

Audit Committee

Agenda



Date: Monday, 4 March 2024

Time: 3.00 pm

Venue: The Council Chamber - City Hall, College Green, Bristol, BS1 5TR

Distribution:

Councillors: Andrew Brown (Chair), Fabian Breckels, John Geater, Zoe Goodman, Jonathan Hucker, Guy Poultney, David Wilcox (Vice-Chair), Amirah Cole, Patrick McAllister, Adebola Adebayo and Simon Cookson

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Date: Friday, 23 February 2024



Agenda

1. Welcome, Introductions and Safety Information

(Pages 4 - 6)

2. Apologies for absence.

3. Declarations of Interest

To note any declarations of interest from the Councillors. They are asked to indicate the relevant agenda item, the nature of the interest and in particular whether it is a **disclosable pecuniary interest**.

Any declarations of interest made at the meeting which is not on the register of interests should be notified to the Monitoring Officer for inclusion.

4. Minutes of Previous Meeting

To agree the minutes of the previous meeting as a correct record.

(Pages 7 - 12)

5. Action sheet

(Pages 13 - 17)

6. Public Forum

Up to 30 minutes is allowed for this item.

Any member of the public or Councillor may participate in Public Forum. The detailed arrangements for so doing are set out in the Public Information Sheet at the back of this agenda. Public Forum items should be emailed to democratic.services@bristol.gov.uk and please note that the following deadlines will apply in relation to this meeting:-

Questions - Written questions must be received 3 clear working days prior to the meeting. For this meeting, this means that your question(s) must be received in this office at the latest by 5 pm on **27 February 2024**.

Petitions and Statements - Petitions and statements must be received on the working day prior to the meeting. For this meeting this means that your submission must be received in this office at the latest by 12.00 noon on **1 March 2024**.



Members of the press and public who plan to attend a public meeting at City Hall are advised that you will be **required to sign in** when you arrive and you will be issued with a visitor pass which you will **need to display at all times**.

7. Work Programme

To note the work programme.

(Pages 18 - 20)

8. Internal Audit Draft Quarter 1 Plan 2024/25

(Pages 21 - 35)

9. Our Families Programme Update

(Pages 36 - 55)

10. External Inspections Update Report

(Pages 56 - 68)

11. Review of Audit Committees Effectiveness 2023/24 - DRAFT

(Pages 69 - 138)



Public Information Sheet

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- have tested positive for COVID-19

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Public Forum

Members of the public may make a written statement ask a question or present a petition to most meetings. Your statement or question will be sent to the Committee Members and will be published on the Council's website before the meeting. Please send it to democratic.services@bristol.gov.uk.

The following requirements apply:



- The statement is received no later than **12.00 noon on the working day before the meeting** and is about a matter which is the responsibility of the committee concerned.
- The question is received no later than **5pm three clear working days before the meeting.**

Any statement submitted should be no longer than one side of A4 paper. If the statement is longer than this, then for reasons of cost, it may be that only the first sheet will be copied and made available at the meeting. For copyright reasons, we are unable to reproduce or publish newspaper or magazine articles that may be attached to statements.

By participating in public forum business, we will assume that you have consented to your name and the details of your submission being recorded and circulated to the Committee and published within the minutes. Your statement or question will also be made available to the public via publication on the Council's website and may be provided upon request in response to Freedom of Information Act requests in the future.

We will try to remove personal and identifiable information. However, because of time constraints we cannot guarantee this, and you may therefore wish to consider if your statement contains information that you would prefer not to be in the public domain. Other committee papers may be placed on the council's website and information within them may be searchable on the internet.

During the meeting:

- Public Forum is normally one of the first items on the agenda, although statements and petitions that relate to specific items on the agenda may be taken just before the item concerned.
- There will be no debate on statements or petitions.
- The Chair will call each submission in turn. When you are invited to speak, please make sure that your presentation focuses on the key issues that you would like Members to consider. This will have the greatest impact.
- Your time allocation may have to be strictly limited if there are a lot of submissions. **This may be as short as one minute.**
- If there are a large number of submissions on one matter a representative may be requested to speak on the groups behalf.
- If you do not attend or speak at the meeting at which your public forum submission is being taken your statement will be noted by Members.
- Under our security arrangements, please note that members of the public (and bags) may be searched. This may apply in the interests of helping to ensure a safe meeting environment for all attending.
- As part of the drive to reduce single-use plastics in council-owned buildings, please bring your own water bottle in order to fill up from the water dispenser.

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<https://www.bristol.gov.uk/how-council-decisions-are-made/constitution>



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Bristol City Council Minutes of the Audit Committee

29 January 2024 at 2pm



Members Present:-

Councillors: Andrew Brown – Chair, David Wilcox – Vice Chair, Fabian Breckels, Jonathan Hucker, John Geater, Guy Poultney, Patrick McAllister.

Independent Members of the Committee: Adebola Adebayo and Simon Cookson

Officers in Attendance:-

Denise Murray – Director of Finance, Simba Muzarurwi – Chief Internal Auditor, Alison Mullis – Deputy Chief Internal Auditor, Allison Taylor – Democratic Services, Joachim Adenusi – Risk & Insurance Officer, John Smith – Executive Director Growth & Regeneration, Mette Jakobsen – Director Adult Social Care, Gail Rogers – Head of Service Children’s Commissioning, Pete Anderson – Director – Property Assets & Infrastructure, Graham Clapp – Head of Service Revenue & Benefits, Kevin Smith – Operations Manager Revenue.

Also in attendance:-

Barrie Morris & Beth Garner – Grant Thornton External Auditors.

1 Welcome, Introductions and Safety Information

The Chair welcomed all parties to the meeting and introductions were made. The Committee noted the emergency evacuation procedure for the Council Chamber if required. The Chair also welcomed Councillor Steve Pearce as a member of the Committee.

2 Apologies for absence.

No apologies and it was noted that Councillor Amirah Cole was not present.

3 Declarations of Interest.

None.

4 Minutes of Previous Meeting.

RESOLVED – that the minutes of 20 November 2023 & 18 December 2023 be approved as a correct record.



5 Action Sheet.

This was noted.

6 Public Forum

The Chair, in response to response to Mr Oldreive's question stated that as a member of the Values & Ethics Sub-Committee he was aware that concerns about the data in the Complaints Summary and the Independent Persons had been voiced. A working group had met to review the process and to find ways of improving reporting for greater transparency. The revised process would come back to future meeting of the Sub-Committee for consideration.

Supplementary Question – Mr Oldreive asked what guidelines were used to evaluate whether the complaint was politically motivated and were the guidelines shared with the Independent Person?

It was agreed that as neither the MO nor HoLS were present a written response would be provided.

7 Work Programme

The Committee noted the Work Programme for future meetings.

8. External Audit Plan for year ending 31 March 2023.

The Chair took the opportunity to thank Jon Roberts for his work as GT's external auditor for BCC over the years. A representative for GT acknowledged this and would report it back to Jon Roberts.

The Committee was informed that the audit was well under way and was on track for completion by 31 March 2024. The following points arose from discussion:-

1. 31 March was not a statutory deadline and there were no consequences if it was not completed by then. The statutory deadline was 30 September 2024. GT had added additional capacity to their team to assist in the work and the work was ahead in areas and on track in others and both GT and BCC officers were committed to 31 March;
2. It was noted that BCC chooses to value some of its large assets on an annual basis but the requirement was every 5 years;
3. It was noted that the accounts schedule of all investments value and return was £2/2.5M;
4. The table titled group audit scope and risk assessment did not state there were no risks but that they were not a significant risk in the financial statements;
5. It was noted that Bristol Energy was essentially wound up but not quite concluded.

Resolved – That the External Audit Plan for 22/23 be noted.



The Chair agreed to vary the order of the agenda so that item 12 was considered next.

9. Q3 2023/24 Corporate Risk Report Update.

The report was summarized for the benefit of the Committee and the following points arose from discussion:-

1. CRR55 – A Councillor questioned why the actions that were being undertaken to address the risk had not been shared and the risk then reevaluated. This was recognized and the Head of Service reported that a number of steps were underway to address the risk and reported that two new registered homes would form part of the Goram Homes One Lockleaze development. The Director – Finance added that reports had been before CLB on this risk. There was a lack of sufficiency for placements and the potential risk for churn and she assured the Committee that this was a focus. It was noted that 8 children were currently affected by this. However, the accommodation they were in was high quality, 1 or 2 bedroom properties, they had just not been registered;
2. CRR26 – it was noted that this risk had been before the Committee 3 years ago and it was questioned why the move from the shared drive to the Cloud kept slipping back. It was agreed to share a detailed email on this matter with the Committee;
3. The Chair noted that there were a couple of inconsistencies within the report that he would take up outside of the meeting;

Resolved – That the comments of the Audit Committee be noted.

10. Procurement Compliance Update.

The report was summarized for the benefit of the Committee and the following points arose from discussion:-

1. The Director - Finance reported that an end of year report would provide a full analysis of breaches and it was agreed that this would include the top 4 breaches by Directorate and value. It was noted that in June 2023 a new, more rigorous approach to procurement was introduced which provided accountability and ownership and this had much improved the process as it provided steps for officers to explain why there was a breach.

Resolved – That the procurement breaches and the actions underway to improve procurement compliance be noted.

11. Update on the Council's debt and arrears position.

The report was summarized for the benefit of the Committee and the following points arose from discussion:-

1. Table 1 – It was noted that the caveat 'as required basis' related to one off matters that did not happen each year. It was also agreed to revise the table as it was not clear how the £76M had reduced to £30M;



2. It was noted that the average payment time for invoices was 90 days;
3. It was agreed, as part of the Action Sheet, to detail what were the other main items in accounts receivable other than adult social care;
4. The spike in figure 6 graph was related to leasehold and service charge debt;
5. It was agreed, as part of the Action Sheet, to provide a short narrative on Post Enforcement Agent and the criteria used in respect of Table 7;
6. It was noted it had taken some time to put collection cases through recovery but this was now up to date so action could now be taken on outstanding matters;
7. Accounts receivable was slightly behind where it was expected to be;
8. In respect of PCN's it was noted that future reports would include published include separate detail on PCNs in respect of the Clean Air Zone.

Resolved - That the internal debt / arrears update report for the period 01 April 2023 to 30 September 2023 and the steps being taken as part of the continued ethical approach to debt collection be noted.

12. Internal Audit Update Report.

The report was summarized for the benefit of the Committee and the following points arose from discussion:-

1. It was not possible to state that the highest number of procurement breaches and highest number of non-implemented actions in Children & Families were linked but they indicated the pressures the Directorate was under. It was suggested that this was a matter which People Scrutiny Commission could review and the Chair undertook to raise this;
2. The representative from KPMG presented the Internal Audit Report summarised at Appendix A. In response, the Director Adult Social Care stated that the No Assurance opinion had been taken very seriously and action had been taken immediately to address issues raised. She reported that in the last 5 years the numbers being supported had increased tenfold but there had been no increased capacity in the team. Additional staff would now be recruited and the amount of cash handled had been reduced. There would be training for staff on the new systems and protocols;
3. It was agreed that Internal Audit would follow up to ensure timely implementation of actions and a report would be brought to the Committee before the end of the year;
4. It was agreed to review the Asylum Seeker & Domestic Violence Schemes to see if a full audit was required;
5. It was agreed to report back in the Action Sheet the cash amount spent on the Refugee Settlement Scheme weekly;
6. The Chair was assured that there was corporate oversight of this area of work.

Resolved – That the Internal Audit Update Report highlighting the planned key activities for the rest of the year until 31 March 2024 and the report from senior management regarding the issues highlighted in the internal audit summary report be noted.

13. Property Management Programme Update.

The report was summarized for the benefit of the Committee and the following points arose from discussion:-

1. The strategy asset management plan reviewed all property assets quarterly and questioned their



use. They also considered the right time to sell property. Before an asset was disposed of a specific valuation was undertaken. It was noted that GT assessed valuations produced by BCC and they were not valuing from scratch;

2. There had been 3 reports to Cabinet this year on intended disposals.

Resolved – That the status and progress of the Property Programme be noted.

14. Temporary Accommodation Programme.

The report was summarized for the benefit of the Committee and the following points arose from discussion:-

1. It was confirmed that other workstreams would deliver more housing supply and the use of general needs housing was temporary;
2. A system error identified following the introduction of a new application interface for placements, as reported in the Debt & Arrears report, had not impacted the service.

Resolved – That the progress made on the Temporary Accommodation Programme be noted.

Date of Next Meeting

The next meeting is scheduled to be held at 3pm on 4 March 2024.

The meeting ended at 4.20pm

CHAIR _____





Audit Committee Action Sheet – 29 January 2024

Action number	Item/report	Action	Responsible officer(s)	Action taken / progress
1	6 - Public Forum	Mike Oldreive - Supplementary Question – What guidelines were used to evaluate whether the complaint was politically motivated and were the guidelines shared with the Independent Person?	MO/HoLS	<p>Response sent to Mr Oldreive 9/2 as below.</p> <p>Whether a matter is politically motivated depends on the facts of each case and the judgement of the Monitoring Officer in consultation with the IP. The MO is aware of the guidance set out by the LGA in relation to this issue.</p> <p>https://www.local.gov.uk/publications/guidance-member-model-code-conduct-complaints-handling</p>
2	12 – Corporate Risk Report – Q3	CRR26 – why does the move from the shared drive to the Cloud keep slipping?	Joachim Adenusi to send detailed email on this to Allison Taylor to share with the Committee	See Appendix
3	9 – Procurement Update	End of year report to be on agenda for the first meeting of the new Municipal year to include top 4 breaches by Directorate and procurement value	Niotia Ferguson	To be scheduled on the new Municipal year’s WP

4	10 – Debt & Arrears Update	To improve Table 1 so that it was clearer how the £76M had reduced to £30M	Kevin Smith	<p>Table 1 provides an overview, as of 30 September 2023, of the total level of arrears by debt type. The sums noted here will include not only the sum brought forward into (in this case) 2023/24, but also any arrears accumulated in 2023/24.</p> <p>In respect of Accounts Receivable specifically, the sum shown in table 1 is the total of the sum brought forward, £76.164m, less any payments made against the brought forward sum in the period 1 April 2023 to 30 September 2023 (which had reduced the brought forward balance to £30.429m), plus any arrears accumulated to 30 September 2023.</p>
5 Page 14	10 – Debt & Arrears Update	Apart from adult social care what were the other main items in accounts receivable?	Kevin Smith	<p>There are a significant number of service areas, and within them individual cost centres, for which invoices are raised. A selection of those services which have raised a significant value of invoices in 2023/24 are: property management, cultural development, local and sustainable transport, waste, traffic and highways maintenance, parks and green spaces.</p>

6	10 – Debt & Arrears Update	To provide short narrative on Post Enforcement Agent including criteria used re Table 7	Kevin Smith	<p>Post Enforcement Agent Post enforcement agent debt is dealt with in line with relevant legislation which means that debts for differing service areas will have different outcomes or next steps.</p> <p>Debts in respect of local taxation will be considered for further recovery action whereas debts for Parking Services will be written off as there is no further action which can be taken to recover the debt.</p> <p>Table 7 (Payment methods in respect of Business Rates) Of all business rate payers, 37.5% have nothing to pay due to entitlement to exemptions or reliefs. Of the 62.5% of business rate payers who are required to make payment, 43.5% pay by direct debit. The payment methods used also include BACS (especially for large organisations who use agents), online banking or payment via cheque or via the post office.</p>
7	10 – Debt & Arrears Update	What is the ratio of debt recovered against cost for events/services?	Kevin Smith	The in-year collection rate at P10 across Accounts Receivable debt types is 66.90%.
8	10 – Debt & Arrears Update	Future reports to include separate detail on PCNs in respect of the Clean Air Zone.	Kevin Smith	The next report due for the period 01 April 2023 to 31 March 2024 will have this data split out.
9	11 – IA Update report	To report back before year end on progress of management actions in relation to the No Assurance Opinion for Refugee Resettlement & Cash-handling	Simba Muzarurwi	The follow up work is currently in progress and will be completed by 31 March 2024.

10	11 – IA Update report	To review the Asylum Seeker & Domestic Violence schemes to see if full audit required	Simba Muzarurwi	This is being done as part of 2024/25 audit planning and will be confirmed in the presentations to the Audit Committee on 4 March.
11	11 – IA Update report	What was the value of cash being handled through the Refugee Resettlement & Asylum teams per week?	Mette Jakobsen	Approximately £10,000 per week since the introduction of pre-pay cards.

The residual actions to reduce this risk relate primarily to updating our infrastructure and completing our move to host the majority of systems and data in the cloud. There are three projects involved – S&G Drive Migration, Cloud Migration, and Networks. An update on these, including timescales, was provided to the Committee in September 2023. The only project to have changed its timescale since then is Cloud Migration, which was still working on its detailed business case at the time of that update and is now slated for completion by October 2024. This is due to the complexity of the project, which by its nature can only make certain discoveries about some systems during its delivery phase.

Residual risk relating to Line of Business Systems is a matter for those system owners within council services, and any risks related to them should be captured in those services' risk registers and reported. All services have completed Business Impact Assessments and a list of critical systems is maintained within the IT Major Outage plan. Any outdated systems found during our Cloud Migration activities are discussed with their owners (there is only one instance so far; CIPFA Asset Manager) and will be considered on a case-by-case basis.

Whilst the projects noted above are in-flight we are making sure that we maintain our third-party supply of Back-Up and Disaster Recovery, which has been successfully tendered and is currently in a stand-still period awaiting contract award. This is on-schedule and the implementation of the contract will include failover testing. As more servers, systems and data leave our on-premises data centre throughout 2024, the need for this service will reduce. Any residual on-premise data centre services needed in future (which should be minimal by comparison) will continue to benefit from thorough back-up and disaster recovery services being applied to it.

Public Forum

Audit Committee

4 March 2024



1. Members of the Audit Committee

Statements		
Number	Name	Subject
1	Councillor John Goulandris	Stoke Lodge TVG
2	Ian Hughes	Stoke Lodge TVG
3	Mike Oldreive	Stepping Up Programme
4	Helen Powell	Stoke Lodge TVG
5	Felicity Pine	Stoke Lodge TVG
6	DN Meyer	Stoke Lodge TVG

Questions	
Name	Subject
Councillor Jonathan Hucker	Stoke Lodge TVG
Mike Oldreive	Stepping Up Programme



Chair,

Members will have noted with concern Bristol City Council's recent failed attempt to persuade a judge that the Council could split like an amoeba and be both claimant and defendant in legal action being brought by Cotham School to challenge the decision taken by the Public Rights of Way and Greens Committee to register Stoke Lodge Playing Fields as a village green.

Apart from the reputational damage to the Council, clearly a lot of money has been spent by the Council as landowner on litigation - barristers' fees and costs and very considerable officer time.

What is of particular concern is that the land in question is a freehold reversionary interest valued at £6,650 according to a FOI response. This low value is due to the encumbrance of a 125 year lease with nil rent and ongoing Council liability for maintaining and insuring boundary walls, hedges and trees.

'Prima facie' the Council appears to have spent substantially more on litigation than the actual value of the land, which makes no financial sense.

I would ask the Audit Committee to investigate :

1) How much has been spent by the Council as landowner on external legal advice /support/representation etc over the past 12 months on this matter?

2) How much officer time/costs have been incurred over the last 12 months?

3) Given the obvious lack of value for money, who politically approved this expenditure /use of officer time and on what basis?

Thank you

**Councillor John Goulandris
Bristol City Councillor for Stoke Bishop Ward
Vice Chair Public Rights Of Way & Greens Committee**

Dear Members of the BCC Audit Committee,

I wanted to let you know about a matter of concern regarding the expenditure by Bristol City Council (BCC) as a landowner, specifically concerning its actions concerning Stoke Lodge.

As you may be aware, BCC has been involved in expenditures "protecting its educational asset" – attempting to litigate against itself to reverse the Village Green (TVG) status for Stoke Lodge. This is a particularly pertinent issue given that the asset in question holds no functional value to the Council for educational purposes until 2136.

I would like the Audit Committee to consider the implications of this expenditure on Council resources, including barristers' fees and officer time, especially in light of the information provided about the recognition of Stoke Lodge in BCC's accounts. As stated in the accounts, academies are not considered maintained schools under the Council's control, and the land and building assets are either not owned by the Council or let on a long-term lease (125 years), therefore, not included in the Council's Balance Sheet.

In previously raised concerns about Stoke Lodge, the Audit Committee indicated that "the Council's residual interest is not material" and that "there is no value to the City for the term of the lease." It is concerning to note that officers were devoting time and scarce resources to pursuing a course of action that you deemed of no value to the City. It raises questions about the rationale behind their decisions and who ultimately approved such actions.

It is essential for the Audit Committee to scrutinise the value for money realised by officer decision-making about Stoke Lodge. It is imperative that public funds are utilised efficiently and effectively, and tangible benefits to the community must justify any expenditure.

I'd like to encourage members of the Audit Committee to consider these points and to reflect on the prudent use of Council resources. Your scrutiny and oversight are vital in ensuring accountability and transparency in the management of public funds.

Thank you for your attention to this matter.

Yours sincerely,

Ian Hughes

here's my statement and questions for Monday.

My statement is based on published accounts , FOI emails and Companies House website, so I do not expect any censorship

regards

Mike Oldreive

Statement for Audit Committee

Follow up on procurement issues re Stepping UP programme raised at last meeting

It is now clear that the Stepping Up Programme has been given financial support in excess of £1m from Bristol City Council, WECA and Bristol Waste.

Accounts have recently been published for Stepping Up Leadership CIC. This is a company co-founded by Bristol City Council Deputy Mayor Asher Craig (also using the name Jennifer May Craig when registering company directorships on Companies House) and Christine Bamford.

These accounts for year ended 31 March 2023 show:

- WECA has provided grants totalling £94k in 2022-23. (FOI requests suggest that WECA funding may also have been provided in previous years, including £150k from LEP reserves).
- a key item of expenditure is "Staff consultant" costs (£133k) for which no further details are given.
- a "Balance Sheet" that doesn't balance and is incomplete.
- that Bristol Waste withdrew " back office, accommodation and cash flow transitional support" which had been authorised by Bristol City Council.
- a loan of £54,000 from Bristol Waste is also noted. (There is no disclosure of this loan in Bristol Waste accounts).

As members of the Audit Committee, charged with governance I would ask you to consider:
 Why is Bristol City Council using its own company to provide these services and financial support to a private company? (A company of which the Deputy Mayor is a director)?
 Who authorised Bristol Waste to provide these services and loans?
 (I note that Bristol Waste now requires £4m financial support from the City Council (Council tax payers).)

FOI emails show concerns from Councillor Asher Craig regarding the procurement process and officers attempting to find "work arounds" and offers of BCC staff help to the Councillor's company- a situation that I highlighted in my previous statement to Audit Committee. The Director of Finance voices concerns, but Bristol Waste ends up providing services and a loan

email Cllr Asher Craig to Director of Finance 14.04.20:

I acknowledge that there is a need to ensure good governance in respect of the procurement requirement for provision of the programme director and you will be aware also that the tender process is in train. You will have been appraised that Tim Borrett met with the Stepping Up Stakeholder Governance Board indicating the need for procurement requirements but that the tender process could be stopped at any time if a suitable home for Stepping Up could be found. Bristol Waste offered to host which we understand was not appropriate but we did not receive a response from [REDACTED] as to whether Bristol Waste's separate commercial fundraising company was an acceptable solution.

email from DOF 30.04.20

This appears to have become unnecessarily complicated.

Assuming the Stepping Up intellectual property is owned by the Council I would consider the options are as follows:

- *Deliver the project using in-house services: - does the Council does have the necessary capacity to deliver the project itself..*
- *Pursue a EU compliant open market tender: provides a long term delivery option however the outcome is unknown and may undermine the Council's working relationship with project director some stakeholders*
- *CIC is established, IP sold and training only is commissioned by BCC either via 3 quotes of which the CIC could bid (potential for conflict of interest re IP sale / transfer legal would need to advise on this)*

Statement to members of the Audit Committee, 4 March 2024

Dear Audit Committee members

It was disclosed on 22 February in response to an FOI request that the Commons Registration Authority spent £60,750 (£50,625 plus VAT) for external legal advice in relation to the Stoke Lodge TVG between September 2018 and 31 January 2024.

No breakdown of this amount was provided, but in the period shown it covers both:

- payments to the Inspector appointed to consider the applications (up to the end of May 2023); and
- payments to the senior barrister (KC) who attended the PROWG meeting on 28 June 2023 to advise on process, and who has advised the CRA on the litigation since that time.

The figure does not include the amount spent by BCC as landowner on external legal advice in the same periods. It does not include internal officer time.

It came as a shock to many Bristol residents that the Council intended to participate in two capacities, with two sets of lawyers making different arguments, in the litigation brought by Cotham School to attempt to remove the TVG registration of Stoke Lodge.

It came as more of a shock that officers had decided that in neither of those capacities would they be defending the decision taken by the PROWG Committee to register the land. In fact, one officer proposed that BCC 'as landowner' should switch sides and take over the litigation if Cotham dropped out - and another officer, acting for the CRA, agreed to that proposal!

The biggest shock of all should be that at no point did officers or members of the executive stop to consider whether the Council's constitution imposed any restrictions on their ability to attempt to undermine a decision taken by a regulatory committee. Had they done so, many thousands - even tens of thousands - of pounds could have been saved.

And what was the interest that BCC 'as landowner' was so concerned to fight legal battles over? It is the reversionary interest in land that will not fall back into the Council's control until the lease ends in 2136. In response to a previous question to this Committee in June 2020, it was confirmed to me that 'the Council's residual interest is not material' and that 'there is no value to the City for the term of the lease'.

So where was the value that motivated these efforts? There was value to Cotham School in having the Council fail to defend the decision of the PROWG Committee. There was value to Cotham School in the Council's suggestion that it would step into the school's shoes to continue the litigation if the school withdrew. But there was no value to the City in officers deciding to ignore the law and the constitution and attempting to undermine the PROWG Committee's decision, and it is a matter of concern that this might not be the only instance where this has happened.

Helen Powell

STOKE LODGE PLAYING FIELDS / VALUE FOR MONEY

On 28th June 2023, the Public Rights of Way and Greens (PROWG) Committee voted decisively to register Stoke Lodge Playing Fields (SLPF) as a Town and Village Green under the Commons Act 2006. The Commons Registration Authority, a department of Bristol City Council, has agreed to robustly defend this decision.

However, another department of Bristol City Council (the Property Team, Growth and Regeneration) has decided to join with Cotham School in challenging it.

SLPF is subject to a 125 year lease to Cotham School at nil rent. It is, in effect, a liability to the freeholder (Bristol City Council), who are obliged to maintain the boundaries, walls, hedges, trees and to insure the same. It is clear therefore that SLPF has little, if any, economic value to the freeholder.

Please therefore explain:

- a) The cost of the legal fees, both incurred and committed, arising from this challenge.
- b) Whether any cap has set on the potential cost of challenging this democratic decision.
- c) The justification for pursuing a course of action which appears to be economically irrational.
- d) How this action can possibly provide value for money for the taxpayer.

The decision of the PROWG Committee should bind the whole council. Can Bristol City Council give a commitment not to waste any more taxpayer's money on litigation/barristers and call a halt to the attempt to undermine this democratic decision?

Kind regards,

Jonathan Hucker
Bristol City Councillor
Stockwood Ward (Conservative)

Response.

The Applicant, Cotham school, joined both the CRA and BCC as landowner to the proceedings when they made the application under section 14 of the Commons Registration Act 1965 to have the register amended. There is also a judicial review of the June decision pending – this has been stayed for the time being.

There was a hearing to determine whether both could remain parties to the proceedings. The court held that BCC could only be joined once.

The cost of instructing Counsel for that application for the CRA was £2400 (written submissions only) and for the Landowner was £12,700 including all preparation up to and including the hearing.

Following the Judgment of the court, the Council as landowner agreed that it would take a neutral position in the application and therefore the only active defendant to the claim apart from Ms Welham, is the CRA.

Ms Welham applied for a costs order against both the school (£25 000) and the council (£5000) arising from that hearing. The Council defended that claim and were ordered to pay a reduced sum of £1500.

The cost of the applications is funded by the legal services budget, including the defence of the claim by the CRA.

This could be at least £100K for counsel fees for a fully contested hearing. If the Applicant is successful the Council is likely to be ordered to pay a proportion of their costs (which could be in the region of £300K unless the other parties are able to get this reduced as part of the costs budgeting process).

These estimates do not factor in the costs of inhouse legal services, nor do they factor in the costs of defending the JR should that proceed.

here's my statement and questions for Monday.

My statement is based on published accounts, FOI emails and Companies House website, so I do not expect any censorship

regards

Mike Oldreive

Audit Committee

QUESTIONS - Follow up on procurement issues re Stepping UP programme raised at last meeting

1. The City Council paid £57,500 to Bristol Waste in respect of Stepping UP (Procurement Request Form dated 06.07.22).

Why was this amount paid to Bristol Waste and not directly to Stepping Up, and how is this a bona fide accounting treatment if Stepping Up are providing a service to Bristol City Council? (there are several Stepping Up companies of which Christine Bamford is director, but I'm assuming Stepping Up Leadership CIC).

Response.

The Procurement Request Form (PRF) in question was raised in error and then cancelled. No sums were paid to Bristol Waste pursuant to this PRF. A new PRF was raised for £57,500 pursuant to which payment was made directly from the council to Stepping Up Leadership CIC in respect of the council's participants on the Stepping Up programme for 2022/23.

2. Did the City Council authorise Bristol Waste to "support the transitional arrangements" for Stepping Up and what form did this authorisation take, and by whom? Specifically did BCC authorise or request any loan or cash flow support on behalf of Stepping UP?

Response.

The council was aware that Bristol Waste was providing Stepping Up with transitional support, however the details of the support provided was pursuant to an arrangement between Bristol Waste and Stepping Up. Bristol Waste is a separate legal entity and were not acting on the council's instruction or authorisation, and the council did not authorise or request any loan or cash flow support for Stepping Up from Bristol Waste.

END

BCC Audit Committee - Public Forum Statement

As a Bristol City Council taxpayer, I am alarmed and concerned at the amount of money spent by BCC in connection with the recent High Court Hearing (24 January 2024) before HHJ Paul Matthews. I was an observer at the all-day Hearing, and it was very clear to me, almost from the outset, that the Judge did not buy the arguments that the Council could act in two capacities or, in his witty words, "that Bristol City Council isn't an amoeba that can split itself in two".

With regard to the COSTS of BCC's actions, it would appear that Counsel Paul Wilmshurst's brief fee would be around £10-12K, and there were also written submissions from Douglas Edwards KC and his junior, Michael Feeney. A reasonable estimate is that Mr Edwards' rates are around £700-£750/hour. Two employed solicitors were also present, and inevitably there would have been officers' time involved prior to the Hearing. This is a LOT of taxpayers' money, which was spent on something that ultimately failed.

Why did BCC attempt to litigate against itself in an attempt to reverse its own PROWG committee's decision to award TVG status to Stoke Lodge? A perusal of BCC's accounts reveals that Stoke Lodge is not even recognised as an educational asset because of the length of the lease (125 years) to Cotham School. What a shocking waste of Council resources.

Public Statement by David Mayer**For the Audit Committee****On Monday 4th March 2024****Agenda item 6 – Public Forum**

In preparation for the Preliminary Hearing in the High Court Action brought by Cotham Academy against Bristol City Council (BCC) and Katharine Welham, held on Wed 24th January 2024, relating to the Town or Village Green Registration at Stoke Lodge in Stoke Bishop and concerning the attempt by Cotham to overturn the recommendation of the Public Rights of Way and Greens Committee (PRoW&GC); Unusually, Bristol City Council legal services have chosen to be listed as two separate and diametrically opposed defendants, represented by separate counsel.

In fact, BCC Legal services chose to present somewhat unequal arguments and submissions.

In their role as Commons Registration Authority (CRA) Legal services chose to submit a “neutral response” regarding their defence of the PRoW&GC (a duly authorised Regulatory Committee) and were apparently perfectly content not to be represented by counsel at the hearing. This was despite the fact that the PRoW&GC had prior to the hearing instructed the CRA that they wanted their decision to be actively and robustly defended.

Furthermore, and worse still, the CRA barrister. Acting (Supposedly?) on behalf of the PRoW&GC actually submitted written arguments arguing for the Council to be able to argue against the decision to register Stoke Lodge as a TVG, which wasn't neutral at all.

Additionally, and in stark contrast their CRA role BCC legal services separately fully engaged and promoted the argument that the recommendation of the Regulatory Committee should be overturned. This was undertaken by a second barrister acting on behalf of BCC as Landowner. This decision required expenditure of officer time and resources together with considerable external legal fees involved in preparation and attendance on the day.

In the event the judge has decreed that BCC cannot present opposing arguments because it is a single body (corporate entity).

Undaunted by this Judgement BCC Legal services has continued to take ever more expensive external legal advice to defy and challenge the findings in the Judgement. Predictably, the advice confirms that BCC must robustly support the recommendation of its own Quasi-Judicial Regulatory Committee and cannot promote contradictory arguments, as decreed in the BCC Constitution.

Based on the above events my question is how much did this undemocratic process cost the tax payers of Bristol and who authorised it? And what can we do about it??

David Mayer

**AUDIT COMMITTEE
WORK PROGRAMME 2023/24**

Meeting Date	Assurance Source	Report Details	Routine Work Programme/ Other?	ToR Ref	Officer Providing Report
30-May-23 2:00PM	External Audit	Auditors' Annual Report for 2021/22 and 2022/23	Routine	1.8/1.9	Grant Thornton
	Internal Audit	Internal Audit Annual Report 2022/23	Routine	1.4	Chief Internal Auditor
		Annual Fraud Report 2022/23	Routine	2.4/2.10	Chief Internal Auditor
		Draft Annual Governance Statement 2022/23	Routine	2.5/4.4	Chief Internal Auditor and Director - Finance
		Internal Audit Plan - Quarter 2 2023/24	Routine	1.2	Chief Internal Auditor
	Finance:	Draft Statement of Accounts 2022/22	Routine	3.1	Director - Finance
Update on 2021/22 Annual Governance Statement Issues		Routine	3.1	Director - Finance	
Risk & Insurance	Corporate Risk Report (Q4)	Routine	4.1/4.3	Risk & Insurance Manager	
	SIRO Assurance Report	Routine	4.1/4.3	Director of Legal and Democratic Services (SIRO)	
Other	Audit Committee Terms of Reference	Routine	-	Director of Legal and Democratic Services	
Jul-23	External Audit	Auditors' Annual Report for 2021/22 and 2022/23	Routine	1.8/1.9	Grant Thornton
	Internal Audit	Internal Audit Activity Report	Routine	1.5/1.6/1.7	Chief Internal Auditor
		Audit Committee Annual Report to Full Council (Draft)	Routine	5.1	Chief Internal Auditor
Finance	Debt Write Off Report	New - Routine		Director - Finance	
Sep-23 2:00 PM	External Audit:	External Audit Progress Report	Routine	1.8/1.9	Grant Thornton
	Finance:	Treasury Management - Annual Report	Routine	3.3	Director - Finance
		Final Statement of Accounts and AGS	Routine	3.1/2.5	
	Internal Audit	Internal Audit Activity Report	Routine	1.5/1.6/1.7	Chief Internal Auditor
		Internal Audit Plan - Quarter 3 2023/24	Routine	1.2	Chief Internal Auditor
	Risk Management:	Risk Management Annual Report	Routine	4.1/4.3	Risk and Insurance Manager.
Review of Specific Corporate Risk - CRR13		Routine	4.1/4.3	Director of Finance	
Corporate Risk Report (Q2)		Routine	4.1/4.3	Risk and Insurance Manager	
Customer Relations	Annual Report of Local Government and Social Care Ombudsman Decisions	Routine	1.12	Customer Relations Manager	

Meeting Date	Assurance Source	Report Details	Routine Work Programme/ Other?	ToR Ref	Officer Providing Report
	Other	Governance of Council Companies Bristol Waste Limited - Audit and Risk Committee Assurance Goram Homes - Audit and Risk Committee Assurance	Routine Routine Routine	2.5/4.4 4.4 4.4	Shareholder Liaison Manager Bristol Waste Limited Goram Homes
		Digital Transformation Programme Update	Routine	4.1/4.3	Director: Policy, Strategy and Digital
20 November 2023 2:00 PM	External Audit:	External Audit Findings Report for 2022/23	Routine	1.8/1.9/3.2	Grant Thornton
	Finance:	Treasury Management Mid-Year Report Procurement Breaches Report	Routine Routine	3.3	Director - Finance Director - Finance
	Risk Management	Corporate Risk Report (Q2)	Routine	4.1/4.3	Risk and Insurance Manager
	Internal Audit:	Internal Audit Half Year Update Counter Fraud Half Year Update Report Audit Committee Half Year Report to Full Council (Draft) Internal Audit Quality Assurance and Improvement Plan, Charter and Strategy Internal Audit Plan - Quarter 4 2023/24	Routine Routine Routine Routine Routine	1.5/1.6/1.7 2.4./2.10 5.1 1.1/1.6 1.2	Chief Internal Auditor Chief Internal Auditor Chief Internal Auditor Chief Internal Auditor Chief Internal Auditor
	Other	Update of SEND and DSG Improvement Plans	Routine	4.1/4.3	Executive Director Children and Education
29-Jan-24	External Audit:	External Audit Plan for 2023/24	Routine	1.8/1.9/3.2	Grant Thornton
	Finance	Procurement Breaches Report Debt and Arrears Report	Routine Routine		Director - Finance Director - Finance
	Internal Audit:	Internal Audit Update Report	Routine	1.5/1.6/1.7	Chief Internal Auditor
	Risk Management:	Corporate Risk Report (Q3) Review of Specific Corporate Risk	Routine Routine	4.1/4.3 4.1/4.3	Risk and Insurance Manager Risk Manager / Risk Owner
	Other	Property Management Programme Update Temporary Accommodation Programme Update Children and Families Transformation Programme Update			Director: Property Assets & Infrastructure Director Housing and Landlord Services Executive Director Children and Education
Mar-23 3:00 PM	External Audit:	External Audit Plan for 2023/24	Routine	1.8/1.9/3.2	Grant Thornton
	Finance	Procurement Breaches Report	Routine		Director - Finance
	Internal Audit:	Draft Internal Audit Annual Plan 2024/25 Annual Whistleblowing Update	Routine Routine	1.2 2.4	Chief Internal Auditor Chief Internal Auditor
	Legal:	Code of Corporate Governance	Routine	2.6	Director: Legal& Democratic Services

Meeting Date	Assurance Source	Report Details	Routine Work Programme/ Other?	ToR Ref	Officer Providing Report
	Other Corporate:	Adult Social Care Transformation Programme Update AGS 2022/23 - Actions Tracking Update External Inspections Update	Routine Routine	2.5/4.4/1.7 4.4	Executive Director: Adults and Communities Director: Finance Head of Executive Office



Audit Committee

4th March 2024

Report of:	Chief Internal Auditor
Title:	Internal Audit Draft Quarter 1 Plan 2024/25
Ward:	N/A
Officer Presenting Report:	Simba Muzarurwi – Chief Internal Auditor

Recommendation

The Audit Committee review and approve the draft Internal Audit Plan for quarter 1 of 2024/25. In doing so, the Committee should consider:

- whether the Plan addresses the Committee's assurance needs;
- whether the Plan captures key areas that would be expected in quarter 1; and
- whether there are any significant gaps in the Plan for quarter 1.

To support consideration of quarter 1 priorities, high level areas for potential review later in the year are also provided. Consistent with the agreed quarterly planning approach, areas for audit review in future quarters will be agreed before the start of each quarter. This will ensure audit resource is effectively targeted and coverage remains relevant and timely to the risk environment in which the council is operating.

Summary

This report provides the Audit Committee with the Audit Plan for quarter 1 of 2024/25.

The significant issues in the report are:

- The methodologies used to formulate the Audit Plan; (Section 2 of Appendix A)
- Resourcing the plan. (Section 3 of Appendix A)
- Key features of the plan. (Section 4 of Appendix A)
- Plan delivery and performance monitoring. (Section 5 of Appendix A)
- The Internal Audit Quarter 1 Plan. (Appendix 1 of Appendix A)



Policy

1. Audit Committee Terms of Reference.

Consultation**2. Internal**

- The Corporate Leadership Board
- Executive Member
- Executive Directorate Management Teams
- Monitoring Officer
- S.151 Officer
- Other Management

3. External

- Internal Audit Strategic Partner – KPMG
- External Auditor

Context

4. The Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end, it should seek assurance that the key areas that contribute to this framework are operating properly.
5. The Council's Internal Audit service is a key component of the assurance framework and the Audit Committee's Terms of Reference includes a requirement to provide independent assurance to the Council in relation to internal audit activity. The Audit Committee need to consider if the planned Internal Audit work is appropriate and sufficient to provide the Committee with the assurance it requires. Public Sector Internal Audit Standards include guidance that the Committee should review and approve the Internal Audit work plan.
6. In developing the audit plans, the Council's risk register and a number of relevant external sources have been used to identify potential emerging risks which may be useful to the Committee. Links to these are provided below in the background papers section.

Proposal

7. The Audit Committee review and approve the draft Internal Audit Plan for quarter 1 2024/25. In doing so, the Committee should ensure that plan reflects their assurance needs from Internal Audit in the early part of 2024/25.

Other Options Considered

8. None necessary.

Risk Assessment

9. An adequate and effective internal audit service, as well as a statutory requirement, is an

integral part of good governance. A sound Internal Audit planning process minimises the risk of non-compliance with statute and good practice, and at the same time maximises the value that Internal Audit adds to the Council's governance arrangements and internal control environment.

Public Sector Equality Duties

- 8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
 - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
 - tackle prejudice; and
 - promote understanding.
- 8b) No equalities assessment necessary for this report.

Legal and Resource Implications

Legal – Not applicable

Financial

(a) **Revenue** – Not applicable

(b) **Capital** – Not applicable

Land/Property - Not applicable

Human Resources - Not applicable

Appendices:

- **Appendix (A) – Internal Audit Draft Plan for Quarter 1 of 2024/25**

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Corporate Strategy [Corporate Strategy 2022–27 \(bristol.gov.uk\)](https://www.bristol.gov.uk/corporate-strategy-2022-27)

Q3 Corporate Risk Report: [12 – Appendix A1 Q3 2023_24 Corporate Risk Report1.pdf \(bristol.gov.uk\)](#)

[How can further local authority failures be prevented? \(grantthornton.co.uk\)](#)

[Best value standards and intervention – a statutory guide for best value authorities: consultation – GOV.UK \(www.gov.uk\)](#)

[Global Risks Report 2024 | World Economic Forum | World Economic Forum \(weforum.org\)](#)

[Risk in Focus | Research reports | Policy and research | IIA](#)



BRISTOL INTERNAL AUDIT

INTERNAL AUDIT: DRAFT QUARTER 1 PLAN 2024/25

Date: 4th March 2024

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Simba Muzarurwi
Chief Internal Auditor
simba.muzarurwi@bristol.gov.uk



1. Purpose of this Annual Plan Report

- 1.1 This report provides an overview of Internal Audit’s approach to planning audit work during 2024/25 and going forward and provides a draft work plan for quarter 1 of 2024/25. Its purpose is to:
- Provide the Audit Committee with the draft planned Audit coverage for quarter 1 of 2024/25
 - Provide details of the methodology used to formulate the plan
 - Draw attention to key features of the proposed plan for quarter 1
 - Detail how plans for the remainder of 2024/25 will be drawn up and approved with management and the Audit Committee
 - Provide details on the plan monitoring process, together with the follow-up and escalation process.

2. Quarterly Planning and Formulation of the 2024/25 Q1 Audit Plan

2.1 Local Government sector challenges and significant levels of organisational change are creating uncertainty, complexity and increasing risk. Internal Audit approaches need to anticipate new risks and ensure greater flexibility to assure and advise management to help them manage change effectively. As agreed with the Corporate Leadership Board and Audit Committee, Internal Audit has moved to quarterly planning to ensure plans are flexible and adaptive to new and emerging risks. The aims of audit planning activity remain the same, that is to:

- Ensure a programme of work is designed for completion that will enable provision of an evidence-based annual audit opinion to senior management and the audit committee on the effectiveness of risk management, governance and control environment arrangements during the financial year. The opinion is designed to cover all aspects of the control framework as demonstrated in figure 1. It also supports and informs the Annual Governance Statement (AGS) each year.
- Support management across the Council to meet high standards of service delivery, conduct and governance by examining, evaluating and reporting on the risk management, governance and internal control environment in areas it has identified support would be beneficial.
- Ensure the Internal Audit Service is able to deliver other elements of work carried out on behalf of the Council which also support the year-end opinion.

Figure 1: Key Areas of the Control Environment



2.2 This planning process reflects the requirements of the Public Sector Internal Audit Standards(PSIAS) and supporting Local Government Application Note produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Chartered Institute of Internal Auditors (CIIA)

2.3 The level of Internal Audit resources required to review all Council activities far exceeds those available each year. It is therefore important to ensure work is planned and prioritised so that the maximum benefit is achieved and that the Service completes work which is risk based and adding value.

2.4 In developing the plan, a desk top review has been undertaken of the potential risk areas for review including consideration of:

- Corporate Strategy and Priorities
- Corporate, Directorate and Service Risk Registers
- Service Plans for 2024/25
- The Council's budget.
- The Council's transformation agenda
- Key financial systems
- Outcomes from previous internal audit, external audit and any inspection activities
 - IT risk assessment
 - Areas of the business identified as requiring improvement or assurance support.
 - Audit work required to inform the annual opinion.

External Resources:

- Grant Thorntons national report 'Preventing Failure in Local Government.'
- Best Value Standards and Intervention (draft). This guidance is currently under consultation but provides draft statutory guidance and a sound source of reference for future expectations relating to demonstrating and delivering best value underpinned by good governance, service delivery and sound financial management.
- The Global Risks Report 2024 published by the World Economic Forum.
- Risk in Focus 2024: Hot topics for internal auditors published by a consortium of institutes of internal auditors that includes the Chartered Institute of Internal Auditors (UK & Ireland).
- Internal Audit Strategic Partner views providing cross sector insight.

2.5 Additionally, extensive consultation has been undertaken with officers to confirm our assessment of the risks, determine areas of audit input that can add value to managers and to ensure a clear understanding of how Internal Audit work fits with other known sources of assurance:

- The Corporate Leadership Board
- Executive Directorate Management Teams
- Service Directors
- S.151 Officer
- Monitoring Officer
- Information Governance Board
- Corporate Support Colleagues
- The External Auditor

2.6 Having captured areas for review, priorities have been determined for audit activity in quarter 1. Priority has been given to those activities which are:

- Statutorily required
- Time barred to quarter 1
- Residual activity from 2023/24 that requires finalising
- Considered to be high risk areas based on materiality, impact on corporate priorities, levels of change in the area and internal audit knowledge of controls, risk and governance arrangements
- Identified by management as benefiting from Internal Audit review.

2.7 Internal Audit also has responsibility, on behalf of the Council for facilitation of developments in the following areas and this work is also included in the work plan:

- Co-ordination of assurances around corporate governance and compilation of the Annual Governance Statement (AGS)
- Ensuring robust counter fraud arrangements are in place across the Council.
- Ensuring effective arrangements for the coordination and management of the whistleblowing process.
- Provision of Internal Audit services to others to ensure income generation targets are met.

2.8 The outcome of the above process is the Draft Quarter 1 Audit Plan at Appendix 1. The plan identifies the high-level area to be reviewed and the rationale for prioritisation. Once the plan is agreed with the Audit Committee, work will commence with senior management to agree the scope and specific objectives of each review. In addition, areas emerging that may require audit review in quarter 2 or later in the year are provided in Appendix 2. Given the complex circumstances under which the Council continues to operate, it is anticipated that risks will continue to evolve at pace. New areas of potential review will be added to the list at Appendix 2 as the year progresses and priorities for audit review determined and agreed with management and the Audit Committee on a quarterly basis. This will need to consider any risks arising from the Annual Governance Statement during the current review process and any current external assessments.

3. Q1 - Resources

3.1 Internal Audit operate a working model of an in-house team supported by a Strategic Partner. The strategic partner brings greater resilience to the team by adding additional capacity and specialist skills to support delivery of the plan when required. Recently, the team have undergone a successful re-procurement for strategic partner services via a full competitive tender. The results of this process see's KPMG remain as the Internal Audit Strategic Partner going forward. As well as plan delivery, a key element of the arrangement is to facilitate the transfer of knowledge through joint audit projects and training provision.

3.2 The Q1 plan at Appendix 1 is considered deliverable with in house team resources and the Strategic Partner support. A small amount of interim support is being procured by the team through April 2024. This resource was required during Q4 of 2023/24 following the resignation of a group auditor in Q3

3.3 The team continues to support development of four apprentices to underpin our strategy of 'growing our own' skilled professionals. This approach does not only support the Council's wider objectives but also helps to address difficulties faced in recruiting experienced and qualified audit staff.

3.4 Resource requirements for delivery of the quarter 1 plan have been assessed and compared to resource availability after the following adjustments:

- 60 days - An estimate of time required to finalise 2023/24 assignments in April 2024.
- 28 days - A contingency of time to accommodate changing circumstances (urgent unplanned audit or counter fraud work, etc)
- 42 days - An allocation for internal development, team improvements and training and training for our four apprentices.
- 25 days - An estimate of time for delivery of work to external clients for income generation.

3.5 For each audit assignment planned, the resource required is estimated. A number of factors that occur either before or during the audit reviews can significantly alter (in either direction) the number of days required for individual reviews. Table 1 below provides the Committee with a summary view of the proposed coverage for 2024/25 Q1 split by audit type and providing indicative days to be spent in each area. It should be acknowledged that the number of days per audit is no longer a significant measure in internal audit performance. What is important is ensuring that Internal Audit are focusing on the areas of greatest risks and acting timely. As such, resource will be allocated to areas of greatest risk and assurance need.

Table 1:

Area of Work	Q1 Planned Days 2024/25
Governance Systems	15
Risk Management Effectiveness	35
Financial Control Systems	75
Certifications	80
Schools Governance	-
Value for Money	-
Procurement and Contracts Management	-
Asset Management	30
Information Governance	10
Projects and Programme Management	44
Management Action Tracking	15
Total Risk, Governance, Assurance	304
Counter Fraud	
Strategic Fraud Work (incl Whistleblowing)	9
Fraud Prevention Programme	60
Fraud Detection (incl tenancy fraud work)	100
Responsive Fraud Investigation excl Tenancy (including DWP interface)	140
Total Fraud	309
Total Planned Coverage	613
Total Available Productive Days	613

- 3.6 Quarter 1 does not prioritise work in the areas of procurement or schools. This is because a considerable programme of work in these areas is being completed in Q3/Q4 of 2023/24. Further work will resume in these areas later in the year unless higher risks emerge. Specific value for money (VfM) work is also not planned. The External Auditor focusses in this area but once they have reported their findings, the need for any supporting Internal Audit work will be assessed. However, consideration of VfM is integral to all the work completed and is considered at each audit assignment as a matter of course. Additionally, proactive fraud and irregularity work often identifies significant VfM opportunities.
- 3.7 Full use will continue to be made of Pentana Audit for management action tracking, working jointly with management to verify updates and implementation. Where re-audit work is required for audits concluding no or limited assurance, this is included in the internal audit plan and will include review of progress against previously agreed actions reducing the need for a separate allocation for follow up.

4. The Audit Plan – Key Features

- 4.1 The Q1 plan reflects some of the highest risk areas to the Council and is designed to ensure that assurance is targeted effectively to enable provision of an opinion on the governance, risk management and internal control framework at year end. Significantly, key focuses in Q1 include:

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- **Annual Governance Statement** – the review process and statement drafting are required to be substantially completed in Q1 to align to the statutory timetable for the accounts
- **Grant Compliance** – grant and other certification work is a key component of work for the team. Q1 and Q2 are traditionally busy times of the year for this type of work and the number of grants to be certified continues to increase. Resource allocations have been made accordingly. Engagement with management continues to ensure certification requirements are explored and notified timely to assist provisioning this work. In addition, an audit of grant administration (grants receivable) has been planned to enhance controls which should ensure all money received is spent timely, records are kept and certification requirements are met. It is anticipated the results of this review will support efficiency in the grant receiving and certification processes and resolve the difficulties the team sometimes faces in certification of the grants eg short notice of certification requirement. Also, a review will be undertaken in Q1 to assess the adequacy and effectiveness of arrangements for managing and monitoring grants awarded by the council.
- **Verification of Management Actions** – Building on work with management in 2023/24 and recognising increasing pressures on management in their service delivery, resources will continue to be directed at gaining assurance that agreed improvement actions have been effectively implemented. In addition, the Committee will see that a number of areas where previously limited or no assurance ratings were given by Internal Audit are included in the Q1 plan for timely re-audit and confirmation of improvement.
- **Key Change and Transformation Programmes** – key programmes will continue to be supported with Internal Audit's embedded assurance methodology which sees the team working with programme and project teams to provide real time assurances as the programmes progress. This means governance and programme assurances are timely to enable necessary corrective actions as the project progresses. This should better support delivery of outcomes. In addition, it is planned that each of the Council's priority programmes will receive a full audit during 2024/25 to give fuller assurance regarding change and transformation arrangements.

- **Implementation of Continuous Audit Techniques** and use of data and analytics will again be a priority throughout 2024/25. Q1 sees continuation of this via the Fraud Hub which is a key element of fraud prevention and detection work. Audit work in Q1 will be limited to continuation of routines established in 2023/24 with work to develop further routines planned for Q2 and onwards.
- **Fraud Prevention and Fraud Risk Assessment** is key to ensure managers across the Council understand the fraud risks the Council faces and reviews how well those risks are being managed. This work was started in 2023/24 and will continue as a key theme in the early part of 2024/25.
- **Whistleblowing** – co-ordinating an effective response to whistleblowing reports remains a priority for the team.
- **Tenancy Fraud** – Proactively identifying and investigating tenancy fraud continues to be a priority for the Council. Q1 priorities in this area include reviewing output from a targeted Cabinet Office exercise aimed at identifying quality cases for review and investigation.
- **Fraud Investigation** – Investigating allegations of fraud or irregularity referred to the team or concerns resulting from proactive fraud identification exercises.

4.2

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Client engagement with the audit service is key to the effective delivery of the audit plan. Client engagement models are in place to ensure that senior management are sighted on and support delivery of Internal Audit plans with quarterly reporting to Executive Directorate Management Teams and the Corporate Leadership Board. Expectations of management to engage early in the audit process continues as this will help to ensure scoping of each review is understood. Where the audit process is hindered by lack of engagement, this will be escalated to senior management and the Audit Committee.

5. Plan Monitoring

5.1 Performance against completion of the annual plan will be measured and reported in Internal Audit Activity reports at most Audit Committee meetings. The performance indicators are as set out in the Quality Assurance and Improvement Programme that was approved by the Audit Committee in November 2023. These are:

• Delivery of Internal Audit Plan – Complete to at least draft report stage	95%
• Timeliness of issue of draft report (within 10 days from end of field work)	95%
• Timeliness of issue of final reports (within 5 days following receipt of management responses)	95%
• Level of agreed management actions implemented within agreed timeline	90%
• Stakeholder satisfaction with audit outcomes and value	90%
• Number of properties or other positive housing outcomes from Tenancy Fraud Initiative	40
• Delivery of Audit Opinion in time to inform the Annual Governance Statement (AGS)	June 2024
• Delivery of AGS in line with statutory timeframe	June 2024

6. Follow Up and Escalation

- 6.1 The Audit Committee will receive all internal audit summaries with a no or limited assurance opinion and the relevant Senior Responsible Officers will attend Audit Committee meetings to provide assurance on the implementation of agreed actions. Such audits will be subject to re-performance within 12 months from the date the final report was issued. In addition, all agreed management actions will be subject to monitoring to obtain assurance that they have been implemented on time.
- 6.2 The progress in the implementation of agreed management actions is reported to the Audit Committee and the Corporate Leadership Team (CLB) as part of its regular activity reports. Repeated failure to implement the agreed management actions will be reported to CLB and the Audit Committee, who may call the appropriate Senior Responsible Officer to account for the failure to correct the control environment.
- 6.3 It is the full responsibility of the relevant Senior Responsible Officers to implement the agreed management actions and senior management are responsible for ensuring that there are appropriate arrangements for monitoring and reporting the progress in the implementation of agreed management actions.

7. Context

- Page 43
- 7.1 The Audit Committee's Terms of Reference includes a strategic requirement to ensure that the Council's internal control and assurance framework is operating effectively. To enable them to do so, the Committee needs to ensure it seeks assurance that key areas that contribute to this framework are robust. The work of Internal Audit is a key component of the assurance provided to the Committee in fulfilling this role and the Audit Committee need to ensure the plan is focussed on the key assurances they require.
- 7.2 The Public Sector Internal Audit Standards guidance on the role of Audit Committees in relation to Internal Audit suggests that it should involve reviewing, assessing and approving the Internal Audit work plan for delivery of the Audit Service.
- 7.3 The approach and methodologies of the delivery of internal audit within the Council are detailed in the Internal Audit Strategy that was approved by the Audit Committee in November 2023.
- 7.4 The standards also include the requirement that Internal Audit must be operationally independent. The Internal Audit Charter which was reviewed and approved by the Audit Committee in November 2023 details the arrangements in place regarding the team's operational independence including details of the reporting lines for the Chief Internal Auditor.
- 7.5 There are two areas of work that the team deal with operationally on behalf of the Council that is (i) facilitating the preparation and review of the Annual Governance Statement (AGS) and (ii) managing the Council's Whistleblowing arrangements. In relation to the AGS, there are synergies between this and audit work and they are well aligned to the assurances that Internal Audit seek to provide. The External Auditor, however, independently reviews the Annual Governance Statement to ensure it has been prepared to properly reflect the governance activities that have operated at the Council in the year and as such

completion of this work is not felt to be an issue. In relation to Whistleblowing, an independent review is periodically commissioned to assess the effectiveness of arrangements to manage the self-review risk.

- 7.6 The Internal Audit Service conforms with the requirements of the PSIAS and the arrangements for maintaining the compliance are detailed in the Quality Assurance and Improvement Programme that was approved by the Audit Committee in November 2023.

Directorate	Area of Review	Rationale:
Governance		
Corporate	Annual Governance Statement	Statutorily required and prescribed deadlines.
Corporate	Management Actions Verification	Assurance required regarding the implementation of agreed management actions to improve control, risk management and governance.
Corporate	Audit Committee Development	New Audit Committee support.
Corporate	Information Governance Board	Advisory and management support.
Risk Management		
Growth and Regeneration	Improvement Plan Progress - Processing Planning Decisions	Area of significant risk - CRR59 - time taken to make planning decisions.
Childrens and Education	Home to schools transport	Area of risk and savings requirements. Requested by management.
Adults and Communities	Transition from Children to Adults	Previous area of limited assurance opinion.
Internal Control		
Financial Control		
Corporate	Grant and Other Certification	Required to comply with grant conditions.
Corporate	Grant Administration Audit	Increasing grant funding. Audit knowledge from grant certification work.
Corporate	Grant Funding - Award and Monitoring	Audit knowledge.
Growth and Regeneration	Housing Revenue Account Management (including Capital)	Requested by management and significant area of ringfenced spend.
Corporate	Data Analytics and Continuous Audit	Internal Audit strategy is to maximise assurance by using data and analytics tools.
Resources	Debt Management	Area of previous limited assurance.
Adults and Communities	Refugee Resettlement Follow Up	Area of previous no assurance.
HR and Asset Management		
Growth and Regeneration	Highways and Traffic Asset Maintenance	Area of significant risk - CRR58 - increasing risk.
Growth and Regeneration	Corporate Landlord - Process for Managing Surplus and Void Assets	Requested by management - advisory while developing processes.
Resources	Agency Staffing	Area of previous limited assurance.
Information Governance		
Resources	Disclosures Team	Slipped from 2023/24 due to team changes.
Projects and Programmes		
Growth and Regeneration	Embedded Assurance - Housing IT Transformation Programme	Key system change requiring internal control and governance support.
Adults and Communities	Embedded Assurance - Adult Social Care Transformation Programme	Priority change programme delivering transformation and savings.
Resources	Embedded Assurance - Digital Transformation Programme	Material spend and area of transformational change.
Resources	Digital Transformation Programme Audit	Key change programme.
Growth and Regeneration	Filwood Levelling Up	Area of material spend and supporting grant conditions requirement.
Childrens and Education	Embedded Assurance - Our Families Programme	Priority change programme delivering transformation and savings.
Childrens and Education	Embedded Assurance - Transition from Children to Adults Programme	Area of previous limited assurance.
Growth and Regeneration	Embedded Assurance - Temporary Accommodation	Priority Change programme delivering transformation and savings.
Growth and Regeneration	Embedded Assurance - Capital Governance Transformation Programme	New governance arrangements being developed in key area of spend.
Growth and Regeneration	Embedded Assurance - Property Transformation Programme	Priority Change programme delivering transformation and savings.
Counter Fraud Programme		
Strategic Counter Fraud Arrangements		
Corporate	Whistleblowing improvements	Organisational responsibility and ethical requirement.
Corporate	Automation of fraud case management processes	Improving efficiency and maximising use of technology.
Corporate	Fraud Prevention strategy implementation	Organisational responsibility and ethical requirement.
Fraud Prevention Programme		
Corporate	Fraud Hub Operation and Development	Maximising use of technology in the fight against fraud.
Corporate	Fraud Risk Assessments	Enhancing understanding of fraud threats and effectiveness of mitigations.
Childrens and Education	Schools Fraud Risk Assessment	Enhancing understanding of fraud threats and effectiveness of mitigations.
Childrens and Education	Schools Admissions	Key fraud risk area - supporting Education Services.
Fraud Detection Programme		
Growth & Regeneration	Tenancy Fraud - Tower Block Exercise	Key fraud risk area - targeted testing. Supports corporate strategy priority relating to homelessness prevention.
Growth & Regeneration	Tenancy Fraud - Engaging Social Housing Providers	Key fraud risk area - targeted testing. Supports corporate strategy priority relating to homelessness prevention.
Resources	New Homes Bonus/Empty Homes premium	Emerging fraud risk area - targeted testing.
Resources	Accounts Payable - Spreadsheet Upload Processes - Targeted testing	Material spend and process over-rides some standard systems controls.
Resources	National Fraud Initiative - Single Persons Discount	Mandatory and key fraud risk area.
Resources	Ukraine Homes Scheme	Emerging fraud risk area.
Responsive Investigation work		
Corporate	Whistleblowing Casework	Organisational responsibility and ethical requirement.
Growth & Regeneration	Tenancy Fraud Casework	Organisational responsibility and ethical requirement.
Resources	Council Tax Reduction Casework	Organisational responsibility and ethical requirement.
Corporate	Other Investigation Casework	Organisational responsibility and ethical requirement.
Resources	DWP Single Point of Contact work	Organisational responsibility and ethical requirement.
Childrens and Education	Gain and Pupil Tracking	Organisational responsibility. Supporting Education Services.

Q2-4 Potential Audit Areas

Directorate	Area of Review
Governance	
Corporate	Equalities - Planning and Equalities Impact Assessment.
Resources	Performance Management.
Corporate	Declarations of Interest.
Resources	Complaints.
Corporate	Organisational Resilience.
Corporate	Joint Venture Governance.
Risk Management	
Children and Education	Childrens Safeguarding.
Growth and Regeneration	CRR43 - Mass Transit.
Corporate	Risk Management.
Growth and Regeneration	CRR47 - Capital Transport.
Growth and Regeneration	Building Control.
Growth and Regeneration	Temporary Accommodation.
Growth and Regeneration	Housing Voids.
Growth and Regeneration	Emergency Planning.
Resources	New Technology Adoption.
Resources	Health and Safety.
Adults and Communities	Safeguarding.
Childrens and Education	Young People Support Housing Pathway.
Adults and Communities	Local Government Association Peer Review – Follow Up.
Internal Control	
Financial Control	
Resources	CIPFA Financial Management Code Compliance.
Resources	Payroll Controls.
Resources	Money Laundering Arrangements.
Resources	Budget Process Management.
Corporate	Financial Resilience.
Resources	Treasury Management.
Children and Education	Dedicated Schools Grant.
Procurement and Contract Management	
Resources	Contract Management.
Growth and Regeneration	Print and Mail Services Contract.
Children and Education	Commissioning Childrens Services.
Corporate	Compliance with Procurement Rules.
HR and Asset Management	
Growth and Regeneration	Housing - Building Safety.
Resources	Succession Planning - Talent Management and Retention.
Growth and Regeneration	Docks and Harbour Management.
Growth and Regeneration	Corporate Property Estate - Planned Maintenance.
Growth and Regeneration	Fleet Management and renewal.
Information Governance	
Resources	Cyber including IT Legacy Systems.
Resources	IT Capacity and Capability.
Resources	IT Strategy.
Corporate	Artificial Intelligence and Robotic Process Engineering.
Corporate	Data Quality.
Projects and Programmes	
Resources	Project Management Office.
Growth and Regeneration	Capital Projects.
Adults and Communities	Adult Social Care Transformation Programme - Audit .



Audit Committee

4 March 2024

Report of: Children & Education

Title: Our Families Programme Update

Ward: Citywide

Officer Presenting Report: Vanessa Wilson, Director of Children and Education Transformation

Recommendation

That the Audit Committee note the progress made on the Our Families Programme.

Summary

This report seeks to provide the Audit Committee with an update on key priorities for Our Families Programme and status/progress against these. Our Families Programme forms part of the Council top 5 Transformation Portfolio: Dedicated Schools Grant Deficit Programme; Adult Social Care Programme; Property Programme and Temporary Accommodation Programme.

This report does not cover Dedicated Schools Grant Deficit programme as this was previously reported at Audit on 20th November 2023 but does outline the systemic relationship with that programme.

The significant issues in the report are:

Proposal
Outcomes Seeking
Current Status
Costs, Capital, Savings
Key Risks/Issues



Policy

This programme is well aligned to priorities for our Children and Young People, set out within the Corporate Strategy and supported by the Belonging Strategy which deliver on the intentions of the Bristol One City Plan, the Bristol Corporate Parenting Strategy, the Bristol Children’s Charter and the Bristol Equality Charter. Furthermore, contributes to the Health and Wellbeing Strategy working with communities, children, young people and families, schools, early years which in turn impacts on strengthening our demand management. Furthermore, the programme contributes to the Inspectorate Local Authority Children Service improvement action plan.

We want every adult in Bristol to care passionately about children and young people and express that through relationships, community, and business life.

Our members demonstrate leadership through the various governance and partnership bodies on which they serve, actively supporting and encouraging our staff, local partners and wider stakeholders to help us in the delivery of our continuous improvement and the growth and development of our city as one where our young people thrive and are included.

The premise of the programme will design effective services with, and for, children, young people, and families; and efficiency of delivery will improve as a result through a whole system change. This change will deliver improved outcomes and inclusion for all, for our children, young people, and families whilst in return deliver financial sustainability for the future.

Consultation

1. **Internal**
None
2. **External**
None

Context

- 3.1 As outlined in [Budget Recommendations Cabinet Report 23rd January 2024](#) Children and Families 2023/24 has been a challenging year for Children’s Services. There has been significant pressure resulting from an increasing number of Looked after Children placements and an even bigger pressure on the unit cost of these placements due to local sufficiency challenges.
- 3.2 To date, the rate of referrals has been higher in 2023/24 than in 2022/23, with our current number of looked after children’s placements as at P8/Q2 standing at 1,442. This is due to a significantly higher number of referrals in May through to July, and in October and November. Re-referral rates in Bristol remain high with monthly peaks in July and September at 38.3% and 36.8% respectively with overall performance at 25% for the year to date compared to the national average of 22% and statistical neighbour average of 23%. After a significant improvement in referrals resulting in No Further Action (NFA) in October at 8.6% there has been an increase again to 17.1%. The national and statistical neighbour averages are 7% and 11% respectively.

- 3.3** Numbers of Children in Care have increased since September and there has been a steady decrease in the rate of these cases placed in foster placements. Short term stability of placement however remains good at 7% of children in care having 3+ placements in the past 12 months compared to 10% nationally and 11% for Bristol’s statistical neighbours and a rate of 68% with long term placement stability slightly below Bristol’s statistical neighbour’s average of 70% and the national average of 69%. A new measure reported this year nationally has indicated the short-term stability details for those with 3 placements in the past 2 years. Bristol also performs well here at 17% compared to 22% nationally.
- 3.4** Overall placement costs have on average risen by 17%.
- 3.5** Children and Education services are operating in a complex and challenging environment, balancing the tension between delivering essential improvements and savings delivery. The urgency of change correlates to the current improvements required now and in the long-term, the financial position, performance across the directorate and the increasing demands and pressures on services.
- 3.6** Our Families Programme will design effective services with, and for, children, young people and families; and efficiency of delivery will improve as a result through a whole system change. There is a systemic relationship between the top 5 programme areas Dedicated Schools Grant Deficit Programme, Adult Social Care Programme, Property Programme and Temporary Accommodation Programme as well as other areas within the Council such as Data and Insight, Fleet because greater stability will not be achieved by focusing on one area alone.
- 3.7** The principles that underpin our delivery of change are:
- 3.7.1** Child focused: ensuring that children, young people, and their families are at the heart of assessment and planning to deliver better outcomes.
- 3.7.2** Diverse: ensuring that we recognise that every child, young person and their families have differing needs, and we seek to act fairly in a judgement we make.
- 3.7.3** Responsible: working in an open collaborative way with families and partner agencies to find solutions to manage their differing needs and difficulties.
- 3.7.4** Enterprising: creating the environment that promotes and encourages to be more commercial through stronger partnerships with our partners, agencies, communities, voluntary community sectors in a collaborative way to create solutions to deliver better outcomes at a lower cost.
- 3.7.5** Sustainable: ensuring we work within our financial boundaries through a more strategic approach in our commissioning and delivery model. We want to redesign Children and Education services to bring overall costs in line with the agreed budget by 2027/28.
- 3.8** By addressing the challenges through improvements, we can achieve more ideal outcomes and impact for our children, young people and families, whilst reducing our cost of services and avoiding future costs through various opportunities.

- 3.9** The programme brings together all change activity within Children, Families, Education and Skills. This includes work currently underway, which will be restructured into the programme to ensure strategic alignment and a single view of benefits, risks and issues. The scope being:
- 3.9.1** Directorate wide: operating model; workforce talent management; demand management, early intervention and prevention; commissioning and partnerships; quality, improvement and performance; equality, diversity and inclusion; digital and technology.
 - 3.9.2** Revenue specific projects: Children’s Services (Ofsted) Improvement Plan; Children’s Enhanced Diagnostic; Home to School Travel; Family Hubs; Children and Education finance payment system (Controcc); Transitions; Young People Supported Housing Provision and Single Commissioning Hub.
 - 3.9.3** Capital specific projects: Children’s Placement Sufficiency; Foster Care Sufficiency and Home to School Travel fleet model.
 - 3.9.4** Oversight of Dedicated Schools Grant programme.

Proposal

- 3.** The proposal is as follows:
- 3.1.** Our Families Programme (Children and Education transformation) was approved by Cabinet: [6th June 2023 Our Families Programme Cabinet Paper](#). The programme seeks a whole system change to ensure delivery of the necessary improvements associated to Children and Education inspectorates, delivering better value and a balanced budget.
 - 3.2.** It is an opportunity for forward thinking and strengthening our co-production and multi-agency working, specifically the way we work and plans we prepare for children, young people and families. It ensures joint decision-making and actions around key initiatives such as Locality Working, Early Help, Family Hubs etc.
 - 3.3.** The programme reviews, develops and transforms services and the way we work, ensuring we use our resources (human and financial) wisely on those things that will deliver the best outcomes for children, young people and families, whilst ensuring we are financially sustainable in the long-term.
 - 3.4.** It is not limited to operations, but includes everyone working in Children and Education and those services outside of Children and Education that are key in supporting the delivery of our outcomes, such as, Public Health, Adult Social Care, Property Services etc. As such, staff are suitably engaged in helping to drive the change required. For this reason, workstreams leads have been identified to lead on the co-ordinated activities necessary to achieve the outcomes of the programme ensuring they bring together people across the services (including services outside of Children and Education) to share responsibility of implementing the change.
 - 3.5.** Doing nothing was not an option. The current model, systems and processes must be transformed to ensure improved services that provide the best outcomes for our children, young people and families, delivering upon our Belonging Strategy and best value through sustainable changes.

3.6. The consequence of doing nothing would mean:

- 3.6.1.** Unable to deliver the required improvements to take us from ‘Requires Improvement’ to ‘Good’ as outlined in Ofsted inspections.
 - 3.6.2.** Further deterioration in unit costs, increase in children in care/care leaver external placements etc significantly worsening the financial pressures.
 - 3.6.3.** Unable to strengthen our relationships with families and carers and design effective services with, and for, children and families.
 - 3.6.4.** Not able to identify the opportunities to mitigate the pressures long-term which would have a detrimental impact on the overall council budget.
- 3.7.** Based on lessons learnt from previous change programmes within Children and Education the directorate required a substantive transformation programme that covered operating model, better demand management and improved commissioning and partnerships underpinned by a strong governance and financial benefits approach.

Outcomes

3.8. The programme seeks a whole system change which will enable our Corporate outcomes and sustainable development goals as outlined in our Corporate Strategy. Key focus on ‘Doing What is Right’ for our children, young people and families. Our programme success will ensure we deliver the necessary improvements associated to our inspectorates, delivering better value and a balanced budget. In addition, new model and offer, stable workforce, new ways of working, improved processes, better demand management, strengthened commissioning, bringing together functions/activities where appropriate, stopping activities that add no value and a consistent use of intelligence to enable Children and Education to make informed decisions.

Ref	We will know we have succeeded when...	High Level Outcomes
1	Delivered sustainable, long-term improvements to our services, including improved governance, quality assurance, compliance, practice and performance	<ol style="list-style-type: none"> 1. Culturally, children and young people are at the centre of everything we do; 2. Children’s Services Ofsted inspection moved from ‘Requires Improvement’ to ‘Good’; 3. Strengthened our whole system to work with the health system which impacts on Special Education Needs and Disability, Family Hubs and high-cost placements; 4. Consistent application of practice standards, high quality assessments, plans and recording; 5. Early help services enable issues and problems to be identified as they emerge so that families receive the right support at the right time rather than after a crisis has occurred;

		<ol style="list-style-type: none"> 6. Improved performance visibility and management that provides members and senior officers with the right information at the right time to ensure effective decision making.
2	<p>Secured better value for money through a balanced budget by addressing the drivers for the increase in spend and future-proofed the service against increasing demand</p>	<ol style="list-style-type: none"> 1. Balanced budget, through reduction in internal and external delivery costs; 2. Delivered savings both in Medium Term Financial Plan and additional savings identified through the programme; 3. Maximised our income opportunities; 4. Delivered sufficiency of high-quality placements within the local area, thus securing better outcomes for our children in their own communities; fewer children and young people are placed out of area; 5. Stopped doing things that do not contribute to our outcomes and priorities
3	<p>Resources are deployed efficiently and effectively, with decisions on service development informed by insight, quality and cost analysis</p>	<ol style="list-style-type: none"> 1. Resource is aligned to demand and priorities; 2. Business improvements and financial efficiencies are delivered through extended integration, reduction of duplication, streamlined systems and reporting; 3. Unit costs are reduced, and effective contract management is in place to ensure Bristol gets what it pays for; 4. Being able to predict and measure impacts and interventions. Acting on real evidence not assumptions; 5. Using data, technology and analytics to prepare for the future.
4	<p>Developed more effective working relationships with key stakeholders and partners</p>	<ol style="list-style-type: none"> 1. Children and Education agendas fully embedded in the DNA of the council and in the approach of our city leadership; 2. Strengthened our commissioning and relationships through better collaboration and co-production with our children, young people, families, internal and external stakeholders, health partners and voluntary community sectors. 3. Improved partnership response to corporate emerging risks and issues including child criminal exploitation and mental health; 4. Integrated collaborative service delivery with improved outcomes; 5. Strengthened data and insight sharing between Children, Education, Adult Social Care, Housing and Public Health in order to strengthen decision making

		<p>and earlier intervention;</p> <p>6. Collaborative working with our partners to better plan, predict and prevent events that affect our communities;</p> <p>7. Equity of investment between partners to deliver improved outcomes</p>
5	<p>Strengthened the capacity and capability of our workforce - developing the workforce to deliver a children/young persons centred approach</p>	<p>1. Bristol is an employer of choice and is where supportive leadership and outstanding work delivers satisfaction for our staff and our children/young persons and our wider relationships with partners and our communities;</p> <p>2. Talent management framework providing a focus for investment in people to enable the best outcomes for the Children and Education services;</p> <p>3. Strengthened our recruitment and retention of our workforce through a talent management framework - alternative models and approaches such as apprenticeships, international recruitment, social work academy;</p> <p>4. Collaboration across organisational boundaries (internally and externally) in order to provide better services.</p>

3.9. The change journey will be one of:

- 3.9.1.** Responding – Delivery of our essential improvements and recommendations.
- 3.9.2.** Strengthening - Designing and developing a stronger strategic approach.
- 3.9.3.** Embedding- Delivering the approach and adapting it based on learning.

3.10. There are three angles from which we are approaching the challenge:

- 3.10.1.** Demand– tackling the number of children, young people and families that need our support and reducing the level of that need.
- 3.10.2.** Supply – how we organise our resources and commission to respond to that demand.
- 3.10.3.** Workforce – how we organise and support our staff to deliver the most effective and timely response to families.

Current Status

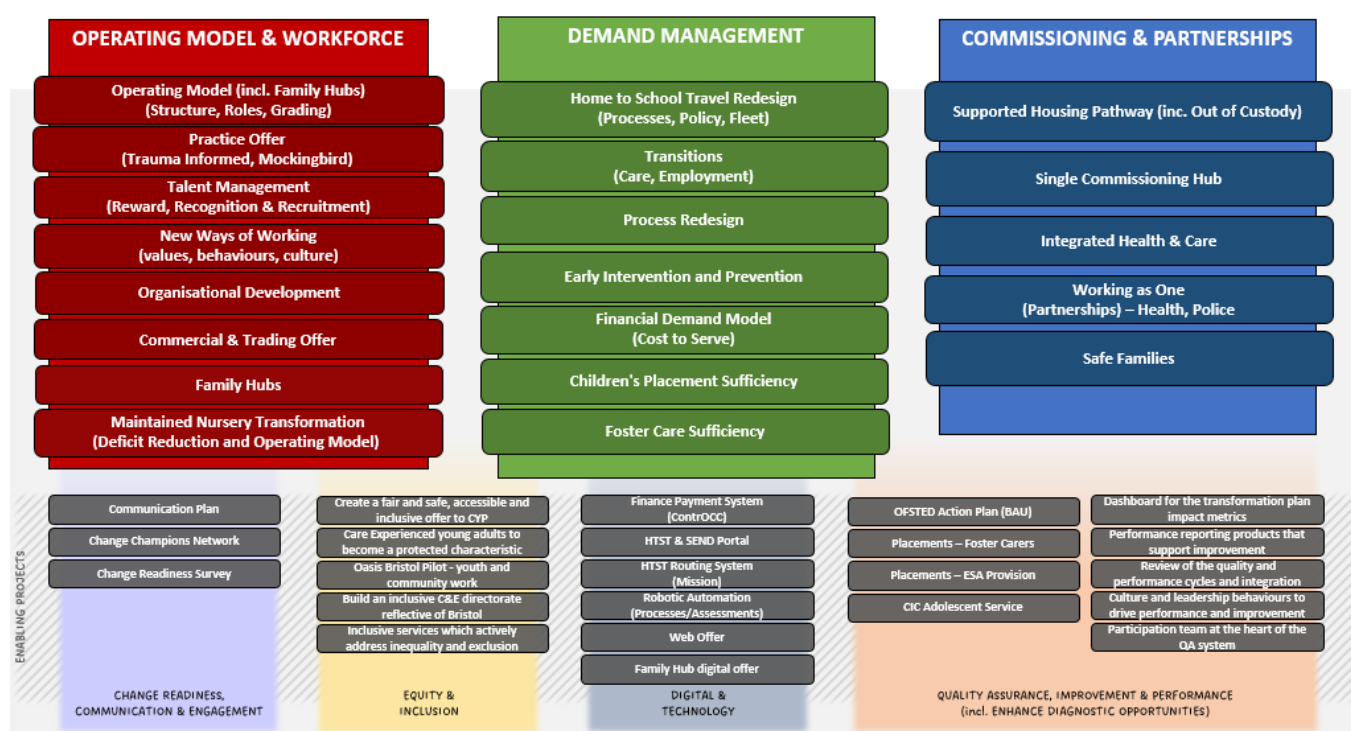
3.11. The programme is structured through 3 workstreams with a suite of projects associated to each workstream. The workstreams are enabled through a series of digital and technology, equity and inclusion and quality assurance, improvement and performance projects. The 3 workstreams being:

- 3.11.1.** Operating Model and Workforce: A system-wide approach where good Children Services

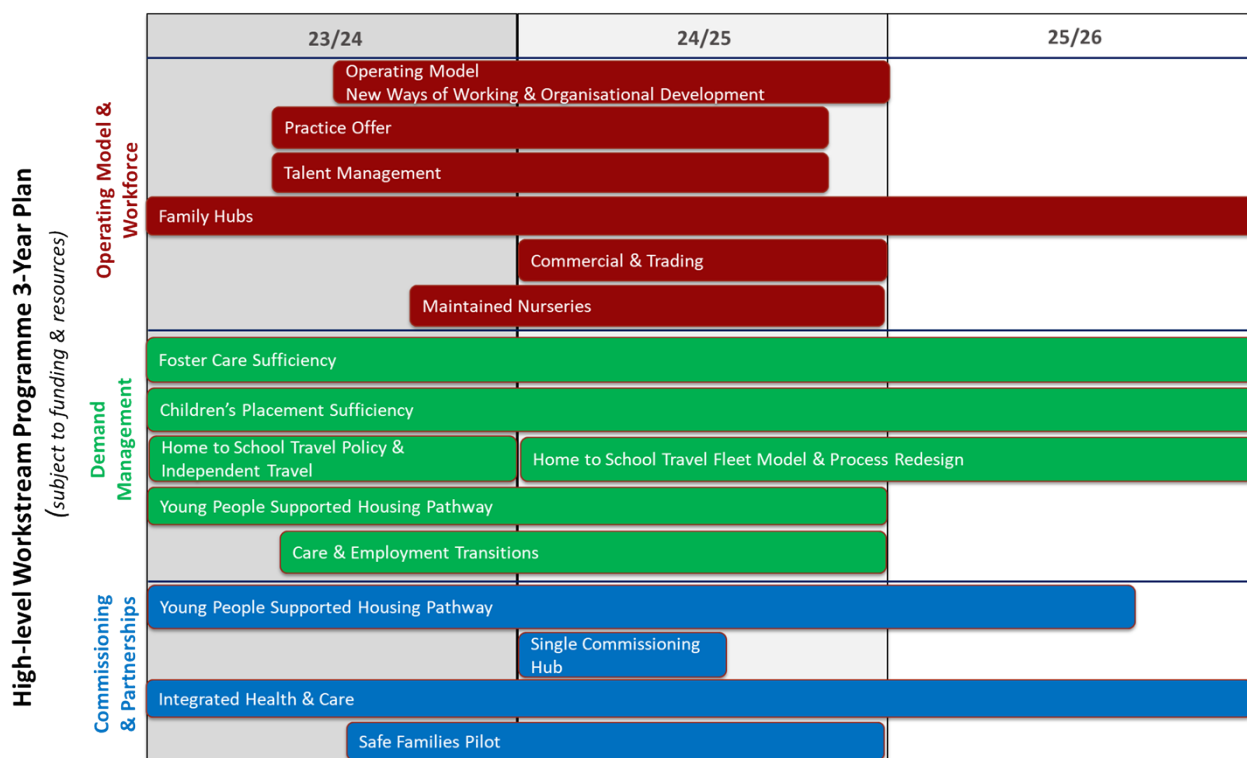
and Education is the foundation for meeting a wide range of needs.

- 3.11.2. Demand Management: Achieving efficiencies that reaches beyond the boundary of Children and Education and the organisation.
- 3.11.3. Commissioning and Partnerships: Harnesses the power of our partnerships to enrich the lives of the children, young people and families we work with to deliver the goal of better early outcomes for children/young people with increasingly greater efficiency. Alignment and efficiencies in the wider integrated care system.

3.12. The following below outlines the suite of projects against each workstream and the enabling projects.



3.13. The current timeline of the programme is outlined below. This remains subject to ongoing review, funding and resources.



3.14. The following table provides an update on current lifecycle status of work within the programme:

Workstream	Lifecycle Stage	Narrative	Links to associated public documents
Operating Model & Workforce	<i>Delivery</i>	Children and Education operating model and restructure Phase 1 completed December 2023. Phase 2 currently case for change is under development on proposed structures under each Head of Service subject to consultation with staff February 2024. Culture change programme to be developed in parallel with Phase 2 to rollout April 2024 onwards. The development of an assessment programme for management teams, with a specific focus on: leadership competencies, values and behaviours, financial acumen to be delivered April 2024.	<i>None</i>
	<i>Delivery</i>	Practice Offer – Trauma Informed is grant funded 1 day a week to raise awareness and support staff wellbeing across Childrens, Adults and Health services. As part of our workforce development, we have provided training to over 600 people across the Bristol Trauma Informed	<i>None</i>

		network and delivered a compassionate leadership course. Looking to use a framework for a local approach and pledge for integrated care system partners to commit to.	
	<i>Planning</i>	Adopting the ‘Mockingbird’ programme. This is an innovative method of delivering foster care using an extended family model which provides sleepovers, peer support, regular joint planning and training, and social activities. The programme improves the stability of fostering placements and strengthens the relationships between carers children and young people, fostering services and birth families.	<i>None</i>
	<i>Delivery</i>	Talent Management – strengthen our talent management (recruitment and retention) framework through alternative models such as apprenticeships, international recruitment, social work academy: <ul style="list-style-type: none"> Reviewed of all social worker pay grades, evaluation of job paperwork. Consultation with 150 staff (closes end of January 2024). Increase pay grades in line with regional salaries. International Social Worker team manager in place. Agency procured to manage the recruitment of international social workers, aim to start work from April 2024. Systemic practitioners recruited and will be in post in April 2024, and commence degree course at university in September. 	<i>None</i>
	<i>Delivery</i>	Behavioural workshops taking place on 3 identified opportunities (proof of concept: School Attendance, Foster Carers, Sufficiency and Family Hubs/Early Education.	<i>None</i>
	<i>Delivery</i>	Family Hubs – 3 physical hubs went live in June 2024. Working on defining scope for 2 new workstreams – digital and youth (exploring how we can add value to the youth provision in the city).	<u>Cabinet approval September 2022 Family Hubs and Start for Life</u>
Demand Management	<i>Delivery</i>	Children Homes Placement Sufficiency – extension to current capital programme mandate to develop children’s placement sufficiency in the city; children’s homes, including crisis homes and disabled children’s homes, and supported accommodation to address revenue base budget pressure in 23/24. Subject to approvals at Budget	<u>DfE Capital Funding to develop two new Children’s Homes</u> <u>January 2024 Cabinet Approval - x2 Children Homes</u> <u>Cabinet approval</u>

		<p>Cabinet 23rd January 2024. Full Business Case for approval July 2024.</p> <p>This will:</p> <ul style="list-style-type: none"> • Increase local sufficiency for children in care and care leavers. • Improve stability for children in residential care and the ability to ensure these homes remain safely at full capacity best utilising the resource. • Reduce usage of high-cost unregistered placements. • Reduce of 16- and 17-year-olds coming into care through the availability of crash pad/assessment provision. • Increase availability of provision to support children and young people to transition smoothly from residential provision, or for those with more complex needs. • Focus development of a service supporting children to move out of hospital (or similar) into suitable registered accommodation. • Increase availability of suitable provision in Bristol for Unaccompanied Asylum-Seeking Children (UASC) <p>Fostering Sufficiency – digital campaign, and Southwest Fostering Recruitment Hub April 2024. Fostering grant scheme for extensions and adaptations to homes subject to approvals at Budget Cabinet 23rd January 2024. Full Business Case and Policy for approval July 2024.</p> <ul style="list-style-type: none"> • Greater local sufficiency for children in care in fostering services. • Greater stability for children in residential care and the ability to ensure these homes remain safely at full capacity best utilising the resource. • De-escalate the use of residential and high-cost placements for children in care and significantly increase our cohort of local foster carers and reduce the use of more expensive distant placements and the use of Independent Fostering Agencies. <p>Home to School Travel – Post-16 and Pre-16 policy went out to consultation in December 2023 for implementation in September 2024.</p>	<p>March 2023 Sufficiency Strategy for Children in Care and Care Leavers 2023-2024</p> <p>Children’s Independent Fostering Agency Framework – South Central</p> <p>None</p>
	<p><i>Delivery</i></p>		
	<p><i>Delivery</i></p>		

	<i>Planning</i>	Subject to approval at Cabinet in March 2024. Home to School Travel - Independent Travel Training Programme being developed and exploring pick up points and handheld devices for Escorts. Options for hybrid electric vehicle fleet - options to be scoped and costed, including social enterprise model.	<i>None</i>
	<i>Delivery</i>	Maintained Nurseries – aim to secure an in-year financially sustainable operating model for 12 Maintained Nursery Schools in Bristol and establish a clear payment plan to address the historical deficits. A strategy developed and workshops with Headteachers in October 2023 Meeting with Bursars in January to analyse financial reporting.	<i>None</i>
	<i>Delivery</i>	Transitions - mandate signed off through the Adult Social Care Programme Board July 2023. Young people 13+ involved in transition pathway. Data cleansing exercise of almost 2000 records from many sources across social care and education. Merged data from social care and finance systems and now broken down into subsets. AS IS processes and pathway mapping completed. TO BE workshops commenced January 2024. Outline Business Case developed and subject to approval at Adult Social Care transformation board in February 2024. Performance reporting requirements will be requested through the Ful Business Case from summer 2024. Full Business Case by July 2024 for complex or high-cost change items.	<i>None</i>
Commissioning & Partnerships	<i>Delivery</i>	Safe Families – procured the implementation of a 2-year pilot with families who link children with volunteers to provide support such as respite. Offers bespoke packages of support, delivered through a network of volunteers providing support to families in crisis or in need. The direct support is provided by volunteers and may take the form of hosting, befriending and practical resources. Safe Family manager recruited and now recruiting volunteer – 1 approved and 6 more in the process. Just received our first referral.	<i>None</i>
	<i>Delivery</i>	Development of alternative arrangements and frameworks for strengthening our children/young people’s commissioning of provision - draft	<i>None</i>

	<i>Planning</i>	Supported Housing Delivery Plan developed. Decision pathway process March 2024.	<i>None</i>
	<i>Planning</i>	Options appraisal for Single Commissioning Hub	<i>None</i>
		Create an environment that promotes and encourages to be more commercial through providing the necessary foundations - stronger partnerships with our partners, agencies, communities, Voluntary and Community Sector (VCS) in a systemic way to create solutions to deliver better outcomes at a lower cost. Maximising and pooling of knowledge through self-service tools to assist with trading / income generation. <ul style="list-style-type: none"> • Mentoring and or a commercialisation academy that internally supports directorate(s). • Increase number of successful grants and improve toolkits to support grants. 	<i>None</i>
Enabling	<i>Delivery</i>	Change readiness – engaged a number of Change Champions across Childrens and Education to support and embed the changes being delivered.	<i>None</i>
	<i>Planning</i>	Developing shared approaches to co-production, participation, engagement, and collaboration across Education, Social Care and Health	<i>None</i>
	<i>Delivery</i>	Technology – looking at ways we can improve processes by replacing onerous manual task with systems and applications. Home to School Travel re-tender of new routing system and looking at new additional functions – parent/carer/supplier portal, integrated invoicing.	<i>None</i>
	<i>Delivery</i>	Single view of transformation performance across Children and Education (outcomes and impact) – developed an Our Families programme scorecard which correlates with the formal performance reports that are produced every 3 months with are reported publicly through Bristol City Council Cabinet and Scrutiny Commissions.	<i>None</i>

Financials

Programme has an estimated cost of delivery of £11.6m and projected financial benefits £10.7m over the five period 23/24 to 27/28 of which, £2.831m per annum are recurrent thereafter.

Costs

- 3.15.** The overall revenue investment needed to deliver the transformation programme for the next 3 years is £11.567m of which £6.129m is already funded (grant and previously approved corporate budget). £1.7m of the remaining £5.438m was approved on [6th June 2023 Our Families Programme Cabinet Paper](#) to cover the period 23/24. The remaining £3.738m for 24/25 and 25/26 will be requested as part of the wider Transformation Portfolio programme ensuring appropriate allocation of available funding and resources and maintaining a focus on securing maximum return on investment.
- 3.16.** Funded costs relate to Family Hubs (£4.5m), Home to School Travel (£0.8m), Children and Education Finance Payment system Controcc (£0.483m) and initial approved resource/investment costs for April, May and June 2023 (£0.346m).
- 3.17.** Within the £5.438m is £1m associated to operating model for transitional costs.
- 3.18.** The approval for early release of investment in the sum of £0.8m for Home to School Travel (HTST) was agreed by Delivery Executive on 27 January 2023 following a review of Home to School Travel during October to December 2022 to enable key areas of work to proceed pending Cabinet approval of the full investment. The early work included:
- 3.18.1.** Commissioning a delivery partner to support the rapid redesign of Home to School Travel service, process redesign and new ways of working;
- 3.18.2.** A change in post-16 and pre-16 policy for 24/25 and the introduction of Independent Travel Training (ITT) for all applicable children from age 11+ ;
- 3.18.3.** Develop options for local transport delivery model, including development of our in-house vehicles;
- 3.18.4.** A technology appraisal and research into the current technology used by the team for various parts of the process and to consider other technology options that may provide a more suitable functionality to the Home to School Travel team, parents and carer and escort’s needs, whilst optimising efficiencies throughout the service, improved and more accurate invoice and streamlining processes.
- 3.19.** The approval of Change Reserve to implement a Children and Education finance payment system (Controcc) integrated with the case management systems, improving financial view of a child was agreed by Corporate Leadership Board in June 2022.
- 3.20.** The approval to spend the £4.5m for Family Hubs programme was granted by Cabinet on 6th September 2022. Department of Health and Social Care/Department for Education Family Hubs and Start for Life programme 2022-25 to improve family services through a single access point/ and front door to a range of universal and early help services - including co-located physical, virtual and outreach services. Providing an offer that meets the diverse needs of children and young people and their families across the 0-19 (up to 25) age range, recognising that a creative approach and collaborative work with families, children and young people is needed to make sure the offer is meaningful and connects with the wider development of our community-based services, including services for young people.

Capital

3.21. Subject to approval of [Budget Recommendations Cabinet Report 23rd January 2024](#) capital invest to save for the proposed projects:

- 3.21.1.** Children’s Placement Sufficiency Invest to Save (ITS) project - extension to current capital programme mandate to develop children’s placement sufficiency in the city; children’s homes, including crisis homes and disabled children’s homes, and supported accommodation to address revenue base budget placement pressures.
- 3.21.2.** Foster Carer Sufficiency Invest to Save (ITS) project - digital campaign, and Southwest Fostering Recruitment Hub April 2024. Fostering grant scheme for extensions and adaptations to homes to address foster carer saving proposals and placement budget savings and pressures. Full Business Case and Policy for approval July 2024.

3.22. Subject to approval 23rd January 2024 Cabinet funding available to support invest to save projects.

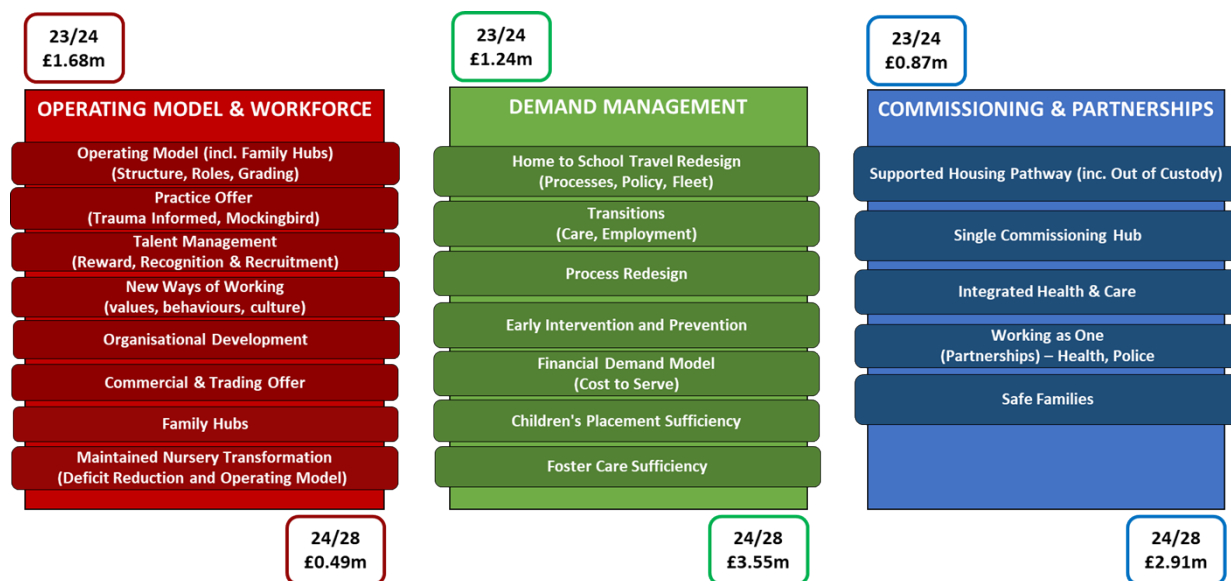
Allocate to Invest to Save Projects <i>(Excludes reimbursement from the ITS savings)</i>	24/25	25/26	26/27	27/28	28/29 - 34/35	Total
	£m	£m	£m	£m	£m	£m
Children’s Placement Sufficiency ITS Project	1.570	3.200	-	-	-	4.770
Foster Carer Sufficiency ITS Project	0.333	0.333	0.333	0.333	1.998	3.330

3.23. Subject to approval 23rd January 2024 Cabinet new savings associated to the above capital programmes, in addition to Medium Term Financial Plan savings already approved for these two projects.

Saving Ref	Description	24/25	25/26	26/27	27/28	28/29	Total
		£m	£m	£m	£m	£m	£m
24/25-ITS2/3/4/5/7	Children’s Placement Sufficiency ITS Project	-	0.390	0.570	-	-	0.960
24/25-ITS1/8/10	Foster Carer Sufficiency ITS Project	-	0.159	0.159	-	-	0.317

Savings

Projected financial benefits £10.7m over the five period 23/24 to 27/28 of which, £2.831m per annum are recurrent thereafter. Does not include savings proposed as part of [Budget Recommendations Cabinet Report 23rd January 2024](#).



3.24. Further stretch cashable saving opportunities in the pipeline for 2024 to 2028 to reduce costs on placement and provision of accommodation:

- 3.24.1.** Increased local sufficiency for children in care and care leavers.
- 3.24.2.** Improved stability for children in residential care and the ability to ensure these homes remain safely at full capacity best utilising the resource.
- 3.24.3.** Reduced usage of high-cost unregistered placements.
- 3.24.4.** Reduction of 16- and 17-year-olds coming into care through the availability of crash pad/assessment provision.
- 3.24.5.** Increased availability of provision to support children and young people to transition smoothly from residential provision, or for those with more complex needs.
- 3.24.6.** Focused development of a service supporting children to move out of hospital (or similar) into suitable registered accommodation.
- 3.24.7.** Increased availability of suitable provision in Bristol for Unaccompanied Asylum-Seeking Children (UASC).

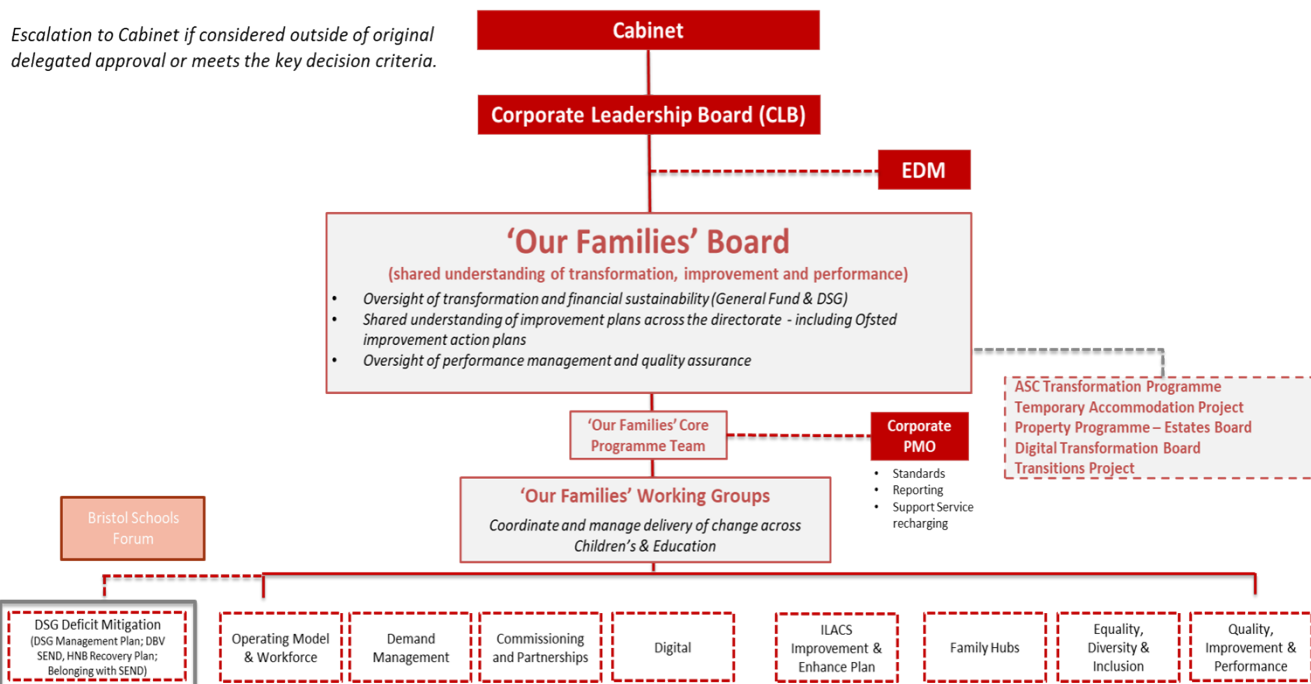
Governance

3.25. The programme is governed as follows, with a 6-weekly programme board chaired by the Executive Director of Children’s and Education to monitor status, costs, savings, issues, risks, performance, assurance of overall programme and to delegate funds and approvals to individual projects, upon provision of appropriate business cases or proposals. The programme has a performance scorecard that has a series of measures against each workstream such as number of children transferred to in-house provision from an external provider.

3.26. Oversight of delivery is managed at the strategic level through the Children and Education

Transformation Director and at an operational level through the programme manager. The board has multi-officer attendance including wider council representation such as Audit, Adult Social Care, Public Health, Growth and Regeneration and external representation from Integrated Care Board.

3.27. Individual project leads are then tasked with managing the delivery within their baseline approvals and escalating to Transformation Director and programme Board as required.



Risk Assessment

4. Risks and issues are monitored through the programme team and escalated to the Our Families Programme Board where appropriate and registered on corporate risk register if required. The key programme risks/issues and associated mitigations is outlined below.

Risk/Issue Description	How risk/issue is being mitigated and monitored
Scale of transformation and cashable savings is unachievable within required timescales.	Robust governance through Our Families Programme Board and Corporate Leadership Board. Clear individual accountabilities and responsibilities, benefits management, effective issue and risk management and prioritisation framework
Cashable savings not fully realised due to increase in costs, inflation etc.	Robust financial governance to monitor cashable savings, forecasting of any projected increase in costs. Programme is continuously reviewing further opportunities for savings to bridge any shortfalls and pressures.

Business as usual does not operate effectively during transformation and lack of capacity and/or expertise to drive the Transformation Plan	Adequate capacity will need to be in place so that BAU roles do not become diverted. Balanced use of dedicated programme team members and current service delivery resources with backfill as appropriate. Robust resource planning programme resourced with suitable skills and capabilities
Performance baselines for services are not reviewed during the programme to reflect any changes on those services i.e. increase in demands due to economic climate or changes in legislation then benefits realisation for performance may be less than expected	Monitor as a risk during the time of the phase and adjust any performance benefits realisations accordingly. Raise at Our Families Programme Board on key changes in performance
Potential lack of capacity within key corporate services e.g Finance, legal, HR, Communications to support the delivery of the programme	Approval of programmes resources, including corporate services against what internal capacity can be provided. Buy-in from Corporate Services to support the delivery of the programme
Family Hubs model, solutions/approaches are not considered as part of the wider Children and Education model then Family Hubs will become financially unsustainable, as Department for Education grant funding is only available until 2025.	Seek long term sustainability outside of Department for Education funding through the new operating model as part of the Early Years offer. Working closely in line with the Digital Transformation Programme and Citizen’s Services, prioritising utilising existing internal infrastructure/systems/technology on Council infrastructure.
Any delay to the implementation of the new Operating Model beyond April 2024 will impact 24/25 target savings.	Weekly meetings with key stakeholders to review progress, discuss issues and risks and remove blockers.
Funding for 24/25 not yet approved – may have to halt some projects if there is insufficient funding for resources to deliver all the projects/workstreams.	All current projects and workstreams being reviewed and assessed in terms of priority for Corporate Leadership Board approval.

Next Steps

- 5.
- 5.1. There is a significant amount of planned delivery until the end of 23/24 across the programme, with a clear focus on maximising both the revenue savings that can be delivered and the development of business cases for 24/25. In addition, resources will be prioritised on to the enabling projects that will enable future savings and more efficient and effective ways of working.

- 5.2. The programme team is also undertaking detailed planning for the development and prioritisation of project and programme activities required moving into the next financial year. This includes ensuring appropriate allocation of available funding and resources and maintaining a focus on securing maximum return on investment.

Summary of Equalities Impact of the Proposed Decision

6. Equalities impact assessments will be produced at a project level, but overarching programme EQIA was provided as part of the June '23 Cabinet paper: [6th June 2023 Cabinet Our Families EQIA](#)

Legal and Resource Implications

Legal

The Our Families Programme was approved by Cabinet in June 2023. There are no specific legal implications arising from this report which provides the Committee with an update on the key priorities and progress for the Our Families Programme.

All proposals and actions must comply with the statutory framework regarding the Council's duty to safeguard and promote the welfare of children in its area.

Consultation will need to be undertaken as relevant in relation to any specific proposals and legal advice will be provided as needed.

The committee will note the Equalities impact assessment.

Husinara Jones, Team Manager/Solicitor
Nancy Rollason, Head of Legal Services
17th January 2024

Financial

(a) Revenue

The Our Families Programme is focused on services funded by the Council's General Fund and therefore excludes the separate Dedicated Schools Grant Programme. The Our Families Programme has an estimated cost of delivery of £11.6m and projected financial benefits £10.7m over the five period 23/24 to 27/28 of which, £2.831m per annum are recurrent thereafter. Of the cost of delivery, £3.738m for 24/25 and 25/26 has yet to be approved and this will be requested as part of the wider Transformation Portfolio programme funding request. Delivery of the savings targets attached to this programme are critical to enable delivery against the forthcoming budget for 2024/25 due to be set by Council in February 2024. Rigorous governance and monitoring of savings and costs to deliver will therefore be required.

(b) Capital

Two new Invest to Save project mandates are subject to approval at Cabinet on 23rd January 2024 with a combined capital value of £8.1m.

Guy Marshall, Finance Business Partner, 17 January 2024**Land**

Not Applicable

HR

There are a number of HR implications arising from this report. Phase 1 focused on the Head of Service (HOS) roles across Children and Families, and Education and Skills where each department reduced from five to four Heads of Service. There were no redundancies at this stage as vacancies have been covered by temporary staff and internal development opportunities.

We are currently recruiting to two vacancies, HOS Safeguarding and Early Years and HOS Inclusion. Selection processes are due to take place on Monday 22nd January 2024, and Tuesday 23rd January 2024 respectively.

Phase 2 will focus on consultation with employees on the new proposed structures the HOS having been working on for their respective services. The Management of Change policy will apply where there are changes to structures proposed. It is anticipated that consultation will commence mid to late February 2024. There may be changes to numbers of employees in some services however we will work with employees and their trade union representatives to redeploy staff where possible as it is our intention to retain skilled workers where at all possible in mitigation of any redundancies.

This process may be iterative and any changes from reviewing services and the effectiveness of changes will be fully consulted on through the Management of Change policy.

A leadership and culture change programme is currently being developed for delivery to HOS and Service managers from April 2024.

Lorna Laing, HR Business Partner, 17th January 2024**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985****Background Papers:**

None

Audit Committee

4 March 2024



Report of: Director of Legal and Democratic Services

Title: Review of External Inspections of Council Services 2023/24

Ward: City Wide

Recommendation

Audit Committee is asked to:

1. Note the findings of the external inspections;
2. Note any improvement actions required as a consequence of the inspection findings and, where appropriate, the management response;
3. Note the assurance arrangements in place that oversee the council's response to inspection findings.

Summary

This report provides a high-level overview of external inspection activity of council services since February 2023. It sets out key inspection findings along with arrangements for implementing any recommendations arising from them.

The significant issues in the report are:

The outcomes of external inspections of council services are described in the report.

1. Purpose

1.1 The purpose of this report is to inform Audit Members of the external inspections and peer review activity that has taken place since February 2023. It summarises external inspection and peer review activity and sets out any key findings and recommendations.

1.2 This report also includes the outcome of the Ofsted Inspection of Children's Services (ILACS) which took place in January 2023 because the inspection report had not been made public at the time of last year's report.

1.3 Inspection activity for the Council services in the year 2023 related to:

- Children's social care services, including council-owned children homes, undertaken by Ofsted
- Services for children and young people (0-25 year olds) with special educational needs and disability (SEND), undertaken by Ofsted and the Care Quality Commission (CQC)
- Adult social care in-house provision, undertaken by CQC

1.4 Across Adults and Children's Services inspection frameworks are now often a cycle of engagement rather than one-off events - this includes annual conversations with Ofsted as part of the Inspection of Local Authority Children's Services (ILACS), bi-annual conversations with Ofsted around Education, and the new Care Quality Commission (CQC) inspection framework for Local Authority Adult Social Care. This requires us to have more formalised and robust self-assessment of our services and a cycle of continuous improvement arrangements.

2. TITLE OF INSPECTION

2.1 Inspection of Local Authority Children's Services (ILACS)

2.2 Bristol City Council's Children's Services were inspected under the Ofsted ILACS framework between 16 and 27 January 2023. Overall effectiveness was judged to be "Requiring improvement to good" while the experiences and progress for children in care and for care leavers were judged to be "good". The report, published on 10 March 2023, required an action plan responding to the inspection findings to be produced by the 23 June 2023.

2.3 The Bristol Children's Services Improvement Plan for 2023-25 was approved at Cabinet on the 6 June 2023.

2.4 Bristol's Annual Conversation with Ofsted subsequently took place on 12 June 2023, where progress was discussed along with areas of challenge across Bristol's children's services with lead inspectors for the South West region. At that meeting Ofsted approved and commended the Improvement Plan, which was then submitted by the deadline of the 23 June 2023.

- 2.5 The majority of the Improvement Plan is being delivered within services and existing budgets as part of agreed service-level activity and practice development. Key dependencies and programmes for delivery outside of existing service budget and capacity are identified within the Improvement Plan. This is mainly via the Our Families (Children and Education Transformation) Programme and DfE-funded projects such as the development of two new in-house children's homes for children with more complex needs.
- 2.6 In addition, we were successful in securing £500k DfE improvement funding to support delivery of key priorities within our Improvement Plan, focussing on the recruitment and retention of our workforce, placement sufficiency for children in care, and reducing numbers of 16 and 17 year olds entering care where their primary issue is homelessness.
- 2.7 The Council has also partnered with Islington Council as part of DfE funded Sector Led Improvement Partnership arrangements. Islington have provided support with implementation of agreed areas for improvement, including the redesign of services for adolescents and improving performance management and quality assurance arrangements. They have also shared best practice and are acting as a critical friend throughout our improvement journey.
- 2.8 The implementation of the Improvement Plan is being overseen by the Our Families Board with regular reporting on progress to CLB via the Quarterly Assurance Report.

3. SEND inspection framework - Accelerated Progress Plan

- 3.1 The Ofsted and CQC SEND local area inspection revisit in October 2022, and reported in last year's report, found that Bristol had not made sufficient progress in one of the five previously identified area of significant weakness. This was around the relationship with parents and carers and required that an Accelerated Progress Plan (APP) be prepared that responded to the inspection findings.
- 3.2 The APP was developed with key local area partners and was informed by working with parents and carers and using their feedback. The APP links to the Bristol's Belonging in Education priorities and underpins Bristol's SEND vision to support and empower disabled children and young people and those with special educational needs to reach their full potential and have healthy, independent, and fulfilling lives. The APP is delivering improvement across four key objectives.
- Formalising strategic parent carer forum (PCF) arrangements
 - Improving co-production and communication with parents and carers
 - Listening to and working with parents to improve SEND services and the experiences of parents carers and services
 - Workforce and culture – embedded ways of working and continuous improvement arrangements that prioritise relationships with children with SEND and their families
- 3.3 On 5 May 2023 the DfE concluded that the APP was fit for purpose and would enable Bristol to tackle its remaining areas of weakness.

- 3.4 Operational oversight for delivery of the APP is by the SEND Partnership Group.
- 3.5 The SEND Improvement Board, currently chaired by independent LGA Improvement Advisor, which provides local area oversight and assurance for the delivery of outcomes for children with SEND is monitoring and accountable for overall progress against the APP, supported by additional oversight from DfE and NHSE SEND improvement advisors.
- 3.6 Following the most recent formal review of the plan the DfE commented that ‘the local area has been proactive in tackling the issues raised in the Ofsted/CQC revisit report and that work is underway across the local area to build consistency, engagement, and collaboration.’ At the next review meeting in March 2024 the intention is to demonstrate further progress following agreement of a Memorandum of Understanding with Bristol Parent Carer Voice (the Parent Carer Forum) and a coproduction charter.

4. Council-run children's homes

- 4.1 The Council continues to have five registered Children’s Homes for children in care, which are inspected under Ofsted’s Social care common inspection framework (SCCIF). Three homes are currently rated good, and two are judged to be requiring improvement. Each Home has an improvement plan to address any recommendations made by inspectors.
- 4.2 Most recent inspections of local authority children’s homes are summarised below:
- Blaise House was judged ‘Good’ in an inspection in October 2023 with very high praise for the work there and the quality of care provided to children. Leadership was a strong feature.
 - Silbury House was judged to be ‘Good’ in June 2023, this was from a requires improvement judgement in January that year and demonstrates the progress the home has made since that inspection.
 - Witch Hazel House has been judged as Good in all areas and outstanding for leadership and management.
 - Frome House received ‘Requires Improvement to be Good’ from the full inspection in the summer 2023. This was a result of the team embarking on some complex work with two young children, bringing one back from an expensive placement.
 - Cherry Blossom was judged ‘Requires Improvement to be Good’ at full inspection in November 2023. The main issues of concern in the inspection were the risk posed by a young person who had recently left the home regarding smoking and fire risks and the home’s ability to manage the complexity of another young person currently placed with them.
- 4.3 The quality of care of the children in all of our homes was highlighted by Ofsted as a positive feature
- 4.4 Further the Council continues to have two Short Break Homes for disabled children, the Bush and Belbrook, both of which are rated good by Ofsted.

- 4.5 In addition to the inspection process, each home receives a monthly visit undertaken by an Independent Visitor whose role it is to assess the performance of the Home against the Children's Home Standards. A report is received by senior managers and actions put in place to address any areas for improvement that are highlighted. This is a statutory requirement outlined in the Children's Homes Regulations.
- 4.6 Bristol also makes use of the independent sector. Bristol's aim is to place children in homes that are rated as either Good or Outstanding by Ofsted. In some cases where this is not possible, Bristol will carry out a quality assurance and due diligence process to ensure that home is working towards fulfilling their improvement action plans to reach Good or Outstanding and we will often do this in partnership with Ofsted.
- 4.7 Bristol's Placements and Commissioning team monitor independent providers and work as members of Children's Cross Regional Arrangements Group to monitor and share intelligence on independent residential providers.
- 4.8 The above is in addition to the Children Act Independent Review process which considers the suitability and quality of the care plan and placement for every child in our care.

5. LGA corporate parenting peer diagnostic (ongoing)

- 5.1 As reported last year this diagnostic undertaken in November 2022 was part of a wider package of support to develop the effectiveness of the Corporate Parenting Board. The package included peer interviews with key officers and councillors to understand the approach to corporate parenting. A Corporate Parenting Board observation. Development of key areas and aspects for improvement and a bespoke development programme for the corporate parenting board.
- 5.2 During 2023 the Director Children and Families has continued to progress actions to address the findings and observations from the diagnostic in particular to ensure that Corporate Parenting is embedded in into the corporate agenda including through delivery of an LGA facilitated workshop with CLB on the 29th August 2023 out of which came a number of key action points
- 5.3 The Director for Children and Families has also recently led a Corporate Parenting workshop at Leadership Forum around how services across the council can support and enhance the offer to our Children in Care and those that care for them.
- 5.4 Work is underway via a cross-council and partnership Task and Finish group to develop a new Corporate Parenting Strategy. The strategy will aim to embed corporate parenting responsibility as a core council priority touching on every area of the authority, and with our key partners. Notable changes from the previous version will include holding the strategy corporately rather than within children's services and having a more robust action plan to sit underneath it to ensure strong governance arrangements. A consultation on the draft priorities is scheduled for March 2024 and the strategy is due for sign off in July 2024.

6.0 Planning Advisory Service Peer Review of Development Management (DM) Service - September 2023

6.1 The Planning Advisory Service undertook a peer review of the Development Management service in September 2023. This was in order to support us in improving and recovering the performance of the service in light of the large backlog that had been accumulated.

Summary of Main Findings

6.2 Requiring immediate action

- a) Develop a clear action plan to address the current backlog of cases facing the DM service, whilst still meeting the Government's performance targets. With the support of senior corporate managers and political leaders, a radical approach needs to include a mix of different interventions, including:
 - i. procuring external or agency support to offload a significant part of the work from the existing team, e.g. focusing on the more straightforward or uncontentious applications.
 - ii. fast-tracking other applications that are policy compliant and do not have objections to approval.
 - iii. working with existing staff to hold dedicated "clearance weeks" or similar exercises where less urgent work is put on hold to address backlog applications.
 - iv. offering staff the opportunity for overtime / flexitime specifically to help to clear the backlog – this would need to be agreed in consultation with the council's HR team to manage potential workload pressure risks.
 - v. Case officers working with their Team Leader or a more senior officer to review applications at an appropriate stage after the consultation end date, to enable better case management and ensure straightforward decisions are issued as soon as possible; and
 - vi. a "one chance improvement approach" to applications, i.e. allowing only one opportunity for amending applications in the backlog that are not policy-compliant and refusing to validate poor quality applications, accompanied with investment in the pre-app service so applicants can then negotiate solutions.
- b) Time needs to be found to negotiate a Service Level Agreement with IT services to support the IDOX Uniform system and planning webpages, setting clear performance targets for dealing with system outages and updates, etc.

4-6 month timescale

- c) More clearly define management roles for the DM service through a restructure of the current DM team structure. Most LPAs have an identified Head of Development Management who can unite disparate teams, oversee reforms to current practices and drive change on behalf of the Chief Planning Officer. For this post to be identified in Bristol, it may require a new role to be created from the existing team or identifying a current manager/Team Leader who can take on the role. This would create a more cohesive and flexible service enabling it to respond to changes more rapidly, enabling individual case officers to be deployed as required as well as enable more opportunity for career development by combining Major and non-Major applications in some teams.
- d) Identify an officer to make some immediate updates to the website to reduce time spent on queries and complaints, e.g. the standard of applications required; local validation list and protocol for resubmitting invalid applications or amending validated applications; clearer sign-posting to Planning Portal for advice; and availability of the pre application service.
- e) Take a firm position on the provision of non-key services such as informal telephone advice on permitted development, to minimise the interruptions. The support team should be able to direct callers to a web page or the pre application service and advise that it is not possible to provide advice over the phone because of resource constraints.
- f) Bring together the existing process notes and guidance for case officers into a single DM manual, enhancing and updating current examples as well as filling in gaps to provide a comprehensive guide to DM in Bristol for new and existing staff.
- g) Continue to develop the approach to standard wording and templates for reports to ensure they are of an appropriate length and detail for each type of development and can be prepared with minimal time spent on more routine applications.
- h) Re-introduce staff appraisals and development programmes, helping new staff to progress and supporting existing staff as they take on new or more challenging roles. The overall aim should be to help retain existing staff as well as help attract new staff as resources allow to create a more stable service in the future.
- i) Develop and agree a consultation protocol with both internal and external consultees, with agreed standing advice for more straightforward applications (e.g. Highways, drainage and environmental health). This should be regularly reviewed with consultees to ensure it remains fit for purpose.

6-12 month timescale

- j) Update the local validation checklist to ensure the council complies with paragraph 44 of the National Planning Policy Framework and ensure that the Business Support Services Team have the necessary training and mentoring. Consideration should also be given to the position of the team and the case for closer line management through the Head of DM (or equivalent) in recognition of their critical role to the wider service.
- k) Take a stronger line on rejecting poorly presented or incomplete applications as well as limiting the number of amendments to a validated application. This may mean enforcing the Council's current Planning Application and Negotiation Framework or refreshing and simplifying this to move away from allowing amendments at all, once the Council can offer a full pre-app service so applicants can negotiate improvements.
- l) Review the existing approach to pre-application engagement with applicants so that a more robust approach can be taken on negotiations. This review should use the guidance on good practice in pre-applications and PPAs outlined by PAS.
- m) Undertake a peer review of the two planning committees, to ensure that they are working efficiently and address confusion around the role of each committee. This could also help the Council understand the resourcing requirements of managing two committees and consider whether this is sustainable.
- n) The findings and observations from this peer challenge are being progressed by the Director of Economy of Place.

7.0 Homes England Compliance – February 2023

- 7.1 The HRA New Build Development Team undertook a mock Homes England Audit in February 2023 which was carried out by KPMG but commissioned internally.
- 7.2 The objective of this assignment was to review and assess the control environment currently in place around compliance with Homes England grant funding requirements, and to inform future management action to promote readiness for Homes England compliance audits.
- 7.3 Provide assurance in respect of the following areas of risk:
 - Up to date understanding of the controls required for complying with Homes England schemes is not in place and no assessment of any control gaps has been undertaken;

- Clear procedures have not been established for securely gathering, collating, and reporting information on Homes England schemes, including retention of final, signed documents;
- Required activities and records are not maintained on IMS (or equivalent) for compliance purposes, and/or maintenance of IMS (or equivalent) records lags behind the progress of individual schemes;
- Where local conditions are attached to specific schemes, these are not clearly recorded and shared to ensure awareness and compliance; and
- A clear governance oversight framework has not been established to provide visibility over scheme progress and compliance, including steps required to review, validate, and upload accurate information onto IMS (or equivalent).

Summary of Main Findings

- 7.4 Internal Audit provide 'Reasonable Assurance' regarding the Council's Homes England Compliance for Affordable Housing Delivery.
- 7.5 The Council is in the early stages of acquiring grant funding from Homes England for various schemes. Three schemes were sampled against the Audit Checklist: Airport Road, Romney House and Cedar House. We assessed the accuracy of data held on 'IMS', the 'Investment Management System' used by Homes England for partners to submit bids for funding, for each sample.
- 7.6 We found that scheme files are laid out well, in a systematic manner, and are based on the 'Audit Requirements' section in the Capital Funding Guide, which underpins requirements for Homes England grant funding. Certain areas such as grant claim milestones and insurance arrangements were found to have robust documentary evidence to support compliance. Developer agreements are held on file. Tools such as trackers based on the Capital Funding Guide are in place to support compliance.
- 7.7 Whilst the file structure for Scheme documentation is well-organised, we noted various issues regarding documentation being complete or accessible. This included adherence to local planning condition documentation being inaccessible for Airport Road. Furthermore, incomplete documentation was found across all schemes, such as missing signatures and dates (and therefore potential issues with regards to verifying dates on IMS). Certain approval documentation for procurement of advisors was not provided, for example, copies of signed terms of appointment for consultants.
- 7.8 We note that as Practical Completion (PC) had not been reached on any schemes thus far, elements of the Audit Checklist could not be tested, such as calculation of rents or form of Shared Ownership leases. Given these are common areas of findings for Independent Auditors appointed by Homes England, we have raised an action around formalising processes to support rent setting, and ensuring mandatory clauses are included within leases.

7.9 Some minor actions to consider were added to Pentana, (the Audit Management System) and have now been marked as implemented.

7.10 The findings and observations from this review will continue to be progressed by the Director of Homes and Landlord Services.

8.0 Homes England Compliance Audit Report for the Rough Sleeping Accommodation Programme (RSAP) 2023/24 Scheme address: 35 Durweston Walk, BS14 8BE - Dec 2023

8.1 Grant Thornton UK LLP on behalf of Homes England undertook a compliance audit in late 2023.

8.2 The purpose of the Compliance Audit report is to confirm that grant recipients (BCC) have met Homes England's funding conditions and contractual requirements and have properly exercised their responsibilities as set out in the Capital Funding Guide as it relates to RSAP.

Summary of Main Findings

8.4 The grade received was "Green – meets requirements."

8.5 On review of the evidence provided, the outcome of the audit has shown the provider has a satisfactory overall performance. A GREEN grade has been assigned. The audit has identified one low level breach with no risk of misapplication of public funds.

8.6 The reoccurrence of breaches of a similar nature in future years may result in a failure to meet requirements. The provider should refer to the recommendation listed in the Compliance Audit system. The recommendation will assist the provider in ensuring further breaches of this nature do not reoccur in the future.

8.7 The recommendation was the provider should review their processes and add the necessary steps to prevent similar issues reoccurring in the future. Please ensure the revised process meets the Capital Funding Guide requirements and funding conditions. The provider is also expected to revise and correct the identified issue in all current grant funded developments.

8.8 The findings and observations from this review are being progressed by the Director of Homes and Landlord Services.

9.0 Landlord Compliance Data Review – Savills – December 2023

9.1 Savills have completed their initial data review and are currently engaging with BCC colleagues on any areas requiring further information and clarification. It is hoped that Savills will be able to feedback on initial the findings in early February with the final report presented in late February 2024.

- 9.2 In Q3 2023/24, an internal high level gap analysis was undertaken on BCC's performance against Landlord Statutory Requirements, including the 'Big 6' compliance areas and other typical compliance areas that affect the social housing landlord function. The review didn't represent a detailed audit and no forensic analysis of data to validate the performance levels being reported has been undertaken. The review identified any themes in BCC's non-compliance with Landlord Statutory Compliance obligation and areas where there is uncertainty on our compliance status. The review also proposed high level actions against each compliance area needed to respond any identified non-compliance. The most significant compliance challenges identified related to areas of: fire safety, asbestos safety, lift / lifting equipment safety, electrical safety and identification of up-to-date HHSRS failures including damp & mould in homes.
- 9.3 The internal Gap analysis recommended that an external compliance audit was undertaken to identify current performance and support the development of an improvement plan. – This recommendation resulted in the instruction of Savills to undertake the Landlord Compliance Data Review currently under way.

Summary of Main Findings

- 9.4 The review will:
- Provide some commentary on the extent to which performance reporting cover the areas we expect to see and highlight areas where we feel the Council's reporting is not aligned to sector good practice.
 - Review the overarching approach to data governance (including team structures and responsibility).
 - Make recommendations relating to the areas above. In particular areas that the Council should look to address as it implements its new IT system.
- 9.5 The findings and observations from this review will be progressed by the Director of Homes and Landlord Services.

10.0 Consumer Standards Preparedness Review – Savills – January 2024

- 10.1 Savills have recently finished their initial data check and are currently undertaking meetings with BCC colleagues which will last until the end of January 2024. Savills anticipate that they will be able to present their initial findings in early February and provide the final findings report in the second half of February 2024.
- 10.2 The way Registered Providers (RP's) of social housing are regulated is fundamentally changing as a result of the Social Housing (Regulation) Act 2023 SHRA. The Regulator for Social Housing (RSH) has been given the power to routinely inspect social

landlords and strengthen enforcement powers. The RSH will be implementing their programme of proactive regulatory inspections and revised Consumer Standards in April 2024.

- 10.3 Savills have been instructed to undertake a Landlord Compliance Data Review and Consumer Standards Preparedness Review. The Consumer Standards review will assess BCC's compliance with the existing Consumer Standards and anticipated new Consumer Standards due to come be published in February and come into force in April 2024.

Summary of Main Findings

- 10.4 The report will include an evidence map showing every Consumer Standard and evidence seen to demonstrate where BCC complies. It will also show where there are opportunities to strengthen or where we don't comply. This will provide something from which we can build and action plan. A detailed report to management teams and senior leadership and councillors will also at high level show strengths and priority areas for improvement.

- 10.5 It is anticipated that the two external reviews being undertaken by Savills will result in significant improvement recommendation. Officers are actively developing plans to form a dedicated 'Task and Finish' group to respond any recommendations (Group will respond to both the Consumer Standards and Landlord Compliance Data Review findings).

- 10.6 The findings and observations from this review will be progressed by the Director of Homes and Landlord Services.

11.0 Human Tissue Authority (HTA) inspection of the Public Mortuary at Flax Bourton – October 2023

- 11.1 The Human Tissue Authority undertook at inspection of the licenced activities undertaken at the Public Mortuary at Flax Bourton.

- 11.2 The Public Mortuary of Flax Bourton has been licensed by the HTA since 2009. This was the fifth inspection of the establishment; the most recent previous inspection took place in May 2021.

- 11.3 Since the previous inspection, there have been no significant changes to the licence arrangements, or the activities carried out under the licence. However, during the inspection major building work was being carried out to provide additional capacity, including long term and bariatric storage.

- 11.4 The HTA found the Designated Individual (DI) and the Licence Holder (LH) to be suitable in accordance with the requirements of the legislation.

Summary of Main Findings

- 11.5 Whilst the HTA found that The Public Mortuary at Flax Bourton had met the majority of the HTA's standards, three major and one minor shortfall were found against standards for Governance and quality systems, Traceability and Premises, facilities and equipment which have now been resolved by the Coroner and Mortuary Service.

Audit Committee

4th March 2024



Report of: Chief Internal Auditor

Title: **Review of Audit Committees Effectiveness 2023/24 - DRAFT**

Ward: N/A

Officer Presenting Report: Simba Muzarurwi, Chief Internal Auditor

Recommendations

The Committee consider and approve the Audit Committee Self-Assessment Report for 2023/24 and agree next steps.

Summary

The report provides a summary of key matters arising from the recent annual review of the effectiveness of the Audit Committee in 2023/24. This review is informed by a self-assessment exercise undertaken by the Committee on 29 January 2024. This report serves as a handover memorandum to the new Committee that will be established following the local government elections in May 2024.

The significant issues in the report are:

- This report reiterates the important role of the Audit Committee in supporting the delivery of the Council's strategic priorities by seeking assurance that the Council's risk management, internal control and governance arrangements are sufficient and operating effectively.
- There is a general view from the Committee that it is discharging its mandate consistent with the Chartered Institute of Public Finance and Accountancy (CIPFA) publication: Audit Committees, Practical Guidance for Local Authorities and Police (2022 edition).
- This report identifies areas requiring further development to enhance the effectiveness of the Committee and its wider influence in the governance of the council.

Policy

1. Audit Committee Terms of Reference.

Consultation

2. **Internal**
Audit Committee Members
3. **External**
None

Context

Audit Committee Effectiveness:

4. The CIPFA Position Statement on Audit Committees in Local Authorities and Police provides the recommended practice for audit committees in local government bodies in the UK. The Statement identifies the Audit Committees as a key component of the council's governance framework and its purpose is to provide an independent and high-level focus on the adequacy of governance, risk, and control arrangements. The Committee is responsible for ensuring that there is sufficient assurance over these arrangements which gives greater confidence to all those charged with governance that those arrangements are effective. The Committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.
5. The CIPFA publication, Audit Committees: Practical Guidance for Local Authorities and Police (2022 edition) at Appendix A provides detailed guidance on the operations of the Committee.
6. CIPFA expects all local government bodies to make best efforts to adopt the principles, aiming for effective Audit Committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting, and internal audit.
7. The Audit Committee should be established so that it is independent of executive decision making and able to provide objective oversight. It should be an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance. The Audit Committee should:
 - be directly accountable to Full Council;
 - be independent of both the executive and the scrutiny functions;
 - have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups;

- have rights to request reports and seek assurances from relevant officers; and
 - be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.
8. The CIPFA Guidance recommends an annual review of the effectiveness of the Committee which is informed by either a self-assessment or an independent review. Consistent with the now established annual process, the Committee conducted a self-assessment of its effectiveness based on the CIPFA Guidance.
9. This paper provides the summary of the matters Committee members have reflected upon regarding the activities and performance of the committee in the current year. Most importantly, it serves as a handover memorandum for the new committee following the May 2024 local government elections. The issues discussed and agreed upon during the workshop on 29 January are summarised in the following sections.

Examples of areas of Good Practice:

10. In practice the Committee is working effectively, and independence is governed by the behaviour of the Committee. The tone and questions of the meeting are generally positive.
11. The Committee regularly receives and considers external audit, internal audit and fraud reports seeking additional assurance from the relevant senior managers.
12. Regular review of the Corporate Risk Register and the Committee has the opportunity of undertaking deep dives to enhance their understanding of particular risks and how they are managed.
13. The Committee receives and approves the Chief internal Auditor's Opinion Report annually.
14. The Committee regularly receives summaries of audits that have 'limited' or 'no' assurance opinions and receives additional assurance from relevant Directors on the actions being taken to address the key risks identified.

Examples of areas for further development:

15. The following were identified as requiring further development and it is recommended that these are considered by the new Committee when setting its Agenda for the coming years:
- Working with other key partners and ensuring that there is sufficient assurance over the governance of joint ventures.
 - The Committee is concerned about the lack of a discrete scrutiny function in the new committee system so would need to obtain independent assurance on the effectiveness and operations of the new governance model.
 - Exploring ways of helping the Committee to understand emerging issues and develop an awareness of best practices. One such way is introducing two informal away days per

year to enable the Committee to interact with subject matter experts in key risk, internal control, and governance matters.

- Considering increasing the number of independent Members of the Audit Committee
- Considering that a new committee system will come into effect following the May elections, the Committee will need to ensure that it remains independent from operational decision making.
- The Committee felt that the role and the importance of the Committee is not fully understood by all Members so highlighting the role of the Audit Committee, its importance and contribution during the induction of new Members may be helpful. In addition, the Committee should be described as a standalone Committee rather than as part of 'Other Committees'.
- Effective audit committees are a critical part of delivering trust and confidence in reporting and risk management so the Committee should explore ways of enhancing the Committee's assurance that risk mitigations relating to the Corporate Risk Register are appropriate and operating effectively.
- Supporting the development of robust arrangements for ensuring value for money.
- The next external assessment of the Internal Audit Service against the Public Sector Internal Audit Standards should be undertaken by an independent external assessor not under the current peer review arrangements.

Next Steps:

16. An effective Audit Committee is an imperative for effective governance. As a result, the continuity of the Committee is important so the council should appoint Councillors who want to be on the Committee for their whole term. In considering appointments to the Committee, it should be made clear to Councillors, the time commitment and effort it takes to be on the Audit committee.
17. A thorough induction for new members of the Committee will be essential. The Chair and Vice Chair have indicated a willingness to be involved in this.
18. This report should be considered by the next Committee as part of a formal handover. The Chair has also compiled a list of notes and comments to form the basis of an informal handover to the next Chair.
19. As always, the Committee would like to extend its continued thanks and appreciation to all the officers who have contributed reports and responded to questions from committee members. Audit Committee obviously has a vital role to play, and this is greatly enhanced by a high standard of input from all those who contribute.

Proposal

20. The Committee to review this draft report to ensure it reflects the issues discussed during the review of its effectiveness.
21. The Committee to agree next steps.

Other Options Considered

22. None

Risk Assessment

23. The assurances provided by an effective Audit Committee to Full Council are a key part of the Council's governance framework. This report highlights potential areas where assurances require further monitoring by Audit Committee and improvement actions that will enhance the effectiveness of the Audit Committee.

Public Sector Equality Duties

- 8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation, and any other conduct prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
 - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - tackle prejudice; and
 - promote understanding.

8b) No equality impact anticipated from this report

Legal and Resource Implications

Legal

N/A

Financial

(a) Revenue – N/A

(b) Capital – N/A

Land/Property N/A

Human Resources N/A

Appendices:

Appendix A – Chartered Institute of Public Finance and Accountancy publication: Audit Committees, Practical Guidance for Local Authorities and Police (2022 edition).

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Audit Committee Papers.

Audit committees:

practical guidance for
local authorities and police

2022 edition

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Guiding the audit committee

Supplement to the audit
committee member guidance

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Introduction

This section is aimed at officers responsible for guiding the audit committee. It will also be a useful reference guide for an audit committee member wanting to develop greater understanding of the committee's role or access additional resources.

It identifies the underpinning legislation, regulations, guidance or resources that the committee should be referencing in its operations.

It is a supplement to the guides *Audit committee member in a local authority* and the *Police audit committee member* and should be read in conjunction with the appropriate guide. It includes information for both authorities and police bodies.

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Core functions of the audit committee

MAINTENANCE OF GOVERNANCE, RISK AND CONTROL ARRANGEMENTS

Good governance

Delivering Good Governance in Local Government: Framework (CIPFA/Solace 2016) is principles based and informs the approach to good governance adopted by police, local authorities and fire and rescue authorities. CIPFA recommends that each authority develops a local code of governance setting out how it applies the principles in practice.

CIPFA's **Financial Management Code** (FM Code) also attributes responsibility for the Framework to the authority's leadership team. This supports the principle of assurance in the FM Code.

Other useful resources for evaluating governance and identifying governance risks include the research resource co-ordinated by the Centre for Governance and Scrutiny, **The governance risk and resilience framework**. This sets out the risks to good governance and can be used as part of the evaluation process for the annual governance statement (AGS) or as part of other governance development work. Further information on the AGS is included in **Accountability and the annual report**.

Where an authority is found to have failed in its statutory obligations to provide best value, the government has the power to intervene. The audit committee is one of the mechanisms an authority should have in place to identify, escalate and oversee the improvement of any governance weaknesses.

In Wales, the **Local Government and Elections (Wales) Act 2021** provides for intervention by Welsh ministers to increase the extent to which a council is meeting the performance requirements.

Key references

Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) ('the Framework') sets the standard for governance in UK local government bodies. The Framework is supported by guidance notes for each sector (CIPFA/Solace, 2016) as follows.

- **Delivering Good Governance in Local Government: Guidance Notes for English Authorities**
- **Delivering Good Governance in Local Government: Guidance Notes for Scottish Authorities**
- **Delivering Good Governance in Local Government: Guidance Notes for Welsh Authorities**
- **Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales**

Accounts and audit regulations (various according to location in the UK)

The governance risk and resilience framework (Centre for Governance and Scrutiny, 2021)

Ethical values

As part of the annual governance review, the audit committee should consider how effectively the **Seven Principles of Public Life** are supported and whether the arrangements in place to achieve Principle A of the governance framework are fit for purpose:

Behaving with integrity, demonstrating a strong commitment to ethical values, and respecting the rule of law.

Authorities have a standards committee to oversee member conduct and review complaints. This is not a function of the audit committee and combining the two committees should be avoided.

The standards framework for elected members in England was established by the **Localism Act 2011**. English local authorities have a statutory duty to promote and maintain high standards of conduct, and the audit committee should consider assurances on the discharge of this responsibility and be satisfied that there are arrangements in place. The Committee on Standards in Public Life last reviewed standards in local government in 2019. The report recommended some amendments to the Act, but in its 2022 response, the Department for Levelling Up, Housing and Communities (DLUHC) did not commit to these. This remains an active topic that the audit committee should be aware of, and it should understand the steps its authority is taking to promote and ensure good ethical arrangements are in place.

The **Public Sector Internal Audit Standards** (PSIAS) include the ethical framework as a specific area of governance for internal audit work.

Whistleblowing arrangements support the development of ethical conduct and greater transparency and help authorities ensure compliance with the **Public Interest Disclosure Act 1998**. As part of the audit committee's oversight of the governance framework and assurances underpinning the AGS, the committee may wish to review the effectiveness of the whistleblowing arrangements.

Useful resources

Upholding Standards in Public Life (Committee on Standards in Public Life, 2021)

Risk management

In determining the audit committee's responsibilities towards risk management, authorities should have regard to the responsibilities of other committees such as scrutiny committees and the specific responsibilities of those charged with governance in relation to risk management. Where a local authority establishes a separate risk committee, then its roles and responsibilities need to be considered in determining the role of the audit committee.

Police audit committees are directed in the **Financial Management Code of Practice for the Police Forces of England and Wales** (FMCP) (Home Office, 2018) to advise the PCC and the chief constable on the adoption of appropriate risk management arrangements.

Welsh local authority and English combined authority audit committees are required to review and assess risk management arrangements.

Internal controls

Internal control arrangements will be informed by service requirements and guidance specific to individual areas.

Financial management

Regarding financial management arrangements, CIPFA's FM Code is a helpful resource to guide and evaluate the adequacy of financial management. The results of the assessment should be shared with the audit committee.

Audit committees in local authorities in Wales and in combined authorities are required to review and scrutinise the authority's financial affairs. Robust arrangements for financial control, understanding financial risks and longer-term financial planning will provide assurance to the committee. The review of financial statements also supports this objective. Care should be taken to not overlap with financial scrutiny. Tasks such as budget monitoring should not be undertaken by the committee.

Value for money and best value arrangements

Making best use of resources is a key objective for all local authorities and is part of the Framework. One of the behaviours and actions that underpin Principle C of the Framework is "delivering defined outcomes on a sustainable basis within the resources that will be available." When the AGS is prepared, the adequacy and effectiveness of arrangements to secure value for money (VfM) should be included, as per CIPFA guidance.

One specific area of activity for the committee will be consideration of the external auditor's wider work, as set out in the codes of audit practice and other guidance adopted by national audit bodies as follows.

- **England:** statutory value for money commentary as defined by the [National Audit Office](#).
- **Scotland:** periodic reviews of best value from [Audit Scotland](#).
- **Wales:** annual improvement reports from [Audit Wales](#).
- **Northern Ireland:** a review of arrangements for the use of resources from [Northern Ireland Audit Office](#).

When the external auditor raises concerns about VfM, the audit committee should ensure there is a robust action plan to address the issues raised. A significant VfM failing is likely to lead to a formal recommendation or report in the public interest. In addition to the work of the auditor, the audit committee should consider what other assurances are available in relation to identified VfM risks and highlight areas for improvement.

The [Cities and Local Government Devolution Act 2016](#) requires the audit committee of a combined authority to review and assess the economy, efficiency and effectiveness of resource use in discharging the authority's functions. By reviewing the adequacy of the authority's arrangements, including aspects such as performance management, financial planning and procurement, the audit committee will be able to report and make recommendations to fulfil this responsibility. Where risks to value for money are identified to the audit committee – for example, through the work of internal audit – those concerns need to be escalated for management action.

Countering fraud and corruption

The audit committee should include counter fraud and corruption within its agenda. This should not be limited to an update to the committee on a significant case of fraud or corruption. The audit committee's responsibility to have oversight of arrangements means that they should be able to judge whether the authority's arrangements are fit for purpose

CIPFA's [Code of Practice on Managing the Risk of Fraud and Corruption](#) (2014) sets out the counter fraud standards for public sector organisations. Sector-specific strategies such as [fighting fraud and corruption locally](#) should also be considered, along with [Integrity matters](#)

(HMICFRS, 2015). The committee should understand the level of fraud risk the authority is exposed to and the implications for the wider control environment.

The audit committee should have oversight of the authority's counter fraud strategy, assessing whether it meets recommended practice and governance standards and complies with legislation such as the **Bribery Act 2010**.

The CIPFA guidance on the AGS recommends that the adequacy of counter fraud arrangements is evaluated and reported on in the AGS with reference to the *Code of Practice on Managing the Risk of Fraud and Corruption*. The audit committee should have sight of the assurances underpinning this assessment and can play an important role in supporting the development of effective counter fraud and corruption practice. The audit committee may also refer to the Internal Audit Standards Advisory Board's (IASAB) guidance on **internal audit's role in counter fraud** (2017), which sets out internal audit's responsibility to provide assurance to the organisation on how it manages fraud risk.

Partnership governance, collaborations and subsidiaries

Ensuring that the audit committee has oversight of significant collaboration arrangements or the governance arrangements for the authority's partnerships is important. This is an area of assurance that should be planned as new arrangements are established as well as considered regularly.

Guidance is available in CIPFA publications, including **Successful Collaborations in the Public Services: The Role of Internal Audit** (2021). This highlights some of the governance risks that should be considered in collaborative arrangements, together with the role of internal audit. It highlights the need for the audit committee's oversight of internal audit to extend to their work on collaborations.

CIPFA's **Effective Governance of Collaboration in Policing** (2021) provides an overview of the nature of collaborations in policing and guidance on governance for those arrangements, and other relevant guidance is included in **Principles for section 151 officers working with LEPs** (2018).

Recently, authorities that have the general power of competence have established trading companies to operate more commercial activities, including delivery of services and commercial investments. Some authorities have experienced difficulties with these activities, so the governance, oversight and risk management arrangements in them are likely to be of considerable interest to the audit committee. CIPFA has issued new guidance in 2022 in **Local Authority Owned Companies: A Good Practice Guide**.

In addition to reviewing assurances over partnerships, the committee may choose to develop its own partnership arrangements with the audit committees of partner organisations. This could involve planning and co-ordinating agendas or developing forums to share ideas or briefings. More established partnerships could lead to the development of a shared audit committee between partner authorities or a joint committee.

FINANCIAL AND GOVERNANCE REPORTING

Financial reporting

Local authority financial statements should follow the professional practices set down in the **Code of Practice on Local Authority Accounting in the United Kingdom** (CIPFA/LASAAC). The responsible financial officer is required by statutory provision to sign the statements to confirm that they have been properly prepared and are ready for audit prior to the commencement of the period for the exercise of public rights. These are the unaudited accounts. Currently, deadlines are subject to change because of the COVID-19 pandemic (and because of difficulties resourcing local audit in England). Therefore, it will be important to check the current regulations applicable.

At the time of publication, the latest regulations were as follows.

- In England, **The Accounts and Audit (Amendment) Regulations 2021**. This amends the Accounts and Audit Regulations 2015.
- In Wales, **The Accounts and Audit (Wales) (Amendment) Regulations 2018**. This amends the Accounts and Audit (Wales) Regulations 2014.
- In Scotland, **The Local Authority Accounts (Scotland) Regulations 2014**.
- In Northern Ireland, **The Local Government (Accounts and Audit) (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020**. This amends the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

Further details about the requirements of the regulations are in Appendix A.

Prior to the current period of disruption, there had been a trend to reduce the elapsed time from the end of the financial year to the publication of audited statements. For example, under the 2015 regulations for English authorities and policing bodies, in practice, the latest date by which the statements would need to be confirmed (by the responsible finance officer) is 31 May, as the 30 working day period for the exercise of public rights must include the first ten days of June. In CIPFA's view, the timely availability of the statements is important for transparency and accountability.

Under the regulations, Scottish and Northern Irish authorities must all ensure that the financial statements are signed off by the chief financial officer (CFO) by 30 June. The Accounts and Audit (Wales) (Amendment) Regulations 2018 require preparation and publication to be completed by 15 June. Authorities have had flexibility to delay due to COVID-19, but deadlines will revert to those specified in regulations at an appropriate point.

CIPFA recommends that it is good practice for the accounts and the AGS to be reviewed by the audit committee prior to the commencement of the external audit. The committee will also review them at the completion of the audit prior to publication. Authorities will formally approve the financial statements after the completion of the external audit.

The date the statements must be published by is set down in government regulations. Prior to COVID-related amendments, the latest date for publication was 31 July for English authorities. Scottish and Welsh authorities must publish by 30 September, and Northern Irish authorities must publish by 31 October. These dates are intended to reflect the target for the completion of the audit. However, meeting the deadline is not a statutory requirement for the auditor; auditors will aim to meet this date, but their primary concern is to complete the audit to the required auditing standard.

The financial statements are the most technical aspect of the audit committee's remit and one that can be daunting for those elected members with no prior experience of financial reporting or

external audit. The differences in financial reporting practice in the accounts can also be daunting for those used to the presentation of company accounts. Additional attention should therefore be paid to this area when evaluating training needs.

Annual governance statements

Legislation requires local authorities, fire and rescue authorities and police bodies to prepare an AGS and to report publicly on the effectiveness of governance and control (see Appendix A for details of the legislative requirements). The AGS should be reviewed and then approved by an authority body prior to being signed by the leading member and the authority's chief executive. Typically, audit committees undertake the role of reviewing the AGS prior to approval.

Statutory and professional guidelines will determine when the AGS goes before the audit committee for review. These are set out in **Financial reporting** and in more detail in Appendix A. CIPFA recommends that the AGS is first reviewed by members of the audit committee at an earlier stage to allow comments and contributions to be made. The AGS must be current at the time it is published, so the audit committee should review it before final approval.

When the AGS is taken to the audit committee for review, it provides an opportunity to sense check the content, ensuring it is consistent with other information and is understandable to a lay reader.

The audit committee should be made aware of any updates to guidance on the AGS issued by CIPFA.

In March 2022, CIPFA's Practice Oversight Panel published an **advisory note on governance**. The note emphasises the importance of ensuring that annual reviews of governance and the AGS are robust. An effective audit committee is one important aspect of ensuring adequate internal challenge.

Other accountability reports

The audit committee may be asked to comment on or review other accountability reports. If this is consistent with the purpose of the committee, then it may be appropriate – for example, if the report included extracts from the financial statements or AGS. It should always be clear whether the committee is being asked to formally endorse any report and consider whether this involves duplication with the work of other committees.

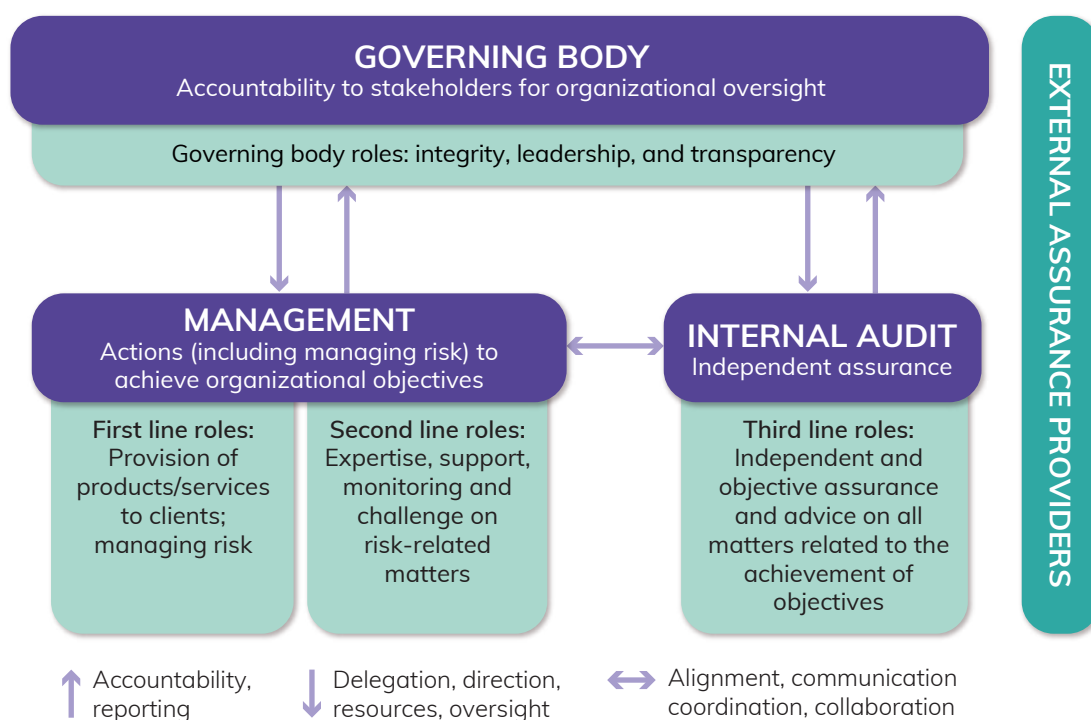
SUPPORTING ARRANGEMENTS FOR AUDIT AND ASSURANCE

Assurance frameworks and assurance planning

The organisation's leadership team should establish arrangements to provide them with assurance. The purpose of assurance is to provide greater certainty over the operation of internal control arrangements and the implementation of policies and decisions. In practice, an organisation will have a range of different means of obtaining assurance, some of which will already be embedded in management arrangements. Taken together, the suite of assurances forms the framework of assurance for the organisation. Some organisations have taken steps to map or summarise their arrangements in diagrammatic or tabular form.

CIPFA is in the process of establishing more detailed guidance for leadership teams on assurance frameworks, including high-level principles to define assurance frameworks. The purpose of this will be to raise awareness of assurance and the different forms it can take. Developing CIPFA guidance will include the **Three Lines Model** developed by the Institute of Internal Auditors (IIA).

Figure 1: The IIA's Three Lines Model



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Having a good understanding of different sources of assurance is important:

- for managers and the leadership team, to have confidence in how things work in practice
- for the audit committee, to help them fulfil their responsibilities
- for internal auditors, to inform risk assessments, supplement the direct independent audit work the team undertakes, and to inform the head of internal audit's annual opinion.

As well as understanding the organisation's arrangements for obtaining assurance, the audit committee should ensure that it receives the assurances necessary to support its annual report and to play its part in reviewing the AGS. While internal audit and external audit will be significant contributors to the overall assurance, the committee will need to be proactive in specifying additional areas where assurance is needed.

External audit

Audit committees have a role to play in relation to the appointment of external auditors. This role varies between England, Scotland, Wales and Northern Ireland, primarily due to the change in appointment procedures for English authorities with the closure of the Audit Commission and the introduction of new local audit arrangements under the **Local Audit and Accountability Act 2014**.

In Scotland, Wales and Northern Ireland, national audit agencies are responsible for the audits of local bodies. In England, authorities have the option to appoint auditors themselves via means of an auditor panel (individually or jointly with other bodies) or through Public Sector Audit Appointments (PSAA), which has been established by the Local Government Association (LGA) and specified as an 'appointing person' under the 2014 Act. For further information on auditor panels and the role of the audit committee, see CIPFA's **Guide to Auditor Panels** (2015).

The audit committee's role in appointment is generally to express an opinion on the selection and rotation of the external auditor through whichever method is applicable for the organisation. The audit committee's objective is to support auditor independence and effective arrangements and relationships with the auditors.

In England, for all opted-in bodies, PSAA appoints the auditor following consultation with the body. Otherwise, the audit committee will work alongside the auditor panel, which will oversee the local appointment process. Where the audit committee members meet the requirements of an auditor panel as defined in regulations supporting the 2014 Act, then the committee can operate as an auditor panel itself and make recommendations on the appointment of the local auditor. Regard must be had for the 2014 Act and regulations if the committee is nominated as an auditor panel.

Supporting independence

The independence of auditors is critical for confidence in the audit opinion and audit process. For this reason, there is extensive guidance from the Financial Reporting Council (FRC) for external auditors on the need to safeguard independence and objectivity. These rules apply to all auditors across all sectors. In addition, the national audit bodies issue guidance to auditors on safeguarding integrity, objectivity and independence. It is an important role for an audit committee to help guard against threats to independence and to satisfy itself that the external auditor's independence is safeguarded. The critical issue of independence will be considered when the external auditor is appointed, but the audit committee's role will be to monitor on an annual basis, or more often when required.

Each year, the external auditor will disclose to the committee an assessment of whether it is independent. This disclosure should include any significant facts that could impact, or be seen to impact on, independence and objectivity, together with any safeguards put in place. The audit committee should use this opportunity to discuss with the external auditor their assessment of threats to independence and any safeguards. The table below summarises the potential threats that external auditors need to consider and manage.

Understanding the potential threats to external independence

Self-interest threat

This is where there are, or are perceived to be, financial or other interests that could impact on the actions of the external auditor. The potential fees from provision of non-audit or additional services to the audited body could fall within this category.

Self-review threat

This is where the audit could include a review of work performed or services or advice provided by the same firm or team.

Management threat

This is where the auditor has become involved in or associated with decision making at the audited body.

Advocacy threat

This is where the auditor has taken on an advocacy role for the audited body or supports the management in an adversarial or promotional context.

Familiarity (or trust) threat

This is where familiarity or close personal relationships mean that the external auditor is insufficiently questioning or accepting in forming audit judgements.

Intimidation threat

This is where the conduct of the external auditor is influenced by fear or threats from individuals in the audited body.

Full details of the threats are set out in the [Revised Ethical Standard 2019](#) (FRC).

Receiving and considering the work of external audit

The timetable of external audit work will be shaped by the appropriate Code of Audit Practice under which the audit is being undertaken and the appropriate regulations of the nation.

From time to time, there may be disruption to the routine timetable of audit. For example, the impact of the pandemic and recent difficulties experienced in England by local audit firms have contributed to delays. Where this is the case, the audit committee should actively monitor changes to timetables and audit plans, supporting good communication between the auditor and the authority to manage difficulties in the best possible way. Those officers responsible for liaising with the external auditor should ensure the audit committee is kept informed and any difficulties drawn to their attention at an appropriate stage.

One of the recommendations of the Redmond Review ([Independent review into the oversight of local audit and the transparency of local authority financial reporting](#)) was that the external audit annual report should be submitted to full council by the external auditor. The rationale behind the recommendation was that there were examples where serious issues raised with the audit committee by the external auditor were not then escalated to full council. As all councillors are “charged with governance”, they should be aware of serious issues and the overall results of the audit.

In addition, full council is more visible to the public than the audit committee, so it supports greater transparency. When this recommendation was considered by the stakeholder group advising DLUHC, it was considered important for the audit committee to receive the external auditor’s reports, allowing more in-depth discussion and formulation of recommendations for action in response to issues raised. It suggested that the annual report should be presented to full council in the way suggested by Sir Tony to improve transparency and strengthen the governance response, but it should also be accompanied by a report from the audit committee setting out its suggested response to the report. This was discussed in the technical consultation issued in July 2021 and CIPFA would support this approach.

Although the specific recommendation related to English local authorities, CIPFA would recommend that authorities in the rest of the UK also consider adopting a similar approach, if they do not do so already.

Supporting the quality and effectiveness of the external audit process

The audit committee should support the quality and effectiveness of the external audit process:

- at the planning stage, understanding and commenting on external audit plans, assessment of risks and proposed areas of focus, and deployment of audit effort in response to identified risks
- during the external audit process, including:
 - assessing whether the external auditor has a good understanding of the authority
 - how the external auditor has responded to areas of audit risk
 - actions taken to safeguard independence and objectivity
- at the reporting and finalisation stages:
 - ensuring there is feedback from key people such as the CFO and the head of internal audit on the conduct of the audit
 - supporting the auditor’s annual report to the full council, PCC, chief constable or other body as appropriate on the results of its considerations with the audit committee report.

In monitoring the quality of the external audit provision, the audit committee should be briefed on any relevant issues around quality that emerge from the regulation of external audit – for example, the quality reports from the FRC and contract monitoring reports from PSAA. Links to useful resources are provided at the end of the section.

There should be an opportunity for the audit committee to meet privately and separately with the external auditor, independent of the presence of those officers with whom the auditor must retain a working relationship.

Supporting audit quality

The audit committee should be an advocate for high audit quality. Ensuring that quality is maintained provides confidence in the audit opinion and recommendations. In its interactions with the auditors, the committee should be alert to the culture of the auditor and its regard for quality, its customer focus and how the firm creates a positive audit culture. The FRC's recent report **What Makes a Good Audit?** (2021) highlights the importance of governance and leadership in the audit firm.

Senior leadership must live and drive the right values, ethics and behaviours that support high audit quality throughout the firm. There must be a clear link between remuneration/ promotion and audit quality. Learning from audit inspections (internal and external) must be shared across the audit practice and understood, including the sharing of good practice identified within the firm or from external reviews. There must also be an emphasis on the public interest role of audit. At the larger firms, Independent Non-Executives (INEs) already have an important role to play in holding leadership to account for improving audit quality and for driving an appropriate culture and mindset within audit.

What Makes a Good Audit? (FRC, 2021)

The committee should ask about the auditor's approach to audit quality, including the support and training provided to the team on specialist areas within the scope of the audit. This is a particular consideration in England where audits are undertaken by a firm, as the team may not consist of auditors with extensive local audit experience. It should be noted that the key audit partner must have that experience and knowledge. This was an issue raised by the Redmond Review, and work to improve and support auditors is ongoing. For the firms, achieving improvements in this area is challenging, given wider issues around shortages of appropriate skilled auditors.

The audit committee needs to work with auditors and key officers to ensure that there is a shared understanding of objectives, expectations and outcomes from the audit. It is likely that the committee members will need support and training to improve their knowledge and understanding in this area unless they have had prior experience.

Where there are difficulties in the relationship between auditor and client, the audit committee should seek to support and resolve in an objective way that helps the delivery of a quality and timely audit.

Assessing audit quality

In determining the committee's role in reporting on external audit, CIPFA has taken account of requirements in other sectors. The **UK Corporate Governance Code** (FRC, 2018) expects the audit committee to report annually on its assessment of the independence and effectiveness of external audit. The audit committee annual report should also include a section on external audit. This is addressed in **Independence and accountability**.

The FRC published **Audit Quality: Practice Aid for Audit Committees** in 2019 to help support audit committees. It should be noted that this is not tailored to audit committees in local

government, but some general principles remain relevant for an authority committee. Suggested good practice would be to consider the following areas:

- How the auditor interacts with the audit committee. Examples could include how auditors respond to questions or challenge from the committee and whether communications are open, constructive, informative and regular.
- Evidence from management. For example, the audit committee could ask management for evidence where auditors have challenged judgements and estimates.
- Asking auditors how they have demonstrated professional scepticism.
- Considering how well the auditor has met the agreed audit plan and addressed the risks it has identified.
- The quality of the audit report. For example, is it helpful and does it avoid generic 'boiler plate' content?

The audit committee should also review reports and assessments on their contracted auditor. The national audit bodies publish external reviews of their quality arrangements, and the FRC publishes an annual report of the local audit quality reviews undertaken for each firm. The committee should consider the conclusions on audit quality and areas for improvement and discuss with the auditor if appropriate. In England, PSAA may also publish reviews of interest to the committee on their monitoring of the audit contracts and satisfaction surveys, etc.

References and useful resources

[Financial audit quality arrangements](#) (Audit Wales)

[Major Local Audits: Audit Quality Inspection](#) (FRC, 2021)

[Managing audit quality](#) (PSAA)

[Quality of public audit in Scotland annual report 2021/22](#) (Audit Scotland)

[Quality assurance review 2021 executive summary](#) (Northern Ireland Audit Office)

Internal audit

The audit committee has a clear role in relation to oversight of the authority's internal audit function. From 1 April 2013, internal auditors throughout local and central government and health have had to follow the PSIAS, and for local government bodies, the [Local Government Application Note \(LGAN\) for the UK PSIAS](#) (CIPFA, 2019). All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015, the Accounts and Audit (Wales) Regulations 2014, the Local Authority Accounts (Scotland) Regulations 2014 and the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 must make provision for internal audit in accordance with the PSIAS and LGAN.

The PSIAS include the mission of internal audit, code of ethics, definition of internal auditing and the core principles for the professional practice of internal auditing, and together these highlight the importance of effective internal audit to those in the organisation who are responsible for governance.

In its adoption of the PSIAS and LGAN, each authority should consider which committee or individual is the most appropriate to fulfil the role of the board in relation to internal audit. In determining the functional reporting arrangements of internal audit, the authority will need to bear in mind the need to preserve the independence and objectivity of internal audit as required by the PSIAS. It is for these reasons that in the LGAN, CIPFA expressed an expectation that the audit committee would fulfil the role of the board usually.

The role of the audit committee in relation to internal audit is to:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of the internal audit process
- promote the effective use of internal audit within the assurance framework.

Those audit committees that operate under the Local Authority Accounts (Scotland) Regulations 2014 and the Accounts and Audit (Wales) Regulations 2014 must conduct a review of the effectiveness of their internal audit annually (Appendix A includes details of the relevant regulations). The audit committee should consider internal audit's quality assurance and improvement programme (QAIP) when conducting such a review.

The **CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations** (2019) states that engagement between the head of internal audit and the audit committee is a crucial component of delivering an effective internal audit service. For the head of internal audit to operate an effective internal audit arrangement, the authority has a responsibility to ensure that they can operate effectively and perform their core duties. This responsibility exists regardless of the method of delivery of internal audit, whether in-house, outsourced or through some form of shared arrangement. The audit committee plays an important role in supporting the effectiveness of those arrangements in accordance with the CIPFA statement.

The committee should develop sufficient understanding of the effectiveness of internal audit and its adherence to professional standards. While helping to ensure that the right organisational arrangements are in place to support the internal audit service, the committee should also hold internal audit to account for the following:

- Conformance with professional standards.
- Effective management of resources.
- Focus on risks and assurance needs.
- Delivery of required outputs.
- Impact.

In 2022, CIPFA published **Internal audit: untapped potential** – a research report examining how internal audit supports public sector organisations and opportunities for the future. It features the results of an extensive survey that included management clients and audit committee members, as well as internal auditors. Included within are recommended topics that audit committee members should consider and discuss with their head of internal audit to help ensure that their organisation is getting the best out of internal audit.

Guiding the audit committee – wider functions

WIDENING THE WORK OF THE COMMITTEE

This chapter sets out relevant guidance where additional responsibilities are brought within the scope of the committee. The scope should not be extended so broadly that the committee effectively becomes a joint committee with other priorities. The areas covered in the guidance are relevant as a result of legislation or other standards.

WALES

Governance and audit committees in Wales will need to have regard to the Local Government and Elections Wales Act 2021 in agreeing their terms of reference and conducting business.

The significant difference is the requirement to review the draft self-assessment or panel assessment report and make recommendations. The performance assessments are a new requirement introduced by the 2021 Act. Statutory guidance has been produced in **Performance and governance of principal councils** (2021).

In undertaking this role, CIPFA recommends distinguishing between the committee and the performance monitoring that scrutiny committees will have undertaken, which will be a contributory part of the self-assessment.

To enable the committee to perform its role effectively, members will need to be briefed on the requirements of the Act and supporting statutory guidance.

TREASURY MANAGEMENT

CIPFA's **Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes** (2021) requires all local authorities to adopt four clauses defining responsibilities for treasury management.

It is possible for the audit committee to be nominated to undertake the scrutiny role.

This organisation nominates (name of responsible body/committee) to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Where the audit committee has been nominated, it should be aware that it needs to undertake a scrutiny role in accordance with the Treasury Management Code, in addition to any oversight of governance, risks and assurance matters relating to treasury management that it would consider as an audit committee. It is not appropriate for the audit committee to undertake any of the other roles outlined in the Treasury Management Code clauses, as these are executive and decision-making roles rather than a scrutiny role.

Treasury management is a specialist area, so it is likely that committee members will require training, guidance and support when undertaking scrutiny. Specific areas of knowledge and skills are identified in Appendix C, and these can be used to support a training needs assessment and to plan development.

SUPPORTING CORPORATE IMPROVEMENT PROGRAMMES

Where an authority has undergone an external inspection, peer review or other intervention, an improvement programme will be developed. It will be important for the audit committee to play its part in supporting the effective implementation of agreed actions.

The primary role of the committee is to receive assurances that implementation of the programme is on track. The programme will have links to external audit reports, future audit risk assessments and the AGS, so it is important that the committee is aware of the overall progress. A significant programme may have a dedicated board that can provide an update to the committee to fulfil its assurance needs.

There may be aspects of the programme that directly link to the work of the committee – for example, the adequacy of financial management arrangements or internal audit. In such cases, the committee may be more actively involved in monitoring progress.

Independence and accountability

INTRODUCTION

CIPFA is keen that each local authority or police body adopts an audit committee model that achieves its purpose and functions successfully. CIPFA's recommended best practice is intended to support the development of effective arrangements and should not be regarded merely as a compliance checklist.

For a local authority, in CIPFA's view, it is best practice for the audit committee to report directly to council rather than to another committee, as the council itself most closely matches the body of 'those charged with governance.' In the police sector, both the PCC and chief constable are separate corporations sole, so each will fulfil the role of 'those charged with governance.'

In establishing the audit committee within the governance structure of the authority, three key elements should be considered:

- Any statutory guidance applicable to the sector.
- Independence from the executive and political allegiances.
- How the structure of the committee can support its effective operation.

Each of these elements is considered in more detail in the following sections.

SECTOR AND DEVOLVED GOVERNMENT GUIDANCE

The local authority and police sectors are subject to differing laws and regulations according to both sector and devolved national governments. Those affecting audit committees are set out in Appendix A. While there is broad similarity in the guidance across the UK, there are differences because of specific statutory guidance and regulations, including:

- statutory requirements for audit committees in Wales
- statutory requirements for combined authorities to establish an audit committee
- statutory guidance underpinning the operation of police audit committees in England and Wales.

Audit committees in Wales have a clear statutory role established by the **Local Government (Wales) Measure 2011** and updated in the **Local Government and Elections (Wales) Act 2021**. The Welsh Government has provided statutory guidance on the implementation of the measure's requirements, and local authorities in Wales must have regard to this guidance.

The Cities and Local Government Devolution Act 2016 requires combined authorities to establish an audit committee where at least one member must be appointed as an independent member.

The Home Office's **Financial Management Code of Practice for the Police Forces of England and Wales** (the FMCP) (2018) requires PCCs and chief constables to establish an independent audit committee. This is an advisory committee to both the PCC and the chief constable, both of whom are established as a corporation sole. **Page 108**

The **Policing and Crime Act 2017** enables a PCC in England (following local consultation and approval from the secretary of state) to take on the governance of their local fire and rescue service(s) to become a PCC fire and rescue authority (PCC FRA). The 2018 edition of the FMCP includes guidance concerning audit committees in this event.

Those supporting audit committees should be aware of other regulations, including the appropriate accounts and audit regulations for England, Scotland, Wales and Northern Ireland. These regulate functions such as internal audit and the timing of the AGS review and the accounts. These functions should be undertaken by the audit committee, and the committee should have regard to the regulations.

STRUCTURE AND INDEPENDENCE

Ensuring a dedicated audit committee

In some local authorities, the audit committee has been combined with other committees. CIPFA recommends that the audit committee should have no other functions, and explicitly no decision-making role. The most common combinations adopted by authorities have been an audit and scrutiny committee or audit and standards committee. CIPFA recommends these are separated.

Sometimes the audit committee is given a different title, such as 'governance and audit' or 'audit and risk' committee. This would not be a problem if the terms of reference are consistent with the **CIPFA Position Statement**. Care should be taken to not delegate additional responsibilities that conflict with or dilute the audit committee focus.

The Centre for Governance and Scrutiny published **Audit committees and scrutiny committees: working together** (2021) to help understand the difference between scrutiny and audit committees. CIPFA contributed to the resource to help ensure it was consistent with its 2018 guidance on audit committees. It helps scrutiny members understand how the audit committee role is different but complementary and identifies opportunities for the committees to work constructively together.

Committee size

Police audit committees should follow the FMCP guidance on a committee size of three to five members. In determining size, consider the quorum for meetings, as three allows little flexibility for meeting quorum at every scheduled meeting.

The sections on **Membership** and **Accountability** cover the composition of the committee between elected members and co-opted independents in an authority.

Committee size and composition are subject to legislation in some local authorities but not all.

Appendix A sets out the legislation for Wales and combined authorities in England.

In sectors outside local government, it is typical for audit committees to have fewer than six members. Among local authorities, there is a range of practice, including some committees that exceed ten members. In the sector, it can be harder to achieve the depth of knowledge and experience that is desirable with a small number, but equally it can be difficult to provide training and development for a large group.

CIPFA's recommendation is that a committee size of no more than eight members should be established. This allows sufficient breadth of experience but is small enough to allow the training and development of a dedicated group.

CIPFA also recommends that the use of substitutes on the committee is avoided. Substitute members are less likely to have received relevant training. It also disrupts the continuity of the committee, where committee members can build on information received in previous meetings. We have found that where committee members are regularly substituted, it is an indication of lack of engagement with the committee's purpose and agenda.

Audit committees for collaborations

Where an authority has a significant level of joint or collaborative working, there may be some value in considering the constitution of a shared audit committee. This will be particularly appropriate if there is a shared management team and single functions for finance, audit and risk management. There will need to be a formal agreement that sets out how the balance of representation between the partners will be decided, reporting lines and how the chair will be selected.

Delegated decision making and voting rights

Currently, some authorities have delegated decisions such as the approval of the financial statements to the audit committee. This takes the audit committee beyond its advisory role. It also means that authorities will need to have regard to Section 13 of the **Local Government and Housing Act 1989**, which relates to the voting rights of non-elected committee members. Independent members cannot vote on matters for decision, whereas making recommendations to another decision-making body would not be impacted.

CIPFA recommends that the audit committee remains an advisory committee and does not have delegated powers.

ADMINISTRATIVE AND OPERATIONAL ARRANGEMENTS

In planning the number and timing of meetings and the committee agendas, key dates in the reporting and audit cycle will be important. In addition, the need for the committee to meet the expectations of auditing standards (both internal and external audit) in providing appropriate oversight will mean space on agendas should be found for these topics.

The CIPFA *Statement on the Role of the Head of Internal Audit in Public Service Organisations* (2019) emphasises the importance of organisational support for the role, including direct reporting lines to the audit committee and good engagement between the committee and head of internal audit. Providing the facility for private meetings between the head of internal audit and the audit committee will signal the importance of maintaining the independence of internal audit.

While private meetings between the committee and internal and external audit help to build a trusted relationship, those concerned should always make sure that the meeting is not used as a substitute for escalating governance concerns with responsible officers. The private meeting should always be in accordance with other principles of good practice – non-political and supporting transparent and accountable good governance.

Ensuring there is good support for the committee in agenda planning, minute taking, guidance and communications will help to build member confidence in the committee.

Providing a protocol about access to information that includes provision for co-opted independents will help to ensure clarity for both the committee members and officers. Members need to be confident that they have sight of relevant information in a timely way. There may be operational reasons why information is not immediately available or has to be treated in confidence, but it is important to explain this adequately.

ACCOUNTABILITY AND THE ANNUAL REPORT

CIPFA has recommended that the audit committee should produce an annual report since the 2013 edition of this guidance. In this latest edition, the annual report is given greater prominence and has been included in the Position Statement. The report should be used to provide accountability to those charged with governance on compliance with the Position Statement and performance and provide assurance over the areas within its terms of reference.

The timing of the report will need to take account of whether there will be changes in committee membership – for example, because of elections or rotation of committee members at annual meetings. The conclusions of the report can support the AGS.

It is for the committee chair to prepare the annual report in consultation with the members, although some support may be required to check accuracy or provide supporting information. Developing the report will ensure the committee is better placed for any future policy developments that might expect more from accountability disclosures.

Membership and effectiveness

COMPOSITION AND OPERATION OF THE COMMITTEE

The composition of the committee will be one of the key factors in achieving a good audit committee. Some local government bodies will need to follow specific rules on composition. These are referenced below.

The composition of the audit committee for Welsh local authorities is determined by the Local Government and Elections (Wales) Act 2021, which requires local authority audit committees to have one-third lay members and a lay member as chair. The 2021 Act amended the Local Government Measure 2011, which established that only one of the committee's members may be from the council's executive, and this must not be the leader or the elected mayor.

Combined authorities in England are required to establish an audit committee by the Cities and Local Government Devolution Act 2016. The Act and the subsequent **Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017** require combined authority audit committees to include at least one independent member. The definition of independent is set out in Part 4 of the Order.

The FMCP determined that audit committees in policing must be composed solely of independent members.

POLITICAL BALANCE

One factor that is important for the success of the committee is ensuring a non-political approach to meetings and discussions. Any audit committee that is a properly constituted committee of a local authority will need to abide by the rules concerning political balance, as outlined in Section 15 of the Local Government and Housing Act 1989. When establishing a joint audit committee, the political balance of both authorities will need to be considered.

The **Local Government (Democracy) (Wales) Act 2013** inserted a requirement into the 2011 Measure for the audit committee to be politically balanced. This has not changed as a result of the 2021 Act.

The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 requires the audit committee to be politically balanced, taking into account the constituent councils.

Where the committee is strictly advisory and not subject to other requirements, full council can vote to waive the political balance requirement and specify other criteria to decide who should serve on the committee. For example, the selection of members with relevant knowledge and expertise could be prioritised.

The length of tenure of an elected representative on the committee will be influenced by the need to maintain political balance (if applicable) as well as other factors. In principle, establishing continuity on the committee is helpful to make the best of knowledge and experience. Some

rotation is also helpful to bring in a new perspective. CIPFA would suggest that two full terms on the committee would be a reasonable maximum.

APPOINTING THE CHAIR OF THE COMMITTEE

Unless there is specific legislation or guidance in place on the selection of the committee chair, authorities can determine their own approach. To try and emphasise the independence and apolitical nature of the committee, some authorities specify that the position should be occupied by an 'opposition' member. This approach may be appropriate for some but will not be possible for all authorities – for example, where there are few opposition members.

CO-OPTED INDEPENDENTS

Definition of a co-opted independent or lay member

There are some definitions set out in legislation for some audit committees but not all.

The Local Government and Elections (Wales) Act 2021 defines a lay member as a person who:

- is not a member or an officer of any local authority
- has not been a member or an officer of any local authority in the last 12 months
- is not the spouse or civil partner of a member or officer.

Co-opted independent members of audit committees for combined authorities should be in accordance with the 2017 Order as follows.

- Not a member, co-opted member or officer of the authority.
- Not a member, co-opted member or officer of a parish council in the area of the principal authority.
- Not a relative or close friend of one of the above.
- Not a member, co-opted member or officer of the authority or parish council in the last five years.

There are no statutory definitions of 'independent' for audit committee members in local authorities in England, Scotland or Northern Ireland.

The independent members of the police audit committees in England and Wales must all be independent of the PCC and the force. The FMCP does not define this any further.

Where there is no established definition, authorities are recommended to establish their own policy before commencing recruitment. This will provide clarity to potential candidates and support the independence of the committee. CIPFA would suggest alignment to the combined authority requirements as the basis for a suitable policy.

As long as any requirements are met, it is possible for an individual to be a co-opted member of more than one local government body.

MAKING BEST USE OF INDEPENDENT MEMBERS

There are some potential pitfalls to the use of independent members that should also be borne in mind.

- Over-reliance on the independent members by other committee members in local authorities can lead to a lack of engagement across the full committee.
- A lack of organisational knowledge or 'context' among the independent members when considering risk registers or audit reports.
- Both independent members and officers/staff must try to establish an effective working relationship and appropriate protocols for briefings and access to information.

These factors should be considered when developing the committee structure and plans put in place to provide an appropriate level of support to the audit committee member.

Role descriptions for co-opted independent members

Where the authority is recruiting members to co-opt onto the audit committee, a clear role description should be established. The following areas should be addressed:

- The role of the co-opted independent, including expected time commitment and location of meetings.
- The suggested appointment period and options for renewal (two terms would be a suggested maximum appointment period).
- The definition of 'independent' applicable to the role.
- Any restrictions or conflicts of interest that would make a candidate unsuitable. As the role is non-political and requires working with elected representatives in a local authority, it is recommended that candidates should not be political party members.
- Vetting requirements (particularly for police committee members).
- Desired knowledge, experience and skills.
- Remuneration and expenses.
- The expected conditions of engagement, including adherence to the authority's code of conduct, disclosure of interests, etc.

Consideration should also be given to attracting suitable candidates. While it is up to each authority to decide, authorities may want to consider the following:

- Selecting candidates beyond the local area. If candidates are able and willing to travel to attend the required meetings and supporting activities, then living outside the authority area should not be a barrier to suitability.
- Working with other authorities in the region to promote and support opportunities to be an independent member.
- Advertising nationally or using specialist agencies if professional knowledge and skills are required.
- Promoting the role through means in addition to advertising. For example, a change to the constitution of the audit committee could be part of a wider governance improvement programme that could be publicised locally or through council channels of communication.
- Council orientation and support that will be provided in the role.

- The opportunity for an informal discussion on the role with a senior officer or committee chair.
- Ensuring an easy application process (see below).

Under the combined authorities order, the vacancy must be publicly advertised.

Selection process

The authority's HR team will be able to advise on the process for recruitment. Normal practice in recruitment for non-executive roles such as this will be a CV and supporting letter, and adopting this approach may assist in attracting candidates. This may be a deviation from the process of recruiting a member of staff, however, so early discussion with HR is advised.

The format of selection is for the authority to decide, but inclusion of the current committee chair in some way would be helpful for the candidate.

As well as a formal interview, candidates could be invited to meet the PCC, chief constable or deputy chief constable, senior councillors or officers to emphasise the value of the committee.

Supporting members of the committee

Establishing a training programme and ongoing support for committee members is essential to ensure that they can confidently and effectively discharge their responsibilities. Establishing a budget will ensure that training can be ongoing rather than ad hoc.

Exact needs will depend on the composition of the committee and members' existing knowledge and experience. The following table sets out the core elements.

Development area	Core content	Target audience
Induction – the authority	<p>Introduction to the authority, including:</p> <ul style="list-style-type: none"> • governance structures • plans, strategies and priorities of the authority • local government context. 	Primarily for co-opted independent members who are new to local government/police.
Induction – the audit committee	<ul style="list-style-type: none"> • Terms of reference. • CIPFA Position Statement and guidance. • Key relationships – CFO, head of internal audit, external auditor, committee support. 	All members new to the committee.
Core knowledge areas	<p>Basic knowledge for all areas outlined in the knowledge framework.</p> <ul style="list-style-type: none"> • Good governance and ethical framework • Risk management • Internal controls • Financial management • Value for money • Counter fraud and corruption • Partnerships and collaborations • Assurance framework • Financial reporting • Annual governance statement • Internal audit • External audit • Treasury management (where applicable) • Performance assessment (Wales) (where applicable) 	All members of the committee, tailored appropriately to existing knowledge.
Briefings and guidance	<p>Targeted support for members on:</p> <ul style="list-style-type: none"> • aspects where members need additional support, eg guidance on understanding the financial statements • the development of more in-depth knowledge and understanding • ad hoc briefings on new developments in the sector (for example CIPFA’s audit committee update resource, horizon scanning updates from external auditors, etc) • updates on new developments or changes at the authority. 	<p>All members.</p> <p>Co-opted independent members.</p>
Webinars, training and networking events	<ul style="list-style-type: none"> • Attending relevant webinars or events to develop more in-depth knowledge or updates. • Networking and sharing with audit committee members in other authorities to learn from others and build a network of support. • A range of formal events and webinars are available from a range of providers, eg regional forums. 	Chairs and all members

Training needs analysis

It is helpful to undertake an analysis of training needs to identify which areas should be prioritised for training and support. Some of the core areas involve technical standards and are complex – for example, financial reporting, audit quality and treasury management. These will need regular attention to maintain committee effectiveness.

The knowledge framework can help with a training needs analysis. It can be done at any point, but the annual assessment should reflect on whether the analysis is up to date and the planned programme of support sufficient to address the priority areas.

Impact and effectiveness

To develop the committee and provide assurance via the annual report, it is recommended that the committee is supported in a self-assessment. Alternatively, an independent review can be undertaken.

The appendices provide resources to support self-assessment and to encourage reflection on the impact that the committee has.

CIPFA has identified key indicators to inform the performance review of the audit committee. These indicators are all aspects of governance, risk, control and audit that are within the audit committee's scope of influence. While they are not solely within the control of the audit committee, weakness in these areas could indicate that the audit committee is failing to have sufficient impact.

Problem solving

Where self-assessment indicates problems, or where those interacting with the committee report it to be under-performing, swift diagnosis and action should be planned. Appendix D highlights some areas of difficulty the committee might experience. Usually, problems arise because of misapprehension of the committee's role or inadequate training or support. Occasionally, behaviours from individual members can also contribute. These issues may be more difficult to resolve, especially if they are symptomatic of wider governance problems in the authority.

Significant weakness in the audit committee is likely to be highlighted by the external auditor as part of their governance review or as part of a peer review.

Sector and devolved government guidance

PART 1: COMPARISON OF SECTOR AND DEVOLVED GOVERNMENT REGULATIONS AND GUIDANCE ON KEY AREAS RELATING TO AUDIT COMMITTEES

Guidance area	England (combined authorities)	Wales (local authorities and corporate joint committees)	England and Wales Police	England, Northern Ireland and Scotland (local authorities)
Specific legislation or statutory guidance	<u>Cities and Local Government Devolution Act 2016.</u> <u>Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.</u>	<u>Local Government (Wales) Measure 2011</u> as amended by the <u>Local Government (Democracy) (Wales) Act 2013.</u> <u>Local Government and Elections (Wales) Act 2021.</u>	<u>Financial Management Code of Practice for the Police Forces of England and Wales (FMCP)</u> (Home Office, 2018).	Not applicable
Establishment of an audit committee	Required	Required	Required It is recommended that this should be a combined body for both PCC and chief constable.	No guidance
Composition of the audit committee	Committees must have at least one independent person as defined by guidance. The committee should reflect the political balance of the constituent authorities as far as is reasonably practical. The committee may not include an officer of the combined authority or a constituent council.	The committee must have lay persons comprise one-third of its members. The member appointed as the committee chair must be a lay person. The deputy chair must not be a member of the executive or an assistant to its executive. The committee must be politically balanced.	Police audit committees should comprise between three and five members who are independent of the PCC and the force.	No guidance

Guidance area	England (combined authorities)	Wales (local authorities and corporate joint committees)	England and Wales Police	England, Northern Ireland and Scotland (local authorities)
Specified functions of the audit committee	<p>Review and scrutinise the authority's financial affairs.</p> <p>Review and assess the authority's risk management, internal control and corporate governance arrangements.</p> <p>Review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions.</p> <p>Make reports and recommendations to the combined authority.</p>	<p>Review and scrutinise the authority's financial affairs.</p> <p>Make reports and recommendations in relation to the authority's financial affairs.</p> <p>Review and assess the risk management, internal control, performance assessment and corporate governance arrangements of the authority.</p> <p>Make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements.</p> <p>Review and assess the authority's ability to handle complaints effectively.</p> <p>Make reports and recommendations on the authority's ability to handle complaints effectively.</p> <p>Oversee the authority's internal and external audit arrangements.</p> <p>Review the financial statements prepared by the authority.</p>	<p>Consider the internal and external audit reports of both the PCC and the chief constable.</p> <p>Advise the PCC and the chief constable according to good governance principles and adopt appropriate risk management arrangements in accordance with proper practices.</p>	No guidance
Responsibilities of the audit committee in relation to external audit	No guidance	Oversee external audit arrangements.	Review external audit reports.	No guidance

PART 2: GOVERNMENT GUIDANCE BY SECTOR AND DEVOLVED GOVERNMENT ON MATTERS THAT MAY BE INCLUDED IN AUDIT COMMITTEE TERMS OF REFERENCE

Accounts and audit regulations are statutory instruments issued by the UK or devolved governments. The various regulations impose requirements on 'relevant bodies' – eg a local authority, fire and rescue authority or police body – in relation to governance, internal control, financial reporting and internal audit.

The accounts and audit regulations do not specify that these requirements must be met by an audit committee. However, where it is the audit committee of a relevant body that undertakes or reviews the specified task, the audit committee must meet the requirements of the regulations and take them into account in agreeing their terms of reference.

The following is a link for each sector and/or region and the sets of regulations affecting them, highlighting key regulations. The regulations are subject to periodic updates by the appropriate government body, and audit committee members should be made aware of any changes by their organisation.

Local authorities in England (including combined authorities and fire and rescue authorities)	
Relevant government guidance	<u>Accounts and Audit (England) Regulations 2015</u>
Local authorities in Wales	
Relevant government guidance	<u>Accounts and Audit Regulations (Wales) 2014</u> and the <u>Accounts and Audit (Wales) (Amendment) Regulations 2018</u>
Local authorities in Scotland	
Relevant government guidance	<u>Local Authority Accounts (Scotland) Regulations 2014</u>
Local authorities in Northern Ireland	
Relevant government guidance	<u>Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015</u>
Police in England	
Relevant government guidance	<u>Accounts and Audit (England) Regulations 2015</u> (see also the statutory guidance <u>Financial Management Code of Practice for the Police Forces of England and Wales</u> (FMCP) (Home Office, 2018))
Police in Wales	
Relevant government guidance	<u>Accounts and Audit Regulations (Wales) 2014</u> and the <u>Accounts and Audit (Wales) (Amendment) Regulations 2018</u> (see also the <u>FMCP</u>)

Financial reporting deadlines

Amendments affecting the timetables for financial and governance reporting have been introduced to allow for difficulties caused by the COVID-19 pandemic, and in England, difficulties with local audit. Committee members are advised to check the latest positions.

Suggested terms of reference – local authority

INTRODUCTION

This appendix contains suggested terms of reference for local authorities.

In developing the terms of reference for an organisation, care should be taken to ensure that the specific regulations appropriate for the authority are taken into account. Appendix A sets out these requirements. Additional functions should be included where required.

Where the terms of reference refer to internal audit, regard should be had for how the internal audit charter has allocated responsibilities to the committee. The audit committee's terms of reference and the audit charter should align.

SUGGESTED TERMS OF REFERENCE – LOCAL AUTHORITIES

Governance

The terms of reference should set out the committee's position in the governance structure of the authority.

Statement of purpose

The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance [or *insert appropriate governing body*] that those arrangements are effective.

The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

Governance, risk and control

- To review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
- To monitor the effective development and operation of risk management in the council.
- To monitor progress in addressing risk-related issues reported to the committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's **Financial Management Code**.
- To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- To monitor the counter fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

Financial and governance reporting

Governance reporting

- To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

Financial reporting

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Arrangements for audit and assurance

To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

External audit

- 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 or the authority's auditor panel as appropriate.
- To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To consider additional commissions of work from external audit.

- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal audit

- To approve the internal audit charter.
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 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 make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- 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:
 - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work
 - regular reports on the results of the QAIP
 - 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, including:
 - 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)
 - 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 requested.
- 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 five years.
- To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations (see Appendix A).

- To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Accountability arrangements

- To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
- To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- To publish an annual report on the work of the committee, including a conclusion on the compliance with the **CIPFA Position Statement**.

Suggested terms of reference – police

INTRODUCTION

This appendix contains suggested terms of reference for the audit committee of the PCC and chief constable. The police audit committee must ensure that its terms of reference are in accordance with the FMCP (Home Office, 2018) and remain an advisory body.

In developing the terms of reference for an organisation, care should be taken to ensure that the specific regulations appropriate for the authority are taken into account. Appendix A sets out these requirements. Additional functions should be included where required.

Where the terms of reference refer to internal audit, regard should be had for how the internal audit charter has allocated responsibilities to the committee. The audit committee's terms of reference and the audit charter should align.

SUGGESTED TERMS OF REFERENCE – AUDIT COMMITTEE OF THE PCC AND CHIEF CONSTABLE

Governance

The terms of reference should set out the committee's position as an advisory committee to support the PCC and chief constable.

Statement of purpose

The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance risk and control gives greater confidence to the PCC and chief constable that those arrangements are effective.

The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

Governance, risk and control

- To review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
- To monitor the effective development and operation of risk management in the OPCC and force.

- To monitor progress in addressing risk-related issues reported to the committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's **Financial Management Code**.
- To consider the OPCC's and force's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To review the assessment of fraud risks and potential harm to the OPCC and force from fraud and corruption.
- To monitor the counter fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

Financial and governance reporting

Governance reporting

- To review the AGS prior to approval by the PCC and chief constable and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the OPCC's and force's objectives.

Financial reporting

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- To review the annual statements of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- To consider the external auditor's reports to the PCC and the chief constable on issues arising from the audit of the accounts.

Arrangements for audit and assurance

To consider the OPCC's and force's framework of assurance and ensure that it adequately addresses their risks and priorities.

External audit

- 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 or the auditor panel as appropriate.
- To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.

- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To advise on commissions of additional work from external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal audit

- To recommend for approval the internal audit charter.
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- To review 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 consider significant interim changes to the risk-based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to recommend and periodically review safeguards to limit such impairments.
- 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:
 - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work
 - regular reports on the results of the QAIP
 - 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, including:
 - 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)
 - 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 requested.
- 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 OPCC or force, or where 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 five years.
- To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations (see Appendix A).
- To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Accountability arrangements

- To report to the PCC and chief constable on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
- To report to the PCC and chief constable on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.

Audit committee members – knowledge and skills framework

CORE AREAS OF KNOWLEDGE

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Organisational knowledge	<ul style="list-style-type: none"> An overview of the authority's governance structures and decision-making processes. Knowledge of the organisational objectives and major functions of the authority. 	<ul style="list-style-type: none"> This knowledge will be core to most of the audit committee's activities, including the AGS review, internal and external audit reports and risk registers.
Audit committee role and functions	<ul style="list-style-type: none"> An understanding of the audit committee's role and place within the governance structures. Familiarity with the committee's terms of reference and accountability arrangements. Knowledge of the purpose and role of the audit committee. 	<ul style="list-style-type: none"> This knowledge will enable the audit committee to prioritise its work to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others. It will help the committee undertake a self-assessment and prepare its annual report.
Governance	<ul style="list-style-type: none"> Knowledge of the seven principles as outlined in <u>Delivering Good Governance in Local Government: Framework</u> (CIPFA/Solace, 2016). The requirements of the AGS. How the principles of governance are implemented locally as set out in the local code of governance. 	<ul style="list-style-type: none"> The committee will review the local code of governance and consider how governance arrangements align to the principles in the Framework. The committee will plan the assurances it is to receive to adequately support the AGS. The committee will review the AGS and consider how the authority is meeting the principles of good governance. The committee will receive audit reports and information on risks relating to governance.

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Internal audit	<ul style="list-style-type: none"> • An awareness of the key principles of the PSIAS and the LGAN. • Knowledge of the arrangements for delivery of the internal audit service in the authority and the charter. • How the role of the head of internal audit is fulfilled. • Details of the most recent external assessment and level of conformance with the standards. • Internal audit's strategy, plan and most recent annual opinion. 	<ul style="list-style-type: none"> • The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards. • The audit committee will review the assurances from internal audit work and will review the risk-based audit plan. • The committee will also receive the annual report, including an opinion and information on conformance with professional standards. • In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed. • The audit committee chair is likely to be interviewed as part of the external quality assessment, and the committee will receive the outcome of the assessment and action plan.
Financial management and financial reporting	<ul style="list-style-type: none"> • Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. • An understanding of good financial management practice as set out in the CIPFA <u>Financial Management Code</u> (FM Code) and the level of compliance with it. • Knowledge of how the organisation meets the requirements of the role of the CFO as required by <u>The Role of the Chief Financial Officer in Local Government</u> (CIPFA, 2016) and <u>The Role of CFOs in Policing</u> (2021). • An overview of the principal financial risks the authority faces. 	<ul style="list-style-type: none"> • Reviewing the financial statements prior to publication, asking questions. • Receiving the external audit report and opinion on the financial audit. • Reviewing both external and internal audit recommendations relating to financial management and controls. • The audit committee should consider compliance with the FM Code and the role of the CFO and how this is met when reviewing the AGS.
External audit	<ul style="list-style-type: none"> • Knowledge of the role and functions of the external auditor and who currently undertakes this role. • Knowledge of the key reports and assurances that external audit will provide. • Familiarity with the auditor's most recent plan and the opinion reports. • Knowledge about arrangements for the appointment of auditors and quality management undertaken. 	<ul style="list-style-type: none"> • The audit committee will meet with the external auditor regularly and receive their reports and opinions. • Monitoring external audit recommendations and maximising the benefit from the audit process. • The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service.

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Risk management	<ul style="list-style-type: none"> • Understanding of the principles of risk management, including how it supports good governance and decision making. • Knowledge of the risk management policy and strategy of the organisation. • Understanding of risk governance arrangements, including the role of members and of the audit committee. • Knowledge of the current risk maturity of the organisation and any key areas of improvement. 	<ul style="list-style-type: none"> • In reviewing the AGS, the committee will consider the robustness of the authority's risk management arrangements. • Awareness of the major risks the authority faces is necessary to support the review of several audit committee agenda items, including the risk-based internal audit plan, external audit plans and the explanatory foreword of the accounts. Typically, risk registers will be used to inform the committee. • The committee should also review reports and action plans to develop the application of risk management practice.
Counter fraud	<ul style="list-style-type: none"> • An understanding of the main areas of fraud and corruption risk that the organisation is exposed to. • Knowledge of the principles of good fraud risk management practice in accordance with the <u>Code of Practice on Managing the Risk of Fraud and Corruption</u> (CIPFA, 2014). • Knowledge of the organisation's arrangements for tackling fraud. 	<ul style="list-style-type: none"> • Knowledge of fraud risks and good fraud risk management practice will be helpful when the committee reviews the organisation's fraud strategy and receives reports on the effectiveness of that strategy. • An assessment of arrangements should support the AGS, and knowledge of good fraud risk management practice will support the audit committee member in reviewing that assessment.
Values of good governance	<ul style="list-style-type: none"> • Knowledge of the Seven Principles of Public Life. • Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff (eg code of conduct). • Knowledge of the whistleblowing arrangements in the authority. 	<ul style="list-style-type: none"> • The audit committee member will draw on this knowledge when reviewing governance issues and the AGS. • Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The audit committee member should know to whom concerns should be reported.
Treasury management (only if it is within the terms of reference of the committee to provide scrutiny)	<ul style="list-style-type: none"> • <u>Effective Scrutiny of Treasury Management</u> is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: <ul style="list-style-type: none"> – regulatory requirements – treasury risks – the organisation's treasury management strategy – the organisation's policies and procedures in relation to treasury management. <p>See also <u>Treasure your assets</u> (Centre for Governance and Scrutiny, 2017).</p>	<ul style="list-style-type: none"> • Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny.

SPECIALIST KNOWLEDGE THAT ADDS VALUE TO THE AUDIT COMMITTEE

More specialist knowledge will add value to the committee, helping to ensure the committee is able to achieve a greater depth of understanding. Including members with specialist knowledge means there is an additional resource to support other members. Specialist knowledge may be demonstrated by professional qualification and prior work experience.

When reviewing the overall knowledge of audit committee members or when planning the appointment of co-opted independent members, it is helpful to look for opportunities to include the following specialisms:

- Accountancy, with experience of financial reporting
- Internal auditing
- Risk management
- Governance and legal
- Expert service knowledge relevant for the organisation
- IT systems and security

CORE SKILLS

As well as technical knowledge, the following skills will enhance an audit committee member's aptitude to be on the committee.

Skills	Key elements	How the audit committee member is able to apply the skill
Strategic thinking and understanding of materiality	Able to focus on material issues and the overall position rather than being side tracked by detail.	When reviewing audit reports, findings will include areas of higher risk or materiality to the organisation but may also highlight more minor errors or control failures. The audit committee member will need to pitch their review at an appropriate level to avoid spending too much time on detail.
Questioning and constructive challenge	Able to frame questions that draw out relevant facts and explanations, challenging performance and seeking explanations while avoiding hostility or grandstanding.	The audit committee will review reports and recommendations to address weaknesses in internal control. The audit committee member will seek to understand the reasons for weaknesses and ensure a solution is found.
Focus on improvement	Ensuring there is a clear plan of action and allocation of responsibility.	The audit committee's outcome will be to secure improvements to the governance, risk management or control of the organisation, including clearly defined actions and responsibilities. Where errors or control failures have occurred, the audit committee should seek assurances that appropriate action has been taken.
Able to balance practicality against theory	Able to understand the practical implications of recommendations to understand how they might work in practice.	The audit committee should seek assurances that planned actions are practical and realistic.
Clear communication skills and focus on the needs of users	Support the use of plain English in communications, avoiding jargon, acronyms, etc.	The audit committee will seek to ensure that external documents such as the AGS and the narrative report in the accounts are well written for a non-expert audience.
Objectivity	Evaluate information based on evidence presented, avoiding bias or subjectivity.	The audit committee will receive assurance reports and review risk registers. There may be differences of opinion about the significance of risk and the appropriate control responses, and the committee member will need to weigh up differing views.
Meeting management skills	Chair the meetings effectively: summarise issues raised, ensure all participants can contribute, and focus on the outcome and actions from the meeting.	These skills are essential for the audit committee chair to help ensure that meetings stay on track and address the items on the agenda. The skills are desirable for all other members.

Problem-solving difficulties with the audit committee

It is not uncommon for audit committees to face difficulties or barriers in fulfilling their potential effectiveness. Some of these may be common issues that audit committees in any sector may face; others may be unique to the local authority or police setting. The following assessment may be of value in helping audit committee members or those supporting the committee to recognise and address the challenges.

Areas of difficulty	Possible causes	Possible improvement options
Lack of experience and continuity of knowledge among audit committee members.	<ul style="list-style-type: none"> Where turnover of membership is very frequent, it will be difficult for the committee to build up experience. 	<ul style="list-style-type: none"> Enhanced level of support and training to members will be required. To enhance continuity, the authority should consider recruitment of independent members.
Audit committee members do not feel confident in their knowledge of particular areas.	<ul style="list-style-type: none"> Lack of training and support. 	<ul style="list-style-type: none"> Enhanced level of support and training to members.
Independent members lack knowledge of the organisation and lack connections with key managers.	<ul style="list-style-type: none"> Poor induction. Limited opportunities to engage with the organisation outside of formal meetings. 	<ul style="list-style-type: none"> Improve induction. Identify appropriate meetings, briefings or other opportunities that independent members could attend to help develop better understanding.
Poor management of audit committee meetings means that work is unfocused or fails to reach a clear conclusion.	<ul style="list-style-type: none"> Lack of experience or skill in managing meetings by the chair. Committee members are unsure about their role. Poor support from the committee secretary. 	<ul style="list-style-type: none"> Training and support. Develop a mentoring/coaching programme. Chair seeks feedback from meeting participants. Consider skills and experience in the selection of the chair. Provide training and guidance to committee members on their role. Improve committee support.
The audit committee spends too much time on minor details rather than underlying arrangements of governance, risk and control.	<ul style="list-style-type: none"> Agenda management fails to prioritise key areas. The chair does not intervene to keep the focus at an appropriate level. 	<ul style="list-style-type: none"> Review the process of agenda development. Review the terms of reference and provide training. The chair seeks feedback from meeting participants. Provide the chair with committee management training.

Areas of difficulty	Possible causes	Possible improvement options
The committee lacks focus, and members struggle to gain an overall understanding of their remit.	<ul style="list-style-type: none"> • Committee members have a range of objectives rather than focusing on governance, risk, control and audit matters. • The committee is too large or lacks continuity because of regular attendance by substitutes. • Infrequent attendance by senior officers. 	<ul style="list-style-type: none"> • Training and emphasis on the non-political and strategic focus of the committee. • Reform of the committee structure to reduce membership and remove use of substitutes.
Senior officers do not understand the work of the committee and are not sighted on its output.	<ul style="list-style-type: none"> • The audit committee fails to engage with other committees in the authority. • Attendance is often limited to the CFO and the head of internal audit. 	<ul style="list-style-type: none"> • Expand attendance at audit committee meetings – for example, invite heads of service when major risks or control issues are being discussed – and share the CIPFA guidance (FAQs) more widely.
Elected representatives not directly involved with the committee have little understanding of its work and do not see its output.	<ul style="list-style-type: none"> • Committee recommendations are not directed to appropriate member bodies. • Reporting arrangements are not effective. • Wider induction arrangements do not cover the audit committee. 	<ul style="list-style-type: none"> • Invite newly elected members to attend audit committee meetings. • Review reporting and accountability arrangements. • Prepare an annual report that sets out how the committee has fulfilled its responsibilities. • Share the CIPFA guidance (FAQs).
Recommendations made by the audit committee are not actioned.	<ul style="list-style-type: none"> • A poor relationship between the committee and the executive or senior officers. • The audit committee's recommendations are not adequately aligned to organisational objectives. 	<ul style="list-style-type: none"> • A senior officer provides internal facilitation to support improved relationships. • Improve knowledge and skills among audit committee members. • Ensure better engagement with appropriate managers or the executive at an earlier stage.
The audit committee fails to make recommendations or follow up on issues of concern.	<ul style="list-style-type: none"> • A weak or inexperienced chair. • Members are inexperienced or do not fully understand their role. • Poor briefing arrangements prior to meetings. • Committee reports fail to adequately identify the action required by the committee. 	<ul style="list-style-type: none"> • Provide guidance and support. • Improve briefing to the chair prior to the meeting. • Ensure reports contain clear recommendations.
The audit committee strays beyond its terms of reference – for example, undertaking a scrutiny role.	<ul style="list-style-type: none"> • The terms of reference do not adequately scope the work of the committee. • Misunderstanding about the role of the committee. • Inadequate guidance from the committee secretary to the chair on its role. 	<ul style="list-style-type: none"> • Review the terms of reference and provide training and guidance.

Areas of difficulty	Possible causes	Possible improvement options
Political points of view interfere with the work of the audit committee.	<ul style="list-style-type: none"> • A lack of understanding about the role of the committee. • Difficulty separating the work of the committee from the wider politics of authority. 	<ul style="list-style-type: none"> • Seek feedback from those interacting with the committee or external assessment. • Provide support or training for the chair. • Consider the role of independent members.
A breakdown in the relationship between committee members and the executive, PCC or chief constable/deputy chief constable, or with senior management.	<ul style="list-style-type: none"> • A lack of understanding about the role of the committee. • Differing perceptions on the value of the committee • Personality clashes. 	<ul style="list-style-type: none"> • Review the terms of reference and provide training and guidance. • A senior officer provides internal facilitation to support improved relationships. • Seek an external assessment or facilitation. • Change the chair or membership if the constitution or opportunity arises.

Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply					Partially complies and extent of improvement needed*				Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement					
Weighting of answers	0	1	2	3	5					

Audit committee purpose and governance

1	Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
2	Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3	Has the committee maintained its advisory role by not taking on any decision-making powers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7	Does the governing body hold the audit committee to account for its performance at least annually?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:					
<ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Functions of the committee					
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?					
Governance arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk management arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal control arrangements, including:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption 					
Annual governance statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assurance framework	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
External audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Over the last year, has adequate consideration been given to all core areas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Has the committee met privately with the external auditors and head of internal audit in the last year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5

Membership and support

13 Has the committee been established in accordance with the 2022 guidance as follows?					
<ul style="list-style-type: none"> • Separation from executive 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • A size that is not unwieldy and avoids use of substitutes 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 Is adequate secretariat and administrative support provided to the committee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Effectiveness of the committee

20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22 Are meetings effective with a good level of discussion and engagement from all the members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23 Has the committee maintained a non-political approach to discussions throughout?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26 Do audit committee recommendations have traction with those in leadership roles?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27 Has the committee evaluated whether and how it is adding value to the organisation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28 Does the committee have an action plan to improve any areas of weakness?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29 Has this assessment been undertaken collaboratively with the audit committee members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subtotal score	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total score					
Maximum possible score					200**

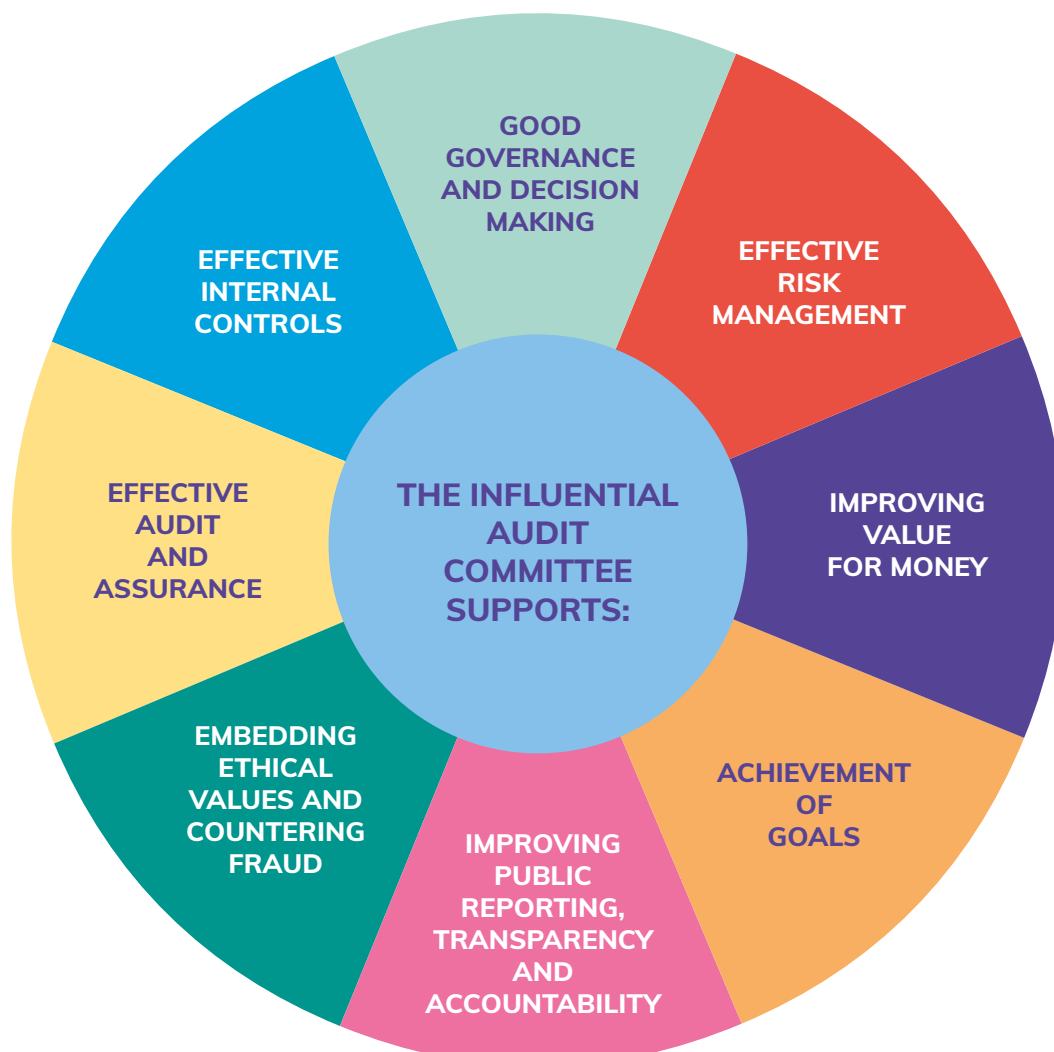
** 40 questions/sub-questions multiplied by five.

Evaluating the impact and effectiveness of the audit committee

An audit committee's effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority's business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'.

The improvement tool below can be used to support a review of effectiveness. It identifies the broad areas where an effective audit committee will have impact.

Figure 1: The influential audit committee



The table includes examples of what the audit committee might do to have impact in each of these areas.

The third area includes key indicators that might be expected to be in place if arrangements are in fact effective. These indicators are not directly within the control of the audit committee, as it is an advisory body. They do provide an indication that the authority has put in place adequate and effective arrangements, which is the purpose of the committee.

Use the tool for discussion and evaluation of the strengths and weakness of the committee, identifying areas for improvement.

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
<p>Promoting the principles of good governance and their application to decision making.</p>	<ul style="list-style-type: none"> • Supporting the development of a local code of governance. • Providing a robust review of the AGS and the assurances underpinning it. • Supporting reviews/audits of governance arrangements. • Participating in self-assessments of governance arrangements. • Working with partner audit committees to review governance arrangements in partnerships. 	<ul style="list-style-type: none"> • Elected members, the leadership team and senior managers all share a good understanding of governance, including the key principles and local arrangements. • Local arrangements for governance have been clearly set out in an up-to-date local code. • The authority's scrutiny arrangements are forward looking and constructive. • Appropriate governance arrangements established for all collaborations and arm's-length arrangements. • The head of internal audit's annual opinion on governance is satisfactory (or similar wording). 	
<p>Contributing to the development of an effective control environment.</p>	<ul style="list-style-type: none"> • Encouraging ownership of the internal control framework by appropriate managers. • Actively monitoring the implementation of recommendations from auditors. • Raising significant concerns over controls with appropriate senior managers. 	<ul style="list-style-type: none"> • The head of internal audit's annual opinion over internal control is that arrangements are satisfactory. • Assessments against control frameworks such as CIPFA's FM Code have been completed and a high level of compliance identified. • Control frameworks are in place and operating effectively for key control areas – for example, information security or procurement. 	

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<ul style="list-style-type: none"> • Reviewing risk management arrangements and their effectiveness, eg risk management maturity or benchmarking. • Monitoring improvements to risk management. • Reviewing accountability of risk owners for major/ strategic risks. 	<ul style="list-style-type: none"> • A robust process for managing risk is evidenced by independent assurance from internal audit or external review. 	
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<ul style="list-style-type: none"> • Reviewing the adequacy of the leadership team's assurance framework. • Specifying the committee's assurance needs, identifying gaps or overlaps in assurance. • Seeking to streamline assurance gathering and reporting. • Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit. 	<ul style="list-style-type: none"> • The authority's leadership team have defined an appropriate framework of assurance, including core arrangements, major service areas and collaborations and external bodies. 	
Supporting effective external audit, with a focus on high quality and timely audit work.	<ul style="list-style-type: none"> • Reviewing and supporting external audit arrangements with focus on independence and quality. • Providing good engagement on external audit plans and reports. • Supporting the implementation of audit recommendations. 	<ul style="list-style-type: none"> • The quality of liaison between external audit and the authority is satisfactory. • The auditors deliver in accordance with their audit plan and any amendments are well explained. • An audit of high quality is delivered. 	
Supporting the quality of the internal audit activity, in particular underpinning its organisational independence.	<ul style="list-style-type: none"> • Reviewing the audit charter and functional reporting arrangements. • Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements. • Actively supporting the quality assurance and improvement programme of internal audit. 	<ul style="list-style-type: none"> • Internal audit that is in conformance with PSIAS and LGAN (as evidenced by the most recent external assessment and an annual self-assessment). • The head of internal audit and the organisation operate in accordance with the principles of the CIPFA <u>Statement on the Role of the Head of Internal Audit</u> (2019). 	

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
<p>Aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements.</p>	<ul style="list-style-type: none"> • Reviewing how the governance arrangements support the achievement of sustainable outcomes. • Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place. • Reviewing the effectiveness of performance management arrangements. 	<ul style="list-style-type: none"> • Inspection reports indicate that arrangements are appropriate to support the achievement of service objectives. • The authority's arrangements to review and assess performance are satisfactory. 	
<p>Supporting the development of robust arrangements for ensuring value for money.</p>	<ul style="list-style-type: none"> • Ensuring that assurance on value-for-money arrangements is included in the assurances received by the audit committee. • Considering how performance in value for money is evaluated as part of the AGS. • Following up issues raised by external audit in their value-for-money work. 	<ul style="list-style-type: none"> • External audit's assessments of arrangements to support best value are satisfactory. 	
<p>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.</p>	<ul style="list-style-type: none"> • Reviewing arrangements against the standards set out in the <i>Code of Practice on Managing the Risk of Fraud and Corruption</i> (CIPFA, 2014). • Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks. • Assessing the effectiveness of ethical governance arrangements for both staff and governors. 	<ul style="list-style-type: none"> • Good ethical standards are maintained by both elected representatives and officers. This is evidenced by robust assurance over culture, ethics and counter fraud arrangements. 	

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
<p>Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.</p>	<ul style="list-style-type: none"> Working with key members/ the PCC and chief constable to improve their understanding of the AGS and their contribution to it. Improving how the authority discharges its responsibilities for public reporting – for example, better targeting the audience and use of plain English. Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency. Publishing an annual report from the committee. 	<ul style="list-style-type: none"> The authority meets the statutory deadlines for financial reporting with accounts for audit of an appropriate quality. The external auditor completed the audit of the financial statements with minimal adjustments and an unqualified opinion. The authority has published its financial statements and AGS in accordance with statutory guidelines. The AGS is underpinned by a robust evaluation and is an accurate assessment of the adequacy of governance arrangements. 	

OVERALL QUESTIONS TO CONSIDER

- 1 Does the committee proactively seek assurance over the key indicators?
- 2 How proactive is the committee in responding to aspects of governance, risk, control and audit that need change or improvement?
- 3 Are recommendations from the committee taken seriously by those responsible for taking action?

REPORTING RESULTS

The outcome of the review can be used to inform the committee's annual report.

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