


# AUDIT AND GOVERNANCE COMMITTEE



Report subject	<b>Chief Internal Auditor's Annual Opinion Report 2022/23</b>
Meeting date	27 July 2023
Status	Public Report
Executive summary	<p>It is the opinion of the Chief Internal Auditor that during the 2022/23 financial year:</p> <ul style="list-style-type: none"> <li>• arrangements were in place to ensure an adequate and effective framework of governance, risk management and control (internal control environment) and that where weaknesses were identified there was an appropriate action plan in place to address them;</li> <li>• the systems and internal control arrangements were effective and that agreed policies and regulations were generally complied with;</li> <li>• adequate arrangements were in place to deter and detect fraud;</li> <li>• there was an appropriate and effective risk management framework;</li> <li>• managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls;</li> <li>• the Council's Internal Audit service was effective and compliant with all regulations and standards as required of a professional internal audit service;</li> </ul> <p>the arrangements, in respect of the Chief Internal Auditor, were consistent with all of the five principles set out in the CIPFA publication "The Role of the Head of Internal Audit in Public Sector Organisations".</p>
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <p><b>the Audit &amp; Governance Committee note the Chief Internal Auditor's Annual Report and Opinion on the overall adequacy of the internal control environment for BCP Council.</b></p>
Reason for recommendations	The Chief Internal Auditor's Annual Report and Opinion for BCP Council provides assurance on the effectiveness of the Council's control environment as required by the Public Sector Internal Audit Standards.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Ian O'Donnell, Corporate Director for Resources
Report Authors	<p>Nigel Stannard</p> <p>Head of Audit &amp; Management Assurance</p> <p>☎01202 128784</p>

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Wards	Council-wide
Classification	For Information

## Background

1. The Chief Internal Auditor's Annual Report and Opinion for BCP Council was produced in compliance with the Public Sector Internal Audit Standards 2017 (PSIAS), which requires the Head of Audit & Management Assurance, in his role as Chief Internal Auditor, to report annually on:
  - the adequacy and effectiveness of the internal control environment; and on
  - conformance by the Internal Audit Section to the PSIAS.
2. The Audit & Governance Committee must consider the Council's Chief Internal Auditor's Annual Report and Opinion before its consideration of the Council's Annual Governance Statement.
3. It should be noted that the title 'Chief Internal Auditor' is interchangeable with the terms 'Head of Internal Audit', 'Chief Audit Executive' and 'Head of Audit & Management Assurance' used in this report or in other relevant publications, guidance or standards.

## The Chief Internal Auditor's Consideration & Opinion Summary

4. The Chief Internal Auditor's Annual Report & Opinion 2022/23 for BCP Council is provided at Appendix A.
5. In summary it is the opinion of the Chief Internal Auditor for BCP Council that:
  - arrangements were in place to ensure an adequate and effective framework of governance, risk management and control (internal control environment) and that where weaknesses were identified there was an appropriate action plan in place to address them;
  - the systems and internal control arrangements were effective and that agreed policies and regulations were generally complied with;
  - adequate arrangements were in place to deter and detect fraud;
  - there was an appropriate and effective risk management framework;
  - managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls;
  - the Council's Internal Audit service was effective and compliant with all regulations and standards as required of a professional internal audit service;
  - the arrangements at the Council in respect of the Chief Internal Auditor were consistent with all of the five principles set out in the CIPFA publication "The Role of the Head of Internal Audit in Public Sector Organisations".

## Options Appraisal

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

## Summary of financial implications

7. The total actual net cost, for the 2022/23 financial year, of the Internal Audit section was £670,233; compared against the budget of £748,800, this resulted in a net underspend of £78,567 which was mainly due to the vacancy of an Auditor post for which recruitment was not successful. The costs above were inclusive of the Head of Audit & Management Assurance who managed several other teams and an Auditor who specialises in corporate fraud investigation, detection and prevention.

### **Summary of legal implications**

8. The Public Sector Internal Audit Standards (2017), which encompass the mandatory elements of the Chartered Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), require that the Council's Chief Audit Executive provides an annual report and opinion on the adequacy and effectiveness of the internal control environment to those charged with governance of the organisation.

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

9. There were 12.4 full-time equivalent (FTE) Internal Audit staff members employed across the Council during 2022/23. This compared to the plan (budget) which was 13.53 FTE, the variance arising as a consequence of team vacancies, principally 1 Auditor vacancy. This resource is inclusive of the Head of Audit & Management Assurance who manages several other teams and an Auditor who specialises in corporate fraud prevention, detection and investigation. It is the opinion of the Chief Internal Auditor that these resources were sufficient to provide Audit & Governance Committee and the Council's Corporate Management Board with the assurances outlined in this report.

### **Summary of sustainability impact**

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

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

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

### **Summary of equality implications**

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

### **Summary of risk assessment**

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

### **Background papers**

None

### **Appendices**

Appendix A – Chief Internal Auditor's Annual Report & Opinion 2022/23  
Including Annexe 1, 2 and 3

## Chief Internal Auditor's Annual Report & Opinion 2022/23

### Introduction

- 1 This annual report is produced in compliance with the Public Sector Internal Audit Standards 2017 (PSIAS). The PSIAS encompasses the mandatory elements of the Chartered Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows: Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing. The PSIAS require the Chief Internal Auditor to report annually on the adequacy and effectiveness of the internal control environment; this report covers the period 1 April 2022 to 31 March 2023.
- 2 The scope of the Council's internal control environment that the Chief Internal Auditor is required to provide an opinion on is set out in the Council's Assurance Framework. The opinion given by the Chief Internal Auditor assists the Audit & Governance Committee in forming their view on the Annual Governance Statement.

### Chief Internal Auditor's Audit Opinion 2022/23

- 3 The establishment of adequate and effective control systems is the responsibility of management. Internal Audit reviews were conducted using risk-based scoping, planning and sampling methodology; consequently, not every Council activity, transaction or project has been reviewed in-year by Internal Audit. It therefore follows that the Chief Internal Auditor is unable to provide absolute assurance that the internal control environment is operating adequately and effectively.
- 4 Based on the work undertaken by Internal Audit during 2022/23, it is the opinion of the Chief Internal Auditor that:
  - a arrangements were in place to ensure an adequate and effective framework of governance, risk management and control (internal control environment) and that where weaknesses were identified there was an appropriate action plan in place to address them;
  - b the systems and internal control arrangements were effective and agreed policies and regulations were generally complied with;
  - c adequate arrangements were in place to deter and detect fraud;
  - d there was an appropriate and effective risk management framework;
  - e managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls;
  - f the Council's Internal Audit service was effective and compliant with all regulations and standards as required of a professional internal audit service;
  - g the arrangements in respect of the Chief Internal Auditor were consistent with all of the five principles set out in the CIPFA publication "The Role of the Head of Internal Audit in Public Sector Organisations".
- 5 This opinion is a professional judgement based on the results of the Internal Audit work undertaken and reported upon during 2022/23. Whilst some internal control weaknesses and non-compliance with policies were identified during Internal Audit reviews, the context and overall materiality relative to the Council's wider control environment was a vital consideration in the overall judgement. Corrective actions have been agreed with management and this willingness to respond to and correct issues raised during audit reviews is a further key aspect in the Chief Internal Auditor giving an 'unqualified opinion'.

## Basis of the Chief Internal Auditor's Opinion – A summary of work undertaken in 2022/23

### Regularity Audit Work

- 6 The work of Internal Audit is designed to provide an annual opinion on the adequacy and effectiveness of the internal control environment. The work carried out in 2022/23 to provide the annual opinion was agreed by the Audit & Governance Committee.
- 7 The work has taken into account the strategies, objectives and risks of the Council as part of the audit planning process.
- 8 All Service directorates had some form of audit coverage during 2022/23 and a high percentage (86% - 67 out of 78 audits) of the original audit plan was completed. This was slightly under the 90% target. This was mainly due to an Auditor vacancy not been filled during the year due to challenging market conditions. Additional time was also spent on:
- Supporting corporate networks and reviewing ill health retirement disputes submitted under the local government pension scheme.
  - Preparing for a pilot to review single person discounts identified as potential fraud or error through the National Fraud Initiative (NFI) data matching process.
  - Repeated unsuccessful recruitment processes.

While the overall opinion will always be a matter of professional judgement for the Chief Internal Auditor the amount and type of work and risk-based approach carried out on the audit plan was sufficient for this overall Chief Internal Auditor's opinion to be robustly evidenced. A list of all audits completed during 2022/23 is attached at Annexe 1.

- 9 Each audit report provides an overall level of assurance on the adequacy of the management arrangements to manage the identified risks within the area reviewed. The assurance level definitions are as follows:

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

- 10 The list of 67 audits carried out during 2022/23 in Annexe 1 also details the assurance level given for each review.

Key:

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

In summary, 1 'Substantial', 49 'Reasonable' and 7 'Partial' assurance level opinions were given during the year. Additionally 8 consultancy and 2 follow up reviews were also carried out during 2022/23. There were no Minimal assurance opinions given for any of the audits. Whilst the 'Partial' opinion audits are reported during the quarterly reporting to Audit & Governance Committee it is good practice to summarise and state these again in this annual report, they were:

	<b>Audit</b>	<b>High Priority recommendations to improve controls covering:</b>
1	Adult Social Care - Direct Payments (Live in Carers)	Compliance with processes set out in the Direct Payments Practitioner Guidance to allow same address carers to be adequately identified, recorded, authorised and monitored.
2	Children's Services - Information Governance (KAF)	A formal information governance framework within Children's Services.
3	Children's Services – Highcliffe St Mark School	Procurement processes and regulations compliance for school major contracts.
4	Education - Alternative Provision	Needs assessments and risk assessments for placements commissioned by the Council where statutory guidance requires them. Compliance with placements into Alternative Provision within statutory timescales. Reconciliation of data held on the High Needs Spreadsheet and related Social Care systems. Ensuring placements at Learning Centres are fully utilised.
5	Finance – Debtors (21/22/23)	Level of outstanding debt held on the Radius debtor management system.
6	IT & IS - ICT Infrastructure, Hardware Procurement & Asset Management	Location of ICT assets. ICT asset register completeness and accuracy. Reconciliation and accuracy of the 'System Centre Configuration Manager' (used to log hardware that is on the network).
7	Commissioning - Brokerage Procurement (22/23/24)	Compliance with process to use the Brokerage Service for all residential care placements. Homecare Booking forms & Residential Care Letters of Agreements.

- 11 Regularity Audit work undertaken in 2022/23 covered a range of systems in different service areas and schools and included an audit of the Council's fundamental financial systems, including Main Accounting, Creditors, Debtors, Housing Rents, Housing Benefits, Treasury Management, Social Services Financial Assessments, Payroll, Council Tax and NDR systems as set out in Annexe 2.
- 12 The Council's Assurance Framework set out at Annexe 3 has been populated to show Internal Audit coverage during 2022/23 over the significant risks facing the Council which has been carried out through Key Assurance audit reviews.
- 13 Recommendations were made throughout the year across all service areas and schools and action plans detailing management actions to mitigate the risks and control weaknesses identified have been agreed in all cases.
- 14 For all audits finalised during the period April 2022 to March 2023, a total of approximately 250 recommendations were made. 100% of these recommendations have been accepted by management. The establishment of robust follow-up procedures has provided assurance that the implementation of audit recommendations is high. The quarterly update report to this committee provides on ongoing status of recommendations and any that require escalation.

- 15 Outstanding actions in response to all recommendations have been noted; these have been subject to pragmatic revisions to previously agreed dates, on a risk basis, mainly to take account of service restructures and the Council's transformation programme. It has therefore not been necessary to instigate the audit recommendation escalation policy agreed with the Audit & Governance Committee.
- 16 Auditees score individual areas of the audit process resulting in a combined total client satisfaction score (5-Very Good, 4-Good, 3-Satisfactory, 2-Poor, 1-Very Poor). The following average auditee satisfaction scores were received during 2022/23

Audit completed within expected Timescales	Adequately consulted and able to highlight concerns/risks	Helped to manage risks, improve controls and governance	Report clear, concise, well presented and understandable	Overall
4.17	4.29	4.17	4.58	4.30

- 17 The overall average score of 4.30, illustrates a high level of satisfaction with the way in which audits are conducted. Importantly management perceive that Internal audit are adding value, providing clear independent advice on the establishment and adequacy of the control environment.

#### Counter Fraud Work

- 18 Counter Fraud work was undertaken during 2022/23 to further improve the Council's arrangements for combating fraud & corruption. This work included reviewing selected fraud risk areas such as identity fraud, grant award, declaration of interests (councillors), right to buy, housing tenancy data matching, criminal finances act requirements and anti-money laundering requirements.
- 19 Ongoing proactive counter fraud work is carried out which includes obtaining information on frauds that have occurred in other local authorities (through sources such as the National Anti-Fraud Network). The information is assessed for risk exposure within BCP Council and assurances are sought that existing controls would prevent the fraud occurring (e.g. bank mandate attempted fraud).
- 20 Internal Audit have continued to provide specialist investigative resource to support management with high risk fraud areas (housing applications/tenancies, right to buy and blue badges). Work was also carried out on coordinating the annual Cabinet Office National Fraud Initiative (NFI) data matching exercises.
- 21 Some residual assurance work was carried on Covid-19 grants as required by government guidance and/or requirements using government promoted tools e.g. Spotlight for business trading status and the NFI for bank account validation and trading status.
- 22 Internal Audit carried out proportionate investigations during the year in response to every identified or suspected case of financial irregularity.
- 23 Outcomes of the counter fraud work (including concluded investigations and NFI results) are incorporated into the Internal Audit Counter Fraud Work and Whistleblowing Referrals annual report which will be presented to the October 2023 Audit & Governance Committee meeting.

#### Risk Management Framework

- 24 An annual audit review of the key assurance function Risk Management was carried out and resulted in an 'Reasonable' audit opinion, demonstrating the adequacy of the risk management framework.
- 25 There is a Risk Management Policy and the Audit & Governance Committee receive, on a quarterly basis, an update on the Council's corporate risk register. Recommendations were made to further improve corporate arrangements including addressing gaps in production of risk registers in services and key assurance areas.

## Governance Work

- 26 Internal Audit completed some specific governance reviews during the year:
- Major Events Governance – Reasonable Audit Opinion
  - Local Authority Companies Governance Review – Consultancy Review
  - BCP Homes Governance Review (22/23/24 audit) – Drafting Report
- Where applicable, recommendations were made to improve internal control and governance arrangements.
- 27 The Local Code of Governance update is being taken to this Committee meeting as part of the Annual Governance Statement report.
- 28 Progress made against actions arising from the 2021/22 Annual Governance Statement has been reviewed and was presented to the Audit & Governance Committee in January 2023.
- 29 Work has been undertaken to compile the 2022/23 Annual Governance Statement for inclusion in the Council's statement of accounts. The preparation of the statement included reviewing the Management Assurance Statements (evaluation on the adequacy and robustness of management controls) completed by Corporate and Service Directors.

## Other Work

- 30 Department for Transport (DfT) grant certification work was carried out during the year resulting in returns being successfully sent to the DfT.
- 31 Assurance work was also carried out on the disabled facilities and Supporting Families government grants.
- 32 Assurance was carried out in the year on Aspire (European grant) funding. This was a fee chargeable service.
- 33 Internal Audit carried out internal audits of the Charter Trustees of Bournemouth and the Charter Trustees of Poole as requested to support their Annual Governance and Accountability Returns (AGAR). This was a fee chargeable service.
- 34 Assurance on funds allocated to nurseries and pre-schools was provided during the year.
- 35 A light touch review of government issued guidance on the making and disclosure of special severance payments was carried out during the year. Some actions to improve arrangements were agreed and have been implemented.
- 36 Ongoing support and advice has been provided on financial regulations breaches and waivers which is included in a separate report to this committee meeting.
- 37 Internal audit also provided support on the independent review for Local Government early retirement (on the grounds of ill health) appeals.
- 38 Time was also spent on supporting corporate groups such as equalities and the women's network.

## Compliance with Professional Standards

- 39 The Public Sector Internal Audit Standards (PSIAS) require the Council to put in place a quality assurance and improvement programme in respect of Internal Audit, which must include both external and internal assessments.
- 40 CIPFA concluded that the BCP Internal Audit Team conformed with the PSIAS following their external assessment in 2021/22. An external assessment is required to take place every 5 years under PSIAS and is therefore next due in 2026/27.
- 41 An annual internal self-assessment was carried out during the year which demonstrated all standards were met.



- 42 In undertaking all audit reviews officers have acted independently, objectively and ethically at all times. All Auditors sign an annual declaration of the Institute of Internal Auditor's (IIA) code of ethics, which confirms that they will remain independent and will report any conflicts of interest to the Chief Internal Auditor or Head of Finance.
- 43 In accordance with the Audit Charter, the Deputy Chief Internal Auditors have overseen all audit engagements for functions that are managed by the Chief Internal Auditor (Emergency Planning, Business Resilience, Risk Management, Insurance and Health & Safety) and reports have been provided direct to the Head of Finance.
- 44 The CIPFA publication "The Role of the Head of Internal Audit in Public Sector Organisations" demonstrates the Head of Internal Audit's (HIA) critical role in delivering the organisation's strategic objectives. An annual self-assessment has been carried out in respect of the five principles contained in this document, which states that the HIA:
- a should promote good governance, assess the adequacy of governance and management of existing risks, and advise on proposed developments;
  - b should give an objective and evidence based opinion on all aspects of governance, risk management and internal control;
  - c must be a senior manager with regular and open engagement across the organisation with the Leadership Team and the external auditor;
  - d must lead and direct an internal audit service that is resourced to be fit for purpose; and
  - e must be professionally qualified and suitably experienced.
- 45 The Chief Finance Officer (CFO) has confirmed, through regular 1:1 meetings and a formal annual appraisal, that the Council's Chief Internal Auditor is compliant with all of these five principles.

## **Conclusion**

- 46 It is the opinion of the Chief Internal Auditor that the Internal Audit Team complies with professional standards and has completed sufficient and appropriate work to provide assurance on the adequacy and effectiveness of the Council's internal control environment.

## **Appendices**

Annexe 1	2022/23 Audits Completed
Annexe 2	Key Financial System Audit Opinions
Annexe 3	BCP Council Assurance Framework 2022/23

## Annexe 1: 2022/23 Audits Completed

	Service Area	Audit	Assurance Opinion
	<b>SERVICE DIRECTORATE AUDITS</b>		
1	Adult Social Care	Social work Standard of Practice and Professional Leadership	Reasonable
2	Adult Social Care	Financial Management - Key Assurance Function (KAF)	Reasonable
3	Adult Social Care	Direct Payments (Live in Carers)	Partial
4	Adult Social Care	Partnerships (KAF)	Reasonable
5	Children's Services	Purchasing Cards	Reasonable
6	Children's Services	Financial Management (KAF)	Reasonable
7	Children's Services	Information Governance (KAF)	Partial
8	Education	SEND (21/22/23)	Reasonable
9	Education	Alternative Provision	Partial
10	Destination & Culture	Programme & Project Management (2021/22/23 audit)	Reasonable
11	Destination & Culture	Seafront Cash Checks	Reasonable
12	Destination & Culture	Leisure Contract Management	Reasonable
13	Destination & Culture	Major Events Governance	Reasonable
14	Transport & Engineering	SEND Passenger Transport	Consultancy
15	Transport & Engineering	Health & Safety (CDM)	Reasonable
16	Planning	KAF's Overview	Consultancy
17	Communities	Safeguarding (KAF)	Reasonable
18	Environment	Climate and Ecological Action and Sustainable Environment (KAF)	Reasonable
19	Housing	Trade Cards Accounts	Reasonable
20	Finance	Insurance	Reasonable
21	Development	Smart Places (21/22/23)	Reasonable
22	Development	ARG Grants	Reasonable
23	IT & IS	ICT Infrastructure, Hardware Procurement & Asset Management	Partial
24	IT & IS	IT Risk Review	Consultancy
25	Law & Governance	Procurement & Management of External Legal Advice	Reasonable
26	Corporate	Local Authority Companies Governance Review	Consultancy
	<b>KEY ASSURANCE FUNCTION AUDITS</b>		
27	Development	Asset Management	Follow Up
28	Customer & Business Delivery	Facilities Management	Follow Up
29	Finance	Business Continuity	Reasonable
30	Finance	Financial Management (with Main Accounting KFS)	Reasonable
31	Finance	Health & Safety	Reasonable
32	Customer & Business Delivery	Fire Safety	Reasonable
33	HR & Organisational Development	Human Resources	Reasonable
34	IT & IS	ICT Policies	Reasonable
35	Law & Governance	Information Governance	Reasonable
36	Finance	Procurement	Reasonable
37	IT & IS	Project & Programme Management	Consultancy

	Service Area	Audit	Assurance Opinion
38	Finance	Risk Management	Reasonable
39	Policy & Research	Business Planning & Performance Management	Reasonable
40	Corporate	Partnerships	Consultancy
41	Corporate	Corporate Safeguarding	Reasonable
42	<b>KEY FINANCIAL SYSTEMS AUDITS</b>		
42	Finance	Housing Benefits	Reasonable
43	Finance	Council Tax (21/22/23)	Reasonable
44	Finance	NDR (21/22/23)	Reasonable
45	Finance	Main Accounting	Reasonable
46	Finance	Creditors	Reasonable
47	Finance	Debtors (21/22/23)	Partial (Radius system only)
48	Finance	Treasury Management	Reasonable
49	Finance	Social Care Financial Assessments (21/22/23)	Reasonable
50	Finance	Payroll	Reasonable
51	Housing	Housing Rents	Reasonable
52	<b>SCHOOL AUDITS</b>		
52	Children's Services	St Edwards School	Reasonable
53	Children's Services	The Priory School	Reasonable
54	Children's Services	Burton Primary School	Reasonable
55	Children's Services	St Josephs School	Reasonable
56	Children's Services	Highcliffe St Mark School	Partial
57	<b>COUNTER FRAUD AUDITS</b>		
57	All service areas	Identity Fraud (Counter Fraud)	Reasonable
58	All service areas	Grant Award	Reasonable
59	Law & Governance	Declaration of Interests (Councillors)	Reasonable
60	Housing	Right to Buy	Reasonable
61	Housing	Housing Tenancy Data Matching	Consultancy
62	Finance	Criminal Finances Act Requirements	Substantial
63	Finance	Anti-Money Laundering Requirements	Reasonable

<b>Audits Carried Out Across 2022/23/24</b>			
	Service Area	Audit	Status
<b>Completed</b>			
64	Children's Services	Business Planning & Performance Management (KAF)	Draft report issued – Consultancy
65	Commissioning	Brokerage Procurement	Final report issued – Partial
66	Environment	Coroner & Mortuary Service Review	Final report issued – Reasonable
67	Planning	Developer Contributions	Draft report issued – Reasonable
<b>Finalising</b>			
68	Adult Social Care	Managing Other People's Money	Drafting report
69	Housing	BCP Homes Governance Review	Drafting report

Audits Deferred for Consideration in 2023/24			
	Service Area	Audit	Comment/rationale
70	Public Health	Public Health	Responsibility for auditing the Public Health partnership itself rests with South West Audit Partnership as a Dorset Council hosted service. We have assessed BCP's own governance risks as low and therefore a formal audit review is not required.
71	Communities	Port Health	Postponed until 2023/24 due to still awaiting clarification of legislative requirements from Government
72	Communities	Asset Management – Health & Safety Compliance	Postponed until 2023/24 due to awaiting completion of review on community & youth assets by the programme & project management officer team.
73	Customer & Business Delivery	Customer Service (Reorganisation of Services)	Following discussion with management on the status of the customer centre project (now complete and no issues have arisen) this audit has been removed and resource has been allocated to higher risk audits.
74	HR & Organisational Development	Recruitment & Retention of Staff	Postponed until 2023/24 due to current HR team priority work on new HR system (due to be implemented April 2023). Assurance provided on retention element through review of honorariums and market supplements in 2022/23 Payroll audit.
75	Finance	Business Continuity	Core Business Continuity key assurance function audit completed. Corporately, work is being carried out to improve business resilience arrangements across the organisation including in service directorates. Audit postponed to 23/24.
76	Customer & Business Delivery	Business Continuity (KAF service review)	As above for Finance Business Continuity.
77	Development	Economic Development Strategy Review	Postponed until 2023/24 and replaced with high risk audit review on ARG Monitoring (see audit ref 29 in table above).
78	Children's Services	Hillbourne School	Audit removed from plan as school has converted to an academy.

## Annexe 2: Key Financial Systems Opinions

Assignment Title	Service Area	2022/23 Opinion	2021/22 Opinion	2020/21 Opinion
Council Tax	Finance	*Reasonable	*Reasonable	Reasonable
NDR	Finance	*Reasonable	*Reasonable	Reasonable
Housing Benefits	Finance	Reasonable	Reasonable	Not reviewed
Debtors	Finance	*Partial**	*Partial**	Reasonable
Main Accounting	Finance	Reasonable	Reasonable	Reasonable
Creditors	Finance	Reasonable	Reasonable	Reasonable
Payroll	HR	Reasonable	c/fwd to 22/23	Reasonable
Treasury Management	Finance	Reasonable	Reasonable	Substantial
Housing Rents	Housing	Reasonable	Reasonable	Partial
Social Services Financial Assessments	Finance	*Reasonable	*Reasonable	Reasonable

### Notes

\* Audits carried out across 2021/22/23

\*\* Debtors - Recommendations were made to improve controls over outstanding debt (Radius system) & debt monitoring and reporting.

Key:

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

## Annexe 3

### BCP Assurance Framework 2022/23

INTERNAL SOURCES OF ASSURANCE	
Source of Assurance	Internal Audit Assurance Work
Internal Audit	<ul style="list-style-type: none"> <li>• All Service Directorates audited during 2022-23</li> <li>• 67 out of 78 Audits completed (see Annexe 1 for list of audits)</li> <li>• 1 Substantial, 49 Reasonable and 7 Partial Assurance Level opinions were given during the year. 8 consultancy reviews and 2 follow up reviews were also carried out</li> <li>• There were no Minimal assurance opinions.</li> </ul>
Counter Fraud	<ul style="list-style-type: none"> <li>• Audit assignments carried out during 2022/23 have considered the risk of fraud including targeted high fraud risk reviews</li> <li>• Corporate Fraud Officer has provided support to service directorates on high risk external fraud areas (including housing allocation/tenancy)</li> <li>• Several investigations carried out and recommendations made to improve controls</li> <li>• Participated in National Fraud Initiative (NFI) data matching exercise.</li> </ul>
Asset Management (Estate Management)	<ul style="list-style-type: none"> <li>• Internal Audit carried out an annual assurance review on asset management (estates) to follow up on recommendations previously made. Action is being taken to address the issues.</li> </ul>
Asset Management (Facilities Management)	<ul style="list-style-type: none"> <li>• Internal Audit carried out an annual assurance review on asset management (facilities management) to follow up on recommendations previously made. Action is being taken to address the issues.</li> </ul>
Business Continuity	<ul style="list-style-type: none"> <li>• Regular reporting took place during the year on corporate emergency planning arrangements to Audit &amp; Governance Committee</li> <li>• Corporate Resilience Strategy and Emergency Planning &amp; Business Continuity Governance Framework are in place</li> <li>• Internal Audit carried out an annual assurance review on Business Continuity ('Reasonable' audit opinion).</li> </ul>
Business Planning & Performance Management	<ul style="list-style-type: none"> <li>• Corporate performance reporting to Cabinet took place during the year</li> <li>• Internal Audit carried out an annual assurance review ('Reasonable' audit opinion)</li> <li>• Suggested improvements arising from a Local Government Association Peer Review and External Audit during 2022/23 are being considered and actioned.</li> </ul>

## INTERNAL SOURCES OF ASSURANCE

Source of Assurance	Internal Audit Assurance Work
Financial Management	<ul style="list-style-type: none"> <li>Regular reporting took place in year to Cabinet and Council</li> <li>Internal Audit review of Main Accounting system undertaken during the year ('Reasonable' audit opinion).</li> </ul>
Health & Safety	<ul style="list-style-type: none"> <li>Reporting of arrangements to Audit &amp; Governance Committee took place in the year</li> <li>Internal Audit carried out an annual assurance review on corporate Health &amp; Safety arrangements ('Reasonable' audit opinion).</li> </ul>
Fire Safety	<ul style="list-style-type: none"> <li>Reporting of arrangements to Audit &amp; Governance Committee took place in the year</li> <li>Internal Audit carried out an annual assurance review on corporate Fire Safety arrangements ('Reasonable' audit opinion).</li> </ul>
Human Resources	<ul style="list-style-type: none"> <li>Audit review carried out on corporate Human Resources arrangements covering strategies, policies, corporate oversight, corporate training, and risk management arrangements ('Reasonable' audit opinion).</li> </ul>
Information Communication Technology	<ul style="list-style-type: none"> <li>Internal Audit carried out an annual assurance review focussing on asset management and corporate ICT policies ('Partial' audit opinion for asset management).</li> </ul>
Information Governance	<ul style="list-style-type: none"> <li>Information Governance Board in place and regular meetings occurring</li> <li>Internal Audit carried out an annual assurance review on Information Governance ('Reasonable' audit opinion).</li> </ul>
Partnerships	<ul style="list-style-type: none"> <li>Internal Audit carried out a consultancy review on corporate Partnerships arrangements.</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>Internal Audit review of Procurement carried out ('Reasonable' audit opinion)</li> <li>See separate Annual Report on Breaches and Waivers reported to this committee.</li> </ul>
Project & Programme Management	<ul style="list-style-type: none"> <li>Internal Audit carried out a consultancy review on corporate project and programme management arrangements</li> <li>Specific programme/project management review carried out in Destination &amp; Culture service across 21/22/23.</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>Corporate Risk Management Strategies and frameworks in place</li> <li>Regular risk management reporting took place during the year to Audit &amp; Governance Committee and Senior Management</li> <li>Audit review carried out on current arrangements for risk management ('Reasonable' audit opinion).</li> </ul>

## INTERNAL SOURCES OF ASSURANCE

Source of Assurance	Internal Audit Assurance Work
Safeguarding	<ul style="list-style-type: none"> <li>Internal Audit carried out an annual assurance review on corporate safeguarding arrangements ('Reasonable' audit opinion).</li> </ul>
Management Assurance Statements	<ul style="list-style-type: none"> <li>Received from Corporate and Service Directors</li> <li>Any potential significant issues raised were considered for inclusion on the Annual Governance Statement.</li> </ul>

## EXTERNAL SOURCES OF ASSURANCE

External Audit	Quality / Accreditation Schemes
External Reviews & Inspections	External Benchmarking
Regularity Bodies	Peer Reviews