

# Audit Committee Agenda



**Date:** Thursday, 31 May 2018

**Time:** 2.00 pm

**Venue:** Meeting room 1P 09, City Hall

## **Distribution:**

**Councillors:** Mark Brain, Jos Clark, Olly Mead, Steve Pearce, Liz Radford, Afzal Shah, Clive Stevens

**Independent members:** Adebola Adebayo and Simon Cookson

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**Date:** 22 May 2018



# Agenda

## *Annual business / standard items:*

### **1. Apologies and safety information**

**2.00 pm**

#### **SAFETY INFORMATION – PLEASE NOTE:**

1. There are no planned fire alarm tests or drills. If the alarm sounds, please exit the room via the main entrance lobby at the front of the building.
2. Please then exit the building via the front ramp and assemble at the fire assembly point, which is on the paved area between the side entrance of the cathedral and the roundabout at the Deanery Road end of the building.
3. Please follow the instructions of the fire wardens and security staff on hand. Please do not return to the building until instructed to do so by fire wardens.

### **2. Membership of committee (to note)**

### **3. Election of Chair of the committee 2018-19**

### **4. Election of Vice-Chair of the committee 2018-19**

### **5. Declarations of interest**

To note any declarations of interest from 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 declaration of interest made at the meeting which is not on the register of interests should be notified to the Monitoring Officer for inclusion.

### **6. Terms of reference of the committee (to note)**

**(Pages 5 - 6)**

### **7. Establishment of Values & Ethics Sub-Committee**

Further to the annual meeting of the Full Council on 22 May (where a range of constitutional changes were considered), the Audit Committee is asked to agree in principle that it should establish a Values & Ethics Sub-Committee, to be independently chaired. A report on the detailed arrangements will be submitted to the next meeting of the committee.



## 8. Dates and times of committee meetings 2018-19 (to confirm)

The following meeting dates are proposed:

- \* 1.00 pm Thursday 26 July 2018
- \* 2.00 pm Thursday 20 September 2018
- \* 2.00 pm Thursday 22 November 2018
- \* 2.00 pm Thursday 24 January 2019
- \* 2.00 pm Thursday 28 March 2019

## 9. Minutes of previous meetings (to be confirmed as a correct record) 2.10 pm

- a. Minutes – Audit Committee – 29 March 2018 (Pages 7 - 21)
- b. Minutes – Extraordinary Audit Committee – 2 May 2018

## 10. Action sheet from previous meeting

(Pages 22 - 23)

## 11. Public forum

Up to 30 minutes is allowed for this item. Public forum items must be about matters that fall within the remit of the Audit Committee.

Any member of the public or councillor may participate in public forum. Public forum items should be emailed to [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)

Please note that the following deadlines will apply in relation to this meeting:

Questions - Written questions must be submitted by 5.00 pm on Thursday 24 May 2018 at latest.

Petitions and statements - Petitions / written statements must be submitted by 12.00 noon on Wednesday 30 May 2018 at latest.

### *External Audit item:*

## 12. BDO's (External Auditor) progress report to the Audit Committee 2.20 pm

(Pages 24 - 32)



*Internal audit items:*

- 13. Internal Audit annual report 2017-18** **2.40 pm**  
**(Pages 33 - 55)**
- 14. Draft Annual Governance Statement 2017-18** **3.00 pm**  
**(Page 56)**  
Please note: on the advice of the Monitoring Officer, in light of the pre-election period currently in place ahead of the 24 May City Council by-election, the full report will be published on Friday 25 May.
- 15. Annual counter fraud report 2017-18** **3.20 pm**  
**(Pages 57 - 69)**
- 16. Audit Committee annual report to Full Council - draft report** **3.40 pm**  
**(Pages 70 - 83)**
- Finance item:*
- 17. Draft Statement of Accounts 2017-18** **4.00 pm**  
**(Pages 84 - 86)**  
Please note: on the advice of the Monitoring Officer, in light of the pre-election period currently in place ahead of the 24 May City Council by-election, the full report will be published on Friday 25 May.
- Legal items:*
- 18. Councillor referral to the Audit Committee** **4.20 pm**  
**(Pages 87 - 91)**
- 19. DBS checks for members of Council - draft policy and guidance note** **4.40 pm**  
**(Pages 92 - 111)**



## **AUDIT COMMITTEE**

### **Terms of Reference**

#### **Overview**

The Audit Committee is a non-statutory committee independent of the council's executive and scrutiny and it reports to full council. It will appoint a Values and Ethics Sub-Committee to undertake identified functions. Its purpose is to provide independent assurance to the council in relation to:-

1. The effectiveness of the council's governance arrangements, risk management framework and internal control environment including overseeing:

- risk management strategies
- anti-fraud arrangements
- whistle-blowing strategies
- internal and external audit activity;

2. The effectiveness of the council's financial and non-financial performance to the extent it affects exposure to risk and poor internal control;

3. The annual governance statement;

4. The review and approval of the annual statement of accounts, confirming the appropriate accounting policies have been followed, including the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

#### **Functions**

Full Council has delegated the following functions to the Audit Committee:

- Duty to review and consider the effectiveness of the council's system of internal control and approval the annual governance statement; review and consider and approve the statement of accounts (Accounts and Audit (England) Regulations 2011 S.I. 2011/817).

- Assist the council in its statutory duty to promote and maintain high standards of conduct by members and co-opted members.

- Advise the council on the adoption or revision of the Code of Conduct for Members and any associated codes or protocols and monitoring their operation.

- Advise on training members on the Code of Conduct.
- Consider and determine any allegations of misconduct by a member of council (which could be a breach of the code of conduct) if the Monitoring Officer requests assistance.
- Consider nominations made by Group Whips for the conferring of the title “Honorary Alderman” and “Honorary Alderwoman” and making recommendations to Full Council thereon.
- To monitor the register of members interests.
- To grant dispensations pursuant to section 33(2) of the Localism Act 2011 where:
  - (i) without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the outcome of any vote on the matter.
  - (ii) that the authority considers that the dispensation is in the interests of persons living in its area; or
  - (iii) where the Committee considers that it is otherwise appropriate to grant a dispensation.

### **Composition**

7 elected members of the Council and 2 independent members, with an elected member member taking the chair for the municipal year.

## Bristol City Council Minutes of the Audit Committee 29 March 2018



Members present:-

Councillors: Jos Clark (Chair), Olly Mead, Steve Pearce, Clive Stevens, Mark Weston (substitute for Liz Radford)

Independent Members: Adebola Adebayo and Simon Cookson

Officers in attendance:-

Jonathan Idle, Alison Mullis, Denise Murray, Chris Holme, Nancy Rollason, Shahzia Daya, Tony Whitlock and Jeremy Livitt

Apologies for absence: Councillors Afzal Shah, Barry Clark and Liz Radford

Also in attendance (for Agenda Item 8): Greg Rubins and David Eagles (BDO)

### **1. Welcome, apologies and safety information**

The Chair welcomed all parties to the meeting. Apologies were received from Councillor Afzal Shah, Councillor Barry Clark and Councillor Liz Radford.

### **2. Declarations of interest**

There were no declarations of interest.

### **3. Minutes of previous meeting**

The committee approved the minutes of the previous meeting held on 25 January 2018 as a correct record.

### **4. Action sheet from previous meeting**

The committee noted the action sheet from the previous meeting. The following was noted:



- The revised Code of Governance would form part of the constitution. An update would be submitted to Full Council on 22 May 2018.
- Officers indicated that they would pass on councillors' request to see the amended Code prior to it being submitted to Full Council; also to clarify whether amendments can be submitted at or before Full Council to the Code of Governance by members. Action - Nancy Rollason
- It was noted that Action 2 (BDO's 2016/17 Grants Report – Housing Benefit Subsidy) had been completed.
- Complaints – members wanted to know if any themes were emerging and requested a report from the Monitoring Officer. Action – Nancy Rollason

## 5. Public forum

The committee received public forum questions from Alderman Brian Price, together with answers as follows:

### Question 1 - Audit Committee – 29 March 2018

Dear BCC Audit Committee

In the light of Item 16 of your meeting of 21st Sept 2017: Underspent returned grants 2016-17.

Q1. What definite Returns/Claw Backs of Grants have been identified for 2017/18?

Q2. What potential Returns/Claw Backs of Grants have been identified for 2017/18?

Thanking you in anticipation of written answers.

Alderman Brian Price.

#### REPLY:

Q1. A: Only one grant has been identified as requiring a partial return in 2017/18. This relates to a capital grant for work at Windmill City Farm Nursery. Originally £740k was awarded by the Education & Skills Funding Agency (ESFA) to build a new block on the site. However Windmill City Farm trustees rejected the offer as being against the ethos of the nursery because the proposed build compromised too much of the existing outdoor play space.

An alternative scheme has now been developed around redeveloping an existing building on the site which will deliver some additional capacity. The new proposals have been agreed by trustees. As this has led to an overall reduction in total project costs, £493k from the original grant allocation will be returned to the ESFA.

Q2 A: At this time no other potential returns of any further grants have been identified for 2017/18.

## 6. Work programme

The committee noted the work programme. The following points were made:





- Officers agreed to arrange for a position update on the arrangements for grants for Looked After Children. Action: Denise Murray
- There had been some slippage this year with reports. In future, officers were urged to ensure that the work timetable was adhered to as closely as possible and if there were difficulties, to ensure the committee was kept informed. Action: Chris Holme/Denise Murray
- Ethical Standards consultation – consultation was due to end on 18 May 2018. Since the next meeting of the Audit Committee was not scheduled until 24 May 2018, it was proposed that officers prepare a written response based on the consultation requesting observations and then send them off. If necessary, an informal meeting would take place. Action: Nancy Rollason
- Corporate Risk Register update – This is due to be submitted to Cabinet in June 2018 and received by the Audit Committee in July 2018. This will align consideration of risk to quarterly reporting of finance, performance and risk.
- Bundred Action Plan Tracker – this will be received by the Committee every six months unless also necessary in the intervening periods.

## **7. Bundred Report and Annual Governance Statement Tracker**

The committee discussed the Bundred report and Annual Governance Statement Tracker. The following comments were made:

- B18: Officers advised that the new decision pathway had been recently introduced and had now been approved and published. Although it was noted that there was no specific reference to scrutiny, this formed part of the process. It had been signed off by the Mayor and the new strategic board. Any future issues concerning the pathway would be dealt with as required.
- Officers drew the committee's attention to the table setting out the details, together with recommendations. Some areas remained only 50% complete (ie Finance) which reflects the scale of the journey completed and what remained to be done. Future focus needed to concentrate on peer reviews and culture
- At the end of the year, 77% of actions were still listed as amber. The Chief Internal Auditor commented that the tracking related to areas where it had been concluded there were "significant governance issues" within the Annual Governance Statement for 2016/17, commenting that these had been included within the Council's Accounts for 2016/17 and had been agreed by the Audit Committee. In this context, it could have reasonably been expected that a higher level of implementation would have occurred. The level of implementation of significant governance issues would need to be reflected in the Annual Internal Audit report and the Annual Governance Statement for 2017/18.
- Officers stated that target dates for completion were set out.
- Officers confirmed that the Corporate Risk Register was being refreshed with a new approach which would test and mitigate options.
- Officers stated that arrangements for accelerating the process were working. Audit Committee could ask for more a more detailed briefing if required.



- Members stated that in the past there had been greater style than substance in the preparation of information. This situation had improved recently. Shorter notes were often preferable to a fuller report, with links being a useful tool to supplement information as required. Officers pointed out that Bundred had criticised the lack of sufficient detail /information. As a result, information was provided either through a presentation or a detailed report.
- B39 and B40: Whilst most officers would readily provide information to councillors if required, members stated that it was not always clear where members should go to obtain information. Members didn't always know what they were entitled to see. Officers were requested to remind all members about this – Action - Nancy Rollason to brief Members.  
In addition, some existing generic e-mails were unhelpful and, in some cases, needed to be updated. Officers advised that they represented all councillors in as open and transparent a way as possible unless a report was exempt. Action: Officers to check generic e-mail addresses and provide information for councillors to assist them in reducing the amount of time that it can take for them to get information that they require as part of their casework – Denise Murray
- Officers noted concerns from the Independent Members that there needed to be a proper indication where actions were not on track for delivery, in addition to an assessment of what the risks are and how to manage them. It was pointed out that those items which were identified as amber required further action. However, it was acknowledged that a narrative could also be provided. Action: Denise Murray
- There were 85 recommendations in the Bundred report. The volume of work required was huge. Officers were working as hard as possible to ensure these were completed. Whilst most of the work was completed, it was hoped to embed the required frameworks by 2019.
- In response to members' concerns that a large number of items remained in amber with no completion date, officers confirmed that this was part of the restructure process. Until this was carried out, the appropriate assessment centre work to identify completion dates could not be made. It was acknowledged that there had been a marked improvement in terms of the Medium Term Financial Plan and the budget process.
- Whilst overall staff morale had significantly improved, work still remained in this area.
- Officers agreed to confirm why 9 out of 17 items originally listed as amber were now listed as green. Action: Denise Murray

**Resolved – that the report be noted.**

## **8. BDO's planning report to the Audit Committee 2017-18**

David Eagles and Greg Rubins (BDO - External Auditors) introduced this report. They made the following points:

- Page 58 set out the timetable of work. Some initial meetings had taken place with finance to ensure that the timetable could be met.
- Following an early valuation of assets on 1 December 2017, work was still required to ensure that these were still valid as of 31 March 2018
- The following areas of greater risk had been identified: (1) Group Accounts – PWC (2) Pensions – Grant Thornton.



- Anything above 2% of materiality level above actual gross expenditure in 2016/17 would be reported.
- Members' attention was drawn to Page 63 setting out the Key Audit Risk and Page 64 setting out the property, plant and equipment, investment property valuations and pension liability assumptions.
- In response to members' concerns that the National Non Domestic rate (NNDR) was not red, it was noted that this was the subject of a separate review.
- The External Auditors noted concerns that liabilities could be overvalued and the deficit was not sufficiently reduced, this could lead to future intervention by the Secretary of State. However, they pointed out that the ranges were fixed and were an issue for all local authorities. Therefore, issues such as longevity could not be commented on. However, local assumptions could be examined (ie pay increases). In addition, other issues such as the Brunel Pension Pool were outside the scope of their work.
- The External Auditors confirmed that collection funds would be a part of their assessment of the Medium Term Financial Strategy.
- It was noted that it was still a challenging environment to ensure sustainable finances.
- Details of audit fees were set out.

**Resolved – that the report be noted.**

## **9. Internal Audit - Draft Plan 2018-19**

The Head of Internal Audit introduced this report and made the following points:

- Internal audit are a key assurance provider to the Audit Committee and thus the Committee need to ensure the audit work plan will provide the assurances they require.
- The plan sets out a draft work programme that should enable the required annual internal audit opinion on the risk management, internal control and governance arrangements to be formed at the end of the financial year and reported to management and the Audit Committee.
- Details of how the plan was formulated are contained in the report. Liaison with external audit is ongoing to ensure there is no duplication of work.
- Resources required to deliver the plan are set out in the report. Available resources fall short of estimated requirements as the team is carrying vacancies pending the skills review currently in progress. A methodology is being developed to distinguish core and non core work to help address this imbalance. Where appropriate, a fee structure for non core work is being researched which may support delivery of the core programme. However, should amendments to the plan be required, this will done in agreement with the Audit Committee.
- Key features of the plan are set out in the report. Notably, the team has stepped away from facilitation of risk management to enable formulation of an independent opinion on these arrangements. Assurance mapping of the highest risks in the corporate risk registers is an area of development and will inform that work. Using an 'embedded assurance' approach to auditing



projects and programmes should support improvements across the Council in delivering successful projects. The team also plans to continue to deliver an extensive counter-fraud programme.

- Arrangements to monitor delivery of the plan and the internal audit team's performance are also detailed in the report.
- The Audit Committee were asked to approve the draft plan.

The following responses were provided in response to Members' questions:

- The plan for 2017/18 included areas identified by the governance review and the activity report for the year to date (agenda item 12) detailed those areas. The plan for 2018/19 also contained work in some of these areas where they were not covered in 2017/18.
- A comparison of resources availability and planned resource allocations for the previous two years is available and will be provided to Committee members. Action: Alison Mullis/Jonathan Idle.
- Further details can be provided to the Committee on assurance mapping as this work progresses.

Action Alison Mullis/Jonathan Idle.

**Resolved: That the Internal Audit Plan for 2018/19 be approved.**

## **10. Whistleblowing Arrangements - Annual Review**

The Head of Internal Audit made the following points:

- In accordance with best practice, an Annual Audit of whistle blowing arrangements had been prepared and was submitted to Audit Committee.
- A whistleblowing process is in place to report and record concerns. The process was revised and refreshed in February 2017 and at the launch of the new arrangements, details were publicised. Further awareness raising has not however occurred.
- A staff survey was completed as part of the review and although only a limited number of responses to the survey were received, the results indicated low staff awareness of the arrangements. Proactive and regular communications are required at all levels of management to address this.
- Benchmarking with Core Cities colleagues also indicated comparatively low levels of concerns reported in Bristol. This could indicate low level of confidence or a lack of awareness.
- Insufficient priority may have been given to issues raised and concerns are not always investigated. Management oversight is required to ensure cases are progressed in a timely manner going forward.
- There is no mechanism in place to evaluate the outcome of cases and ensure lessons are learned – quarterly case management meetings have now been agreed.
- There is some tidying up required of code of conducts and the whistleblowing procedures.
- Management have agreed all of the recommendations made in the report. An annual audit of the procedures will ensure the committee are advised of progress of improvements.



Members expressed concern that this procedure was not sufficiently promoted across the council and that outcomes from the investigations are not evaluated. Also, they were concerned to ensure that phone lines for reporting concerns are answered.

Officers confirmed that Trade Unions had been consulted upon the refresh of the process in February 2017 and that staff could raise concerns via the Trade Unions. However, this review had not included consultation with them. Action: Alison Mullis/Jonathan Idle to source feedback on effectiveness of arrangements from Trade Unions via HR.

**Resolved – that the report be noted.**

## **11. Results of Peer Review of Internal Audit**

The Interim Chief Internal Auditor introduced this report and made the following points:

- A Peer Review of the Internal Audit Service had been undertaken as per the Terms of Reference agreed by the Audit Committee in July 2017.
- The review was undertaken by the Head of Internal Audit of Sheffield City Council and was a comprehensive review of 342 standards of the Public Sector Internal Audit Standards (PSIAS)
- The review incorporated the validation and testing against a self-assessment against the standards undertaken by BCC Internal Audit.
- The review conclude that BCC internal Audit “generally conforms” to the requirements of PSIAS. This was broadly satisfactory with the section complying with 84% of the standards with a further 14% partially conforming.
- BCC’s own work had identified a number of key areas for improvement (listed on Page 108 of the report).
- The key areas for improvement related to:
  - o The role of Internal Audit in Risk Management
  - o Training and Appraisals
  - o More effective documentation of the quality assurance and control of audit output and working paper completion.

In response to Members’ questions, he made the following points:

- The following low level recommendations had been identified – (1) Best Practice – conflict of interest statements (2) A record of positive report formats.
- The majority of actions required to address the recommendations would be addressed by November 2018.
- In relation to Assurance mapping, the Audit Plan for 2018/19 included a far greater emphasis upon the reviewing of assurances in respect of the risks within the Corporate Risk Register and this would be approached in line with the Three Lines of Defence Model.



Additionally, in response to a question relating to the recommendation relating to the Audit Committee and the approval of the Internal Audit budget, the s.151 officer responded that whilst responsibility for the budget remained with Full Council, the Audit Committee would be able to comment on resources to ensure delivery was balanced within the organisation.

**Resolved – that the report be noted.**

## **12. Internal Audit Activity Report - 1 April 2017 - 1 March 2018**

The Interim Chief Internal Auditor introduced this report which included the following points:

- An update on the delivery of the Audit Plan and resources;
- Annual Governance Statement Assurances have been requested for return by mid-March.
- 27 grants/ certifications with a total value of £30m certified to date;
- Recommendation implementation rate currently at 91% implemented or partially implemented;
- Pro-active fraud work continues to identified a good level of recoverable savings and an increased number of recovered council tenancies, noting that since reporting to Audit Committee in November, there has been an increase in potential recoverable savings from £539k to £887k and notional savings of £1.7m to £2.4m which have been identified by the Counter Fraud / Investigations Team.
- The majority of assurance reviews were either complete, in progress or at early planning stages.
- Summaries of 13 completed audit reports were reported to the Committee and related to completed audits, of which the respective Audit opinions were:
  - o 6 Reasonable Assurance
  - o 6 Limited Assurance:
  - o 1 retrospective review re Duplicate Cheques and Print And Mail Services
- Members queried the process when there was a disagreed recommendation and the Interim Chief Internal Audit explained that in such instances where management felt either the risk was considered to be managed or not require any control improvement that it be reported to the Audit Committee following relevant discussions during the course of the audit process.

The Acting Director, Finance, answered specific questions in relation to recommendations relating to the Loans Fund and the independent checking of the journals process.

- There was specific commentary in respect of the following audits:



- o Complaints Management
- o Contract Waivers
- o Contract Register and Publication Requirements
- o Housing Voids
- o Cash Receipting System Contract
- o Bank Reconciliation
- o Clearing House Automated Payment System (CHAPS)
- o Accounts Payable
- o GDPR

In response to members' questions, officers made the following points:

- Members' concern about 240 missing cheques was noted. It was explained that this was caused by human error. The processes had been reviewed to ensure they were robust enough to prevent it happening again
- There was a follow up report currently being concluded in respect of the audit report on Foster Care Payments and this would be included within a subsequent report to the Committee.

**Resolved – that the report be noted.**

### **13 Update on General Data Protection Regulations (GDPR) Readiness**

The Monitoring Officer introduced this report and made the following points:

- There was a huge task for an organisation to ensure compliance within the required time period.
- As at present, 92% of returns had been received.
- The training module had been rolled out across the organisation.
- Weekly updates would be provided to ensure 100% compliance.
- A Privacy Impact Assessment would be carried out.
- Subject access requirements needed to be received within 30 days.
- It had been proposed that the process was centralised to ensure effective control.
- The Statutory Data Protection Officer would play a key role in ensuring behaviour changed and was embedded.
- 5 super users would also be trained to support the process.
- It would be significantly tied up by this process and therefore proper alternation of work assist.
- A fair processing template would be developed for councillors.
- Councillor Cheney was regularly briefed. A written update would be provided to Committee members by e-mail to provide a direction of travel in this area.

Action: Shahzia Daya

**Resolved – that the report be noted.**



#### **14. Date of next meeting**

It was noted that the next meeting was scheduled as the Annual Meeting for 2018/19 at 2.00 pm on Thursday 24May 2018.

Meeting ended at 4.50 pm

CHAIR





# Bristol City Council

## Minutes of the Audit Committee

2 May 2018 at 4.00 pm



### **Present:-**

**Councillors:** Jos Clark, Olly Mead, Steve Pearce, Jo Sergeant (substitute for Barry Clark), Afzal Shah, Clive Stevens

**Independent member:** Simon Cookson

### **Officers in attendance:**

Shahzia Daya, Director - Legal & Democratic Services

Nancy Rollason, Head of Legal Service and Deputy Monitoring Officer

Andrea Dell, Head of Democratic Engagement and Statutory Scrutiny Officer

Ian Hird, Democratic Services

Jonathan Idle, Interim Chief Internal Auditor

Alison Mullis, Head of Internal Audit

Chris Holme, Interim Director – Finance

Tony Whitlock, Finance Manager

## **1. Welcome, apologies and safety information**

The Chair welcomed everyone to the meeting and attendees introduced themselves.

Apologies were received from Adebola Adebayo (independent member), Cllr Barry Clark and Cllr Liz Radford.

It was noted that Cllr Jo Sergeant was attending this meeting as a substitute for Cllr Barry Clark.

The Chair drew attention to the safety information as detailed on the agenda.

## **2. Declarations of interest**

None.



### 3. Public forum

The committee noted a statement received from Cllr Mark Brain relating to agenda item 4 – Proposed constitution changes, with particular reference to the proposal around an independent person chairing the Audit Committee.

At this point in the meeting, the Chair raised the following matters:

#### **a. Date of next meeting:**

Following discussion, it was agreed that the next meeting of the committee would be rescheduled from 2.00 pm on 24 May 2018 to 2.00 pm on 31 May 2018.

#### **b. Letter received from three councillors requesting an Audit Committee inquiry around employment issues regarding former Chief Executives of the authority:**

The Chair referred to a letter she had received from three councillors requesting that the Audit Committee should set up an inquiry around a number of employment issues regarding former Chief Executives of the authority. This request could not be considered at today's extraordinary meeting of the committee. Officers would be preparing a report (to be considered at the 31 May meeting of the committee) setting out the issues and recommending how the committee responds to the councillors and to the issues raised.

### 4. Proposed constitution changes

The committee reviewed the following documents setting out details of proposed constitutional change ahead of the 22 May Annual Council meeting:

- Appendix A - an overview of the proposed constitutional changes, together with an update on the current status of each proposal, including a summary of proposed changes to the arrangements for Full Council meetings.
- Appendix B - proposed changes to the Member Code of Conduct.
- Appendix C - proposed changes to the Member/Officer Protocol.
- Appendix D - proposed changes to the Audit Committee terms of reference, including a proposal that the committee should be chaired by an independent person.
- Appendix E - a proposal to establish a Values and Ethics Committee, and the proposed terms of reference for the committee.
- Appendix F - refreshed finance regulations and procurement rules.

The committee's comments on each of the above documents are summarised below:



**Changes to the arrangements for Full Council (as summarised in Appendix A):**

- a. Executive debate slot: Disappointment was expressed that the Executive debate slot at Full Council meetings was not being progressed. It was felt this would have increased public interest in Full Council meetings and enabled early cross-party engagement in policy development.
- b. Public forum: The current custom and practice around enabling councillors to substitute for / present statements at Full Council on behalf of their constituents should continue and potentially be formalised in the constitution.
- c. Petitions: The proposed increase in the petition threshold (number of signatures required to enable a petition to be debated at Full Council) would lead to a reduction in the number of petitions able to be debated at Full Council, thereby reducing citizen engagement in the democratic process.
- d. Motions: Greater flexibility should be considered around the time allocation for motions and the length of speeches to enable, where possible, both the “golden” and “silver” motions to be considered. This could include reducing the time allocation for the “golden” motion depending on the topic involved and the level of public interest.

**Appendix B – proposed changes to the Member Code of Conduct:**

- a. The proposed inclusion of councillors’ non-pecuniary interests as a requirement within the Code was welcomed and felt to be positive.
- b. In relation to section 1 of the Code (General conduct), it was suggested that additional narrative should be included to further explain the principle of “selflessness” as it applies to holders of public office.
- c. The revised wording of principle 4.1 (Behaving with integrity) was particularly welcomed, together with the removal of the clause about “not bringing the office of elected member or the authority into disrepute.” Members felt it was very important that they retained the freedom to be able to raise “their heads above the parapet” in drawing attention to issues of genuine concern.
- d. Discussion took place around councillor attendance at meetings. Whilst it was obviously important that councillors attended meetings of those committees they were appointed to (which was recorded and was a matter of public record), the record of attendance at meetings in itself did not necessarily reflect the degree to which councillors had actively participated at those meetings, or reflect how active and effective individual councillors were in more general terms. It was suggested that other aspects of councillor activity could be recorded (e.g. to show time spent on ward casework, or time spent participating in community meetings/activity, or preparing written submissions connected to their councillor role). It was noted that Modern.Gov may have the capability/functionality to record aspects of councillor activity other than meeting attendance.

**Appendix C – proposed changes to the Member/Officer Protocol:**

- a. In relation to section 6.3 (members’ rights to inspect a document) and the reference to APR 21.1 – Material relating to decisions, concern was expressed that the exemption clause for political advisors’ advice could be used to make entire documents exempt. Officers advised that this clause was thought to be statutory but this would be confirmed. If the clause was not statutory, it would be removed. If the clause was statutory, further clarification would be included to ensure that a political advisor’s advice is always in a separate exempt appendix.



- b. It was noted that the Overview and Scrutiny Management Board had recently reviewed the process and governance / protocol around the inclusion of exempt material in Cabinet / committee reports.

**Appendix D – proposed changes to the Audit Committee terms of reference, including a proposal that the committee should be chaired by an independent person:**

- a. The committee felt very strongly that the Chair position should be held by a councillor. The democratic accountability and the specific role councillors hold was a strength that an independent member would not have. The same applied in terms of councillors' understanding of the organisation and the views of their constituents. Concern was also expressed that the proposal could perhaps set a precedent for other committee chair positions.
- b. It was noted that CIPFA guidance stressed the need for an independently minded Chair of the Audit Committee. Whilst it was entirely appropriate for the Audit Committee to appoint independent members as per the guidance, there was no comment within the guidance to the effect the committee should be chaired by an independent member. In further discussion, members emphasised that a strong, independently minded councillor Chair was felt to be the best option.
- c. The production of a short job description for the Chair role should be considered.
- d. In terms of the membership of the committee, the "churn" in membership of the committee acted against the interests of maintaining a consistent approach; moving forwards, it would be important to limit changes to the membership and look to retain the expertise of effective, independently minded councillors.
- e. One member proposed that the appointment process for the Chair of Audit Committee could be reconsidered and that this could be a function of Full Council.
- f. It was felt that the Chair of the Audit Committee should not be a member of the Elected Mayor's political party or of the majority/largest political group.

**Appendix E – proposed Values & Ethics Committee terms of reference:**

- a. Concern was expressed about the extra resource required to establish a new committee and whether this could be justified in terms of the number of times that the committee was likely to be required to meet. The committee stressed, however, that a strong focus on values and ethics was important for the organisation.
- b. Clauses 6 and 8 of the proposed terms of reference should be removed as these were duplicated in the new proposed Audit Committee terms of reference.
- c. It was noted that the committee's capacity was limited and that under the new proposed terms of reference, it was likely that Audit Committee agendas would continue to be lengthy, and that additional committee meetings were likely to be required.
- d. Members proposed that rather than Full Council establishing a Values and Ethics Committee, the Audit Committee could establish a Values and Ethics Sub-Committee as a permanent sub-committee of the Audit Committee, chaired by an independent member and called to meet as needed to investigate specific issues. Membership was proposed to be comprised by one councillor from each political group, plus the independent Chair. In the case of member conduct issues, it would be preferable to not have a member of the same political group sitting on the sub-committee for that hearing.



- e. It was suggested that, if established, as part of its role, the sub-committee might be tasked with overseeing compliance with data protection requirements under GDPR.

**Appendix F – Financial regulations and Procurement rules:**

It was noted that these regulations / rules were being refreshed rather than being the subject of any substantial changes, and that compliance would continue to be examined by the Audit Committee.

**RESOLVED –**

**That a summary of the comments of the committee as detailed above be circulated to the Mayor and party group leaders in order that the committee’s views can be taken into account in the current review of the Council’s constitution, noting that the proposed constitutional changes will be considered and determined at the annual Full Council meeting on 22 May 2018. It was noted that the comments of the committee may be included as an appendix in the 22 May annual Full Council agenda papers.**

Meeting ended at 5.40 pm

**CHAIR** \_\_\_\_\_



## Audit Committee Action Sheet – actions from meeting held on 29 March 2018

Action number	Item/report	Action and deadline	Responsible officer	Action taken / progress
1	Matter arising from action sheet – complaints	Members asked if there were any emerging themes arising from complaints and requested a report in due course.	Nancy Rollason	Feedback to next meeting
2	Matter arising from work programme - grants	Officers agreed to arrange for a position update on arrangements for grants for looked after children.	Denise Murray / Chris Holme	Completed. No grants were returned as unspent in 2017-18
3	Matter arising from work programme – Ethical standards consultation	Response to be co-ordinated to meet 18 May deadline.	Nancy Rollason	Completed
4	Bundred / AGS action plan tracker	To be reviewed by the committee moving forwards on a 6 monthly basis.	Denise Murray / Chris Holme	Work programme updated accordingly
5	Bundred / AGS action plan tracker (B39 & B40)	A briefing to be issued to members to remind them about information they are entitled to see.	Nancy Rollason	Guidance note being developed with Democratic Services
6	Bundred / AGS action plan tracker (B39 & B40)	Officers to check generic e-mail addresses to assist councillors in terms of their casework.	Denise Murray	
7	Bundred/ AGS action plan tracker	Officers to confirm why 9 out of 17 items originally listed as amber were now listed as green.	Denise Murray / Chris Holme	
8	Internal Audit draft plan	A comparison of resource availability and planned resource allocations for the previous 2 years to be provided to committee members.	Jonathan Idle / Alison Mullis	Will be circulated prior to the (May) Audit Committee.
9	Internal Audit draft plan	Further details to be provided to the committee on assurance mapping as this work progresses.	Jonathan Idle / Alison Mullis	To be provided at November Audit Committee.
10	Whistleblowing arrangements – annual review – consultation with trade unions on refresh of process	Officers to source feedback of effectiveness of arrangements from trade unions via HR.	Jonathan Idle / Alison Mullis	In Progress

Action number	Item/report	Action and deadline	Responsible officer	Action taken / progress
11	Update on GDPR	A further update to be emailed to committee members on the direction of travel in this area.	Shahzia Daya	E-mail to committee members to be sent before the next meeting

# Audit Committee

31 May 2018



**Report of:** BDO LLP

**Title:** BDO's Progress Report to the Audit Committee 2017-18

**Ward:** City Wide

**Officer Presenting Report:** BDO LLP

## Recommendation

The Audit Committee note, and comment as appropriate, on BDO's Audit Progress Report for 2017/18

## Summary

Attached to this report is the BDO Audit Progress Report for 2017/18. This updates the Audit Planning Report presented to the Audit Committee on 28 February 2018. The report sets out a revised assessment of the key risks identified in the previous report along with an update of the estimated dates for completion of the audit of the financial statements.





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## Policy

None affected by this report. BDO are the Council's appointed external auditors. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements, namely the Local Audit and Accountability Act 2014.

## Consultation

1. **Internal**  
Interim Director of Finance
2. **External**  
None

## Other Options Considered

3. None

## Risk Assessment

4. None necessary for this report

## Public Sector Equality Duties

5. None necessary for this report

## Legal and Resource Implications

### Legal

None arising from this report

### Financial

#### (a) Revenue

None arising from this report

#### (b) Capital

None arising from this report

### Land

Not Applicable

### Personnel

Not Applicable

## Appendices:

BDO's Audit Progress Report for 2017/18.

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**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:**

None



# BRISTOL CITY COUNCIL

Audit Progress Report  
Page 27  
May 2018

# INTRODUCTION

## Background

This report is intended to provide the Audit Committee with an outline of our progress against our proposed work for 2017/18.

The Local Audit and Accountability Act 2014 makes the Comptroller and Auditor General for the National Audit Office responsible for the preparation, publication and maintenance of the Code of Audit Practice.

The Code sets out what local auditors are required to do to fulfil their statutory responsibilities under the Act:

### Audit of the financial statements

- to be satisfied that the accounts present a true and fair view, and comply with the requirements of the enactments that apply to them
- to be satisfied that proper practices have been observed in the preparation of the accounts

### Value for money arrangements

to be satisfied that the organisation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources

### Reporting

- issue an audit plan that sets out how the auditor intends to carry out their duties
- report the findings of the audit to those charged with governance
- to express an opinion on the accounts
- the opinion on the organisation's arrangements to secure economy, efficiency and effectiveness in the use of resources
- to certify the completion of the audit
- issue an annual audit letter highlighting the results of the auditor's work.




### Other assurance work

We are also undertaking work to provide grant certification assurance on the Housing Benefit Subsidy Claim and other grant claims and returns required by the Council.

## Progress to date

We have assessed whether the arrangements put in place by the Council will allow us to complete our work by the expected deadlines and whether there are any issues that are likely to have a significant impact on our ability to provide unmodified audit reports and opinions.

This is included as a 'RAG' assessment in the report.




ASSESSMENT		EXPLANATION
RED		Unlikely to be able to meet reporting deadlines, significant concerns over governance or finance, or expected modification of audit report or opinion.
AMBER		Some concerns around meeting reporting deadlines, some concerns over governance or finance, or potential risk of modification of audit report or opinion.
GREEN		On target to meet deadlines and no current concerns over governance or finance.
	TBC	Work not yet started or sufficiently progressed to include a 'RAG' assessment

## Tracking progress





In order to allow you to track our progress, where work has been completed and previously reported to you we have 'greyed' out the text.

The key completion and reporting dates are also noted in the following tables.




# AUDIT PROGRESS 2017/18

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
<b>PLANNING</b>				
Planning letter	We are required to provide you with a planning letter setting out the scope of the audit for the year and the proposed fees set by Public Sector Audit Appointments Limited (PSAA).	<p>We have issued our planning letter and the proposed fees for the NAO Code audit are £208,687.</p> <p>We estimate that the fees for the grant certification review of the Housing Benefit Subsidy Claim will be £20,427.</p>	<p><b>Planning Letter</b></p> <p>Issued April 2016.</p>	
Audit plan	We are required to report to you the results of our detailed audit planning and the proposed audit response to significant audit risks ahead of commencement of the audit work.	We have undertaken our preliminary planning work and issued our audit plan.	<p><b>Audit Plan</b></p> <p>Reported to the Audit and Risk Management Committee on 28 February 2018.</p>	
<b>FINANCIAL STATEMENTS</b>				
Interim visit	Audit of the significant financial systems that support the financial statements to be completed before draft accounts are prepared.	<p>Review and testing of the operating effectiveness of internal controls operated by the Council undertaken is currently in progress.</p> <p>Initial audit testing on the Collection Fund and other income transaction was completed during this visit.</p> <p>Work commenced on property revaluations including review of the valuation reports and assumptions used.</p>	<p><b>Significant deficiencies in internal controls</b></p> <p>No significant deficiencies in internal controls identified through our audit work to date.</p> <p>No significant issues identified in the transaction and property revaluation testing to date.</p>	

# AUDIT PROGRESS 2017/18

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
<b>FINANCIAL STATEMENTS (continued)</b>				
Final audit visit	<p>Audit of the draft financial statements to determine whether these give a true and fair view and have been prepared in accordance with the CIPFA's Code of Practice.</p> <p>The audit also includes a review of the annual governance statement.</p>	Final audit visit due to commence on 29 May 2018	<p><b>Final Audit Report</b></p> <p>The findings of our audit on the financial statements are due to be reported to the Audit Committee at the July meeting.</p> <p><b>Auditor's report</b></p> <p>The deadline for this is 31 July 2018</p>	 <p><b>Deadline</b></p> <p>31 July 2018</p>
Whole of Government Account (WGA) schedules audit	We are required to provide an opinion whether the Council's WGA consolidation pack is consistent with the financial statements.	Work not yet started	<p><b>Opinion on the WGA consolidation schedules</b></p> <p>The deadline for this is 31 August 2018.</p>	 <p><b>Deadline</b></p> <p>31 July 2018</p>
<b>USE OF RESOURCES</b>				
Review of arrangements to secure economy, efficiency and effectiveness	<p>The NAO has published revised guidance (AGN 03) for the scope of the work on value for money arrangements for 2017/18 and supporting information for Councils.</p> <p>We are required to be satisfied that the organisation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.</p>	Provisional inquiries made as part of the planning process	<p><b>Final Audit Report</b></p> <p>The findings of our audit on the financial statements are due to be reported to the Audit Committee at the July meeting.</p> <p><b>Auditor's report</b></p> <p>The deadline for this is 31 July 2018</p>	 <p><b>Deadline</b></p> <p>31 July 2018</p>
<b>GRANTS AND RETURNS</b>				
Review of the Housing Benefit Subsidy claim	To review and submit the Housing Benefit Subsidy grant claim in accordance with the PSAA HBCOUNT arrangements by 30 November 2018.	Work not started	The deadline for this is 30 November 2018	 <p><b>Deadline</b></p> <p>30 November 2018</p>

# AUDIT PROGRESS 2017/18

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
<b>REPORTING</b>				
Audit certificate	To certify the completion of the audit at the point that the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged.	To be issued on completion of the audit of the financial statements, WGA, and resolution of any objections to the accounts.	<b>Auditor certificate</b>	 <b>Deadline</b> 31 August 2018
Annual Audit Letter	Public-facing summary of audit work and key conclusions for the year.	Annual Audit Letter to be drafted upon completion of audit work.	<b>Annual audit letter</b> The deadline is 31 October 2018.	 <b>Deadline</b> 31 October 2018
Grants report	Summary of our certification work completed on 31 March 2018 claims, to be issued by February 2019.	Work not yet started	<b>Grants Report</b> The deadline is 28 February 2019	 <b>Deadline</b> 28 February 2019

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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# Audit Committee

31 May 2018



**Report of:** Head of Internal Audit / Chief Internal Auditor

**Title:** Internal Audit Annual Report 2017/18

**Ward:** Citywide

**Officer Presenting Report:** Alison Mullis – Head of Internal Audit  
Jonathan Idle – Chief Internal Auditor

**Contact Telephone Number:** 01179222448 / 07768 635672

## Recommendation

The Audit Committee receive and note this report as a source of assurance regarding the risk, control and governance environment across the Council. The Committee may wish to consider the issues identified in section 3 of the report as potential areas relevant to their annual work programme.

## Summary

The report provides details of the work completed by Internal Audit during 2017/18 and the Head of Internal Audit's opinion on the control, risk and governance environment. The report was presented to the Cabinet Member for Finance, Governance and Performance and the Statutory Policy Board on 10<sup>th</sup> May 2018.

## The significant issues in the report are:

- The Head of Internal Audit's opinion on the control, risk and governance environment, (Section 2 of the report)
- The work completed by the Internal Audit Team from which that opinion is derived (Section 3 and Appendix A to the report)
- Areas of risk exposure identified by the Audit Team (Section 3)
- The Audit Teams Performance and compliance with their professional standards (Section 4)

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## Policy

1. Audit Committee Terms of Reference.

## Consultation

2. **Internal**  
Not Applicable.
3. **External**  
Not Applicable.

## Context

4. Public Sector Internal Audit Standards (PSIAS) require that a report on the work of Internal Audit should be prepared and submitted to Audit Committee annually. Accordingly, the Internal Audit Annual Report is prepared and submitted to both the Executive and the Audit Committee. Additionally, in year update reports have periodically been provided to the Committee and the Executive detailing key issues arising throughout the year. The report being submitted at this time is the Annual Report of Internal Audit activities during the financial year 2017/18.
5. The PSIAS detail the following requirements in respect of annual reporting: “The Head of Internal Audit must provide an annual report to the organisation timed to support the Annual Governance Statement. This must include:
  - An annual opinion on the overall adequacy and effectiveness of the organisations governance, risk and control framework;
  - A summary of audit work from which the opinion is derived;
  - A statement on conformance with the PSIAS and the result of the audit quality assurance and improvement programme;
  - Disclosure of any qualifications to the opinion, together with the reasons for the qualification;
  - Disclosure of any impairments (in fact or appearance) or restriction in scope;
  - A comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets;
  - Any issue the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement.”
6. The issues detailed in the attached report have been considered by the City Council in the formulation of the draft Annual Governance Statement for 2017/18. The report has also been considered by the Statutory Policy Board (SPB) who will support and monitor improvement actions required.
7. The Audit Committee’s Terms of Reference include ensuring that Internal Audit is effective. Section 4 of the Annual Report sets out performance information to enable the Committee to continually assess and consider the effectiveness of internal audit.

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## Proposal

8. The Audit Committee receive and note this report as a source of assurance regarding the risk, control and governance environment across the Council. The Committee may wish to consider the issues identified in section 3 of the report as potential areas relevant to their annual work programme.

## Other Options Considered

9. Not applicable

## Risk Assessment

10. The work of Internal Audit minimises the risk of failures in the Council's internal control, risk management and governance arrangements, reduces fraud and other losses and increases the potential for prevention and detection of such issues. Areas of significant risk are detailed in the report.

## Public Sector Equality Duties

- 11a) 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

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- promote understanding.

11b) No equality impact assessment is necessary for this report. The matters concern internal control, governance and risk management processes only.

### **Legal and Resource Implications**

#### **Legal**

**No advice sought.**

**(Legal advice provided by N/A)**

#### **Financial**

##### **(a) Revenue**

None arising from this report.

##### **(b) Capital**

None arising from this report

**(Financial advice provided by N/A)**

#### **Land**

Not Applicable

#### **Personnel**

Not Applicable

**(Personnel advice provided by N/A)**

### **Appendices:**

Appendix 1- Internal Audit Annual Report 2017/18

### **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

#### **Background Papers:**

- Various Audit Files
- Public Sector Internal Audit Standards 2017 and Local Government Application Note



# BRISTOL INTERNAL AUDIT

APPENDIX 1

## INTERNAL AUDIT: ANNUAL REPORT 2017/18

Date: May 2018

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### Jonathan Idle

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9	Appendix A: Summary of Internal Audit work completed or in progress during the period.	
10	Appendix B: Summary of Audit Opinions Used.	

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## 1. Purpose of this Annual Report

1.1 This Annual Report provides a summary of the work completed by Internal Audit (IA) during 2017/18. Its purpose is to:

- Provide the annual internal audit opinion on the overall adequacy and effectiveness of the Council's governance; risk management and control framework during 2018/19 to support the preparation of the Annual Governance Statement;
- Provide a summary of the work completed from which the opinion is derived;
- Draw attention to areas of significant risk exposure which need corrective action to improve the control framework;
- Consider the performance and contribution of the Internal Audit service.

## 2. Head of Internal Audit Opinion and Key Headlines:

2.1 This report provides a summary of the work undertaken by Internal Audit in the financial year 2017-18 and the results of that work. From the work undertaken during the year, our overall opinion on the adequacy of the Council's arrangements for Corporate Governance, Risk Management and Internal Control is that:

Table 1

- **Limited assurance** only can be given that the framework of control is adequate. Overall, 63% of reviews undertaken concluded that reasonable assurance could be provided that controls were in place and operating effectively. In 37% (36% during 2016/17) of reviews, limited or no assurance could be provided that controls were in place and effective. Table 1 demonstrates that the downward trend of previous years has not improved.
- At the start of each year, a sample of control systems is selected for review to inform the annual opinion provided above. From these reviews, only 44% of systems and processes sampled concluded that reasonable assurance could be given that controls were in place and operating effectively. (Table 2)
- Audit work at a selection of local authority maintained schools also concluded only limited assurance could be provided regarding the control framework in 50% of schools (and related areas) examined. (Table 2)
- More positively, follow up work completed in areas where the control framework had previously been identified as requiring improvement has demonstrated an increase in the level of implementation of recommendations. This is reflective of a refreshed commitment to improving controls and governance across the Council and enhanced reporting arrangements by the team in drawing senior management attention to improvements required. Para 3.3 refers further.

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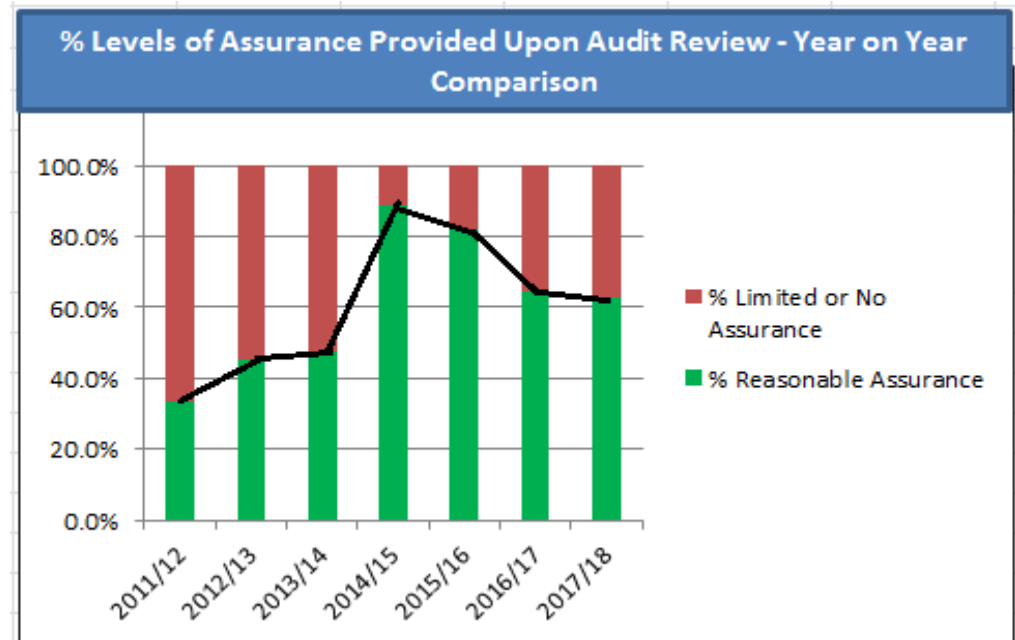


Table 2

% of Reviews Concluding Reasonable Assurance by Work Programme Area					
Audit Type	No of Opinions	Limited or No Assurance	Reasonable Assurance	Total	Reasonable
Planned Programme	39	22	17	39	43.6%
Grants	28	2	26	28	92.9%
Schools	10	5	5	10	50.0%
Follow up	6	2	4	6	66.7%
<b>Total</b>	<b>83</b>	<b>31</b>	<b>52</b>	<b>83</b>	<b>62.7%</b>

- 2.2 Our opinion is based on evidenced assessment of the control framework in a number of areas in accordance with our annual plan. It should be noted that in devising the annual plan, a risk based approach is taken and a such areas of highest risk are targeted for review of the mitigation and controls in place in these higher risk areas. Full details of the work we have completed that has informed this opinion can be seen in Appendix A together with the assurance levels we have been able to provide for each review. For each audit review completed, the assurance level is determined based on the level of control found as set out in Appendix B.
- 2.3 Using the audit opinion/assurance level as an indicator of how likely things are to go wrong and considering the impact of the area under review on achievement of the Council's objectives, a level of risk to the Council is determined using the Corporate risk matrix. In making this assessment the guidance parameters in the Risk Management Policy are used. Those areas in Appendix A where the level of risk is indicated as red should be considered for inclusion in the Corporate Risk Register for monitoring and review in accordance with the refreshed approach required by the new Risk Management Policy.

### 3. Areas of Risk Exposure:

- 3.1 In planning to be able to conclude an opinion on the whole risk management, governance and internal control framework, audit work is framed around 8 key lines of enquiry. Appendix A details which key line of enquiry each piece of work relates to. Our conclusions in each area are as follows:

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Corporate Governance Arrangements	2017/18 Assessment	2016/17 Assessment
<p>Reviews in the areas of complaints, business case robustness and controlling documents on the web page (many of which relate to governance and control requirements) all concluded reasonable assurance that controls were in place and effective.</p> <p>Additionally, progress has been made to review the Council's Code of Corporate Governance, which was recommended for approval at the Audit Committee and that is due to be presented to full Council in May 2018.</p> <p>However, a number of Internal Audit reviews planned during the year have identified issues around governance processes that needed improvement including:</p> <ul style="list-style-type: none"> <li> <p><b>Partnership Governance.</b> A review of the Council's approach to working in partnership identified that partnership arrangements have been set up with varying degree of formality. Governance and risk management arrangements are inconsistent in the absence of clearly defined governing principles.</p> </li> <li> <p><b>Decision Making.</b> An audit to review the quantitative and qualitative factors of reports prepared to inform decision making had identified shortfalls in guidance to authors and quality reviewing of reports. However, prior to finalising the report, and in response to officer concerns that the decision pathway was complex and time consuming, the decision pathway and quality assurance processes were reviewed. Consequently, the audit report was not formally issued and the effectiveness of new arrangements will be re-reviewed in</p> </li> </ul>		



2018/19 once they have had time to embed. Issues with the decision pathway in place during 2017/18 have been highlighted and evidenced as part of the Annual Governance Statement review process.

- **Whistleblowing Procedures.** Whilst the Council has whistleblowing processes in place, concerns were identified around the level of awareness of these and the need to enhance regular communication to support employees in reporting concerns. There was also evidence that investigations into matters reported required greater prioritisation and a process which enables lessons to be learned.
- **Capital Programme Board Follow Up.** An oversight board (the G&R Board) for capital project planning and implementation had been established however, at the time of the audit, its terms of reference were unclear. Concerns remained regarding the quality of reporting of project progress and those in exception and accuracy of forecasting spend on major projects. These arrangements, through the G&R Board still required to embed at the time of the audit.

## Risk Management

2017/18 Assessment

2016/17 Assessment

At the start of 2017/18, Internal Audit held a role in facilitating risk management. Following an external peer review of compliance with the Public Sector Internal Auditing Standards (PSIAS), this role ceased primarily for reasons of independence but also due to resource availability. As such the team is not technically positioned to provide an independent assessment on the Council's risk management arrangements during 2017/18. However, the following positive steps are noted:

- The Council's Risk Management Policy was reviewed, endorsed by the Audit Committee (September) and approved by Cabinet (December 2017)
- The Corporate Risk Register was refreshed using new methodologies required by the new policy and received by the Audit Committee in November 2017. It was also received by Cabinet in January 2018.
- High level strategies such as the corporate strategy and the budget included a risk assessment to delivery.

During 2017/18, however, the the following practices were not consistently applied to assist with embedding Risk Management at all levels and across the Council:

- **Quarterly review of Corporate and Directorate Risk Registers.** This lapsed during the year. Whilst development work was completed in respect of the Corporate Risk Register, Directorate Risk Registers were not maintained consistently.
- **Service Planning** – Risk assessment and review in service planning will provide a means to ensure that all service managers consider risks to the delivery of their services. However, the practice of service planning was not consistently required in 2017/18.
- **Resourcing Risk.** A dedicated and specialist resource for risk management was not in place to drive forward improvements and assist managers and advise Members on risks and issues management. As such, whilst the policy was reviewed and approved, it has not been officially launched and no training has been provided to colleagues. An improvement plan has not yet been drafted to provide direction on how risk management can become more effective going forward. An interim resource has been sourced early in 2018/19 to pilot the need for a permanent role.

Reviews of some of the mitigations contained in the CRR were also completed with the following results:

- **Safer Recruitment processes** – concluded limited assurance as pre-employment checks had not been consistently carried out.
- **Business continuity planning** follow up – concluded that only 50% of recommendations had been implemented
- **Managing the risk of provider failure regarding adult social care** - concluded reasonable assurance that this area is being managed effectively.

## Financial Control

2017/18 Assessment

2016/17 Assessment

A number of reviews around financial governance and control have been completed with mixed results. In total 58% of reviews in this area concluded that reasonable assurance could be provided. This compares favourably to 43% of reviews in 2016/17.

Reviews in the following areas provided reasonable assurance that control arrangements are in place and effective:

- Payroll
- NNDR Collection
- Bank Reconciliation
- CHAPs Automated payment system

Additionally, testing in support of grant claims largely concluded that evidenced spend is in accordance with grant terms and conditions which enabled grants to the value of £30m to be claimed by the Council.

Key areas of risk exposure included the following, details of which have all been provided to Audit Committee previously:

- **Accounts Payable**
- **Accounts Receivable**
- **Foster Care Payment Processes**

In addition, a themed review of the approach taken by the Council and **schools** to manage forecast deficits concluded only limited assurance could be provided.\*

Whilst strategic level Financial Regulations have now been developed and are due to be approved by full Council in May 2018 as part of the Constitution Review, detailed level approved procedures have yet to be reviewed, updated and re-issued to reflect current arrangements at the Council.

## Change Programme and Project Management

2017/18 Assessment

2016/17 Assessment

Although the audit of programme and project management requires further coverage, the following conclusions and issues were identified:

- **Housing System Implementation.** A formal audit has not been completed in this year but a watching brief has identified further delays in implementation.
- **GDPR Project Governance.** Significant shortcomings were identified in September 2017 of the need to rapidly escalate the project

management and governance of the Council's GDPR preparations and this was reported in an urgent issues report.

## Procurement and Commissioning

2017/18 Assessment

2016/17 Assessment

The Audit Plan placed specific emphasis upon Procurement and Commissioning in 2017/18.

One of the reviews related to Contract renewals and awards and positively concluded that compliance with the requirements for tenders and the methodology for assessment and award could be demonstrated. Several other reviews in this area, however, have concluded only limited assurance can be assigned on the Council's arrangements relating to:

- **Contract Management.** Standards of contract management were found to be inconsistent across the Council
- **Contract Waivers.** The number of waivers from Procurement Regulations continued to be high and the waivers process had not been consistently applied. The need for many of them could have been avoided with effective contract planning. Ongoing and proactive work was underway to resolve these issues at the time of the review but it was not complete.
- **Contract Register/Publication.** No assurance could be provided regarding completeness of the contracts register and whilst tender invitations were advertised, contract award notices were not being published as required.
- **Adult Care Provision Commissioning.** Whilst leadership and an emergent strategy were in place, this was not reflected in operational plans and review gateways at appropriate stages of the commissioning process were not in place.
- **Purchase Cards.** No clear responsibility for the purchase card system had been assigned and processes to ensure on going relevance for card holders were not in place. Documentary evidence to support card spend was not consistently held and processes did not support identification of value for money for purchase card spend items.
- **Cash Receipting System Contract Management.** The contract had not been retendered for many years in line with Procurement Regulations and no assurance could be provided that the contract was delivering value for money to the Council.

## Information Technology and Security

2017/18 Assessment

2016/17 Assessment

A review of the **Future State (of ICT) Assessment\*** concluded that the assessment delivered is comprehensive, sufficiently detailed, reflects the current state of BCCs ICT services and recommends a future state of ICT services that is modern, flexible and stable. However, despite the comprehensiveness of the assessment, there are substantial risks inherent in delivering such ambitious and complex change. The Council need to consider its to maturity, capacity and capability to govern and deliver the highly technical change required at a time when so much other change is taking place in the wider Council.

Further reviews all concluded limited assurance:

- **Digital Delivery\***. The Councils ambitions for greater digitisation of services need to be supported by robust and stable digital leadership,

a clear Digital Strategy and digital literacy at all levels.

- **GDPR Readiness.** Following the project governance review referred to above, a review looked at the preparedness for delivering GDPR to the legislative deadline. This concluded several areas of concern but management have now escalated the priority given to ensuring the Council's compliance.
- **Operations Centre On Premise Security and Environmental Controls\*.** Improvements over resilience, physical and environmental controls are required. The audit found that harder segregation from the BCC environment would improve security and resilience, and that responsibility for the security of the operations centre is unclear. Further, an assessment of information security risks and controls has not been carried out, including an assessment of accreditations relevant for their commercial aspirations.
- **Finance System Resilience and Security.** Key areas of concern included the support and resilience of the host platform, weaknesses in the change management/upgrade processes and review of user accesses for continued relevance to role.
- **Data Loss Prevention System Security.** Implementation of the system was not preceded by a privacy impact assessment and was not communicated effectively to those affected. A follow up audit identified that management had again taken swift action to delete the system and the data held to resolve issues of data protection compliance.

(\*Reports in draft)

#### Asset Management

2017/18 Assessment

2016/17 Assessment

Reviews of the Markets operation and checking employment status/right to work provided reasonable assurance that control arrangements are in place and effective. However, two reviews in this area concluded limited assurance:

- **Housing Void Management:** Time taken to relet Council properties was found to be higher than expected and the inaccuracy of management reporting on voids was identified.
- **Investment Property Portfolio.** Backlogs in rent reviews and renewals were identified. A Property Investment Policy had not been developed and over optimistic rental increase aspirations were reported.

#### Counter Fraud Arrangements

2017/18 Assessment

2016/17 Assessment

The Council has a strong counter fraud policy and a proactive approach is taken to fraud. Whilst, the risk of fraud is ever present, arrangements are in place to ensure it is investigated and control improvements recommended where processes are found to be needing improvement. Fraud prevention control reviews were completed with the services concerned in the areas of Right to Buy Application processes and right to Buy Discounts Recovery. Controls were found to be good in both areas. Additionally, a further successful exercise has been completed by the Local Taxation Team to address single person discount fraud and training and awareness sessions have been delivered to caretaking and benefits staff.

An assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption was completed during the year and concluded that the Council had a good level of compliance and had put in place arrangements to meet many aspects of the Code. There were some areas of weakness that could undermine resilience and further opportunities to develop and extend counter-

fraud arrangements. An improvement plan was developed following this assessment and good progress has been made to remedy the shortfalls. An update on this is provided in the Annual Fraud Update 2017/18 also being considered at this Committee.

**However, investigation of a number of cases referred to the team have been delayed** due to the level and type of referrals to the team and the other work priorities which is beneficial (See Annual Fraud Report) to the Council in the context of the resource available.

- 3.2 In concluding audit reviews, where gaps in the control framework are identified, recommendations are made for improvement. It is the responsibility of management across the Council to ensure that those recommendations are implemented in line with the action plans and timeframes agreed when concluding each Audit Report.
- 3.3 During 2016/17, the level of implementation of recommendations was very low at just 31% full implementation of recommendations. A further 39% had been partially implemented. This matter was escalated to management and the Audit Committee in the 2016/17 Annual Report and in the Council's Annual Governance Statement. Internal Audit have worked with Directorate Management to ensure this improves by attending senior management meetings for each directorate on a regular basis to highlight issues and escalate matters of concern. It is now pleasing to report a significant increase in the number fully implemented recommendations evidenced when follow up work is completed. Details are provided below:

Table 3

Recommendations	Implemented	Partially Implemented	Not Implemented
2017/18	57%	31%	12%
2016/17	31%	39%	30%

## 4. Internal Audit Service – Contribution and Performance:

- 4.1 It is important that Internal Audit demonstrates its value to the organisation. The service provides assurance to Members and management via its programme of work and also offers support and advice to both organisations on a range of governance, risk and control matters making recommendations to improve the value for money for the service under review. The value of this element of our work is difficult to measure. However, in addition the team also demonstrates value as follows:

**Savings Identification and Value for Money:**

- 4.2 The Internal Audit Investigations Team provide the Council's counter fraud response, covering not only the investigation of allegations of fraud but also proactive fraud work, and proactive fraud prevention work. Full details of the work and benefits delivered by the Investigations team are provided in a separate report at this Committee – the Annual Fraud Update 2017/18.
- 4.3 Significant benefits are generated for the Council from Counter Fraud work undertaken as detailed below:

- **Recoverable payments in excess of £1m have been identified.** This is greater than the budget for the entire Internal Audit Section demonstrating that, if recovered, these savings will more than pay for both the investigations and the assurance services provided by the team.
- **26 Council housing properties have been recovered** following investigation of tenancy fraud or abuse.
- **9 Right to Buy applications have been cancelled.**
- **11 false tenancy applications or successions have been cancelled.**

**Grant Certification:**

- 4.3 Where a grant giving body requires an internal audit certificate before releasing payment, the team carries out work to verify and certify amounts that the Council can claim. Without this certification, grants may become repayable. 28 such grant claims were certified during 2017/18 with a value in excess of £30m. Details are provided in Appendix A.

**Consultancy and Advice:**

- 4.4 As well as completing planned audit reviews, there are times when control issues occur and management request an investigation requiring control failings to be identified and remedied. In 2017/18, 13 such requests were dealt with (including issues relating to previous financial years) as detailed in Appendix A (Adhoc Work Requests), 12 of which have been concluded with reports/advice to management for improvement or resolution of the issue.
- 4.5 The team also provide ad hoc advice and guidance across the Council to assist colleagues with ensuring control and governance arrangements are considered in developing processes/policies etc.

**Performance Against Targets:**

- 4.6 Performance of the Internal Audit Team is measured and monitored throughout the year. Performance is summarised in Table 4 below:

Table 4

	2017/18 Actual	2017/18 Target	2016/17 Actual
<i>% of planned work completed/in progress</i>	86.0%	90%	90%
<i>High/Medium recommendations Implemented</i>	68%	90%	31%
<i>No. of Properties recovered by tenancy fraud work.</i>	26	37	37
<i>% of QAQs with a score of 4 or more (Customer Satisfaction)</i>	77%	90%	92%
<i>% of Positive Responses in respect of perceived benefits and value of Internal Audit work (Management perception)</i>	71%	90%	N/A

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% Planned Work Completed/In Progress:

- 4.7 A significant number of ad hoc work requests in the early part of the year coupled with significant resourcing pressures (detailed at section 6 below) saw the team having to significantly review and revise the plan at the mid-year point in agreement with management and the Audit Committee. Such pressures have continued in the later part of the year and further amendments have been made to the plan. However, 86% of the revised plan has been delivered within the year which has formed the basis of the opinion provided above.

High/Medium Recommendations Implemented: (Refer also to Paragraph 3.2 for fuller details.)

- 4.8 Follow up work is completed for all high and medium priority recommendations identified for audit work that concludes a red or amber level of risk. Implementation of recommendations is a key measure of the team’s effectiveness in engaging with management to secure control framework improvements.
- 4.9 During the year, the team have completed 25 follow up audits to confirm the extent to which the 225 recommendations made in the original audit reports had been implemented. Whilst performance against this indicator is not yet to target, the rate of implementation has more than doubled when compared to 2016/17. This demonstrates a significant improvement and is reflective of work done by the team to raise the

profile of its work and also the level of senior management support to improving control and governance arrangements where deficiencies are identified.

#### Tenancy Recoveries:

- 4.10 Tenancy recoveries are down on the previous year. This level of recovery, however, equates to a nominal saving to the Council of £2.4m (as per basis recommended by the Cabinet Office). This was due in part to a developing trend in court for stronger evidence before eviction. The team, however, are currently reviewing the approach to presenting cases to the court and are also reviewing their approach to ensure targets are achieved going forward. The Annual Fraud Update 2017/18 provides further detail.

#### Customer Feedback Measure:

- 4.11 At the end of each audit review, a Quality Assurance Questionnaire (QAQ) is sent to the auditee to request feedback on their experience of Internal Audit during the review. The aim is to use this information to inform service improvement if themes are identified. Questions scoring 4 (out of 5) or above are lower than target this year. However, return rates are low and cannot be relied upon as a true measure of customer satisfaction as one 'low' score significantly affects the overall result. Resource restrictions have meant that chasing non-returns of these surveys has not been a priority for the team in the current environment.

- 4.12 In addition to the QAQ surveys, an annual perception survey, for the first time, has been completed requesting views of senior management and a selection of Members on the quality of Internal Audit services. The questions are intentionally challenging for the service and the responses and the comments received will be utilised as part on the continuous improvement for the service.

- 4.13 There was a 35% response rate and a summary of the key responses were:

- 71% strongly agreed/ agreed that Internal Audit (IA) adds value with the work delivered
- 71% agreed that IA works with the Council to assist in achieving objectives and managing risks
- 86% strongly agreed/ agreed that IA consistently demonstrates competence and due professional care
- 29% disagreed that reports are provided on a timely basis.

- 4.14 The survey requested any additional comments and all comments received are replicated below:

*“As a new member of staff it is difficult for me to comment on past history. I do think the Audit service is trying to be more responsive and add value in what it is trying to do.”*



*"I feel you are under resourced at a time when the Council needs this type of work most."*

*"Annual Governance proforma for Services and Divisions is a good process and much more robust than practices in the past."*

*"Timeliness has been an issue in relation to a piece of work, with work in potential fraud taking longer than expected. Audit colleagues try hard to gain engagement with service provider managers who often prioritise other aspects of their work, I recognise that this is challenging."*

*"My major concern is the lack of up to date communication when a significant investigation was required. This has been much improved of late."*

### **Peer Review Results:**

- 4.15 During the year, an external Peer Review of the team's compliance with Public Sector Internal Audit Standards was completed. The results were that the team generally conform to the standards. Areas of improvement were identified and an action plan developed to address the issues highlighted. Full details were provided to management and the Audit Committee in March 2018 and progress against action plan items will be monitored and reported through 2018/19.

## **5. Escalation Matters:**

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- 5.1 Summaries of audit work completed have been provided to the Committee throughout the year and have identified areas that have required escalation. Significantly, the Committee have received assurances from the Senior Information Risk Officer (SIRO) regarding GDPR and arrangement in place to ensure preparedness.
- 5.2 There are no additional matters to escalate other than those detailed within this report.

## **6. Resources:**

- 6.1 During 2017/18, the Internal Audit Service continued to carry vacancies pending a team skills assessment and structural review. During this review period, the team has been supported by short term agency professionals. Delays in completing this review means that this arrangement will continue into 2018/19 with 6.7 vacancies currently held with agency cover back filling 3 of those. It is now anticipated that the review will be completed and the team resources required established by 1<sup>st</sup> October 2018.
- 6.2 An Apprentice recruited in the early part of the year has now left the team and a further apprenticeship opportunity is currently out for recruitment.

## 7. Context and Compliance:

- 7.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. (Source: Public Sector Internal Audit Standards and Local Government Application Note: Chartered Institute of Public Finance and Accountancy in collaboration with the Chartered Institute of Internal Auditors).
- 7.2 Internal Audit is a statutory requirement for local authorities. There are two key pieces of relevant legislation:
- Section 151 of the Local Government Act 1972 requires every local authority make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs
  - The Accounts and Audit Regulations 2015 (England) states that "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance"
- 7.3 Internal Audit independence is achieved by reporting lines which allow for unrestricted access to the Elected Mayor, Head of Paid Service, Senior Management Boards, which includes the s.151 Officer, and the Chair of the Audit Committee.
- 7.4 The Chief Internal Auditor can confirm there have been no restrictions on the scope of internal audit work or reporting of audit findings during 2017/18.

Risk Based Assurance Plan:

Directorate	Gov. Risk or In	Audit Plan	Stage of Review				Outcome		No. of Recommendations			Summary of Findings:  Key Issues (in no more than 2 short sentences)
			Initial Planning/TOR	In Prog/Ongoing	Draft Report	Complete	Assurance Level	Risk Level	H	M	L	
Corporate	Information Security/ICT	Data Protection Compliance (new regulations) - GDPR - Readiness - 1 of 2 reviews				✓	None	Red	5			Committee provided with details November 2017 meeting
Corporate	Information Security/ICT	GDPR - Embedded Assurance Approach - 2nd Review				✓	Limited	Red	5	7		Committee provided with details March 2018 meeting
People	Financial Controls	b/f Foster Care Payments				✓	Limited	Red	2	1		Committee provided with details November 2017 meeting
Resources	Projects and Programmes	HR/Payroll - New System Implementation				✓	Limited	Red	8			Committee provided with details November 2017 meeting
Corporate	Governance	Specific Joint Venture				✓	Limited	Red	6	5	0	Committee provided with details November 2017 meeting
Neighbourhoods	HR and Asset Management	Housing Stock - Void Management				✓	Limited	Red	3	11	0	Committee provided with details March 2018 meeting
Resources	Information Security/ICT	DLP Security				✓	Limited	Red	5	3	1	Committee provided with details November 2017 meeting
People	Risk Management	Safer Recruitment - Children and Families Care and Support				✓	Limited	Red	3	1		
Resources	Financial Controls	Accounts Payable Controls				✓	Limited	Amber	3	6	2	Committee provided with details March 2018 meeting
Corporate	Commissioning and Procurement	Purchase Card Review				✓	Limited	Amber	6	4	0	Committee provided with details September 2017 meeting
Resources	Financial Controls	Accounts Receivable (incl Adult Care Bad Debt)				✓	Limited	Amber	2	9	0	Committee provided with details November 2017 meeting
Resources	Commissioning and Procurement	Cash Receipting System Contract Management				✓	Limited	Amber	3	1		Committee provided with details March 2018 meeting
Corporate	Commissioning and Procurement	Continual Audit - Contract Waivers				✓	Limited	Amber	0	6	0	Committee provided with details March 2018 meeting
Corporate	Governance	Whistleblowing Effectiveness Review				✓	Limited	Amber	0	7	0	Committee provided with details March 2018 meeting
Corporate	Commissioning and Procurement	Contract Management Themed Review				✓	Limited	Amber	5	2		
Place	Financial Controls	Security Services (Cash In Transit)				✓	Reasonable	Amber	0	6	2	Committee provided with details September 2017 meeting
Neighbourhoods	Financial Controls	NNDR Collection b/f				✓	Reasonable	Amber	1	7	0	Committee provided with details September 2017 meeting
Neighbourhoods	Financial Controls	b/f Budgetary Control Neighbourhoods				✓	Reasonable	Amber	0	7	0	Committee provided with details November 2017 meeting
Resources	Financial Controls	Chaps System - control and accounting (to include FASTER payment system)				✓	Reasonable	Amber	0	6	6	Committee provided with details March 2018 meeting
Corporate	Governance	Complaint Systems				✓	Reasonable	Amber		3	1	Committee provided with details March 2018 meeting
Resources	Financial Controls	Bank Reconciliation/E Income Returns				✓	Reasonable	Amber		6	5	Committee provided with details March 2018 meeting
People	Risk Management	Risk Based Reviews - People - Provider Failure				✓	Reasonable	Amber		1	2	
Corporate	Governance	Business Case - Robustness and Delivery				✓	Reasonable	Amber		10	1	Committee provided with details March 2018 meeting
Corporate	Governance	Web Page Control - ensuring governance policies etc routinely available				✓	Reasonable	Amber	1	5		
Place	HR and Asset Management	Investment Property Portfolio				✓	Limited	Amber	2	4		
Corporate	Information Security/ICT	Finance System - resilience and security				✓	Limited	Amber	10	7	2	
Corporate	Governance	Partnership Governance				✓	Limited	Amber		2	2	
Corporate	Commissioning and Procurement	Contracts Register and publication requirements				✓	Limited	Green		2		Committee provided with details March 2018 meeting
Corporate	Commissioning and Procurement	Continual Audit - Contract management- renewals and awards				✓	Reasonable	Green	0	2	0	Committee provided with details March 2018 meeting
Neighbourhoods	Fraud - Detection	Tied Properties				✓	Reasonable	Green				No sub-letting found, some residential addresses being used for storage and community rooms
Neighbourhoods	VFM/Targeted Savings	Right to Buy - (Properties sold on - recovery of discount)				✓	Reasonable	Green	0	0	0	Good Controls - no recommendations made
Place	HR and Asset Management	Market Operations				✓	Reasonable	Green		5	6	
Neighbourhoods	Governance	Memorandum Of Understanding between BCC and DWP				✓	Reasonable	N/A	0	0	0	Recommendations implemented in course of review
Corporate	Information Security/ICT	Operations Centre - On Premise Security and Environmental Controls				✓	Limited	Red				Report in draft
Corporate	Information Security/ICT	Future State Assessment				✓	Reasonable	Red				Report in draft. Good opinion but implementation high risk.
Corporate	Information Security/ICT	Digital Delivery				✓	Limited	Red				Report in draft
People	Commissioning and Procurement	Commissioning - Adult Care Provision - Commissioning and Monitoring of service				✓	Limited	Amber				Report in draft
Resources	Financial Controls	Payroll System Controls				✓	Reasonable	Amber		8		
Resources	HR and Asset Management	Employment Status and right to work				✓	Reasonable	Amber	n/a	n/a	n/a	Reported with payroll audit
Neighbourhoods	Financial Controls	Catering Service - Audit Compliance				✓	N/A	N/A	0	14	0	Poor control, staff changes, outdated technology
Corporate	Fraud - Strategic	Open Data Reporting re Fraud (Transparency Code)				✓	N/A	N/A				Reported Annually.
Corporate	Fraud - Strategic	Annual Fraud Survey - CIPFA				✓	N/A	N/A				National report
Corporate	Fraud - Prevention	Fraud Web page review and fraud warning bulletins				✓	N/A	N/A				Web pages now up to date
Corporate	Fraud - Prevention	CIPFA Counter Fraud Benchmarking				✓	N/A	N/A				Received and used to inform plan
Corporate	Fraud - Prevention	CIPFA Counter Fraud Assessment Review				✓	N/A	N/A				Committee provided with details November 2017 meeting
People	Fraud - Prevention	Direct Payment Fraud - Fraud Awareness Training for Social Workers (E learning)				✓	N/A	N/A				1 session delivered - more planned in 2018/19
People	Fraud - Prevention	Fraud Awareness Training - Caretakers				✓	N/A	N/A				
Corporate	Risk Management	Policy, Co-ordination, Facilitations				✓	N/A	N/A				Policy have been reviewed and approved by Cabinet. Risk
Corporate	Fraud - Prevention	CIPFA Fraud Hub - Proposal (provision of fraud overview)				✓	N/A	N/A				Offer reviewed. Planned own work for 2018/19
Corporate	Fraud - Strategic	Fraud Policy Review				✓	N/A	N/A				Statement on fraud reviewed. Details provided to November
Corporate	Governance	Code of Governance Review				✓	N/A	N/A				Local code of governance redrafted and consulted - awaiting
Corporate	Governance	Trading Company Governance - Assurance				✓	N/A	N/A				Assurances reviewed as part of AGS work.
Corporate	Fraud - Detection	National Fraud Initiative				✓	N/A	N/A				
Place	Fraud - Detection	Blue Badge Enforcement				✓	N/A	N/A				
Neighbourhoods	Fraud - Detection	Housing Benefit Fraud - DWP Liaison				✓	N/A	N/A				
Neighbourhoods	Fraud - Detection	Council Tax Reduction				✓	N/A	N/A				
Corporate	Fraud - Investigation	Fraud Hotline				✓	N/A	N/A				
Corporate	Fraud - Investigation	GAIN/Police Enquiries				✓	N/A	N/A				
Neighbourhoods	Fraud - Investigation	Residual Benefit Fraud Prosecution Cases				✓	N/A	N/A				
Neighbourhoods	Fraud - Investigation	Tenancy Fraud Programme				✓	N/A	N/A				See Annual Fraud Update for overview
Corporate	Fraud - Investigation	Responding to Fraud Referrals				✓	N/A	N/A				See Annual Fraud Update for overview

Corporate	Fraud - Prevention	Fraud Awareness Induction				✓	N/A	N/A				
Corporate	Fraud - Strategic	Fraud Recording and Reporting				✓	N/A	N/A				
Corporate	Governance	AGS Review - Periodical updates and annual collation				✓	N/A	N/A				Draft AGS with Audit Committee as a separate Agenda Item
Place	Risk Management	Risk Based Reviews - Major Project Delivery Overview				✓	N/A	N/A				
Corporate	Governance	Transparency and quality of Decision Making reports				✓	N/A	N/A				On hold due to change of Decision making processes.
Corporate	Risk Management	Embedding Risk Management				✓	N/A	N/A				
Corporate	Risk Management	Corporate Risk Register - Alignment to Corporate Strategy				✓	N/A	N/A				Corporate Strategy is now risk assessed.
Corporate	Projects and Programmes	ITE New Housing System - watching brief				✓	N/A	N/A				Role determined as critical friend to board.
People	Risk Management	Risk Based Review - Fitness for purpose of 3 Tier Model (incl savings plans)			✓							
Resources	Fraud - Detection	Fiscal Fraud Module Review			✓							
Place	Fraud - Detection	Residents Parking Zone			✓							
Corporate	Commissioning and Procurement	Voluntary Sector Commissioning (avoidance of procurement regulations)			✓							
Corporate	Risk Management	Savings Tracker for Change Programme			✓							
Corporate	Financial Controls	Directorate Budgetary Control			✓							
Corporate	Fraud - Strategic	Fraud Risk Register Review			✓							
Place	HR and Asset Management	Fleet Investment Contract Award			✓							
Neighbourhoods	HR and Asset Management	Housing Stock - Planned Maintenance			✓							
Resources	VFM	Telephones - (Ceased numbers)			✓							
Resources	VFM	Card payment - Charge Backs			✓							
Corporate	Information Security/ICT	Third Party assurance			✓							
Resources	VFM	NNDR Proactive Testing			✓							
People	Fraud - Prevention	Direct Payment - Follow up review	N/A	N/A	N/A	N/A						Decision taken to do analytics early next year to inform testing and produce updated report.

**Grant Certifications**

Directorate	Gov, Risk or Internal Control Area		Initial Planning/TOR	In Prog/Ongoing	Complete	Value of Grant Claim	Assuranc Level	Risk Level
Chief Executive	Governance	URBACT III			✓	8,404.30 Euro	Reasonable	Green
Corporate	Governance	Regional Grant - 2015/16 (Review work of BDO Certification). Two reports issued - 1 specific to 15/16 claim 1 concerning overall administration of claim.			✓	£ 938,876	None	Red
Corporate	Governance	Regional Grant - 2016/17 (31 July 2017)			✓	£ 998,464	Partial	Amber
Neighbourhoods	Governance	Scambusters Grant - NTS Funding Grant Sub-Grant 2016/7 - Trading Standards Institute			✓	£ 339,270	Reasonable	Green
Neighbourhoods	Governance	Disability Facilities Grant - 30 September			✓	£ 2,400,000	Reasonable	Green
People	Governance	AGE Grant 16-17			✓	£ 27,410	Reasonable	Green
People	Governance	West of England- AGE - Apprenticeship Grant for Employers			✓	£ 126,000	Reasonable	Green
People	Governance	Local Authority Bus Subsidy Ring –Fenced (Revenue) Grant			✓	£ 448,348	Reasonable	Green
People/A&S Police	Governance	Troubled Families - July - Employment Claim			✓	N/A Verification of Families being assisted	Reasonable	Green
People/A&S Police	Governance	Troubled Families - September main claim			✓	N/A Verification of Families being assisted	Reasonable	Green
People/A&S Police	Governance	Troubled Families - October 17 - Employment Claim			✓	N/A Verification of Families being assisted	Reasonable	Green
People/Resources	Governance	SFVS Return 2016/17			✓	N/A Certification that Returns have been completed.	Reasonable	Green
Place	Governance	Cattle Market Road - Demolition LEP Grant 2016/17			✓	£ 278,231	Reasonable	Green
Place	Governance	Cattle Market Road LEP Grant 2017/18 Q1			✓	£ 95,019	Reasonable	Green
Place	Governance	CRC Energy Efficiency Scheme Review and Certification			✓	N/A	Reasonable	Green
Place	Governance	EDF TQEZ - Infrastructure Package - Monitoring of Job Outputs			✓	N/A	Reasonable	Green
Place	Governance	EDF TQEZ - Infrastructure			✓	£ 1,936,043	Reasonable	Green
Place	Governance	EDF TQEZ - Programme Team			✓	£ 500,000	Reasonable	Green
Place	Governance	LEP/WECA - Sustainable transport subregional projects			✓	£ 1,900,000	Reasonable	Green
Place	Governance	PCN Penalty Charge Notice certification x2			✓	N/A	Reasonable	Green
Place	Governance	TQEZ - WoE Economic Development Fund 15/16			✓	£ 500,000	Reasonable	Green
Place	Governance	A403 Challenge Fund Project due 30/9/17			✓	£ 12,700,000	Reasonable	Green
Place	Governance	TQEZ RIF jobs reporting			✓	N/A	Reasonable	Green
Place	Governance	Local Growth Fund (LGF) Capital 2016/17			✓	£ 963,889	Reasonable	Green
Neighbourhoods	Governance	Scambusters Grant - NTS Sub-Grant for Regional Intelligence 2016/17 - Trading Standards Institute			✓	£ 340,000	Reasonable	Green
Place	Governance	TQEZ - WoE Economic Development Fund 16/17			✓	£ 500,000	Reasonable	Green

2 Errors on disbursement of Grant

Place	Governance	Cycling Ambition Fund capital spend for 2015/16, 2016/17 and 2017/18			✓	£ 5,244,000	Reasonable	Green
People/A&S Police	Governance	Troubled families- March 2018 claim			✓	N/A Verification of Families being assisted	Reasonable	Green

#### Schools Financial Governance Plan:

Directorate	Gov, Risk or Internal Control Area	Audit Plan Name of Review	Stage of Review			Outcome		Recommendations			Summary of Findings: Key Issues arising from the Report
			Initial Planning/TOR	In Prog/Ongoing	Complete	Assurance Level	Risk Level	High	Medium	Low	
People	Governance	School Funds Audit Certificates		✓							
People	Governance	SFVS		✓							
People	Financial Controls	Special School			✓	Good	Green		3	1	Retrospective orders, school funds, leases
People	Financial Controls	Special School and School			✓	Reasonable	Green	2	9		Committee provided with details March 2018 meeting
People	Financial Controls	Bristol Hospital Education Service b/f			✓	Reasonable	Green	1	8	4	Committee provided with details September 2017 meeting
People	Financial Controls	Primary School			✓	Good	Green		3		Committee provided with details September 2017 meeting
People	Financial Controls	Nursery School			✓	Limited*	N/A				Report in draft
People	Financial Controls	Infants School			✓	Reasonable*	N/A				Report in draft
People	Financial Controls	School for Deaf Children			✓	Limited*	N/A				Report in draft
People	Financial Controls	Nursery School			✓	Limited*	N/A				Report in draft
People	Financial Controls	Primary School			✓	Limited*	N/A				Report in draft
People	Financial Controls	Schools Financial Governance - Overarching arrangements			✓	Limited*	N/A				Report in draft

#### Recommendations Follow Up Plan Status:

Directorate	Gov, Risk or Internal Control Area	Name of Review	No. of recs. Not due F/Up	No. Of Recs. Due F/Up	In Progress	Complete	Revised Assurance Level	Revised Risk Level	Implemented/ Superseded	In Progress/ Partial	Not Implemented	Key Issues Arising from the report
Neighbourhoods	Internal Control	Housing Rents (Follow-Up)		14		✓	Reasonable	Amber	9	3	2	
Resources	Financial Controls	Bank Reconciliations		8		✓			0	0	0	Superseded by Feb 2018 Audit Review.
People	Governance/Internal Control	Primary School		10		✓			6	2	2	
Neighbourhoods	Internal Control	Leisure Centre Contracts		3		✓	Reasonable	Green	3			
Neighbourhoods	Internal Control	Housing Benefits		11		✓	N/A	N/A		11		
Corporate Matters	Governance	Customer Relations System (Complaints/Compliments)		9		✓	Reasonable	Amber	8	1	0	
Neighbourhoods	Fraud - Prevention	Right to Buy - Fraud Prevention review		12		✓	Reasonable	Green	10	0	2	
Resources	Information Security/ICT	Data Loss Prevention System		7		✓			6		1	
Neighbourhoods	Financial Controls	NNDR Collection b/f		7		✓			7			
People	Risk	Safeguarding Adults - Deprivation of Liberty Assessments		3		✓	limited	Amber	1	2		
Corporate Matters	Risk	Business Continuity		10		✓	limited	Red	5	5		
Resources	Governance	Recruitment & Selection DBS Checks		5		✓			3	2		
Resources (Fin.)	Internal Control	General Ledger - Journal Movements		7		✓			3	4		
Place	Governance/Internal Control	Sale and Disposal of Council Assets, including St Agnes Lodge and Port		13		✓			8	5	0	
People	Internal Control	Budgetary Control (People)		8		✓			6	2		
Resources	Internal Control	PSN Compliance and Network Security		18		✓			9	1	8	
Resources	Internal Control	Cyber Security		7		✓			4		3	
Place	Financial Controls	Security Services (Cash In Transit)		6		✓			3	3		
Resources	Financial Controls	Accounts receivable follow up		14		✓			4	9	1	
Neighbourhoods	Financial Controls	Catering Service - Audit Compliance		12		✓			7	2	3	
Neighbourhoods	Governance	b/f Budgetary Control Neighbourhoods		7		✓			5	2	0	
People	Financial Controls	b/f Foster Care Payments		3		✓			0	2	1	
Corporate	Governance	Capital Programme Board - Follow up		7		✓			3	4		
Resources	Information Security/ICT	Website Resilience		15		✓			9	4	2	
Corporate	Commissioning and Procurement	Purchase Card Review		13	✓							
Resources	Governance	Declarations of Business Interests		4	✓							
People	Governance/Internal Control	Primary School		6	✓							
People	Governance	HR Process Review		4	✓							
Corporate	Governance	Specific Joint Venture		11	✓							
Corporate Matters	Risk	Business Continuity - further follow up		5	✓							
									119	64	25	

Ad-Hoc Work Requests			Stage of Review				Outcome		Recommendations			Summary of Findings:
Directorate	Gov, Risk or Internal Control Area	Name of Review	Initial Planning/TOR	In Prog/Ongoing	Draft Report	Complete	Assurance Level	Risk Level	High	Medium	Low	Key Issues arising from the Report
Place	Risk and Internal Control	Contract Procurement Process				✓	None	Red				Committee provided with details November 2017 meeting
Resources	Consultancy/Governance	Holding Companies cons/rec and Corp Gov.				✓	N/A	N/A				
Place	HR and Asset Management	Sale of property Issues-St Agnes				✓	None	N/A		3		Committee provided with details September 2017 meeting

Place	HR and Asset Management	Sale of the Port of Bristol				✓	N/A	N/A		4		Committee provided with details September 2017 meeting
People	Governance	Early Years Funding				✓	N/A	N/A		6		Committee provided with details November 2017 meeting
Resources	Risk and Internal Control	Insurance Tender				✓	N/A	N/A	4	4	2	Committee provided with details November 2017 meeting
Resources	Financial Controls	b/f Financial Regulations				✓	N/A	N/A				Consultancy - Feedback provided to inform refreshed regulations
Corporate	Financial Controls	Purchase Card Review (extended scope)				✓	N/A	N/A	9	4	0	Committee provided with details September 2017 meeting
People	Various	Anonymous allegations				✓	N/A	N/A				Investigations concluded, reported for management action
Resources/ Place	Governance	Green Deal Grant				✓	N/A	N/A		7		Committee provided with details November 2017 meeting
Corporate	Financial Controls	Duplicate Cheques				✓	N/A	N/A		4		Committee provided with details March 2018 meeting
Corporate	Information Security	Information leak				✓	N/A	N/A		1	1	Audit trail capability of systems. Confidentiality issues.
People	Governance	Education Capital Investment Reports Review	✓	N/A	Not Pursued	N/A	N/A	N/A				

## Audit Opinion Definitions

Opinion	Meaning
Good Control	There is a good system of governance and internal control to assist achievement of the identified objectives and manage the associated risks. Only minor weaknesses were identified and management can have <b>reasonable assurance</b> that areas covered by the review are effectively managed and controlled.
Acceptable Control	Overall the system of internal control and governance is satisfactory and management can have <b>reasonable assurance</b> that many areas covered by the review are effectively managed and controlled. <b>There are however weaknesses which put some of the identified objectives at risk.</b>
Partial Control	Missing or failing controls were identified which have a substantial impact on the extent to which management can rely on the systems of internal control and governance. Only <b>limited assurance</b> can be given that the risk areas covered by this review are effectively managed and controlled
No Control	Internal control and governance is weak and management can place no reliance on it. This leaves the system open to significant risk, error or abuse. <b>No assurance</b> can be given that the risk areas covered by this review are properly managed and controlled

**BRISTOL CITY COUNCIL  
AUDIT COMMITTEE**

**31 May 2018**

**Report of: the Head of Paid Service**

**Report Title: Draft Annual Governance Statement 2017/18**

**Ward: Citywide**

**Officer presenting report: Jonathan Idle, Chief Internal Auditor**

**Contact Telephone Number: 07768 635672**

**RECOMMENDATION**

The Audit Committee consider and agree the draft Annual Governance Statement together with an Action Plan as a fair reflection of the internal control and governance environment during 2017/18 and to date, prior to it being finalised and signed by the Mayor and the Head of Paid Service.

**SUMMARY**

The City Council is required by the Accounts and Audit Regulations 2015 to prepare an Annual Governance Statement to accompany its published financial statements. A review of the internal control, risk management and governance arrangements has taken place and the resulting draft Statement and action plan is attached to this report.

**The significant issues in the report are:**

- the requirement for the Annual Governance Statement
- the review process undertaken to enable the Statement to be made
- the draft Annual Governance Statement is attached together with an action plan which details the most significant control and governance issues identified during 2017/18. Actions for improvement in these areas will be incorporated into the final version submitted to the July Committee.

Note – the Full report will be subsequently submitted.





# Audit Committee

31 May 2018

**Report of:** Chief Internal Auditor

**Title:** Annual Counter Fraud Report 2017/18

**Ward:** N/A

**Officer Presenting Report:** Jonathan Idle –Chief Internal Auditor

**Contact Telephone Number:** 07768 635672

## Recommendation

The Audit Committee note the Annual Counter Fraud report for 2017/18.

## Summary

This Report provides the Committee with summary of the work undertaken by the Internal Audit – Counter Fraud team and the savings generated from counter fraud work in 2017/18.

## Significant Matters Arising:

Key messages arising from this report at Appendix A;

- The Counter Fraud team has generated significant recoverable, ongoing and notional savings for the Council.
- The team covers a wide range of Counter Fraud and investigative work within its current structure.
- Developments within the service are ongoing and continuous.



**1. Policy**  
Audit Committee Terms of Reference

**2. Consultation**

Internal – Statutory Policy Board including S151 Officer, Cabinet Member for Governance, Resources and Finance and Monitoring Officer.

External – N/A

**3. Context**

3.1 This is the Annual Report outlining the Counter fraud work that has taken place in Bristol City Council. The report is provided to:

- Give an overview of the work of the Internal Audit – Counter Fraud and Investigations team and other anti-fraud work which has taken place within the Council;
- Present details of the savings identified through counter fraud work.
- Spotlight the volume and variety of investigation work that the Counter Fraud team undertakes and the competing priorities.
- Update Members on the actions taken in relation to the review undertaken of arrangements against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

The full report can be found at Appendix A

**4. Proposal**

4.1 The Audit Committee notes the work of the Counter Fraud and Investigations team during 2017/18.

**5. Other Options Considered – N/A**

**6. Risk Assessment**

The work of Internal Audit Counter Fraud team reduces fraud losses and increases the potential for prevention and detection of such issues.

**Public Sector Equality Duties**

7a) 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.

7b) No Equality Impact anticipated from this report.

#### **Legal and Resource Implications**

**Legal – N/A**  
**Financial – N/A**  
**Land – N/A**  
**Personnel – N/A**

#### **Appendices:**

**Appendix A – Annual Counter Fraud Report 2017/18.**

#### **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

#### **Background Papers:**

None.



# BRISTOL INTERNAL AUDIT

APPENDIX A

**INTERNAL AUDIT  
ANNUAL COUNTER FRAUD REPORT  
AUDIT COMMITTEE  
31st May 2018**



## 1. Introduction

1.1 The purpose of this report is to:

- provide an update on the work and results of the Counter Fraud and Investigation team.
- Provide an update on progress with actions identified from a self-assessment of arrangements against the CIPFA Counter Fraud Assessment Tool.

## 2. Key Messages

- 2.1 The Counter Fraud and Investigations Team has generated significant recoverable, ongoing and notional savings for the Council.
- 2.2 The team covers a wide range of Counter Fraud and investigative work within its current structure.
- 2.3 Developments within the service are ongoing and continuous.

### 3. Savings from Counter Fraud work

3.1 The cost of the whole Internal Audit and Counter Fraud team for 2018/19 is £748k, savings to date are £1.052m recoverable, notional of £3.303m and an ongoing weekly cost saving of £11,231 as detailed in Table 1.

**Table 1 - Savings from Fraud work 2017-18**

Fraud area	Recoverable £	Notional £	Weekly cost avoidance £
Tenancy Fraud work	30,597	2,418,000	213
Tenancy Fraud Application Cancelled	0	2,000	0
Right to Buy	0	583,000	0
Care Homes (NFI)	176,465	*133,000	5,829
Benefits (NFI)	24,087	*21,341	1,016
Council Tax Reduction (NFI)	10,313	*1,368	65
Housing Benefit	487,491	0	1,920
Council Tax Reduction	247,477	0	1,936
Admin Penalties (Adpens)	29,168	0	0
Personal budget	3,000	0	0
Fuel card misuse	4,013	0	0
Bus Pass	0	698	0
Concessionary Bus Pass (NFI)	0	*3,096	0
Blue Badge (NFI)	0	*91,425	0
Immigration (NFI)	0	*50,000	0
Telephones lines cancelled	0	0	252
<b>INVESTIGATION TEAM SAVINGS</b>	<b>1,052,611</b>	<b>3,303,928</b>	<b>11,231</b>
Council Tax – Single Persons Discount (saving generated by Local Tax team)	440,000	0	0
<b>TOTAL SAVINGS FROM FRAUD WORK</b>	<b>1,452,611</b>	<b>3,303,928</b>	<b>11,231</b>

3.2 The values used in Figure 1 for notional savings are:

- (i) Council property regained = £93,000 (figure recommended by Cabinet Office)
- (ii) RTB = Discount that would have been awarded on the sale.
- (iii) \*These are figures reported nationally by the Cabinet Office for the National Fraud Initiative (NFI) exercise and do not reflect our own view of the value of fraud in these areas.

3.3 The team currently has a significant volume of internal investigations of fraud or irregularity. The investigation of these is policy driven and provides assurance to Management on concerns raised, along with actions for improvement.

### 3.4 Other Significant Results:

- 26 Properties regained through tenancy fraud or abuse.
- 9 Right to buy applications cancelled for false representation or other.
- 11 false tenancy applications or successions prevented .
- Recoverable overpayments from 19 CTR/Benefit cases including one prosecution.
- Dismissal of an employee for misuse of a fuel card.
- An out of court settlement of £90k for a Personal Budget fraud.
- Cancellation of 11 payments to Care homes where the home had continued to accept payment for deceased persons. Recovery of £51,287 of the £176,485 from the care homes has so far been recovered.
- A Blue Badge enforcement exercise which identified 3 cases where legal proceedings are being pursued.

3.5 The number of regains of properties through tenancy fraud and abuse were down this year at 26 against our target of 37. We have found that a greater burden of proof is required of the Council by the civil court, to prove that a person is not occupying their property as their main residence and the impact of tenancy fraud on the community and housing problem is not always acknowledged in court.

3.6 The following improvements are being made to achieve our regain target in the forthcoming year:

- Presenting each case in court with an explanative summary about tenancy fraud and its impacts.
- Looking at more targeted ways of working and the most successful types of referral.
- Looking at whether our approach has changed from earlier years when our regain levels were higher.
- Having consistent Legal Support.
- Exploring the possibility of a tenancy Key Amnesty in Autumn 2018.

### Blue Badge Exercise

On 27 September 2017 Internal Audit took part in a joint exercise to identify misuse of blue badges, an exercise supported by a local disability group. Bristol City Council Civil Enforcement Officers and Internal Audit Investigations Officers were on the streets of Bristol together with Avon and Somerset Police. The exercise was a multi-agency effort involving linking up with South Gloucestershire Council on the day to check badges. The overall response from the public on the day was positive – people were pleased that checks were being carried out.

12 penalty charge notices were issued on the day for parking infringements and the exercise highlighted 2 suspected criminal offences of using blue badges fraudulently. These 2 cases were investigated further and the Council's Investigations Officers carried out interviews under caution.

On 2 May 2018, Bristol Magistrates Court issued two financial penalties of £522 in respect of the above cases.

### Direct Payment Case

*An investigation by the team in Internal Audit identified a large overpayment of direct payments due to excess capital. Audit worked with legal services to try and secure repayment of the monies which was complicated as the service user had sold their property and moved abroad. Despite this, Bristol City Council applied for, and was granted, an injunction to freeze the person's assets. After lengthy negotiations and 3 court appearances, a settlement was reached and we secured a payment of around £90,000.*



## 5. Resources and workload of Investigations team

5.1 The team undertakes a variety of work including:

- Responsive investigation work – investigating allegations of fraud and irregularity in accordance with Anti-Fraud, Bribery and Corruption policy.
- Proactive fraud work – undertaking data analytics and data matching to find fraud.
- Fraud prevention work – reviews to identify weaknesses in fraud controls.
- Training and publicity – raising awareness of fraud with work colleagues and the public.
- A co-ordination and liaison role with the DWP for benefit fraud work
- Responding to enquiries from other enforcement agencies such as the police, NHS and other Local Authorities.

5.2 The team of 7.2 FTE bring together a varied skill set including qualified investigators, accountants, a Data Analyst, Prosecution Officer, Intelligence Officer and a Housing Officer.

5.3 Table 2 summarises the range of the workload of the tem in 2017/18:

Table 2 – WORKLOAD 2017/18			
	Referrals Received	Closed in year	In progress
Corporate Fraud	24	21	28
Tenancy Fraud	280	360	94
CTR Fraud	30	77	13
National Fraud Initiative matches investigated and closed			3,286
Other Enquiries dealt with in the year			
Police Enquiries	305	Pupil tracking requests	181
Requests from other Enforcement Bodies	88	DWP Benefit enquiries/LAIFs	464

NB The cases closed in the year, in some instances are more than referrals received in the year, as some cases are carried forward from previous years.

5.4 Proactive and anti-fraud work undertaken by the team during the year included:

- Improvements to the fraud web pages and referral forms
- A review of Right to Buy fraud prevention controls and the implementation of improvements to both reduce the risk of fraud and improve the customer experience.
- A review to ensure the process for recovery of discounts where social housing properties purchased have been sold on
- A review of purchase cards for which a follow up is in progress
- An assessment of the Council's whistleblowing arrangements.

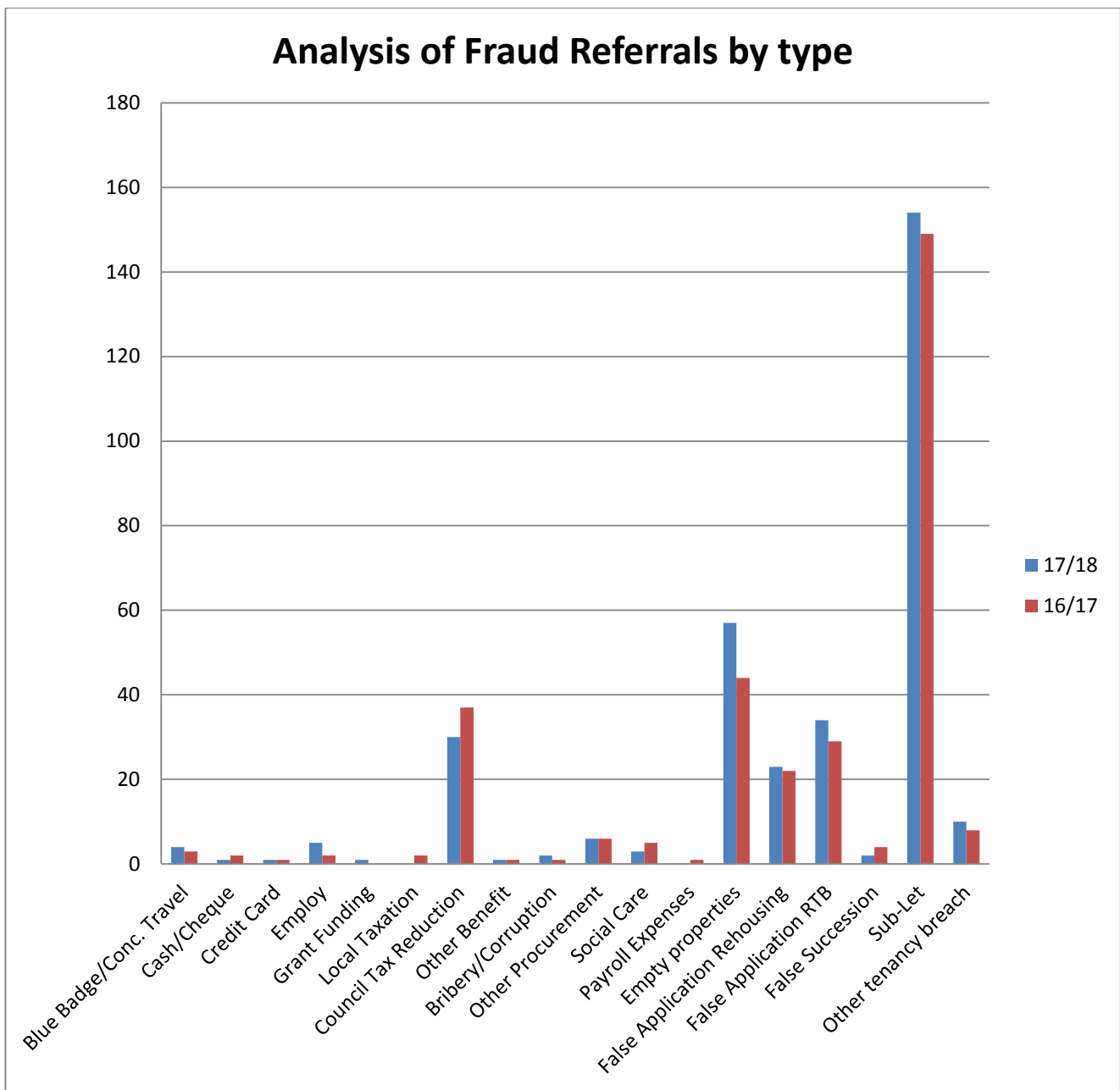
5.5 Ongoing work includes:

- Business rates fraud and avoidance detection review
- AP Forensics Fraud Module – monitoring for possible payment fraud
- Further review of National Fraud Initiative Data Matching output

5.5 Additionally, the team manage the National Fraud Initiative data upload and review of output for the Avon Fire and Rescue Service and will continue to do so in the forthcoming year.

## 6. Types of Fraud referrals investigated

6.1 The graph below provides an analysis of the types of fraud referral received over the last two years. Tenancy and Right to Buy fraud continues to be an on-going issue with no significant spikes in other areas.



## 7. Counter Fraud work by Local Taxation team in 17/18

- 7.1 In 2016/17. Bristol City Council had the lowest percentage of single person discounts of all core cities at 29%. This can be attributed to robust procedures and practices in awarding single person discounts. Council tax liaise with Benefits, Rents, Tenancy fraud, Internal Audit, the Citizen Service call centre and the Citizen Service Point to identify potential fraudulent claims or changes in entitlement to single person discount.
- 7.2 Bristol City Council is required to carry out regular reviews of single person discounts and our latest review, of 54,000 cases, took place over a 12 week period in early 2018. The review reaffirmed genuine claimants and cases of potential fraud were identified using data matching and analysis to ensure the accuracy of our records in a cost effective way. The review resulted in the removal of 1,559 single person discounts valued at £440k.
- 7.3 Bristol City Council also takes part in the National Fraud Initiative to identify potential dual occupancy at properties claiming single person discount. The NFI data matching exercise has been completed and investigations are currently taking place.

## 8. Counter Fraud Assessment & Benchmarking

8.1 Earlier on in the financial year, we self-assessed the Council's Counter Fraud arrangements using the CIPFA Counter Fraud Assessment tool. This identified some areas for improvement. Below is an update on progress with the agreed actions:

	GAP IN ARRANGEMENTS	ACTION TO DATE
1	More work to be done on fraud risk and to embed fraud risk in the risk management process.	<i>Fraud risk is now included in the Corporate Risk Register and being periodically updated. A Risk Manager has been appointed who can develop this further.</i>
2	Fraud and Investigation team strategy to be reviewed in line with authority's requirements. Resources to be aligned to strategy.	<i>The Corporate Business Plan sets out some priorities for fraud work. The Audit structure and core service is under review.</i>
3	A more stable basis for the investigation team with temporarily funded positions and a secondment being secured on a more permanent basis.	<i>As above</i>
4	Other areas of the Council to be reviewed, where resource issues are impacting on the success of fraud work (i.e. Legal Services, Debt recovery).  Service level agreements to be put in place, where appropriate.	<i>Regular meetings taking place between Tenancy Fraud investigation officers and Legal Services officers to progress cases.  Looking to work more closely with debt recovery and Legal Services to ensure that financial recovery from fraud work is maximised.</i>
5	Review needed of the rights of access, that authority investigators have to outsourced activities, shared services and partnership arrangements. A standard approach to be adopted for all externally provided services.	<i>Review included in the Audit Plan for 18/19.</i>
6	Greater publicity needed around fraud work and raising awareness of fraud.	<i>Business case for key amnesty to be produced for Housing Services Leadership Team August 18, with a view to having amnesty in Autumn.  Roll out of fraud e-learning module.</i>
7	Money laundering policy and guidance needs to be published and some refinements needed to whistleblowing arrangements.	<i>Report and policy went to Statutory and Policy Board in May 2018. Will go on to Cabinet for approval.</i>
8	Communication with directorate management needs to be improved to manage expectations around internal investigation work.	<i>Service Directors are being updated on investigation progress more regularly.</i>
9	Future options for: <ul style="list-style-type: none"> <li>• assessing the efficiency and effectiveness of counter fraud operations</li> <li>• recording of savings.</li> </ul>	<i>Changes being made to ensure we seek to recover costs where possible and encapsulate all savings from an investigation.  Recoverable savings is already recorded. A method to record actual recovery to be developed.</i>

## 9. Work planned for the forthcoming year

9.1 In addition to the responsive investigation work the following pieces of counter fraud work are planned for the forthcoming year:

- Analysis and proactive fraud work on Personal Budgets
- A review of Bribery and Corruption fraud controls
- Exploring the development of a Data Warehouse for fraud detection.
- Procurement analytical review.
- Exploring the possibility of a tenancy fraud key amnesty.

# Audit Committee

31 May 2018



**Report of:** Chair of the Audit Committee

**Title:** Audit Committee Annual Report to Full Council – Draft Report

**Ward:** N/A

**Officer Presenting Report:** Interim Chief Internal Auditor/ Head of Internal Audit

## Recommendation

The Committee Members consider and approve the Audit Committee’s Draft Annual Report to Council for 2017/18.

## Summary

The report provides a summary of the work of the Committee during 2017/18 and its conclusions following oversight of the assurance, governance and risk management frameworks within which the Council operates. It also includes a self- assessment of the Committee’s effectiveness in line with good practice.

## The significant issues in the report are:

The work of the Committee together with conclusions from that work as detailed in section four of Appendix A;

The self-evaluation of the Committee’s effectiveness at Section 5 and Appendix 2 of Appendix A.



## Policy

The Audit Committee's Terms of Reference are determined by Full Council. The City Council has a duty to ensure adequate and effective risk management, internal control and governance arrangements and the economy, efficiency and effectiveness of its activities. The Audit Committee has a key role in assessing the extent to which this responsibility is being met and advising the Council on the adequacy and effectiveness of these arrangements.

## Consultation

1. **Internal**  
Audit Committee Members
2. **External**  
N/A

## Context

3. The Committee's Terms of Reference include a requirement to provide full Council with an Annual Report summarising its conclusions from the work it has undertaken during the year. The report is provided at Appendix A.

## Proposal

4. Committee members review the Annual Report to Full Council and approve it for submission to Full Council, subject to any amendments required identified at the Committee meeting.

## Other Options Considered

5. None

## Risk Assessment

6. The assurances provided to the Council by the Audit Committee are an important element of the Council's governance arrangements.

## Public Sector Equality Duties

- 7a) 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.

7(b) No Equality Impact anticipated from this report.

#### **Legal and Resource Implications**

**Legal – N/A**

**Financial – N/A**

**Land – N/A**

**Personnel – N/A**

#### **Appendices:**

Appendix A – Audit Committee Report to Full Council 2017/18 (draft)

#### **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

##### **Background Papers:**

Audit Committee papers throughout 2017/18.

CIPFA Guidance on Audit Committee Effectiveness 2013





# **BRISTOL CITY COUNCIL**

## **AUDIT COMMITTEE**

**ANNUAL REPORT  
2017-18**

DRAFT

## 1. Introduction:

- 1.1 This is the annual report of the Audit Committee and covers the financial year 2017/18. The format of the report has been developed to enable the reader to form a view about the effectiveness of the Committee's activities during the year and its oversight of the Assurance and Risk Management Frameworks within which Bristol City Council operates.

## 2. Role of the Committee:

- 2.1 The Committee's approved Terms of Reference for 2017/18, which are detailed on the Bristol City Council website ([Audit Committee Terms of Reference.pdf](#)), can be summarised as providing independent assurance to the Council in relation to the:
- Effectiveness of the Council's governance arrangements, risk management framework and internal control environment;
  - Overseeing of the work of Internal and External Audit;
  - Effectiveness of the Council's financial and non-financial performance to the extent it affects exposure to risk and poor internal control;
  - Reviewing of the Annual Statement of Accounts and the Annual Governance Statement.
- 2.2 A commentary on the Committee's work during 2017/18 is set out in section 4 below.
- 2.3 The Audit Committee is the primary means by which Full Council obtains assurance that governance, risk management and control systems are in place and effective. It ensures that these are regularly reviewed and reflect regularity and propriety. The Audit Committee's responsibilities are additional and supportive to those of the Section 151 Officer.

## 3. Membership and Meetings of the Committee:

- 3.1 The Committee was chaired during 2017/18 by Councillor Jos Clarke. Up until December 2017, the Committee comprised of seven members - the Chair and Councillors Clive Stevens (Vice Chair), Liz Radford, Olly Mead, Barry Clarke, Steve Pearce and Azfal Shah.
- 3.2 In January 2018, the Committee were pleased to welcome two new independent members, Adebola Adebayo and Simon Cookson, to bring additional subject matter expertise in support of the Committee's work. The role of such members on the Committee is also to enhance the independence of the Committee and reinforce its political neutrality in the consideration of the governance, risk and control arrangements of the Council.
- 3.3 The Committee met formally on six occasions during 2017/18, with an additional extraordinary meeting held in May 2018 to consider relevant aspects of the Constitution prior to Full Council consideration in May 2018. All meetings were quorate.

Table 1- Audit Committee Attendance 2017/18:

Member	No. of Meetings Held	No. of Meetings Attended	% of Meetings Attended(sub)
Jos Clarke - Chair	7	7	100%
Clive Stevens – Vice Chair	7	6 (1 sub)	100%
Olly Mead	7	7	100%
Steve Pearce	7	6 (1 sub)	100%
Barry Clarke	7	4 (1 sub)	71%
Liz Radford	7	5 (1 sub)	86%
Azfal Shah	7	4	57%
Adebola Adebayo	3	2	67%
Simon Cookson	3	3	100%

- 3.4 Only one declaration of a non-pecuniary interest was declared during the municipal year, and the relevant Committee member did not take part in the discussions appertaining to that interest at any of the relevant meetings.
- 3.5 In addition to the Committee Members, the Section 151 Officer, Interim Chief Internal Auditor, Head of Internal Audit, Monitoring Officer, representatives from External Audit (BDO LLP) and other officers, as appropriate, attended Committee meetings.
- 3.6 A total of forty six reports were considered during the year, the details of which are provided in [Appendix 1](#). Additionally, at each meeting of the Committee, their work programme was reviewed for continued relevance and progress against actions required by the Committee were monitored.

#### 4. The Work and Activity of the Audit Committee in 2017/18:

- 4.1 The specific objectives of the Committee relate to overseeing the following arrangements. Papers received by the Committee to enable them to provide that oversight are recorded below:

*Table 1 - Audit Committee Key Oversight:*

Area	Papers Considered to Enable Oversight
Internal Control Environment	<ul style="list-style-type: none"> <li>Internal Audit Activity Reports. These were provided throughout the year and included enhanced summary information regarding individual audit reviews and details of the control environments.</li> <li>Internal Audit Annual Report, including annual opinion on governance, risk management and internal control.</li> <li>Local Government Ombudsman Report</li> </ul>
Corporate Risk Management	<ul style="list-style-type: none"> <li>Risk Management Policy Review.</li> <li>Corporate Risk Register Review – Progress Monitoring</li> <li>Corporate Risk Register.</li> </ul>
Regulatory Framework	<ul style="list-style-type: none"> <li>Code of Governance and Annual Governance Statement.</li> <li>Bundred Report Actions and Annual Governance Statement Tracker.</li> <li>External Auditor Appointment Process – Progress Reports.</li> <li>Constitution Updates</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>Internal Audit Charter, Terms of Reference and Strategic Statement.</li> <li>Internal Audit Plan 2017/18. Amendments to the Plan.</li> <li>Internal Audit Activity and Performance Reports.</li> <li>Internal Audit Peer Review – Terms of Reference and Results.</li> <li>Internal Audit Quality Assurance and Improvement Programme.</li> </ul>
External Audit	<ul style="list-style-type: none"> <li>External Audit Planning and Update Reports</li> </ul>
Financial Reporting	<ul style="list-style-type: none"> <li>Annual Statement of Accounts – Draft and Final</li> <li>Unspent returned grants.</li> <li>External Audit ISA 260 Report.</li> <li>External Audit Grants Report.</li> </ul>
Treasury Management	<ul style="list-style-type: none"> <li>Treasury Management Annual Report</li> <li>Treasury Management Half Year Update Report</li> </ul>
Members Conduct	<ul style="list-style-type: none"> <li>DBS Check Requirement for Members</li> <li>Budget Dispensations</li> <li>Complaints about Councillors</li> </ul>
Anti-Fraud Arrangements	Internal Audit – Counter- fraud reports. Internal Audit Activity Reports. Whistleblowing Annual Review.

## **Key Messages from the work of the Committee:**

### Internal Control Environment:

- 4.2 The Committee received an Annual Report from Internal Audit, in line with best practice in the CIPFA Public Sector Internal Audit Standards (PSIAS) at the start of the municipal year. This drew attention to the continued reduction in the control environment for areas reviewed by Internal Audit. Additionally, of particular concern was that internal audit recommendations to improve control processes were not actioned in a timely way once agreed.
- 4.3 The Committee has continued to emphasise the importance of implementing Internal Audit's recommendations and has supported Internal Audit in its work to ensure control weaknesses are effectively dealt with. The Committee has received regular updates on the status of outstanding recommendations, and where appropriate has requested further information from the relevant responsible officers.
- 4.4 Internal Audit activity reports received by the Committee throughout the year continue to identify areas where control environment improvement is identified upon audit, however the Committee has received assurance that the rate of recommendation implementation has considerably improved as the year has progressed.

### Corporate Risk Management:

- 4.5 The Committee oversaw revision to the Council's Risk Management Policy and reviewed the Corporate Risk Register only once during the year as 'refresh' work was being undertaken to the register. Committee members remain concerned regarding scrutiny of Directorate Risk Registers to ensure this element of strategic risk management arrangements are effective.
- 4.6 This is being kept under review by officers and a dedicated resource to assist with embedding risk management across the Council has now been sourced which should improve assurances the Committee are able to give in respect of risk management arrangements going forward.

### Regulatory Framework/Financial Reporting:

- 4.7 The final Annual Governance Statement (AGS) and the final Statement of Accounts for 2016/17 were considered prior to their production, in addition to considering the related External Auditor's reports. The AGS identified significant governance issues, as did an external governance review report.
- 4.8 The Committee has been pleased to receive updates on the progress of Governance improvement action plan, which incorporated both the recommendations from the external governance review, and the proposed actions to address the significant issues as identified in the 2016/17 AGS, at each of its meetings, requesting further insight into the application of the mitigations that have been recorded as implemented. Monitoring of improvement actions will need to continue into 2018/19.
- 4.9 In their Annual Report for 2016/17, the external auditors issued an unmodified true and fair opinion on the financial statements. It also made an adverse conclusion on the Council's arrangements in place for securing economy, effectiveness and efficiency in its use of resources.

#### Audit Arrangements:

- 4.10 The Committee received regular reports from both the internal and external auditors to enable them to monitor performance and effectiveness of the Council's audit arrangements.
- 4.11 In respect of Internal Audit, the Committee received assurance from an external peer review that the Internal Audit team generally conforms to professional standards. Some improvement actions were recommended and the Committee continues to monitor implementation of those.
- 4.12 An Interim Chief Internal Auditor joined the team at the start of the year to provide increased strategic support to the s 151 Officer at a time when many high profile and complex reviews were required by senior management.
- 4.13 The Audit Committee remain concerned to ensure the team is resourced adequately through a period when the team have suffered many vacancies. The Audit Committee has approved amendments to the Internal Audit plan, reducing coverage, to reflect reduced resources and additional work required of the team.
- 4.14 The Audit Committee have also monitored external audit provision by way of update reports from the external auditor and updates from officers concerning appointment of new external auditors once the current arrangement expires.

#### Counter Fraud Arrangements:

- 4.15 The Committee received regular updates on the counter-fraud work undertaken by Internal Audit and noted the continued good results concerning proactive fraud identification work. An assessment against CIPFA's best practice framework for counter fraud arrangements has provided assurance that many aspects of best practice are in place at the Council. Some improvements could be made and an improvement plan has drafted to address these areas. The Committee will monitor improvement progress.

#### Summary:

- 4.16 In summary, the Committee has generally met its existing terms of reference in this municipal year. It was however determined that the terms of reference need to be more robust going forward to support enhanced effectiveness of the Committee. As such, more comprehensive terms of reference have been drafted which will be considered by Full Council as part of its consideration of the Constitution in May 2018.
- 4.17 In order for the Committee to be effective, its members must remain apolitical and objective. To enhance arrangements, two new independent members were appointed to the Committee and attended their first meeting in January 2018. The Committee continues to strive to maintain an apolitical forum, both during its meeting and when speaking on the Committee's behalf outside of the meetings.
- 4.18 The Committee has been presented with a wide range of issues during the year, adding value by providing scrutiny of the governance within the Council. Outlined below are examples of where the Committee has contributed to improved governance of the Council:
- Implementation of improvement recommendations. Following receipt of updates from Internal Audit on the level of implementation of their recommendations, the Committee as well as expressing dissatisfaction has, where appropriate, called officers to meetings to explain progress towards implementation of recommendations. Examples include receiving updates in relation to

GDPR implementation.

- The Committee has received updates on the progress of actions resulting from both the AGS in 2016/17 and the governance review carried out in the same year, considering reports at every meeting.
- The Committee has required officers to review controls around monitoring grant expenditure to avoid the need for repayment of grants going forward.

## 5. Training and Develop Activity to Support the Committee.

5.1 A key requirement of an effective Audit Committee is a well-informed membership who has substantial experience of the key areas to be considered by the Committee. The training plan for 2017/18 was aimed at assisting members to improve their knowledge and understanding of some of the complex issues they consider. A training/workshop session was provided for Committee members prior to each Committee meeting throughout the year as follows:

- June 2017 Local Authority Accounts, Corporate Governance and Internal Control
- July 2017 Improving Audit Committee Effectiveness
- September 2017 Risk Management
- November 2017 The differing roles of Internal and External Audit
- January 2018 Commissioning Framework Governance
- March 2018 Audit Committee Effectiveness Workshop

5.2 The Committee has considered its effectiveness in 2017/18 against the Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance on Audit Committees' 'Good Practice' checklist to ensure it operated in line with generally accepted practices. The results from the assessment will be used to inform the Committee's training strategy going forward as well as its work programme. A copy of the checklist is attached to this report for information at [Appendix 2](#).

5.3 Each member of the Committee was asked to complete the good practice checklist. An average of the scores (from 1 to 5) was taken which is detailed in Appendix 2. Overall the assessment scores average 2.75 out of 5 for the returns received which indicates a mixed experience of reporting improvement.

5.4 Whilst Committee members considered that the committee made a strong contribution to counter-fraud arrangements and development of effective control environments, other areas require further development/attention to assist the Committee becoming more effective going forward. Key areas identified from the self- assessment and how these gaps will be filled are included in the next section of the report – Priorities for 2018/19.

5.5 The Council has an established budget for Member development and training in 2018/19 and this can be accessed to support external trainers or facilitators, or to fund members' attendance on external training programmes where this is considered beneficial.

## 6. Priorities for 2018/19

6.1 Looking forward, the Committee will strive to enhance the assurances it can provide by:

- Reviewing its work programme in line with the Committee's new and more robust terms of reference going forward.
- Supporting the new independent members to enhance challenge and objectivity of the assurances the Committee can provide.
- Improving meeting planning and agenda management and considering the need for clearer reporting of the outcomes of Audit Committee work.
- Continuing a programme of training at each meeting which can be offered to other Members.
- Reviewing and improving the assurances received regarding the effectiveness of risk management arrangements.
- Supporting and reviewing progress being made to address the areas of concern identified in section 4 of this report.
- Understanding the Committee's role in reviewing governance arrangements where the Council works in partnerships.
- Supporting the mapping of assurances with a view to streamlining assurance reporting when appropriate.
- Understanding the assurance arrangements in place for major projects and programmes and performance management generally.

## 7. CONCLUSION

7.1 The Committee's primary contribution to the Council's objectives is to ensure that Governance, Control, Risk Management and Audit systems which underpin the work of the Council are sound, reliable, robust and secure.

7.2 This review gives an overview of the range of work undertaken by the Committee, which has enabled it to conclude that the Council's system of checks and balances are not consistently as robust as required and further improvements are planned going forward.

7.3 A review of Committee effectiveness against its terms of reference, taking into consideration the proposed revised terms of reference and the skills required to meet new requirements; opportunities to enhance the effectiveness of the Committee have been identified for implementation in 2018/19. The Committee recognises that the challenges facing the Council are ongoing and as such aims to continue to promote and support good governance throughout the Council.

7.4 I would like to thank my Vice Chair, fellow Committee members and Officers for their support in enabling the Committee to achieve its objectives in 2017/18.

## Appendices:

- Appendix 1 – Reports considered by the Audit Committee in 2017/18
- Appendix 2 - CIPFA 'Good Practice' Self -Assessment Checklist for Audit Committees.

## Reports Considered by the Audit Committee 2017/18

At each meeting, the Committee's work programme was reviewed for ongoing relevance. Additionally, actions agreed at meetings were recorded in an action sheet which was again reviewed at each meeting to monitor progress of agreed actions. Other reports considered during the year are recorded below:

Meeting	Report
June 2017	<ul style="list-style-type: none"> <li>• Internal Audit Annual Report for 2016/17.</li> <li>• Draft Annual Governance Statement 2016/17.</li> <li>• Draft Statement of Accounts for 2016/17.</li> <li>• External Audit Update Report.</li> <li>• Audit Committee Annual Report to Full Council 2016/17.</li> </ul>
July 2017	<ul style="list-style-type: none"> <li>• Terms of Reference for the Peer Review of Internal Audit in 2017/18.</li> <li>• Internal Audit In Year Activity Report 2017/18 (Quarter 1).</li> <li>• External Auditor Appointment Process Update.</li> <li>• External Audit Update Report.</li> <li>• DBS check requirements for Members.</li> </ul>
September 2017	<ul style="list-style-type: none"> <li>• Final Annual Governance Statement (AGS) for 2016/17.</li> <li>• Statement of Accounts for 2016/17.</li> <li>• External Audit ISA260 Report.</li> <li>• Bundred report and AGS significant issues tracker.</li> <li>• Risk Management Policy.</li> <li>• Corporate Risk Register Review – Progress Update.</li> <li>• Internal Audit Activity Report – Period April – August 2017.</li> <li>• Treasury Management Annual Report for 2016/17.</li> <li>• External Auditor Appointment Process Update.</li> <li>• Unspent returned grants in 2016/17.</li> <li>• Local Government Ombudsman's Annual Letter 2016/17.</li> <li>• Audit Committee Annual Report to Full Council Addendum.</li> </ul>
November 2017	<ul style="list-style-type: none"> <li>• External Audit – Annual Audit Letter for 2016/17.</li> <li>• Internal Audit - Half-Year Activity Report – Period April – October 2017.</li> <li>• Internal Audit – Counter Fraud Half-Year Update Report.</li> <li>• Corporate Risk Register.</li> <li>• Internal Audit - Quality Assurance and Improvement Plan.</li> <li>• Internal Audit – Charter, Terms of Reference and Strategic Statement.</li> <li>• Bundred Report and Annual Governance Statement Tracker.</li> <li>• Treasury Management – Mid-Year Report 2017/18.</li> <li>• DBS Checks for members of the Council.</li> </ul>
January 2018	<ul style="list-style-type: none"> <li>• External Audit 2016/17 Grants Report.</li> <li>• Revenue and Capital Grant Register.</li> <li>• Code of Governance Update and Re-design (Draft).</li> <li>• Bundred Report and Annual Governance Statement Tracker.</li> <li>• Draft Revised Terms of Reference for the Audit Committee.</li> <li>• Budget Dispensations.</li> <li>• Information Item - Summary Update - Complaints about Councillors.</li> </ul>
March 2018	<ul style="list-style-type: none"> <li>• Bundred Report and Annual Governance Statement Tracker.</li> <li>• External Audit Approach and Planning Letter 2017/18.</li> <li>• Internal Audit Draft Annual Plan for 2018/19.</li> <li>• Whistleblowing Arrangements – Annual Review.</li> <li>• Results of Peer Review of the Internal Audit Service.</li> <li>• Internal Audit Activity Report. Period 1<sup>st</sup> April 2017 to 1<sup>st</sup> March 2018.</li> <li>• Update on General Data Protection Regulations Readiness.</li> </ul>
May 2018 (Extra-ordinary Meeting)	<ul style="list-style-type: none"> <li>• Constitution Updates.</li> </ul>



<b>Assessment key</b>	
5	Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the committee has supported improvements in this area.

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<b>Areas where the audit committee can add value by supporting improvement</b>	<b>Examples of how the audit committee can add value and provide evidence of effectiveness</b>	<b>Average Score:</b>
Promoting the principles of good governance and their application to decision making.	Providing robust review of the AGS and the assurances underpinning it.	2.7
	Working with key members/governors to improve their understanding of the AGS and their contribution to it.	3.3
	Supporting reviews/audits of governance arrangements	3.0
	Participating in self assessments of governance arrangements.	2.7
	Working with partner audit committees to review governance arrangements in partnerships	1.0
Contributing to the development of an effective control environment's	Monitoring the implementation of recommendations from auditors	3.3
	Encouraging ownership of the internal control framework by appropriate managers	3.3
	Raising significant concerns over controls with appropriate senior managers.	3.7

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Average Score:
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	Reviewing risk management arrangements and their effectiveness, eg risk management benchmarking.	2.3
	Monitoring improvements	2.7
	Holding risk owners to account for major/strategic risks	2.0
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	Specifying its assurance needs, identifying gaps in overlaps in assurance.	3.3
	Seeking to streamline assurance gathering and reporting.	2.0
	Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit.	3.0
Supporting the quality of the Internal Audit activity, particularly by organising its organisational independence.	Assessing the effectiveness of Internal Audit arrangements and supporting improvements	3.3
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place.	2.0
	Reviewing the effectiveness of performance management arrangements.	2.0
Supporting the development of robust arrangements for ensuring value for money.	Ensuring that assurance on value for money arrangements is included in the assurance received by the audit committee.	2.3

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Average Score:
	Considering how performance in value for money is evaluating as part of the AGS	2.3
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	Reviewing arrangements against the standards set out in CIPFA's Management the Risk of Fraud (Red book 2).	4.0
	Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.	4.0
	Assessing the effectiveness of ethical governance arrangements for both staff and Members.	3.0
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English.	2.7
	Reviewing whether decision making through partnership organisations remains transparent and publicly assessable and encouraging greater transparency.	2.0

# Audit Committee

31 May 2018



**Report of:** The Interim Director of Finance

**Title:** Draft Statement of Accounts 2017/18

**Ward:** City Wide

**Officer Presenting Report:** Chris Holme

**Contact Telephone Number:** 0117 3521157

## Recommendation

The Audit Committee note, and comment as appropriate, on the draft, unaudited, Statement of Accounts for 2017/18

## Summary

The Statement of Accounts sets out the Council's financial position as at the 31 March 2018 along with a summary of its income and expenditure for the year to 31 March 2018. The financial statements are the main method of demonstrating financial accountability and stewardship.



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## Policy

None affected by this report. BDO are the Council's appointed external auditors. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements, namely the Local Audit and Accountability Act 2014.

## Consultation

1. **Internal**  
Denise Murray – Acting Executive Director of Resources
2. **External**  
None

## Other Options Considered

3. None

## Risk Assessment

4. None necessary for this report

## Public Sector Equality Duties

5. None necessary for this report

## Legal and Resource Implications

### Legal

None arising from this report

### Financial

#### (a) Revenue

None arising from this report

#### (b) Capital

None arising from this report

### Land

Not Applicable

### Personnel

Not Applicable

## Appendices:

Draft Annual Statement of Accounts 2017/18.

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**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:**

None

# Audit Committee

31 May 2018



**Report of:** Shahzia Daya, Director - Legal and Democratic Services

**Title:** Councillor Referral to the Audit committee

**Ward:** City Wide

**Officer Presenting Report:** Nancy Rollason, Head of Legal Service

## Recommendation

**That the committee consider the report in relation to the request received and the Committee's terms of reference and remit.**

## Summary

The report sets out the remit of the Audit Committee in relation to a request received by Cllrs Hopkins, Eddy and O'Rourke to undertake an enquiry into various issues.

## The significant issues in the report are:

A request has been made to the Audit Committee to consider an inquiry into various issues. This report considers the Committee's terms of reference and remit and concludes that it is not part of the terms of reference and therefore the role or remit of the Audit Committee to commission enquiries into the recruitment of individual members of staff or into their performance or into particular termination agreements.

The Committee's terms of reference include seeking assurance in relation to Governance issues. The External Auditors will provide a progress report to the Committee in relation to the recommendations they made in their review that will enable any relevant governance issues to be considered.



## Policy

Not applicable, the paper is based on the Committee terms of reference and relevant guidance and legislation.

## Consultation

1. **Internal** – Not applicable
2. **External** - Not applicable
3. **Context**

## Background

1. A request by three councillors was made in writing to the chair of the Audit Committee on the 16<sup>th</sup> April 2018 to establish an enquiry into:

- The payment made to Nicola Yates on her departure
- The recruitment of Anna Klonowski
- The performance of Anna Klonowski
- The departure and termination payment to Anna Klonowski
- Complaints against 3 members of the BCC Human Resources Committee

2. The letter suggested various issues that the Committee might want to consider in establishing an enquiry. This follows a referral to the External Auditors by the same Councillors, the review that the External Auditors undertook and the response received from the External Auditors following the review.

3. As part of its various powers and duties the Council has established an Audit Committee in line with many other Authorities.

4. Local Authorities and their committees must act within their powers. Decision-makers in councils are required to follow set procedures for making decisions. This may take the form of procedural requirements set out in statute, statutory instrument, guidance (whether statutory or non-statutory) or the Council's Constitution. Any such procedures are usually drafted with the purpose not only of guaranteeing that the decision-maker takes into account all relevant considerations, but also to ensure lawful compliance by the decision maker and procedural fairness for those affected by the decision.

5. The role and remit of the Audit Committee is set out in the Terms of Reference and are consistent with the good practice guidance provided by CIPFA.

The relevant parts of the terms of reference are as follows:

"The purpose [of the committee] is to provide independent assurance to the council in relation to:-



- The effectiveness of the council’s governance arrangements, risk management framework and internal control environment including overseeing:
  - risk management strategies
  - Anti-fraud arrangements
  - Whistle-blowing strategies
  - Internal and external audit activity;
- The effectiveness of the council’s financial and non-financial performance to the extent it affects exposure to risk and poor internal control.

6. Good practice guidance provided by Cipfa states: “The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes” (“Audit Committees -Practical Guidance for Local Authorities Chapter Two p3 2013 edition)

7. It is not part of the terms of reference and therefore the role or remit of the Audit Committee to commission enquiries into the recruitment of individual members of staff or into their performance or into particular termination agreements.

8. The Monitoring Officer is responsible for dealing with and resolving Complaints made in relation to Councillors. The role of the Audit Committee is as set out in the procedure for complaints about breaches of the member Code of Conduct:

*“If there is no finding of a breach of the Code of Conduct then that will be an end to the matter. If there is a finding of a breach and the Monitoring Officer is unable to negotiate an informal resolution between the parties then the matter will be referred to the Audit Committee for consideration.”*

In this case, no finding has been made and therefore the Audit committee have no role in looking in to the complaints as requested.

9. The letter to the Chair refers to a previous referral to the External Auditors who undertook a review of the issues raised by the three Councillors. The response from the External Auditors dated 29 January 2018 states:

*"..our findings and recommendations in relation to the severance payment to the former City Director, set out in our Audit Completion Report for the year ended 31 March 2017, have not been adhered to fully in this instance. In our Report we stated that 'it would have been good practice to present a fuller report to Members of the HR Committee on the costs of the package and any other options available'*

*We recommended that ‘when presenting information on severance arrangements of senior staff, the Council should ensure that the appropriate Committee is given sufficient detail on the costs and alternative options, while taking into account confidentiality requirements”*

*Officers have provided us with assurances that this will be reviewed and new processes put in place to cover future situations of this kind. We will report progress on this in our*

*Audit completion report for the year ended 31<sup>st</sup> March 2018, which will be presented to the Audit committee in due course*

10. The Committee's terms of reference include seeking assurance in relation to the adequacy of Governance arrangements. The External Auditors will provide a progress report to the Committee in relation to the recommendations they made in their review that will enable any relevant governance arrangements to be considered.

**Proposal**

**That the committee consider the report in relation to the request received, and the Committee's terms of reference and remit**

**Public Sector Equality Duties**

Not applicable

**Legal and Resource Implications**

**Legal**

As set out in the report

**Legal advice provided by Nancy Rollason, Head of Legal services**

**Financial**

**(a) Revenue**

There are no financial implications arising from the recommendation

**Finance Advice provided by Chris Holme, Acting Director, Finance**

**(b) Capital**

Not applicable

**Land/Property**

Not applicable

**Land/property advice provided by**

Not applicable

**Appendices:**

**None**

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:**

- CIPFA - Audit Committees - Practical Guidance for Local Authorities
- Procedure for Complaints about Breaches of the Code of Conduct.

# Audit Committee

31 May 2018



**Report of:** Shahzia Daya, Director: Legal and Democratic Services

**Title:** DBS Checks for Members of the Council – Draft Policy and Guidance Note

**Ward:** Citywide

**Officer Presenting Report:** Nancy Rollason, Head of Service: Legal

## Recommendation

**That the Committee consider and comment on the draft Policy and Guidance note**

### Summary

The Audit committee asked that a Policy for DBS checks for Members be developed. An initial report setting out a proposed approach was approved by the Committee on the 23<sup>rd</sup> November 2017 and it was agreed that a policy would be developed by Officers. This has been done and is presented in this report.

#### **The significant issues in the report are:**

1. The level of DBS check that can be submitted for an Elected Member depends on the role that is being carried out
2. The Policy provides that all Elected Members will be subject to a 'Basic' disclosure check on election/re-election to the Council to support the declaration confirming they are not disqualified under Section 80 of the Local Government Act 1972.
3. Elected members (and deputies) who hold Cabinet roles, or who are members of committees, panels or other bodies that have responsibility for discharging social care or education functions are eligible for 'Enhanced' disclosure checks without a check of any barred list.
4. Members who sit on the Cabinet, Corporate Parenting and Guardianship panel will be enhanced checked, with all other Members being asked to undertake a basic check.

## Policy

1. Not applicable.

## Consultation

### 2. Internal

The approach to DBS checking has been discussed with and approved by the DCS and the DASS, the Designated Deputy Mayor, Party Group Leaders and the Audit committee.

### 3. External

Not applicable.

## Context

4. There is no policy in place for DBS checks for Councillors. The Audit Committee asked that a policy be formulated.
5. An approach was approved by the DCS, DASS, the Head of Paid Service and Members through their Party Group leaders and the Audit Committee.
6. The approach has now been put in to a draft Policy and Guidance document and has been approved by Resources EDM and the Designated Deputy Mayor. It is now coming to the Audit committee for comment before being finally approved by the Corporate Leadership Board.
7. The level of DBS check that can be submitted for an Elected Member depends on the role that is being carried out
8. The Policy provides that all Elected Members will be subject to a 'Basic' disclosure check on election/re-election to the Council to support the declaration confirming they are not disqualified under Section 80 of the Local Government Act 1972.
9. Elected members (and deputies) who hold Cabinet roles, or who are members of committees, panels or other bodies that have responsibility for discharging social care or education functions are eligible for 'Enhanced' disclosure checks without a check of any barred list.
10. Disclosure information will only be used for the specific purpose for which it is requested and for which the applicant's full consent has been given.
11. Members who sit on the Cabinet, Corporate Parenting and Guardianship panel will be enhanced checked, with all other Members being asked to undertake a basic check.
12. The Policy sets out in detail how this will be done and how any risk will be identified and dealt with. There is also a guidance note for Councillors that explains the process and in more detail.

## **Proposal**

**That the Audit Committee consider and comment on the draft policy and guidance note.**

## **Other Options Considered**

None

## **Risk Assessment**

## **Legal and Resource Implications**

### **Legal**

The Draft Policy is in line with statutory provision and guidance as set out in the report

**Legal advice provided by Nancy Rollason, Head of Service: Legal**

### **Financial**

#### **(a) Revenue**

The financial implications of implementing the DBS policy will be a very minimal increase in costs, the majority of which would only be incurred every four years during councillor election years. This would be expected to be absorbed within current service budgets, alternatively funding is set aside every year for the election costs and could be funded from this reserve if there is no slack in current service budgets.

**Financial advice provided by Michael Pilcher, Finance Business Partner**

### **Human Resources**

Members are office holders and not employees. There are therefore no HR implications. However, the proposals set out in the report have been discussed and agreed with HR Operations Team who manage DBS checks

**HR advice provided by Mark Williams – Head of HR**

## **Appendices:**

Disclosure Policy for Elected Members  
Guidance Notes on Elected Members Disclosure Policy

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

### **Background Papers:**

None



## **Draft Disclosure Policy for Elected Members**

### **Introduction**

Bristol City Council takes its responsibilities for safeguarding children, vulnerable adults and other vulnerable groups very seriously. As part of its strategy for discharging its safeguarding obligations, Bristol City Council has adopted this Policy for undertaking Disclosure and Barring Service (“DBS”) checks on elected members.

Elected members hold positions of trust and have wide access to the Bristol’s social care and education services. Elected members may also perform very important duties in respect of Bristol City Council’s safeguarding and education functions and in doing so have access to very sensitive information about vulnerable service users.

As representatives of their constituents, holding positions of significant trust, Bristol City Council’s policy is for elected members to undergo appropriate DBS checks as set out in this policy.

Bristol City Council is committed to ensuring that through its operation of this policy it will comply with its obligations in respect of the Rehabilitation of Offenders Act 1974 and other associated legislation.

### **Different types of Checks**

The different types of checks are:

(a) Basic disclosure: Any individual can apply for a basic disclosure. A basic certificate will provide details of unspent convictions only.

(b) Standard Check: A standard certificate will include details of spent and unspent convictions, cautions, reprimands and final warnings.

(c) Enhanced Check: An enhanced certificate includes the same information as the standard check, plus any additional information held by local police that is reasonably considered relevant to the role being applied for.

(d) Enhanced Check with check of Barred Lists: This provides the same information as an Enhanced Check, and also confirms whether the individual’s name appears on the “barred lists”.

### **DBS Checks for Elected Members**

The Protection of Freedoms Act 2012 significantly amended definitions of regulated activity with children and adults. This impacted on the level of DBS check that is available for Local Authority’s Elected Members. The level of DBS check that can be submitted for an Elected Member depends on the role that is being carried out and it is important to note that not all Elected Members will be eligible for DBS check above a ‘basic’ check.



The Council has decided that all Elected Members will be subject to a 'Basic' disclosure check on election/re-election to the Council to support the declaration confirming they are not disqualified under Section 80 of the Local Government Act 1972.

Elected members (and deputies) who hold Cabinet roles, or who are members of committees, panels or other bodies that have responsibility for discharging social care or education functions (see appendix 1), are eligible for 'Enhanced' disclosure checks without a check of any barred list. These roles do not fall under the definition of regulated activity required for the checks against barred lists.

Subject to compliance with the statutory rules on being eligible to be elected to office and to remain in that office, the Council cannot prevent the election or continuation in office of any Elected Member, irrespective of what might be disclosed by a criminal records check. However the Council will take appropriate steps in accordance with its safeguarding responsibilities and proportionate to the conviction, caution or other issue disclosed.

Disclosure information will only be used for the specific purpose for which it is requested and for which the applicant's full consent has been given.

The Council will not accept DBS disclosure certificates from other organisations for any elected Member.

For co-opted Members, the Council will consider and review disclosure certificates from the co-opted Member's employing organisation.

### **The Process**

Within two months of the commencement date of this Policy and thereafter for newly elected Members within two months of taking office following election, Elected Members will be required to undergo a 'Basic' DBS check or, if undertaking a role contained within list at appendix 1, an 'Enhanced' disclosure check without a check of any barred list.

Checks will be processed by Member Services following a request by the Council's Monitoring Officer through the Council's 'E-Bulk' DBS system. The process will involve each elected Member signing a consent form to share DBS data outcomes with the Monitoring Officer, Executive Director: Care and Safeguarding and Party Leader. They will also provide evidence of their identity and certain other information member services who will assist with completing, validating and submitting the online application form.

The relevant Elected Member will be provided with a DBS certificate issued by the DBS. The Council will be notified by the DBS of the disclosure and whether the DBS check is clear. This information will be returned to the Monitoring Officer.

Where a check is not clear, for instance, it contains details of an offence, the elected Member will be required to provide a copy of the DBS certificate to the Monitoring Officer within 28 days of the date of issue of the DBS certificate, unless the content of the DBS certificate is disputed and the dispute is raised with the DBS within 3 months of the date of

issue, in which case the certificate must be provided to the Monitoring Officer within 28 days following the outcome of the dispute.

In accordance with Section 124 of the Police Act 1997 disclosure information will only be passed to those people who are authorised to receive it in the course of their duties. The Monitoring Officer will maintain a record of the date a check was requested, the date a response was received and note the certificate number.

If the disclosure is negative then the elected Members' record will normally be updated with the date of the completed DBS check and the DBS certificate number.

If the disclosure is positive the elected Member will be asked by the Monitoring Officer to bring their original paper DBS certificate to the Monitoring Officer. The Monitoring Officer, in consultation with the Executive Director: Care and Safeguarding, will risk assess the disclosure in relation to the Elected Members' responsibilities and complete a risk assessment form (appendix 2).

If a positive disclosure is not deemed to pose an assessed risk, then the risk assessment form will be sent by the Monitoring Officer to the HR DBS team to securely file in the electronic HR document management system, and the Elected Member's record will be updated with the date and number of the disclosure only.

If a positive disclosure is deemed to pose a risk for the Council or its residents then, following consideration by the Monitoring Officer, in consultation with the Executive Director: Care and Safeguarding, concerns will be discussed with the Member's Party Leader, in accordance with the consent form the Elected Member was asked to sign at the outset of the process. The Elected Member will be informed and a meeting arranged to consider the concerns and any proposed action.

If an elected Member refuses to undergo a DBS check relevant to their role, then the elected Member would be invited to discuss this with their Party Leader. Any refusal may also be considered as a breach of the Code of Conduct for Members.

### **Ongoing process**

As DBS checks only represent a snap shot of the time the check was carried out, there will be a requirement to renew these following an election or appointment to a role that requires an enhanced check.

An Elected Member must declare to their Party Leader and the Monitoring Officer any police charge, conviction or caution during the period between DBS checks on an ongoing basis.

**List of Roles and Committees requiring Enhanced DBS checks**

- Cabinet Members
- Corporate Parenting Panel
- Guardianship Panel

## Appendix 2

### RISK ASSESSMENT (WHERE A DBS CERTIFICATE SHOWS RELEVANT CONVICTIONS)

Elected Member's name:

Job Title: Elected Member

Date of Risk Assessment:

#### Part 1 – Details of relevant convictions

<b>Offence or incident 1</b>	
Date of offence or incident	
What were the circumstances involved and what was the sentence?	
Does the individual agree that the information detailed on the DBS certificate is correct?	
The country in which the offence was committed e.g. some activities are offences in Scotland and not in England and / or Wales and vice versa.	
<b>Offence or incident 2</b>	
Date of offence or incident	
What were the circumstances involved and what was the sentence?	
Does the individual agree that the information detailed on the DBS certificate is correct?	
The country in which the offence was committed e.g. some activities are offences in Scotland and not in England and / or Wales and vice versa.	
<b>Offence or incident 3</b>	
Date of offence or incident	
What were the circumstances involved and what was the sentence?	
Does the individual agree that the information detailed on the DBS certificate is correct?	
The country in which the offence was committed e.g. some activities are offences in Scotland and not in England and / or Wales and vice versa.	

Were any offences work related or committed within the context of a work setting?
Were any offences committed within the last 2 years?
What is the seriousness of the offence / incident(s) and relevant to the safety of other employees, service users and property?

What is the individual's attitude to the offence/s now?
Would they do anything differently now?
Has the individual's circumstances changed since the conviction/s for example location, friends, partner, education?
Are there any mitigating circumstances for example their youth, financial / domestic difficulty?
Do the matters disclosed form any pattern for example repeat offences?

**Part 2 – Details of role**

Level of DBS clearance required for post – standard / enhanced (circle as appropriate)
Does the role present any opportunities for the individual to re-offend in the place of work?
Would the role holder have direct contact with children, adults, the public?
What is the potential level of risk to vulnerable service users?
Is contact with service users unsupervised and if so how frequently?
Does the role involve any direct responsibility for finance or items of value?
Is the offence / incident directly relevant to the post?

What factors might mitigate the risks above? For example – time elapsed since offence/s were committed, any causes for concern during work history, models positive behaviours etc.

**Part 3 – Other relevant information**

Any other information relevant to this Risk Assessment regarding the individual, nature of work and / or location / environment where the role is carried out?

**Part 4 – Level of risk**

Detail proposed level of risk of individual remaining in post and reasons:	
High Risk	
Medium Risk	
Low Risk	

Can protective measures / safeguards be put in place to render the risk low? If so – detail Risk Management Plan, this may include for example: restricted duties, additional supervision, temporary changes to work location / allocation of tasks and / or training.

Risk Assessment completed by Monitoring Officer:

Signed:

Date:

**Part 5 - Authorisation**

<p>Executive Director; Care and Safeguarding Authorisation:</p> <p>I have considered the content of this risk assessment and give / do not give (delete as appropriate) approval for the individual to commence the role with the relevant restrictions / safeguards in place as outlined above:</p> <p>Name:</p> <p>Signed:</p> <p>Date:</p>
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## **Draft Guidance Notes on Elected Members Disclosure Policy**

### **1. What is a criminal records check?**

A criminal records check is a process that results in the issue of a certificate that discloses information relating to a person's criminal record, if any. Depending on the type of check, a criminal records check may show information about an individual's criminal convictions, cautions, reprimands, warnings or other relevant information. The single source of criminal records checks is:

- DBS Disclosure checks available from the Disclosure and Barring Service (DBS)

### **2. What is a DBS check?**

These are criminal records check undertaken with the DBS. They involve a search of national and local police records and, in relevant cases, barred list information. A certificate is then issued by the DBS to the applicant who will in all cases be the individual to whom the check relates.

As a Registered Body with the DBS, the Council undertakes criminal records checks to establish the suitability of applicants to take up particular roles by reference to criminal convictions, cautions, reprimands, warnings or other relevant information. The Council will apply for and fund the check but it will be sent to the member concerned. There are four types of DBS checks that individuals or the Council can undertake:

#### **i) Basic Disclosure check**

A basic disclosure is a criminal records check undertaken through Disclosure and Barring Service and is available for any individual for any purpose. The basic check is a check an individual can request for themselves or be asked to undertake by their employer. The check provides details of convictions considered unspent under the Rehabilitation of Offenders Act 1974.

Ordinarily, Bristol City Council will request an individual to undertake a Basic Disclosure check for any roles that may have access to sensitive data such as health, education or social services records relating to children or vulnerable adults.

#### **ii) Standard check**

The standard check is available for prescribed duties, positions and licenses, for example, court officers, employment within a prison, and Security Industry Authority (SIA) licenses.

Standard checks are also available for those carrying out **Regulated Activity**, applying the '**saved**' definition – that is the definition that was used prior to the changes made by the Protection of Freedoms Act 2012.

Appendix 1 provides a summary of the definition of Regulated Activity following the changes made by the 2012 Act and Appendix 2 sets out the 'saved' definition of Regulated Activity insofar as it is relevant to Members and co-optees. Section 4 below provides further explanation on Regulated Activity.



A standard level certificate contains details of all spent and unspent convictions, cautions, reprimands and final warnings from the Police National Computer (PNC) which have not been filtered in line with legislation.

**iii) Enhanced DBS check (without a barred list check)**

Enhanced DBS checks are available for those carrying out '**saved**' **Regulated Activity**. They are also available for prescribed duties, positions and licences, for example, regularly caring for, training, supervising or being solely in charge of children, specified activities with adults in receipt of health care or social care services and applicants for gaming and lottery licences.

An enhanced level certificate contains details of all spent and unspent convictions, cautions, reprimands and final warnings from the PNC which have not been filtered in line with legislation and also includes a check of information held locally by police forces.

**iv) Enhanced DBS check (with a barred list check)**

The enhanced check with barred list check(s) is only available for those individuals who are carrying out **Regulated Activity** (under the amended definition summarised at Appendix 1) and a small number of prescribed positions, for example, prospective adoptive parents and taxi and private hire vehicle licenses.

An enhanced level certificate with barred list check(s) contains the same PNC information and check of information held locally by police forces as an enhanced level check but in addition will check against the children's and/or adult's barred lists. Those who are considered unsuitable to work with children and/or vulnerable adults are placed on one or both of the two barred lists.

If an application includes a request to check the barred list(s) the DBS has a statutory duty to consider any information that suggests the applicant may pose a risk of harm.

**3. What criminal records checks can we obtain for Members?**

We can undertake Basic Disclosure checks on all Members. This includes all persons who are not elected Members but who are co-opted to any of the Council's Committees.

We can undertake Standard or Enhanced DBS checks (without a barred list check) on Members and substitutes who sit on certain committees or other forums where these meet the '*Saved*' definition of Regulated Activity.

We cannot undertake Enhanced DBS checks on Members that also include a check of either or both of the barred lists. The exception to this is where a Member or co-optee is or will be undertaking regulated activity under the revised definition in connection with their Council responsibilities. This situation is highly unlikely.

The check will be paid for by the Council but will be sent to the Member.

**4. What is Regulated Activity?**

There are two definitions of Regulated Activity that we need to be aware of:

- (i) The revised, narrower definition following the amendments made by the Protection of Freedoms Act 2012; and
- (ii) The saved definition that preserves the broader position in relation to Members as it was prior to the amendments made by the 2012 Act.

Under the revised, narrower definition, Regulated Activity covers the prescribed activities that a person might undertake with children, young people or vulnerable adults during which time the child, young person or vulnerable adult might be considered more vulnerable to abuse. Persons on either of the barred lists must not undertake regulated activity. There are different regulated activities prescribed in relation to children/young people and vulnerable adults. There is a summary of the revised definition of Regulated Activity at **Appendix 1**.

It is against the law for employers to employ someone or allow them to volunteer for work which is regulated activity if they know they are on one of the barred lists.

Under the saved definition of Regulated Activity, which is summarised at Appendix 2 insofar as is relevant, a Member or co-optee will be undertaking Regulated Activity if they discharge any education or social services functions, are a member of the Cabinet (as the Cabinet discharges education and social services functions), are a member of a committee or sub-committee of the Cabinet which discharges education or social services functions or are a member of an area committee *or any other committee or sub-committee of the Council* which discharges education or social services functions.

It is the responsibility of the Council to determine whether or not a position is in Regulated Activity and eligible for a check against one or both of the barred lists.

### **5. Are Members and co-optees in Regulated Activity?**

It is unlikely that any Members or co-optees will be within the amended definition of Regulated Activity in relation to their membership of a particular committee or Board.

Some Members' activities outside of their Member role bring them into Regulated Activity making them eligible for an Enhanced DBS check with a barred list check but this is not a matter for the Council.

Although changes were made to Regulated Activity by the Protection of Freedoms Act 2012 with the specified councillor roles being removed from the prescribed forms of Regulated Activity there is a saving in the related 2002 Regulations that allows enhanced DBS checks to still be undertaken on members who sit on the relevant committees or bodies.

### **6. Which Members will be eligible for a Standard or Enhanced DBS check?**

All Members and co-optees who are members or deputies of the following will be eligible for an Enhanced DBS check because of the functions these forums undertake.

These checks cannot include a check of either or both of the barred lists.

- Cabinet (all Portfolio Holders)
- Corporate Parenting Panel

- Guardianship Panel (Appeals Committee)

### **7. What does a criminal records check Certificate show?**

A clear disclosure certificate will confirm there is no record of any relevant information.

A positive disclosure certificate will contain details of cautions, convictions, reprimands, warnings or information held locally by police forces relating to the individual and the activities they may be or have been involved in.

More information about this can be found in the Council's *Criminal Records Disclosure Policy – Members*.

### **8. Who sees the Certificate?**

The certificate will be provided to the Member or co-optee, given that it is a personal application, but the Council's HR DBS Team will be notified by the Disclosure Service if there is a positive disclosure and notify the Monitoring Officer. If the disclosure result is positive, the Monitoring Officer will request sight of the certificate, and, in conjunction with the Executive Director: Care and Safeguarding, complete the risk assessment form.

### **9. What happens if a Certificate has disclosures on it?**

The Monitoring Officer and Executive Director; Care & Safeguarding will carry out a risk assessment to determine if the elected member can continue in the role.

The Council has a duty of care in respect of the protection of children, young people and vulnerable adults and will make a proportionate response to positive disclosures. Having a conviction or other positive disclosure will not necessarily exclude a Member from membership of a particular committee or Board.

### **10. How does a member obtain a a criminal records check?**

As a Registered Body with the DBS the Council undertakes criminal records checks via a secure on-line system (eBulk). This process is administered by the (TBC). When a check is required the (TBC) will make the necessary arrangements and provide the Member or co-optee with the information they need to make an application using the on-line facility. The Council will pay the fees direct.

### **11. How long do the results take?**

Basic Disclosure Certificates are usually issued within 14 working days of the application being received.

DBS Certificates are usually issued within four weeks of the application being submitted. Sometimes they are issued much quicker, within days. Very occasionally they can take longer than four weeks.

### **12. What happens to the information?**

Disclosure information is handled, used, stored, retained and disposed of in accordance with the relevant policies and procedures, and particularly having regard to the Council's data protection responsibilities.

**13. How long is a criminal records certificate valid?**

A criminal records check has no official expiry date. Any information included will be accurate at the time the check was carried out. The Council will need to take a view in individual circumstances as to when a new check has to be undertaken.

A certificate will become invalid immediately conduct has occurred which would be disclosed if a new check was undertaken.

A basis disclosure check will be required for an elected member on election and re-election or where their duties change and may fall within one of areas where the Council requires a check to be undertaken.

For more information, please contact the HR DBS Team on (0117) 352 1400

## Appendix 1

### DEFINITION OF REGULATED ACTIVITY (SINCE 10 SEPTEMBER 2012)

Regulated Activity is work that a barred person must not do. It excludes any family arrangements and personal, non-commercial arrangements.

#### CHILDREN

Regulated Activity relating to **children** comprises in summary:

(i) Unsupervised Activities: teach, train, instruct, care for or supervise children, or provide advice/guidance on well-being, or drive a vehicle only for children;

(ii) Work for a limited range of establishments ('specified places') with opportunity for contact, e.g. schools, children's homes, childcare premises. Not work by supervised volunteers;

Work under (i) or (ii) is regulated activity only if done:

- by the same person
- frequently(once a week or more often); or on 4 or more days in a 30-day
- period; or overnight

(iii) Relevant personal care, e.g. washing or dressing; or health care by or supervised by a professional;

(iv) Registered childminding; and foster-carers

An individual providing day to day management or supervision on a regular basis of a person in regulated activity is also in regulated activity.

#### ADULTS

Regulated Activity relating to **adults** - the focus is on the activities required by the adult, not on the setting, frequency, personal characteristics or circumstances of the adult requiring the activities. The following people (or anyone providing day to day management or supervision of those people) fall within the new definition:

(i) Any health care professional (or anyone under supervision of a health care professional) providing **health care** to an adult.

(ii) Anyone providing **personal care** because of an adult's age, illness or disability, relating to eating, drinking, going to the toilet, washing, bathing, getting dressed, care for mouth, skin, hair or nails.

(iii) A social care worker providing **social work** in connection with any health care or social services to an adult.

(iv) Anyone providing **assistance with cash, bills, and/or shopping** to an adult because of their age, illness or disability.

(v) Anyone providing **assistance in the conduct of a person's own affairs**.

(vi) Anyone **conveying** or who transports an adult because of their age, illness,

disability to receive health, personal or social care. This will not include family and friends or taxi drivers.

## **Appendix 2**

### **‘SAVED’ DEFINITION OF REGULATED ACTIVITY**

As far as is relevant to Council Members (or co-optees), the ‘saved’ definition of regulated activity, which still applies when considering eligibility for Standard and Enhanced Checks, is as follows:

#### **Children**

(a) they are a member of a local authority and discharges any education functions, or social services functions, of a local authority;

(b) they are a member of an executive of a local authority which discharges any such functions;

(c) they are a member of a committee of an executive of a local authority which discharges any such functions;

(d) they are a member of an area committee, or any other committee, of a local authority which discharges any such functions.

#### **Adults**

(a) they are a member of a local authority and discharges any social services functions of a local authority which relate wholly or mainly to vulnerable adults;

(b) they are a member of an executive of a local authority which discharges any such functions;

(c) they are a member of a committee of an executive of a local authority which discharges any such functions;

(d) they are a member of an area committee, or any other committee, of a local authority which discharges any such functions.

The definitions are copied direct from the Safeguarding Vulnerable Groups Act 2006.

Even though amendments have been made to the definition of regulated activity by the 2012 Act, the above definitions still apply to Members, including co-optees.