	Implemented	31/12/2023	All future contracts will be assessed in collaboration with Legal, Finance and other experts as required.	n/a
R11. Sufficient time should be allowed to ensure Legal Agreements with suppliers are drafted and signed-off as far in advance of operation as possible.	Implemented	31/12/2023	Sufficient lead-in time is understood to allow relevant approvals and legal	n/a

	Recommendation Status	Original Target Date	Update, explanations, target date extension details	Revised Target Date
These should include clear objectives and associated KPIs along with details of contract monitoring / performance management processes to be followed.			agreements to be in place.	
R12. Stock control procedures and processes should be determined in advance and sufficient time should be allowed between infrastructure installation and commencement of trading to ensure these function as expected.	Implemented	31/12/2023	This hybrid approach will not be taken in future so stock control will only be related to our own sites/in-house activities. If we do have pop-ups, the operator to do their own stock control.	n/a
R13. Budget codes and cost centres should be reviewed and disaggregated to ensure that arrangements better align to activity and financial performance of individual pop-up activities and events can be more readily measured.	Not yet fully implemented	31/12/2023	Work is underway but full completion of this action is contingent upon agreement of the new Seafront Strategy which is going to Cabinet in June 2024. Target date extended to end of August 2024 to allow time to resolve any queries arising from Cabinet approval process.	31/08/2024
R14. Officers should be reminded that Purchase Orders should be raised at the point of order and not on receipt of invoice.	Implemented	31/12/2023	This is complete and supplemented by corporate reminders that no purchase order, no pay.	n/a
R15. Formal lessons learned exercises should be undertaken for each pop-up 'project' and the outcome documented and disseminated appropriately.	Implemented	31/12/2023	Review undertaken of seasonal offer for 2023.	n/a
R16. Process / responsibility for responding to FOI and other information requests should be formally agreed to ensure they're dealt with as efficiently and effectively as possible and with due regard to transparency principles.	Implemented	31/12/2023	Complete	n/a
R17. Sufficient time should be allowed for planning future pop-ups and events projects to ensure that risks and challenges are fully considered and alternative options are explored and evaluated.	Implemented	31/12/2023	Clear that there will not be any hybrid / risky contracts and all future contracts will be properly assessed in collaboration with Legal, Finance and other experts as required.	n/a
R18. For future in-house or hybrid operations, sufficient time should be allowed for staff training and systems set-up following installation of infrastructure. Additionally, as far as practicable, staffing arrangements should be designed to facilitate flexibility in case of fluctuating demand. (Low priority recommendation)	Implemented	31/12/2023	Clear that there will not be any hybrid / risky contracts.	n/a

AUDIT AND GOVERNANCE COMMITTEE

BCP
Council

Report subject	**Review of the Council's Constitution - Recommendations of the Constitution Review Working Group**
Meeting date	11 April 2024
Status	Public Report
Executive summary	The report summarises the issues considered by the Constitution Review Working Group and sets out a series of recommendations arising from the Working Group for consideration by the Committee relating to the introduction of budget and policy framework procedure rules.
	Any recommendations arising from the Committee shall be referred to full Council for adoption.
Recommendations	**It is RECOMMENDED that:**
	(a) in relation to Issue 1 (Budget and Policy Framework Approval Procedure Rules) the proposed amendment to insert the new Procedure Rules into Part 4E of the Constitution, as set out in Appendix 1 to this report, be approved;
	(b) any necessary and consequential technical and formatting related updates and revisions to the Constitution be delegated to the Monitoring Officer.
Reason for recommendations	To make appropriate updates and revisions to the constitution following consideration by the Working Group.

Portfolio Holder(s):	Councillor Vikki Slade (Leader of the Council and Portfolio Holder for Dynamic Places)
Corporate Director	Graham Farrant (Chief Executive)
Report Authors	Janie Berry (Director of Law and Governance and Monitoring Officer) Richard Jones (Head of Democratic Services)
Wards	Not applicable
Classification	For Recommendation

Background

1. The Terms of Reference of the Audit and Governance Committee include 'Maintaining an overview of the Council's Constitution and governance arrangements in all respects'.

2. In discharge of this responsibility the Committee established a Constitution Review Working Group of five of its Councillors. The current members of the Working Group are Councillor Connolly (Chair) and Councillors Andrews, Beesley, Castle and Phipps. Since its establishment in July 2020, the Working Group has continued to meet on a regular basis to consider requests for change. The Group receives advice from various officers including the Monitoring Officer and Head of Democratic Services. From time to time, as required, Officers and Councillors with specialist responsibility have been invited to have an involvement.

3. Since its establishment, the Working Group has continued to meet on a regular basis and completed various phases of its work. Recommendations that were agreed by Council have been implemented and incorporated into a revised and updated version of the Constitution and published on the Council's web site.

4. The Working Group has considered suggestions received from a wide variety and range of sources including input from Councillors and Officers.

Format

5. Throughout the work of the Group a 'Forward Plan' of issues has been maintained and added to as additional issues have arisen. This approach will continue to be adopted for capturing future issues.

6. Where appropriate, any proposed changes to the Constitution are shown with track changes in the appendices to this report (and where changes are proposed to individual paragraphs these may be embedded into the body of this report in red outline boxes) to assist members identifying the proposed changes. Page number references are to pages within the current Constitution.

Options Appraisal

7. The Working Group considers carefully whether or not changes are necessary on each issue raised. If supported the Working Group determines the proposed

alterations to the wording which forms the basis of the recommendations to the Audit and Governance Committee. This report sets out the proposed changes following those deliberations.

8. For ease of reference, each matter considered will be referred to as an Issue with a corresponding number which will be referenced through the report and recommendations. There is only one issue for consideration in this report.

ISSUE 1 – BUDGET AND POLICY FRAMEWORK APPROVAL PROCEDURE RULES

9. The DLUHC Best Value Action Plan recommended the introduction of new Procedure Rules for the Budget and Policy Framework Approval process. This was also included in the Chief Executive's Action Plan to improve governance arrangements.

10. The proposed framework is based on a review of other large unitary authorities' procedure rules and is considered to address concerns of potential weaknesses with the existing arrangements, including the prevention of a late change to an administrations budget proposal before council.

11. It was acknowledged that as a new document it would be appropriate to review these rules after 12 months of operation and the Working Group agreed to include such a review in the work plan for Spring 2025.

12. The new Procedure Rules aim to strengthen and clarify the decision-making process for the consideration, objection, amendment and approval of key policies and budget proposals.

13. The proposed new Procedure Rules which will be included in Part 4 (Procedure Rules) is set out in Appendix 1 to this report. Track changes are not shown as the whole document is new. It is proposed to reference these new procedure rules as Part 4E and to alter the referencing for the Officer Employment Procedure Rules from section 4E to 4F.

14. RECOMMENDATION

It is RECOMMENDED that in relation to Issue 1 (Budget and Policy Framework Approval Procedure Rules) the proposed rules to be added to Part 4E, as set out in Appendix 1 to this report, be approved.

Summary of financial implications

15. There are no financial implications arising from this report.

Summary of legal implications

16. The Constitution of the BCP Council complies with relevant legislation. Where appropriate, the Constitution references relevant legislation which underpins specific procedure rules.

Summary of human resources implications

17. There are no human resource implications arising from this report.

Summary of sustainability impact

18. There are no sustainability implications arising from this report.

Summary of public health implications

19. There are no public health implications arising from this report.

Summary of equality implications

20. The Constitution of the BCP Council sets out the rights of public access to the democratic process. Where appropriate the Equality Officer is engaged on relevant issues.

21. The proposed Constitution changes contained within this report do not impact directly or indirectly upon service users and as a consequence there are no equality implications arising from this report.

Summary of risk assessment

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

Background papers

Published works

Appendices

Appendix 1 - Proposed Budget and Policy Framework Approval Procedure Rules

PART 4E

BUDGET AND POLICY FRAMWORK PROCEDURE RULES

E.   Budget and Policy Framework Procedure Rules

1.   The Budget and Policy Framework

1.1.   The Budget and Policy framework refers to the financial and policy decisions of the Council where:

   1.1.1.   the Leader and Cabinet makes recommendations for the budget decision to Full Council, and

   1.1.2.   the Full Council makes the final decision to adopt the Leader and Cabinet's recommendations. If Full Council does not accept or fully accept the Leader and Cabinet's recommendations, the procedure below must be followed.

1.2.   The Leader and Cabinet is responsible for the implementation of the Budget and Policy Framework.

1.3.   The following rules are mandatory standing orders required to be adopted by the Council under the Local Authorities (Standing Orders) (England) Regulations 2001 to set out how the Budget Approval Rules will be agreed.

Policy Framework Decisions

2.   Leader and Cabinet policy proposals

2.1.   The Leader and Cabinet will formulate draft plan or strategy decisions with the support of officers and will determine whether to:

   2.1.1.   Undertake public or other stakeholder engagement and / or consultation; and/or

   2.1.2.   Proactively engage with Scrutiny, including as part of the annual overview and scrutiny work plan.

2.2.   The Leader and Cabinet will take into account the outcome of these processes in the formulation of the draft plan or strategy made to Full Council.

2.3.   The Leader and Cabinet will submit its draft plan or strategy to Full Council for adoption.

3.   Council's Consideration of Leader and Cabinet draft plan or strategy

3.1.   Full Council will consider the draft plan or strategy and take one of the following decisions:

   3.1.1.   Adopt the Leader and Cabinet's proposals and if so the draft plan or strategy is agreed as Council policy; or

3.1.2.   Inform the Leader of any objections it has to the Leader and Cabinet's draft plan or strategy, including any amendments to the proposals.

3.2.   If the Council has objections to the Leader and Cabinet's initial proposals, it must:

3.2.1.   Give the Leader instructions requiring the Cabinet to reconsider, in the light of those objections, the draft plan or strategy submitted to it.

3.2.2.   Specify a period ("the relevant period") of **at least 5 working days** beginning on the day after the date on which the Leader receives the instructions on behalf of the Cabinet within which the Leader may reconsider the draft plan or strategy.

Leader's consideration of the Council's objections

3.3.   The Leader may, within the relevant period, give notice in writing to the Monitoring Officer of their intention to:

3.3.1.   submit a revised draft plan or strategy to Full Council including the reasons for any amendments; and

3.3.2.   inform Full Council of its disagreement with the Council's objections to the draft plan and strategy and the reasons for the disagreement.

3.4.   If the Leader does not take the above action within the relevant period, the Council's decision on the draft plan or strategy (with any amendments) will become effective at the expiry of the relevant period and notice will be given in accordance with the Access to Information Rules.

Full Council's final decision

3.5.   If the Leader gives notice in writing to submit a revised draft plan or strategy, or disagrees with the Council's objections to the original draft plan or strategy, the Full Council must meet to reconsider and agree the plan or strategy either:

3.5.1.   at the next ordinary Council meeting; or

3.5.2.   at an extraordinary Council meeting for this purpose if a decision needs to be made at a sooner date.

3.6.   The Council's final decision to adopt the plan or strategy must take into account, where applicable, the Leader's revised draft plan or strategy or disagreement with the Council's objections.

The Budget Framework: Setting the Annual Council Tax and Budget

4. The Formulation of Budget Proposals

4.1. In the financial year, the Leader and Cabinet with the support of officers will formulate draft budget proposals and will:

    4.1.1. determine the process for any public or other stakeholder engagement and / or consultation; and/or

    4.1.2. agree with Overview and Scrutiny Committees a process for the scrutiny of the proposals.

4.2. The Leader and Cabinet will take into account the outcome of these processes in the formulation of the draft plan or strategy made to Full Council.

4.3. The Leader and Cabinet will submit its draft budget proposals to Full Council in accordance with the following procedure.

5. Leader and Cabinet's Budget Estimates or Amounts

5.1. Subject to the exception in Rule 9, in any financial year the Leader and Cabinet shall submit to Full Council for its consideration in relation to the following financial year:

    5.1.1. Estimates of the amount to be aggregated in making a calculation (whether originally or by way of substitute) in accordance with any of sections 32-37 or 43-49 of the Local Government Finance Act 1992;

    5.1.2. Estimates of other amounts to be used for the purpose of such a calculation;

    5.1.3. Estimates of such a calculation; or

    5.1.4. Amounts required to be stated in a precept under Chapter IV of Part I of the Local Government Finance Act 1992.

5.2. The proposals at 5.1 shall be called collectively the "Budget Estimates or Amounts".

6. The Budget Setting Meeting: Full Council's Consideration of the Budget Estimates or Amounts

6.1. The Full Council shall consider the Budget Estimates or Amounts at its annual budget setting meeting.

6.2. If the Full Council approves the Budget Estimates or Amounts without amendment, this decision will be final.

6.3.   If the Full Council has any objections to the Budget Estimates or Amounts, it must:

    6.3.1.   before it makes a calculation (whether originally or by way of substitute) in accordance with any of the sections referred to in 5.1 above or issues a precept under Chapter IV of Part I of the Local Government Finance Act 1992;

    6.3.2.   inform the Leader of any objections which it has to the Budget Estimates or Amounts; and give the Leader instructions requiring the Cabinet to reconsider, in the light of those objections, those estimates and amounts in accordance with the Council's requirements.

7.   Leader's Revised Budget Estimates or Amounts

7.1.   Where the Council gives instructions in accordance with rule 6 above, it must specify a period ("the relevant period") of **at least five working days** beginning on the day after the date on which the Leader receives the instructions on behalf of the Cabinet, within which the Leader may:

    7.1.1.   submit a revision of the estimates or amounts as amended by the Cabinet ("revised estimates or amounts"), which have been reconsidered in accordance with Full Council's requirements, with the Cabinet's reasons for any amendments made to the estimates or amounts, to the authority for Full Council's consideration; or

    7.1.2.   inform the Full Council of any disagreement that the Cabinet has with any of the Council's objections and the Cabinet's reasons for any such disagreement.

8.   Full Council's Consideration of the Leader's Revised Budget Estimates or Amounts

8.1.   The Full Council must meet after the expiry of the relevant period to make calculations (whether originally or by way of substitute) in accordance with the sections referred to in 5.1 above or issue a precept under Chapter IV of Part I of the Local Government Finance Act 1992.

8.2.   When making the decisions at 8.1, Full Council must take into account the Leader's submissions under Rule 7 including:

    8.2.1.   any amendments to the estimates or amounts that are included in any revised estimates or amounts;

    8.2.2.   the Cabinet's reasons for those amendments;

    8.2.3.   any disagreement that the Cabinet has with any of the Council's objections; and

    8.2.4.   the Cabinet's reasons for that disagreement.

9.   Exclusions

9.1.   Rules 5 to 8 shall not apply in relation to -

9.1.1.   calculations or substitute calculations which an Authority is required to make in accordance with Section 52I, 52J, 52T or 52U of the Local Government Act 1992; and

9.1.2.   amounts stated in a precept issued to give effect to calculations or substitute calculations made in accordance with section 52J or 52U of that Act.

10.   Recorded Vote

10.1.   A recorded vote will be held for any vote taken at the Council's budget setting meeting, including in respect of amendments.

11.   Decisions outside the Budget or Policy Framework

11.1.   Subject to the provisions of the Financial Regulations (Part 5 of the Constitution), the Cabinet, individual portfolio holders, individual officers, committees or joint arrangements discharging executive functions may only take decisions which are in line with the approved Budget.

11.2.   If any of those bodies or persons wishes to make a decision which is contrary to the approved Budget Approval Rules, the decision may only be taken by Council, subject to the Rule below in respect of urgent decisions outside the Budget and Policy Framework.

11.3.   If those bodies or persons detailed above want to make a decision which is or may be contrary to the Budget Approval Rules, they shall first consult and take advice from the Monitoring Officer and/or the Section 151 Officer as to whether the decision they want to make would be contrary to the Budget Approval Rules.

11.4.   If the advice of the Monitoring Officer or the Section 151 Officer is that the decision would not be in line with the existing Budget Approval Rules, then the decision must be referred by that body or person to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in Rule 12 below (urgent decisions outside the Budget Approval Rules) shall apply.

11.5.   Council may either:

11.5.1.   endorse a decision or proposal of the Cabinet decision taker as falling within the existing budget Approval Rules. In this case no further action is required, save that the decision of the Council be minuted and circulated to all councillors in the normal way; or

11.5.2.   amend the budget framework or policy concerned to encompass the decision or proposal of the decision taker responsible for that Cabinet function and agree to the decision with immediate effect. In this case, no further action is required save that the decision of the

Council be minuted and circulated to all councillors in the normal way; or

11.5.3. where the Council accepts that the decision or proposal is contrary to the policy framework or contrary to, or not wholly in accordance with the budget and does not amend the existing framework to accommodate it, require the decision taker to reconsider the matter in accordance with the advice of either the Monitoring Officer/Section 151 Officer and refer it back to the Cabinet. The decision taker must reconsider within 7 working days of the Council meeting; and

11.5.4. Whatever decision the Cabinet takes at that meeting is final, bearing in mind that a decision taken outside the Budget Approval Rules will be unlawful.

12. Urgent decisions outside the Budget

12.1. The Leader, the Cabinet, a Cabinet Committee, an individual member of the Cabinet, officers, or joint arrangements discharging executive functions may take a decision which is contrary to the Budget approved by Full Council if the decision is a matter of urgency. However, the decision may only be taken if:

12.1.1. any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public's interest;

12.1.2. it is not practical to convene a quorate meeting of the Full Council within the Access to Information Rules; and

12.1.3. the Chair of a relevant Overview and Scrutiny committee agrees that the decision is a matter of urgency.

12.2. The reasons why it is not practical to convene a quorate meeting of Full Council and the Chair of the relevant Overview and Scrutiny committee's consent to the decision being taken as a matter of urgency must be noted on the record of the decision.

12.3. Following the decision, the decision taker will provide a full report to the next available Full Council meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.

13. Virement

13.1. Budget virement means a process of transferring budgeted sums from one budget line to another in the light of experience or to reflect anticipated changes. The Council's rules on virement are set out in the Financial Regulations (Part 5 of the Constitution), Corporate Scheme of Financial Delegation, Appendix 1.
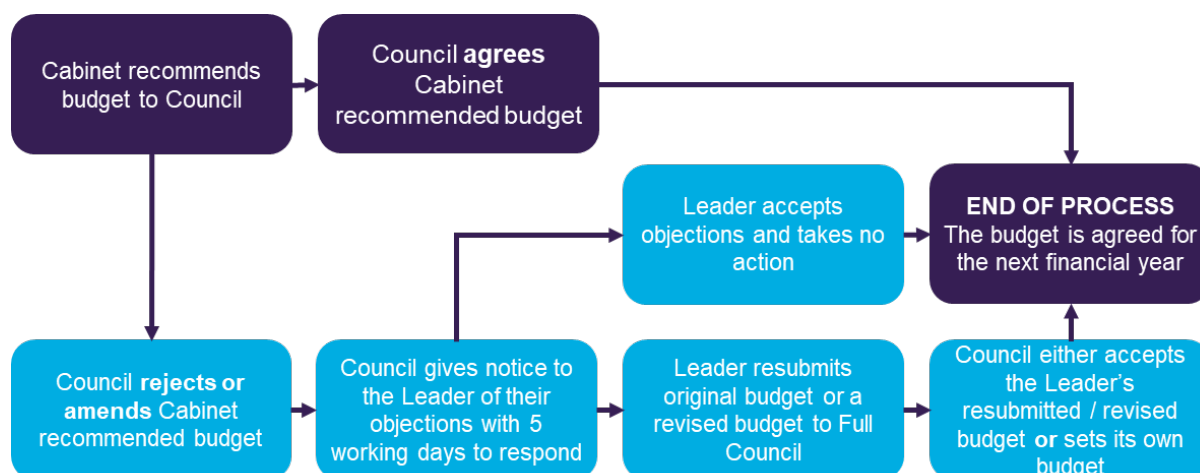
14. In-year changes to Policy Framework

14.1. No changes to any policy and strategy which make up the Policy Framework may be made by those bodies or individuals except those changes:

14.1.1.   which will result in the closure, amendment or discontinuance of a service or part of a service to meet a budgetary constraint;

14.1.2.   are necessary to ensure compliance with the law, ministerial direction, or government guidance; and

14.1.3.   which are within the scope set out for in year changes in the policy document in question, or when the policy document was approved by Full Council.

15. Summary explanatory note and diagram : Budget and Policy Framework

15.1.   The Budget and Policy Framework is the framework which sets out arrangements for the adoption and implementation of the Council's Budget, policies, plans and strategies.

15.2.   These are decisions where both Full Council and the Leader and Cabinet have a role in the decision making:

15.2.1.   The Leader and Cabinet develop and recommend the Budget and Policy Framework decision to Full Council for approval; and

15.2.2.   The full Council makes the final decision.

15.3.   The specific financial and policy decisions that are reserved for Council are set out in regulations and in Parts 3 and 5 of the Constitution.

15.4.   Once decisions are agreed, the Leader and Cabinet has responsibility for implementing the framework.

15.5.   The rules provide for the process to be followed if the Council disagrees with any of the Leader and Cabinet's recommendations. A summary of the budget process is set out as an example:

AUDIT AND GOVERNANCE COMMITTEE

BCP
Council

Report subject	**Forward Plan - Indicative for the 2024/25 municipal year**
Meeting date	11 April 2024
Status	Public Report
Executive summary	This report sets out the indicative list of reports to be considered by the Audit & Governance Committee for the 2024/25 municipal year in order to enable it to fulfil its terms of reference.
Recommendations	**It is RECOMMENDED that:** **The Audit & Governance Committee approves the indicative 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 2024/25.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
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. An indicative Forward Plan for 2024/25, as set out at Appendix A, has been produced to set 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 terms of reference.

4. Topics requiring this Committee's consideration within its terms of reference can be added at any time in the year or as they arise. These topics are generally shown in the 'Ad Hoc/Other Reports' or 'Presentations' sections of the Forward Plan, Appendix A, and depending on their nature are usually added to a meeting marked 'extra'. These additional reports/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 – Indicative Forward Plan 2024/25

Audit & Governance Committee – Indicative Forward Plan 2024/25

REPORT	30 MAY 2024 (extra)	24 JUL 2024	5 SEP 2024 (extra)	17 OCT 2024	28 NOV 2024 (extra)	16 JAN 2025	27 FEB 2025 (extra)	20 MAR 2025
EXTERNAL AUDITOR'S REPORTS								
External Auditor – Audit Plan 2023/24	✓							
External Auditor – Audit Findings Report 2021/22, 2022/23 and 2023/24 (note 2022/23 audit will be subject to backstop arrangements)	✓	As required depending on agreed timetable and national issues						
External Audit – Auditor's Annual Report 2023/24	As required depending on agreed timetable and national issues							
External Auditor – Audit Progress & Sector Update	As required depending on agreed timetable and national issues							
ANNUAL REPORTS								
Draft Statement of Accounts 2023/24	As required depending on External Audit timetable							
Annual Governance Statement 2023/24 and Annual Review of Local Code of Governance (₁ update on Action Plan only)		✓				✓₁		
Chief Internal Auditor's Annual Opinion Report 2023/24		✓						
Annual Breaches & approved Waivers of Financial Regulations Report 2023/24		✓						
Annual Review of Declarations of Interests, Gifts & Hospitality by Officers 2023/24		✓						
Use of Regulation of Investigatory Powers Act and Investigatory Powers Act Annual Report 2023/24		✓						
Audit & Governance Committee Annual Report		✓						
Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2023/24			✓					
Emergency Planning & Business Continuity Update			✓					
Health & Safety and Fire Safety Update			✓					
Treasury Management Strategy Refresh/Approval for next financial year						✓		
Assurance Framework & Internal Audit Planning Consultation						✓		
Information Governance Update								✓
Internal Audit Charter & Audit Plan for next financial year								✓
ANNUAL OR PERIODIC POLICY UPDATES								
Annual evolution of Policies for 2025/26: - Whistleblowing - Anti-Fraud and Corruption - Declaration of Interests, Gifts & Hospitality - Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA)							✓	
Financial Regulations - annual evolution for 2025/26.							✓	
QUARTERLY / HALF YEARLY REPORTS								
Internal Audit - Quarterly Audit Plan Update		✓		✓		✓		✓
Risk Management – Corporate Risk Register Update		✓		✓		✓		✓
Forward Plan (refresh)		✓		✓		✓		✓
Treasury Management Quarterly Monitoring Report		✓		✓		✓		
OTHER REPORTS OR TRAINING PRESENTATIONS (These items may be deeper dive presentations rather than formal reports, as agreed by the Chair)								
Adequacy of governance arrangements to secure planning approval for Council commercial activity – including concessions and in-house run services	✓							
Governance surrounding the disposal of Council land and property	✓							
Transparency of Officer decision making and accountability to Councillors			✓					

Governance and safeguards – the current decision making process for the budget / MTFP			✔					
Procurement and contract management governance – Part G of Financial Regulations					✔			
Appointment of, and management of Consultants – governance arrangements including business cases, procurement and contract monitoring					✔			
Performance Management Governance & Reporting							✔	
Business Planning Governance & Reporting	160						✔	
Others to be agreed by the Chair as identified								