

# Audit Committee Agenda



**Date:** Monday, 26 November 2018

**Time:** 2.30 pm

**Venue:** Room 1P05, 1st Floor - City Hall, College Green, Bristol, BS1 5TR

## Distribution:

**Councillors:** Mark Brain, Olly Mead, Anthony Negus, Steve Pearce, Liz Radford, Afzal Shah, Clive Stevens, Richard Eddy, Adebola Adebayo and Simon Cookson

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**Date:** 16 November 2018.



# Agenda

## 1. Apologies and safety information

SAFETY INFORMATION – PLEASE NOTE:

(Pages 5 - 6)

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. 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.

## 3. Minutes of previous meeting

To approve as a correct record the following minutes:-

(Pages 7 - 23)

- 18 Sept 2018
- 16 October 2018.



#### 4. Action sheet

To note Actions Sheets for the following meetings:-

**(Pages 24 - 32)**

18 September 2018;  
16 October 2018.

#### 5. 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 **Tuesday 20 November 2018**.

Petitions and statements - Petitions / written statements must be submitted by 12.00 noon on **Friday 23 November 2018**.

#### 6. Work Programme 2018/19

**(Pages 33 - 34)**

#### 7. Business Continuity Report

**2.40 pm**

**(Pages 35 - 48)**

#### 8. Grant Thornton - Audit Progress Report and Sector Update

**3.00 pm**

**(Pages 49 - 65)**

#### 9. Internal Audit Half-Year Activity Report for the period of 1st April to 31st October 2018

**3.20 pm**

**(Pages 66 - 95)**

#### 10. Internal Audit Half Year Investigation and Counter Fraud Update Report

**3.50 pm**

**(Pages 96 - 107)**

#### 11. Internal Audit Quality Assurance Improvement Programme

**4.20 pm**

**(Pages 108 - 120)**

#### 12. Internal Audit Updated Charter, Terms of Reference and Strategic Statement

**4.35 pm**

**(Pages 121 - 136)**



- |  |  |
|--|--|
| <b>13. Treasury Management Mid-Year Report 2018/19</b>                               | <b>4.50 pm</b><br><b>(Pages 137 - 151)</b> |
| <b>14. Annual Report of Local Government and Social Care<br/>Ombudsman Decisions</b> | <b>5.05 pm</b><br><b>(Pages 152 - 189)</b> |



# Public Information Sheet

Inspection of Papers - Local Government  
(Access to Information) Act 1985

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Committee rooms are fitted with induction loops to assist people with hearing impairment. If you require any assistance with this please speak to the Democratic Services Officer.

## Public Forum

Members of the public may make a written statement ask a question or present a petition to most meetings. Your statement or question will be sent to the Committee and be available in the meeting room one hour before the meeting. Please submit it to [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk) or Democratic Services Section, City Hall, College Green, Bristol BS1 5UY. The following requirements apply:

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

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

By participating in public forum business, we will assume that you have consented to your name and the details of your submission being recorded and circulated to the committee. This information will also be made available at the meeting to which it relates and placed in the official minute book as a public record (available from Democratic Services).

We will try to remove personal information such as contact details. However, because of time constraints we cannot guarantee this, and you may therefore wish to consider if your statement

contains information that you would prefer not to be in the public domain. Public Forum statements will not be posted on the council's website. Other committee papers may be placed on the council's website and information in them may be searchable on the internet.

### Process during the meeting:

- Public Forum is normally one of the first items on the agenda, although statements and petitions that relate to specific items on the agenda may be taken just before the item concerned.
- There will be no debate on statements or petitions.
- The Chair will call each submission in turn. When you are invited to speak, please make sure that your presentation focuses on the key issues that you would like Members to consider. This will have the greatest impact.
- Your time allocation may have to be strictly limited if there are a lot of submissions. **This may be as short as one minute.**
- If there are a large number of submissions on one matter a representative may be requested to speak on the groups behalf.
- If you do not attend or speak at the meeting at which your public forum submission is being taken your statement will be noted by Members.

### Webcasting/ Recording of meetings

Members of the public attending meetings or taking part in Public forum are advised that all Full Council and Cabinet meetings and some other committee meetings are now filmed for live or subsequent broadcast via the council's [webcasting pages](#). The whole of the meeting is filmed (except where there are confidential or exempt items) and the footage will be available for two years. If you ask a question or make a representation, then you are likely to be filmed and will be deemed to have given your consent to this. If you do not wish to be filmed you need to make yourself known to the webcasting staff. However, the Openness of Local Government Bodies Regulations 2014 now means that persons attending meetings may take photographs, film and audio record the proceedings and report on the meeting (Oral commentary is not permitted during the meeting as it would be disruptive). Members of the public should therefore be aware that they may be filmed by others attending and that is not within the council's control.



## Bristol City Council Minutes of the Audit Committee

18 September 2018 at 2.00 pm



### **Present:**

**Councillors:** Olly Mead, Anthony Negus, Liz Radford, Afzal Shah, Clive Stevens, Paul Goggin, Jo Sergeant

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

### **Officers in attendance:**

Simon Oliver, Director – Digital Transformation

Ian Gale, ICT Service Manager

Denise Murray, Director – Finance

Jonathan Idle, Interim Chief Internal Auditor

Alison Mullis & Melanie Henchy-McCarthy, Head of Internal Audit (job share)

Chris Holme, Head of Corporate Finance

Tony Whitlock, Finance Manager

Jon Clayton, Principal Accountant, Corporate Finance

Gareth Spencer, Interim Head of Procurement

Ian Hird, Democratic Services

### **Also in attendance:**

Jon Roberts, Engagement Lead, Grant Thornton (external auditor)

Jackson Murray, Engagement Manager, Grant Thornton (external auditor)

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

Apologies were received from Cllrs Brain and Pearce (it was noted that Cllr Sergeant was substituting for Cllr Pearce and Cllr Goggin was substituting for Cllr Brain).

The Chair welcomed everyone to the meeting. He also reminded those present of the safety information as detailed on the agenda.



## 2. Declarations of interest

None.

## 3. Exclusion of Press and Public

### **RESOLVED:**

**That under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting in respect of the committee's consideration of the next item of business (item 4 on the agenda) on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of schedule 12A to the Act.**

## 4. IT corporate risks

The committee considered an exempt report from the Director - Digital Transformation providing an update on IT corporate risks and work underway to further improve IT infrastructure and security.

In discussion the following main points were raised/noted/clarified:

- a. In response to questions relating to Corporate Risk CRR 2 (IT infrastructure) and CRR 7 (Cyber-attack threats and implications), the Director - Digital Transformation outlined details of robust actions being taken forward to mitigate these risks as part of the Future State Assessment (FSA), following the approval of the FSA capital bid by the Cabinet on 3 July 2018.
- b. It was suggested that it would be useful to carefully track and assess the degree to which these corporate risks reduce as the FSA progresses through implementation.

### **RESOLVED –**

**That the update report and the above information be noted.**

### **Note:**

At this point in the meeting, the meeting was opened for public attendance/observance.

At the invitation of the Chair, attendees then introduced themselves.

Jon Roberts and Jackson Murray (from Grant Thornton, the Council's new external auditor) were welcomed to the meeting.

On behalf of the committee, the Chair thanked Ian Hird (Democratic Services, who would shortly be leaving the authority) for his work for the Council and in relation to this committee.





## 5. Minutes of previous meetings

### a. Minutes - Audit Committee – 26 July 2018

**RESOLVED:**

**That the minutes of the meeting of the Audit Committee held on 26 July 2018 be confirmed as a correct record.**

### b. Minutes - Extraordinary Audit Committee – 31 July 2018

Cllr Negus suggested that the minutes of this meeting should be amended to include the following two additional points:

- i. The committee had noted at the 26 July meeting that BDO personnel had been changed during the year. When questioned, BDO had denied that this had impacted on their ability to meet the deadline for signing off the accounts.
- ii. The committee had noted that a compromise agreement had been referred to by the external auditors in relation to the former Chief Executive at the 26 July and 31 July meetings.

The suggestion was discussed and the second point was not unanimously agreed. The meeting agreed that BDO would be contacted to check inclusion of an additional point to be included in the minutes about the discussion that had taken place in relation to the former CX's employment contract. This was done and the minutes have been updated as follows:

"Cllr Stevens had sought clarification about the external auditor view of the 'compromise agreement' reached by the Council with the former Chief Executive. The external auditor clarified that there is no compromise agreement and that information was awaited in relation to BCC's interpretation of the former Chief Executive's employment contract, specifically in relation to the issue of 'payment in lieu of notice'."

Subject to the above additions, it was

**RESOLVED:**

**That the minutes of the extraordinary meeting of the Audit Committee held on 31 July 2018 be confirmed as a correct record.**

## 6. Action sheet

The action sheet (tracking actions agreed at the 26 July meeting of the committee) was noted.

## 7. Declarations of interest



None.

## 8. Work programme

The latest update of the work programme was noted.

It was noted that Grant Thornton would also be circulating (later at this meeting) a briefing document setting out the high level outline of their approach to delivering their responsibilities as the Council's external auditor moving forwards, together with an outline reporting timeline.

## 9. Governance tracking report - AGS tracker 2016-17 and 2017-18

The Director – Finance presented the report, highlighting the following:

- a. In relation to the implementation of actions required from the Bundred review:
  - 75 actions (88%) were now ranked Green (completed and evidenced).
  - 10 actions (12%) were now ranked Amber (in progress with evidence) – further narrative was included in the report on the progress of Amber ranked actions.
  - There were no actions ranked Red (not started/started but not evidenced).
- b. In relation to implementation of actions required from the 2016-17 Annual Governance Statement (AGS):
  - 15 actions (68%) were now ranked Green (completed and evidenced).
  - 7 actions (32%) were now ranked Amber (in progress with evidence).
  - There were no actions ranked Red (not started/started but not evidenced).
- c. Appendix C set out 12 draft areas of improvement identified from the 2017-18 AGS. These remained draft until such time as they were formally endorsed by BDO, the Council's external auditor. A proposed action plan had been prepared in anticipation that these areas of improvement would be confirmed.

In discussion the following main points were raised/noted/clarified:

- a. In relation to performance management of staff (action 12 of appendix C), the My Performance reporting system had been updated for 2018-19 and re-launched in June. A specific corporate project was also underway to reassess the whole approach to performance management at all levels of the organisation. The performance management data / arrangements would also be subject to member scrutiny.
- b. Although not directly related to this progress report, Cllr Negus referred to the ongoing situation where only the statutory minimum notice (i.e. 28 calendar days) was routinely being given via the



Mayor's forward plan of key decisions to be taken at Cabinet. In his view, this was a major concern in terms of the governance of the authority as it effectively removed any opportunity for pre-decision member scrutiny. In discussion, it was noted that the Forward Plan is kept under review and published monthly. Any changes about the timing of the notification of "key decisions" via the forward plan were essentially Mayoral decisions. The Chair suggested that individual political groups may wish to consider making representations to the Mayor's office on this issue.

- c. It was noted that each of the directorate-focused scrutiny commissions would be receiving regular progress updates on directorate risk registers and performance.
- d. It was noted that Cllr Stevens would discuss separately with officers a number of specific queries.
- e. It was noted that a number of current Amber ranked actions in relation to finance were being addressed through the restructuring of the Council's finance section and the finance improvement plan.
- f. It was noted that a column had been omitted from the detailed tracker making it difficult to reconcile the summary and the detailed schedule. It was agreed that this would be rectified and the report re-circulated with the minutes.

Noting and taking account of the above, it was:

**RESOLVED:**

**That the committee notes the progress made to date against the AGS action plan for 2016-17 and the new, draft proposed action plan for 2017-18 (which is subject to final approval of the 2017-18 Statement of Accounts and AGS by the external auditor).**

## **10. Internal Audit activity report**

The committee considered the latest Internal Audit activity report.

**Overview:**

The Interim Chief Internal Auditor presented the report, highlighting the following key points:

- a. In terms of the Audit Plan, 27% of planned reviews had commenced, with 12% at draft or final report stage.
- b. The Audit team's pro-active fraud work continued to identify a good level of recoverable savings and a number of successes in relation to council tenancies.
- c. 11 grants/certifications with a total value of £10m had been certified to date.



- d. For the 9 concluded follow-up audits in this period, 83% of recommendations were either fully or partially implemented.
- e. Internal Audit resources (see later section of this minute).

### **Completed summaries:**

The Interim Chief Internal Auditor then updated the committee in relation to the summaries of 8 completed audits (reference numbers quoted below relate to those used in the report):

## **A – CORPORATE**

### **A1 – Executive officer decision making:**

After completion of fieldwork, a limited assurance audit opinion was assigned. 6 recommendations for improvement had been agreed for implementation, including clarification of where responsibility lay for the publication of decisions.

### **A2 – Corporate and IT business continuity planning - follow-up:**

The follow-up review had identified that of 8 recommendations from the original review, 4 key areas had not been implemented. Timescales for the implementation of outstanding recommendations were now agreed, including critical systems checks.

### **A3 – Contract waivers to procurement regulations – follow up:**

The follow-up review had identified that whilst most recommendations from the original review had been implemented, there were still some practice issues to be addressed and the number of contract waivers was still too high. Timescales for the implementation of outstanding recommendations were now agreed and would be subject to a further follow-up review in the last quarter of 2018-19.

In discussion, an update was given on the work taking place to register all contracts, including mapping the timescales for contract renewal. It was recognised that despite an improved position, there was a need to instigate a more fundamental “culture change” across the Council in relation to procurement, so that properly planned processes were routinely in place and then followed.

## **B – ADULTS, CHILDREN AND EDUCATION**

### **B1 – Foster care payments – follow up:**

The follow-up review had identified that none of the recommendations from the original review had been fully implemented. Timescales for the implementation of the recommendations were now agreed and would be subject to a further follow-up review in the last quarter of 2018-19.

Whilst noting that the scope of / issues raised by this review were specifically around the payment process, Cllr Negus suggested that the authority needed to be very mindful of the need to recruit more foster parents, not only because this was in the best interests of vulnerable children but because this was



also the best option for the Council in terms of cost effectiveness. Cllr Negus questioned why the report did not refer to this. The Interim Chief Internal Auditor commented that audit subject areas must have parameters to their scope and this review relating to foster care concentrated on the payment process rather than recruitment of foster carers.

## **C - COMMUNITIES**

### **C1 – Planned maintenance:**

After completion of fieldwork, a reasonable assurance audit opinion was assigned, identifying a number of areas of compliance/good practice as well as 12 recommendations for improvement. These recommendations had been agreed for implementation within appropriate timescales.

## **D – GROWTH AND REGENERATION**

### **D1 – Car parking income:**

After completion of fieldwork, a reasonable assurance audit opinion was assigned. One of the particular issues identified had been “out of date” tariffs resulting in income loss. 11 recommendations had been agreed for implementation within appropriate timescales.

In discussion, members noted the ongoing need to ensure rigorous internal control arrangements around cash collection from pay stations.

### **D2 – Sale and disposal of assets – follow up:**

This follow-up review had identified that of 13 recommendations from the original review, 8 had been fully implemented, with 5 further actions in progress. Timescales for the implementation of these recommendations were now agreed and would be subject to a further follow-up review in the last quarter of 2018-19.

## **E – RESOURCES**

### **E1 Mobile devices – follow up**

The follow-up review had been completed at a time when the ICT Future State Assessment had been undertaken; 6 of the original recommendations had been superseded by the ICT improvement plans. Timescales for the implementation of remaining recommendations were now agreed and would be subject to a further follow-up review in the last quarter of 2018-19.

In discussion, Cllr Radford advised that recently, a newly elected councillor had evidently received no training / guidance on the use of Council IT and around information security / GDPR and had only become aware of this through discussion with other councillors. It was noted that this matter would be drawn to the attention of the Council’s Senior Information Risk Officer / statutory data protection officer.

### **Internal Audit resources:**



As identified in the report, the Interim Chief Internal Auditor drew the committee's attention to the current resource position in relation to the Internal Audit team, relating to short and medium term factors, highlighting the following:

- a. The service continued to carry vacancies, and was currently holding vacancies for the equivalent of 4 posts. Over the last year, the service had had to utilise temporary appointments to try to bridge this gap.
- b. Current market conditions are challenging for the recruitment of suitably qualified and experienced audit staff (an issue faced also by neighbouring local authorities).
- c. A proposed skills review of the Internal Audit and Counter Fraud service was dependent on wider Council resource considerations. Consequently, assurance could not be given, with the current level of resource, that the service would have sufficient skill sets or the capacity to deliver the required added value on the very wide range of assurance, governance and counter-fraud matters it is engaged with and to meet the expectations of the service's stakeholders moving forwards.
- d. It was very important to note the context whereby (in comparison with the cost of the Internal Audit and Counter Fraud service), Counter Fraud activity alone had achieved £4.3m of notional and recoverable savings for the authority in 2017-18.

In discussion, members noted the Internal Audit resource position with concern, noting that the allocation of any further resource to the team was a corporate issue for the Council.

It was noted also that measures were being put in place, as part of the finance team restructure, to develop improved training and support packages for individual employees who demonstrated the potential to develop their skill sets, as part of the process of ensuring that all services had the right and appropriate level of officer capability and skills, to encourage the retention of well trained staff and to reduce spend on recruiting temporary external staff. This "right sizing" approach was fundamental to the current review.

In discussion, members suggested that consideration be given to launching a further Internal Audit recruitment campaign this autumn; consideration could perhaps also be given to recruiting graduate trainees, including suitable graduate candidates from the local universities. It was noted that Simon Cookson would share (with the Interim Chief Internal Auditor) details of the recruitment initiatives taken by the NHS Wales audit service.

It was queried whether, given the resource position, there was any risk to the internal audit service being able to provide an overall opinion, at year end, on the overall adequacy and effectiveness of the organisation's governance, risk and control framework. It was noted that this potential risk would be assessed and an update on the assurance level able to be offered by the Internal Audit team in light of the resource situation would be submitted to the next meeting.



Noting and taking the above into account, it was

**RESOLVED:**

**1. That the report and the above information be noted.**

**2. That an update on the assurance level able to be offered by the Internal Audit team in light of the resource situation be submitted to the next meeting, including an assessment of any potential risk to the team's ability to provide an overall opinion at year end on the overall adequacy and effectiveness of the organisation's governance, risk and control framework.**

**11. Peer review implementation update**

The committee considered a report providing an update on the implementation of the recommendations from the Peer Review.

It was noted that 43% of the recommendations were completed to date, with 46% of actions advanced and in progress, and that it was anticipated that 95% implementation would be achieved by the end of November.

**RESOLVED –**

**That the progress report on the implementation of the recommendations from the Peer Review be noted.**

**12. Treasury Management annual report 2017-18**

The committee considered the Treasury Management annual report 2017-18.

The Head of Corporate Finance presented the report, highlighting the following:

- a. The 2017-22 treasury strategy identified a medium term borrowing requirement of £450m to support the existing and future capital programme. The Council's policy was to defer borrowing while it had significant levels of cash balances (which stood at £64m at March 2018).
- b. The Council's long term debt at 31 March 2018 was £431m with an average annual interest rate of 4.68%
- c. Investments were £64m at 31 March 2018 with an average annual interest rate of 0.44%

**RESOLVED:**

**That the Treasury Management annual report 2017-18 be noted.**

**13. Updated draft Statement of Accounts 2017-18**





The committee was asked to note the update report of the Director - Finance on the draft, unaudited Statement of Accounts 2017-18 (which still remained work in progress but reflected the latest position).

In terms of the issues that BDO had identified in their update report as submitted to the Extraordinary Audit Committee on 31 July 2018, the latest position was as follows:

- Clearance of outstanding issues on the audit queries tracker such as fees and charges had been addressed/completed.
- The issue raised around pension liability assumptions was ongoing; BDO need to speak directly to the actuary.
- Valuation of property – this was an ongoing item – BDO would be including a note to the accounts to take account of the impact of the Cabinet decision on the arena.
- NNDR appeals – this issue had been addressed/completed.
- Clarifications in respect of the exit package for the former Chief Executive – ongoing but it was understood that BDO would be concluding this aspect in the very near future.
- Use of Resources – ongoing but linked to above.

The Director - Finance advised that given the current position, in her view, it was highly unlikely that BDO would sign off the accounts by 30 September 2018. The committee would be kept informed of the position and an Extraordinary meeting of the committee would be arranged as necessary.

The committee expressed strongly their disappointment of not achieving the deadline and considered that it was wholly unacceptable to be at this late stage without an indication of a date by which the external audit of the accounts would be concluded.

**RESOLVED –**

**That the update be noted.**

**Grant Thornton – outline briefing from the Council’s new external auditor:**

At this point in the meeting, Jon Roberts, Engagement Lead, Grant Thornton circulated and outlined a briefing document setting out the high level outline of their approach to delivering their responsibilities as the Council’s external auditor moving forwards, together with an outline reporting timeline, in respect of which amendments to the committee’s work programme would be required.

Meeting ended at 4.35 pm

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





## Audit Committee Action Sheet – actions from meeting held on 18 September 2018

Action number	Item/report	Action and deadline	Responsible officer	Action taken / progress
1	IT corporate risks	It was agreed that it will be useful to track and assess the degree to which corporate risks CRR 2 (IT infrastructure) and CRR 7 (Cyber attack threats) reduce as the FSA progresses through implementation	Simon Oliver / Jan Cadby	Will be ongoing as FSA implementation progresses
2	Minutes – 31 July – point of clarification	External Auditor BDO to be contacted to check inclusion of an additional point to be included in the minutes about the discussion that had taken place in relation to the former CX's employment contract.	Denise Murray / Ian Hird	The External Auditor has been contacted and has agreed the inclusion of an addition to the minutes (minutes updated accordingly).
3	AGS tracker	It was noted that a column had been omitted from the detailed tracker making it difficult to reconcile the summary and detailed schedule. It was agreed that this would be rectified and an updated report re-circulated.	Denise Murray	Circulated on 27 Sept 18
4	Internal Audit activity report	It was noted that a newly elected councillor had evidently received no training / guidance on the use of Council IT and around information security / GDPR and had only become aware of this through discussion with other councillors. It was noted that this matter would be drawn to the attention of the Council's Senior Information Risk Officer / statutory data protection officer.	Jonathan Idle	Notified to SIRO on 19 Sept 18.

Action number	Item/report	Action and deadline	Responsible officer	Action taken / progress
5	Internal Audit activity report	It was queried whether, given the resource position, there was any risk to the internal audit service being able to provide an overall opinion, at year end, on the overall adequacy and effectiveness of the organisation's governance, risk and control framework. It was noted that this potential risk would be assessed and an update on the assurance level able to be offered by the Internal Audit team in light of the resource situation would be submitted to the next meeting.	Jonathan Idle	In progress.
6	Grant Thornton briefing / Audit Committee work programme	The Grant Thornton briefing document was noted, setting out their outline reporting timeline – the Audit Committee work programme to be amended to align with this.	Jonathan Idle	In progress.

## Audit Committee Action Sheet – actions from meeting held on 16 October 2018

Action number	Item/report	Action	Responsible officer	Action taken / progress
1	Final Annual Governance Statement 2017/18	To report to the Mayor's Office the concerns of the Audit Committee relating to the Forward Plan not publishing Cabinet decisions sufficiently far head.	D Murray	Completed
2	Final Annual Governance Statement 2017/18	Minor changes to the AGS to be made.	J Idle	Completed and Final AGS delivered.
3	Final Statement of Accounts	Page 114 – Officers Remuneration and Exit Packages – notes 10, 11 & 12 missing.	Chris Holme	Completed. The notes weren't missing they had been amalgamated so the numbers just needed to be removed from the table.

**AUDIT COMMITTEE  
WORK PROGRAMME 2018/19**

Meeting Date	Report Author	Report Details	Routine Work Programme/ Other?	ToR Ref	Officer Providing Report	Comments:
26th November 2018 2.30pm	<b>Planned Training:</b>	<b>Partnership Governance Arrangements</b>	<b>Training</b>		<b>Internal Audit</b>	
	External Audit:	Update Report	Routine	1.8/1.10	External Audit Lead	
	Risk Management:	Risk Management Annual Report and Policy Update Review of a Specific Corporate Risk	Routine Routine	4.1 4.1/4.3	Risk Manager Risk Manager / Risk Owner	
	Internal Audit:	Internal Audit Half-Year Activity Report Internal Audit - Half-Year Investigation Update Report and Anti-Fraud and Anti-Corruption Policy Internal Audit Quality Assurance and Improvement Plan Internal Audit Charter & Strategy Refresh	Routine Routine Routine Routine	1.5/1.7/2.1 2.4./2.10 1.6 1.1	Chief Internal Auditor Chief Internal Auditor Chief Internal Auditor Chief Internal Auditor	
	Finance:	Treasury Management Report <b>Information Items: None</b>	Routine	3.3	Director - Finance	
21st January 2019 2.00pm	<b>Proposed Training:</b>	<b>Performance Management - Assurance Arrangements</b>	<b>Training</b>			
	External Audit:	Grants Audit Report External Audit Update Report	Routine Routine	1.8 1.8/1.9	External Audit Lead External Audit Lead	
	Internal Audit:	Annual Whistleblowing Review Annual Review of the effectiveness of the system of Internal Audit	Routine Routine	2.4 1.13	Chief Internal Auditor Director - Finance	
	Risk Management:	Corporate Risk Register and Risk Management Report	Routine	4.1/4.3	Risk Manager	
	Corporate:	Companies Audit and Assurance Arrangements Governance Tracking Report  Inspection Agency reports	Ad Hoc Routine  Routine	 2.5/4.4  1.12	Director - Finance Executive Director Resources / Director Finance Risk Manager	
	Legal:	<b>Member Standards items:</b> Value and Ethics Sub-Committee Report/Minutes including Budget Dispensations  <b>Information Items: None</b>	Routine		Director: Legal& Democratic Services	To cover those Inspection reports which provide assurance in relation to risks on the Corporate Risk Register
26th March 2019  2.00pm	<b>Proposed Training:</b>	<b>Audit Committee Effectiveness Workshop</b>	<b>Training</b>		<b>Chief Internal Audit/Head of Internal Audit</b>	To equip the Committee with an understanding of the Accounts and the areas where it requires assurance
	Risk Management:	Review of a Specific Corporate Risk	Routine	4.1/4.3	Risk Manager / Risk Owner	
	External Audit:	Audit Approach and Planning Letter Fee Letter	Routine Routine	1.8/1.10 1.8/1.10	External Audit Lead External Audit Lead	
	Internal Audit:	Draft Annual Plan 2019/20 Peer Review Implementation Update Internal Audit Activity Report	Routine Routine Routine	1.2 1.6 1.5/1.7/2.1	Chief Internal Auditor Chief Internal Auditor Chief Internal Auditor	
	Legal:	Review of Committee Terms of Reference  <b>Member Standards items:</b>  <b>Information Items: None</b>	Routine		Director: Legal& Democratic Services	
May 2019 (AGM)  2.00pm	<b>Proposed Training:</b>	<b>Statement of Accounts and Annual Governance Statement</b>	<b>Training</b>		<b>Finance/Internal Audit to facilitate</b>	
	External Audit:	Update Report	Routine	1.8/1.9	External Audit Lead	
	Internal Audit:	Draft Annual Governance Statement 2018/19 Annual Fraud Report	Routine Routine	2.5/4.4 2.4/2.10	Chief Internal Auditor Chief Internal Auditor	

Meeting Date	Report Author	Report Details	Routine Work Programme/ Other?	ToR Ref	Officer Providing Report	Comments:
		Audit Committee Annual Report to Full Council (Draft)	Routine	5.1	Chief Internal Auditor	
	Finance:  Legal:	Draft Statement of Accounts 2018/19  <b>Member Standards items:</b> <b>Information Items: None</b>	Routine	3.1	Executive Director Resources / Director Finance	

# Audit Committee

26 November 2018



**Report of:** Patsy Mellor, Executive Director Communities

**Title:** Business Continuity Report

**Ward:** N/a

**Officer Presenting Report:** Patsy Mellor, James Gillman, Tim Farrance

**Contact Telephone Number:** 0117 922 24313

## Recommendation

Note the progress made in business continuity planning over the last 18 months, the ongoing strengths and weaknesses of the business continuity management system and the additional resource secured for the new financial year (subject to budget approval in February 2019) to address weaknesses and improve.

## Summary

- The BC work undertaken and progress made over the last 18 months
- How this is informing technical IT disaster recovery planning
- Strengths and weaknesses
- The resource gap identified to CLB in Sept and the subsequent resource that has been allocated
- How this resource will be used to build a comprehensive business continuity management system
- How this will inform and support other key governance processes, in particular risk management

**Policy**

1. *N/a*

**Consultation**

2. **Internal**  
*BCC IT Service Delivery*
3. **External**  
*N/a*

**Context**

4. *See Appendix A*

**Proposal**

5. *N/a*

**Other Options Considered**

6. *N/a*

**Risk Assessment**

7. *Business Continuity features on the Corporate Risk Register as risk CRR5.*

**Public Sector Equality Duties**

- 8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
  - i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
  - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
    - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
    - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled

people, this includes, in particular, steps to take account of disabled persons' disabilities);

- encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
  - tackle prejudice; and
  - promote understanding.

8b) N/a

### **Legal and Resource Implications**

#### **Legal**

*N/a*

#### **Financial**

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

*N/a*

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

*N/a*

#### **Land**

*N/a*

#### **Personnel**

*N/a*

### **Appendices:**

*Appendix A -*

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

#### **Background Papers:**

*None*



# Audit Committee

26 November 2018



**Report of:** Grant Thornton UK LLP

**Title:** Audit Progress Report and Sector Update

**Ward:** City Wide

**Officer Presenting Report:** Grant Thornton UK LLP

**Contact Telephone Number:**

## Recommendation

The Audit Committee note, and comment as appropriate, on Grant Thornton's Audit Progress Report and Sector Update.

## Summary

Attached to this report is Grant Thornton's Audit Progress Report and Sector Update for 2018/19. This is the first of these reports which will become a standing item on the Committee's agenda going forward. The first part of the report sets out progress to date, while the second part provides a wider sector briefing.



**Policy**

None affected by this report. Grant Thornton 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**  
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:** Grant Thornton's Audit Progress Report and Sector Update.

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

**Background Papers:** None

# Audit Progress Report and Sector Update

Bristol City Council  
Year ending 31 March 2019  
November 2018



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# Introduction



**Jon Roberts**

**Engagement Lead**

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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

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**Jackson Murray**

**Engagement Manager**

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Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications [www.grantthornton.co.uk](http://www.grantthornton.co.uk)

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at November 2018

## Financial Statements Audit

We have started planning for the 2018/19 financial statements audit and following completion of our planning we will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2018/19 financial statements.

We have also contacted your previous auditor and requested a handover meeting.

We plan to commence our interim audit in early 2019. Our interim fieldwork visit will include:

- Review of the Council's control environment
- Understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

The statutory deadline for the issue of the 2017/18 opinion was brought forward by two months to 31 July 2018. We have discussed our initial plan and timetable with officers for the 2018/19 statutory deadline.

The final accounts audit findings will be reported to you in the Audit Findings Report.

## Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

We will make our initial risk assessment to determine our approach in December 2018 and report this to you in our Audit Plan in early 2019.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2019.

## Other areas

### Meetings

We met with Finance Officers in October and November 2018 as part of our bi-monthly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

### Events

We provide a range of workshops, along with network events for members and publications to support the Council.

We have invited members of your finance team to our free to attend annual accounts update workshop taking place in Bristol in January 2019, which provides information in respect of changes to accounting requirements for the 2018/19 financial year.

We also hosted Council officers in November 2018 when we ran our "Brexit room" interactive workshop.

Further details of publications that may be of interest to the Council are set out in our Sector Update section of this report.

# Audit Deliverables

2018/19 Deliverables	Planned Date	Status
<b>Fee Letter</b> Confirming audit fee for 2018/19.	March 2018	Complete
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Group and Council's 2018-19 financial statements.	January 2019	Not yet due
<b>Interim Audit Findings</b> We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2019	Not yet due
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the July Audit Committee.	July 2019	Not yet due
<b>Auditors Report</b> This is the opinion on your financial statements, annual governance statement and value for money conclusion.	July 2019	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	August 2019	Not yet due

# Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, other Local Government organisations and the public sector as a whole. Links are provided to the detailed report or briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website



# MHCLG – Social Housing Green Paper

The Ministry of Housing, Communities and Local Government (MHCLG) published the Social Housing Green Paper, which seeks views on government's new vision for social housing providing safe, secure homes that help people get on with their lives.

With 4 million households living in social housing and projections for this to rise annually, it is crucial that MHCLG tackle the issues facing both residents and landlords in social housing.

The Green Paper aims to rebalance the relationship between residents and landlords, tackle stigma and ensure that social housing can be both a stable base that supports people when they need it and also support social mobility. The paper proposes fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it.

To shape this Green Paper, residents across the country were asked for their views on social housing. Almost 1,000 tenants shared their views with ministers at 14 events across the country, and over 7,000 people contributed their opinions, issues and concerns online; sharing their thoughts and ideas about social housing,

The Green Paper outlines five principles which will underpin a new, fairer deal for social housing residents:

- Tackling stigma and celebrating thriving communities
- Expanding supply and supporting home ownership
- Effective resolution of complaints
- Empowering residents and strengthening the regulator
- Ensuring homes are safe and decent

Consultation on the Green Paper is now underway, which seeks to provide everyone with an opportunity to submit views on proposals for the future of social housing and will run until 6 November 2018.

The Green Paper presents the opportunity to look afresh at the regulatory framework (which was last reviewed nearly eight years ago). Alongside this, MHCLG have published a Call for Evidence which seeks views on how the current regulatory framework is operating and will inform what regulatory changes are required to deliver regulation that is fit for purpose.

The Green Paper acknowledges that to deliver the social homes required, local authorities will need support to build by:

- allowing them to borrow
- exploring new flexibilities over how to spend Right to Buy receipts
- not requiring them to make a payment in respect of their vacant higher value council homes

As a result of concerns raised by residents, MHCLG has decided not to implement at this time the provisions in the Housing and Planning Act to make fixed term tenancies mandatory for local authority tenants.

The Green Paper is available on the MHCLG's website at:  
<https://www.gov.uk/government/consultations/a-new-deal-for-social-housing>



# Institute of Fiscal Studies: Impact of 'Fair Funding Review'

The IFS has published a paper that focuses on the issues arising in assessing the spending needs of different councils. The government's 'Fair Funding Review' is aimed at designing a new system for allocating funding between councils. It will update and improve methods for estimating councils' differing abilities to raise revenues and their differing spending needs. The government is looking for the new system to be simple and transparent, but at the same time robust and evidence based.

## Accounting for councils' spending needs

The IFS note that the Review is seeking a less subjective and more transparent approach which is focused on the relationship between spending and needs indicators. However, like any funding system, there will be limitations, for example, any attempt to assess needs will be affected by the MHCLG's funding policies adopted in the year of data used to estimate the spending needs formula. A key consideration will be the inherently subjective nature of 'spending needs' and 'needs indicators', and how this will be dealt with under any new funding approach. Whilst no assessment of spending needs can be truly objective, the IFS state it can and should be evidence based.

The IFS also note that transparency will be critical, particularly in relation to the impact that different choices will have for different councils, such as the year of data used and the needs indicators selected. These differentiating factors and their consequences will need to be understood and debated.

## Accounting for councils' revenues

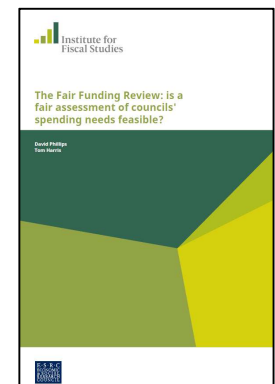
The biggest source of locally-raised revenue for councils is and will continue to be council tax. However, there is significant variation between councils in the amount of council tax raised per person. The IFS identify that a key decision for the Fair Funding Review is the extent to which tax bases or actual revenues should be used for determining funding levels going forward.

Councils also raise significant sums of money from levying fees and charges, although this varies dramatically across the country. The IFS note that it is difficult to take account of these differences in a new funding system as there is no well-defined measure of revenue raising capacity from sales, fees and charges, unlike council tax where the tax base can be used.

## The overall system: redistribution, incentives and transparency

The IFS also identify that an important policy decision for the new system is the extent to which it prioritises redistribution between councils, compared to financial incentives for councils to improve their own socio-economic lot. A system that fully and immediately equalises for differences in assessed spending needs and revenue-raising capacity will help ensure different councils can provide similar standards of public services. However, it would provide little financial incentive for councils to tackle the drivers of spending needs and boost local economics and tax bases.

Further detail on the impact of the fair funding review can be found in the full report <https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>.



# National Audit Office – The health and social care interface

The NAO has published its latest ‘think piece on the barriers that prevent health and social care services working together effectively, examples of joint working in a ‘whole system’ sense and the move towards services centred on the needs of the individual. The report aims to inform the ongoing debate about the future of health and social care in England. It anticipates the upcoming green paper on the future funding of adult social care, and the planned 2019 Spending Review, which will set out the funding needs of both local government and the NHS.

The report discusses 16 challenges to improved joint working. It also highlights some of the work being carried out nationally and locally to overcome these challenges and the progress that has been made. The NAO draw out the risks presented by inherent differences between the health and social care systems and how national and local bodies are managing these.

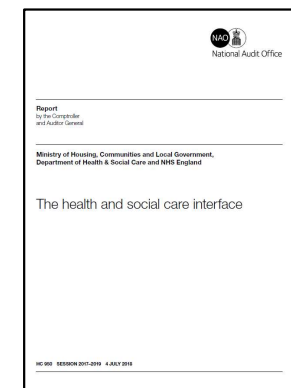
**Financial challenges** – include financial pressures, future funding uncertainties, focus on short-term funding issues in the acute sector, the accountability of individual organisations to balance the books, and differing eligibility criteria for access to health and social care services.

**Culture and structure** – include organisational boundaries impacting on service management and regulation, poor understanding between the NHS and local government of their respective decision-making frameworks, complex governance arrangements hindering decision-making, problems with local leadership holding back improvements or de-stabilising joint working, a lack of co-terminus geographic areas over which health and local government services are planned and delivered, problems with sharing data across health and social care, and difficulties developing. person-centred care.

**Strategic issues** – include differences in national influence and status contributing to social care not being as well represented as the NHS, strategic misalignment of organisations across local systems inhibiting joint local planning, and central government’s unrealistic expectations of the pace at which the required change in working practices can progress..

This ‘think piece’ draws on the NAO’s past work and draws on recent research and reviews by other organisations, most notably the Care Quality Commission’s review of health and social care systems in 20 local authority areas, which it carried out between August 2017 and May 2018. The NAO note that there is a lot of good work being done nationally and locally to overcome the barriers to joint working, but often this is not happening at the scale and pace needed.

The report is available to download from the NAO’s website at:  
<https://www.nao.org.uk/report/the-health-and-social-care-interface/>



# A Caring Society – bringing together innovative thinking, people and practice

The Adult Social Care sector is at a crossroads. We have yet to find a sustainable system of care that is truly fit for purpose and for people. Our Caring Society programme takes a step back and creates a space to think, explore new ideas and draw on the most powerful and fresh influences we can find, as well as accelerate the innovative social care work already taking place.

We are bringing together a community of influencers, academics, investors, private care providers, charities and social housing providers and individuals who are committed to shaping the future of adult social care.

At the heart of the community are adult social care directors and this programme aims to provide them with space to think about, and design, a care system that meets the needs of the 21st Century, taking into account ethics, technology, governance and funding.

We are doing this by:

- hosting a 'scoping sprint' to determine the specific themes we should focus on
- running three sprints focused on the themes affecting the future of care provision
- publishing a series of articles drawing on opinion, innovative best practices and research to stimulate fresh thinking.

Our aim is to reach a consensus, that transcends party politics, about what future care should be for the good of society and for the individual. This will be presented to directors of adult social care in Spring 2019, to decide how to take forward the resulting recommendations and policy changes.

## Scoping Sprint

This took place in October. Following opening remarks by Hilary Cottam (social entrepreneur and author of *Radical Help*) and Cllr Georgia Gould (Leader of Camden Council), the subsequent discussion brought many perspectives but there was a strong agreement about the need to do things differently that would create and support a caring society. Grant Thornton will now take forward further discussions around three particular themes:

1. Ethics and philosophy: What is meant by care? Should the state love?
2. Care in a place: Where should the power lie? How are local power relationships different in a local place?
3. Promoting and upscaling effective programmes and innovation

## Sprint 1 – What do we really mean by 'care'?

This will take place on 4 December. Julia Unwin, Chair of the Civil Societies Futures Project, former CEO of the Joseph Rowntree Association and author on kindness will provide her insight to spark the debate on what we really mean by 'care'

## Find out more and get involved

- To read the sprint write-ups and opinion pieces visit: [grantthornton.co.uk/acaringsociety](https://grantthornton.co.uk/acaringsociety)
- Join the conversation at [#acaringsociety](https://twitter.com/acaringsociety)

# Care Homes for the Elderly – Where are we now?

It is a pivotal moment for the UK care homes market. In the next few months the government is to reveal the contents of its much-vaunted plans for the long-term funding of care for older people.

Our latest Grant Thornton report draws together the most recent and relevant research, including our own sizeable market knowledge and expertise, to determine where the sector is now and understand where it is heading in the future. We have spoken to investors, providers and market consultants to showcase the diversity and innovation that care homes can offer.

Thriving communities are not a 'nice to have' but an essential part of our purpose of shaping a vibrant economy. Growth simply cannot happen sustainably if business is disconnected from society. That is why social care needs a positive growth framing. Far from being a burden, the sector employs more people than the NHS, is a crucible for technological innovation, and is a vital connector in community life. We need to think about social care as an asset and invest and nurture it accordingly.

There are opportunities to further invest to create innovative solutions that deliver improved tailored care packages to meet the needs of our ageing population.

The report considers a number of aspects in the social care agenda

- market structure, sustainability, quality and evolution
- future funding changes and the political agenda
- the investment, capital and financing landscape
- new funds and methods of finance
- future outlook.

The decline in the number of public-sector focused care home beds is a trend that looks set to continue in the medium-term. However, it cannot continue indefinitely as Grant Thornton's research points to a significant rise in demand for elderly care beds over the coming decade and beyond.

A strategic approach will also be needed to recruit and retain the large number of workers needed to care for the ageing population in the future. Efforts have already begun through education programmes such as Skills for Care's 'Care Ambassadors' to promote social care as an attractive profession. But with the number of nurses falling across the NHS as well, the Government will need to address the current crisis.

But the most important conversation that needs to be had is with the public around what kind of care services they would like to have and, crucially, how much they would be prepared to pay for them. Most solutions for sustainable funding for social care point towards increased taxation, which will generate significant political and public debate. With Brexit dominating the political agenda, and the government holding a precarious position in Parliament, shorter-term funding interventions by government over the medium-term look more likely than a root-and-branch reform of the current system. The sector, however, needs to know what choices politicians, and society as a whole, are prepared to make in order to plan for the future.

Copies of our report can be requested on our website



# The Vibrant Economy Index a new way to measure success

Our Vibrant Economy Index uses data to provide a robust, independent framework to help everyone understand the challenges and opportunities in their local areas. We want to start a debate about what type of economy we want to build in the UK and spark collaboration between citizens, businesses and place-shapers to make their places thrive.

Places are complex and have an intrinsic impact on the people and businesses within them. Economic growth doesn't influence all of the elements that are important to people's lives – so we shouldn't use GDP to measure success. We set out to create another measure for understanding what makes a place successful.

In total, we look at 324 English local authority areas, taking into account not only economic prosperity but health and happiness, inclusion and equality, environmental resilience, community and dynamism and opportunity. Highlights of the index include:

- Traditional measures of success – gross value added (GVA), average workplace earning and employment do not correlate in any significant way with the other baskets. This is particularly apparent in cities, which despite significant economic strengths are often characterised by substantial deprivation and low aspiration, high numbers of long-term unemployment and high numbers of benefit claimants
- The importance of the relationships between different places and the subsequent role of infrastructure in connecting places and facilitating choice. The reality is that patterns of travel for work, study and leisure don't reflect administrative boundaries. Patterns emerge where prosperous and dynamic areas are surrounded by more inclusive and healthy and happy places, as people choose where they live and travel to work in prosperous areas.
- The challenges facing leaders across the public, private and third sector in how to support those places that perform less well. No one organisation can address this on their own. Collaboration is key.

Visit our website ([www.granthornton.co.uk](http://www.granthornton.co.uk)) to explore the interactive map, read case studies and opinion pieces, and download our report **Vibrant Economy Index: Building a better economy**.

## Vibrant Economy app

To support local collaboration, we have also developed a Vibrant Economy app. It's been designed to help broaden understanding of the elements of a vibrant economy and encourage the sharing of new ideas for – and existing stories of – local vibrancy.

We've developed the app to help people and organisations:

- see how their place performs against the index and the views of others through an interactive quiz
- post ideas and share examples of local activities that make places more vibrant
- access insights from Grant Thornton on a vibrant economy.

We're inviting councils to share it with their employees and the wider community to download. We can provide supporting collateral for internal communications on launch and anonymised reporting of your employees' views to contribute to your thinking and response.

To download the app visit your app store and search 'Vibrant Economy'

- Fill in your details to sign up, and wait for the verification email (check your spam folder if you don't see it)
- Explore the app and take the quiz
- Go to the Vibrant Ideas section to share your picture and story or idea





# Supply Chain Insights tool helps support supply chain assurance in public services

## Grant Thornton UK LLP has launched a new insights and benchmarking platform to support supply chain assurance and competitor intelligence in public services.

The Supply Chain Insights service is designed for use by financial directors and procurement professionals in the public sector, and market leaders in private sector suppliers to the public sector. It provides users with a detailed picture of contract value and spend with their supply chain members across the public sector. The analysis also provides a robust and granular view on the viability, sustainability, market position and coverage of their key suppliers and competitors.

The platform is built on aggregated data from 96 million invoices and covers £0.5 trillion of spending. The data is supplemented with financial standing data and indicators to give a fully rounded view. The service is supported by a dedicated team of analysts and is available to access directly as an on-line platform.

Phillip Woolley, Partner, Grant Thornton UK LLP, said:

"The fall-out from the recent failure of Carillion has highlighted the urgent need for robust and ongoing supply chain monitoring and assurance. Supply Chain Insights provides a clear picture of your suppliers' activities across the sector, allowing you to understand risks, capacity and track-record. We think it's an indispensable resource in today's supplier market."



### The tool enables you to immediately:

- access over 96 million transactions that are continually added to
- segment invoices by:
  - organisation and category
  - service provider
  - date at a monthly level
- benchmark your spend against your peers
- identify:
  - organisations buying similar services
  - differences in pricing
  - the leading supplier
- see how important each buyer is to a supplier
- benchmark public sector organisations' spend on a consistent basis
- see how much public sector organisations spend with different suppliers

Supply Chain Insights forms part of the Grant Thornton Public Sector Insight Studio portfolio of analytics platforms.

Click on Supply Chain Insights for more information.

## Supply Chain Insights

# In good company: Latest trends in local authority trading companies

Our recent report looks at trends in LATC's (Local Government Authority Trading Companies). These deliver a wide range of services across the country and range from wholly owned companies to joint ventures, all within the public and private sector.

## Outsourcing versus local authority trading companies

The rise of trading companies is, in part, due to the decline in popularity of outsourcing. The majority of outsourced contracts operate successfully, and continue to deliver significant savings. But recent high profile failures, problems with inflexible contracts and poor contract management mean that outsourcing has fallen out of favour. The days of large scale outsourcing of council services has gone.

## Advantages of local authority trading companies

- Authorities can keep direct control over their providers
- Opportunities for any profits to be returned to the council
- Provides suitable opportunity to change the local authority terms and conditions, particularly with regard to pensions, can also bring significant reductions in the cost base of the service
- Having a separate company allows the authority to move away from the constraints of the councils decision making processes, becoming more agile and responsive to changes in demand or funding
- Wider powers to trade through the Localism act provide the company with the opportunity to win contracts elsewhere

## Choosing the right company model

The most common company models adopted by councils are:

Wholly  
owned

Joint  
Ventures

Social  
Enterprise

Wholly owned companies are common because they allow local authorities to retain the risk and reward. And governance is less complicated. Direct labour organisations such as Cormac and Oxford Direct Services have both transferred out in this way.

JVs have become increasingly popular as a means of leveraging growth. Pioneered by Norse, Corserv and Vertas organisations are developing the model. Alternatively, if there is a social motive rather than a profit one, the social enterprise model is the best option, as it can enable access to grant funding to drive growth.

## Getting it right through effective governance

While there are pitfalls in establishing these companies, those that have got it right are: seizing the advantages of a more commercial mind-set, generating revenue, driving efficiencies and improving the quality of services. By developing effective governance they can be more flexible and grow business without micromanagement from the council.

## LATC's need to adapt for the future

- LATC's must adapt to developments in the external environment
  - These include possible changes to the public procurement rules after Brexit and new local authority structures. Also responding to an increasingly crowded and competitive market where there could be more mergers and insolvencies.
- Authorities need to be open to different ways of doing things, driving further developments of new trading companies. Relieving pressures on councils to find the most efficient ways of doing more with less in today's austere climate.

Overall, joint ventures can be a viable alternative delivery model for local authorities. Our research indicates that the numbers of joint ventures will continue to rise, and in particular we expect to see others follow examples of successful public-public partnerships.



[Download the report here](#)





# Audit Committee

26<sup>th</sup> November 2018



**Report of:** Interim Chief Internal Auditor

**Title:** Internal Audit Half-Year Activity Report for the period of 1<sup>st</sup> April to 31<sup>st</sup> October 2018

**Ward:** N/A

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

**Contact Telephone Number:** 0117 92 22452

## Recommendation

The Audit Committee note the Internal Audit Activity for the period of 1<sup>st</sup> April to 31<sup>st</sup> October 2018.

## Summary

This Activity Report provides the Committee with an accumulative summary view of the work undertaken by Internal Audit in the period of 1<sup>st</sup> April to 31<sup>st</sup> October 2018, together with the resulting conclusions, where appropriate. Additionally, the report provides the Committee with oversight of grant certification work completed on behalf of the Council, the Internal Audit recommendation implementation rate for the period, and as with the previous Activity Report, enhanced reporting in terms of individual summaries for a number of audit reviews completed in the period. This is the third planned activity report for the municipal year of 2018/19.

## Significant Matters Arising:

- Key messages arising from this report at Section 2 of Appendix A;
- Update on Audit Plan Progress, including amendments made following review of the plan, paragraph 3.1 and Appendix 2 of Appendix A.
- Status of the Council Control Framework, based in IA work to date, Paragraph 3.2 and Section 5 of Appendix A
- Recommendation implementation rate, paragraph 3.3 of Appendix A
- Value of Grants Certified by the Service in the period, paragraph 3.4 of Appendix A
- Resources within Internal Audit, paragraph 3.5 of Appendix A
- Summaries of completed Internal Audit reviews - Appended to Appendix A



**1. Policy**

Audit Committee Terms of Reference

**2. Consultation**

Internal – Corporate Leadership Board including S151 Officer, Cabinet Member for Governance, Resources and Finance.

External – N/A

**3. Context**

3.1 This is the third of the IA Activity reports to the Audit Committee, marking the half-way point in the work plan year. The Activity reports are designed to provide the Committee with a summary view of the work completed by the Service throughout the year. The activity reports will be provided to the Committee on an accumulative quarterly basis covering all of the IA activities, with the exception of the November Audit Committee where a separate Counter Fraud Update report will be provided. The purpose of the Activity reports is to:

- Provide an overview of the work of Internal Audit to date, and the level of assurance that can be derived from that work, in terms of the control framework within the Council;
- Present the assurance work completed and in progress by the Internal Audit team during the period, together with the conclusions we have drawn from that work.
- Update the Committee on the Internal Audit recommendations implementation rate and other performance indicators for the team.
- Spotlight audit review outcomes, both positive and negative, to management and the Audit Committee for their consideration and action, where appropriate.

This Third Activity Report in 2018/19 can be found at Appendix (A), with the key points to note provided below:

3.2 Key points arising from the Activity Report:

- Audit Plan has been re-assessed to reflect changing circumstances within the Council and within the team;
- 47 % of completed Audit Reviews have concluded limited or no level of assurance which compares to 50% of reviews that had concluded this level of assurance at this time last year;
- Recommendation implementation rate currently at 86% implemented or partially implemented, compared to 88% in 2017/18 ;
- 20 grants with a total value of £22.2m certified to date;
- Pro-active fraud/irregularity Activity Update is provided to the Audit Committee in a separate half-year report.

**4. Proposal**

- 4.1 The Audit Committee considers the accumulative work of the Internal Audit Team (IA), during the period of 1<sup>st</sup> April to 31<sup>st</sup> October 2018, and the results thereof, raising challenge where appropriate.

**5. Other Options Considered – N/A****6. Risk Assessment**

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**

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

## **Legal and Resource Implications**

**Legal – N/A**

**Financial – N/A**

**Land – N/A**

**Personnel – N/A**

## **Appendices:**

**Appendix A – Internal Audit Activity Report for period of 1<sup>st</sup> April to 31<sup>st</sup> October 2018**

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

### **Background Papers:**

None.



# BRISTOL INTERNAL AUDIT

## INTERNAL AUDIT HALF-YEAR ACTIVITY REPORT FOR THE PERIOD OF April to October 2018



## 1. Introduction

- 1.1 The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council's ability to achieve its objectives.
- 1.2 Upon completion of an audit, an assurance opinion is given on the soundness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.
- 1.3 This half-year activity report provides Members of the Audit Committee and Management with the status of the work carried out by the Internal Audit (IA) team for the period of 1<sup>st</sup> April to 31<sup>st</sup> October 2018, building on the information which was provided to the Committee at its meeting in September 2018, and thereby allowing the Committee to track the progress of Internal Audit work through the year.
- 1.4 Additionally, the report provides an update on the Assurance Audit plan and any changes thereof, as well as updates in the following areas:
  - Amendments and deletions to the 2018/19 Internal Audit Plan
  - Summaries of completed audit reviews
  - Internal Audit Resources, as required by the Public Sector Internal Audit Standards (PSIAS)
  - Grant certification
  - Recommendation Implementation status
- 1.5 The full detail of all of the Internal Audit work completed or in progress in the period 1<sup>st</sup> April to 31st October 2018, is provided at Section 5 of this report.

## 2. Key Messages

- Audit Plan has been re-assessed to reflect changing circumstances within the Council and within the team;
- 47 % of completed Audit Reviews have concluded limited or no level of assurance which compares to 50% of reviews that had concluded this level of assurance at this time last year;
- Recommendation implementation rate currently at 86% implemented or partially implemented, compared to 88% in 2017/18;
- 20 grants with a total value of £22.2m certified to date;
- Pro-active fraud/irregularity Activity Update is provided to the Audit Committee in a separate half-year report.

### 3. Updates

#### 3.1 Annual Risk Based Assurance Plan Status:

The status of the planned work either completed or in progress, for the period 1<sup>st</sup> April to the 31<sup>st</sup> October 2018, is provided in Section 5 below.

Work on the 2018/19 Internal Audit plan is progressing, but at a less expedient pace than the service would have hoped. As at 31<sup>st</sup> October 2018, 48% of the Audit plan was either complete, or in progress, with a further 6% at the early planning stages, whereby a Terms of Reference is either being drafted or has been agreed.

The Internal Audit target percentage for plan completion to draft report stage at this point of the year is 35%, however the number of reviews which have reached this stage is slightly below target at 33%. The Committee will recall that the Internal Audit plan included more planned days than were available to the team for the year.

By necessity, the Audit Plan must be flexible to ensure it remains relevant to risks facing the Council throughout the year. Consequently, the opportunity has been taken to reassess the priority and relevance of items included in the plan, with consideration to the resourcing position for the second half of the year.

Table 1 provides details of the proposed plan amendments which reflect changing circumstances but continue to ensure an opinion can be formed at the end of the year. The scope of all audit reviews for continued relevance is also reviewed in drafting terms of reference.

**Table 1 - Risk Based Plan Amendments:**

No.	Reasonable Assurance Area	Assignment	Commentary
	<b>Additions</b>		
1	Projects and Programmes	New Finance System Implementation	Early engagement requested by Management.
2	Financial Control	Changes to Payment Terms	Report issued.
3	Information Security/ICT	Information Security Policy Review	Early engagement in drafting policy to ensure it meets Audit expectations. Complete.
	<b>Deletions</b>		
1	Risk Management	Flood Risk	Deferred - Initial discussions with management suggest this review would not add value at this time given the changes being made to the Flood Strategy.
2	Risk Management	CRR 10 - Harbour and Harbour Estate	Corporate Risk Register (CRR) has been updated and this risk removed although included in CRR1. Review of CRR1 remains in the Audit Plan.
3	Risk Management	CRR 3 - Asbestos Management	A corporate review of this area has recently been completed. No further value will be added by IA review. Continued relevance to be considered in compilation of Audit Plan.
4	Risk	Universal Credit	Initial discussions with Management suggest



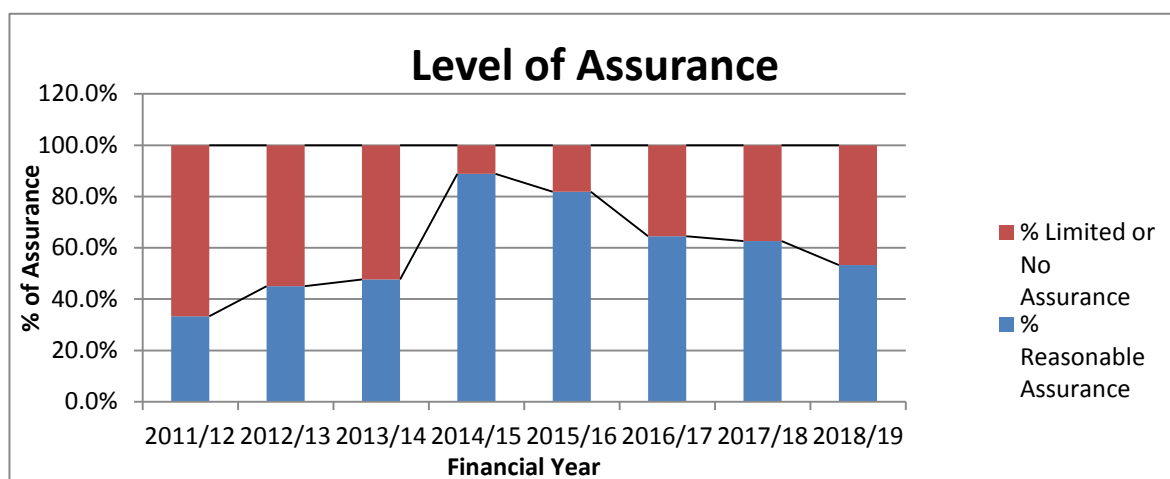
No.	Reasonable Assurance Area	Assignment	Commentary
	Management		that limited value would be gained from an Internal Audit review this year given the limited migration to UC to date.
5	Financial Controls	Budgetary Control	Removed as a separate entity but completed as part of the overall budgetary control audit currently at draft reporting stage.
6	Financial Controls	Rent Arrears	Deferred to 2019/20 to allow new system to embed.
7	HR & Asset Management	Health & Safety of Staff	Review now duplicates another Internal Audit review following update of the Corporate Risk Register. One audit will cover this risk now.
8	HR & Asset Management	Long Term Voids - On hold pending new system implementation	Internal Audit has been advised that the Council has commissioned an external value for money review in this area.
9	Information Security/ICT	Citizen Account	Potential deletion / deferment pending review of the IT audit programme
10	Information Security/ICT	Operations Centre - Technical Delivery	IT Audit resource prioritised on other risks.
11	Information Security/ICT	Cyber Security and PSN - Annual Review (No longer required from IA).	Internal Audit has been advised that the Council has commissioned external expertise to conduct a review in this area.
12	Information Security/ICT	New Housing System - IT Audit Focus	Project has gone live which has negated the need for this review
13	Financial Controls	HRA - Oversight and Budgetary Control	Significant internal review of HRA account has already been completed, limiting the value that further Internal Audit work would add.

Delivery of the plan and consequently an evidence based annual opinion on the control environment following amendments as detailed in Table 1 above and in Appendix 2 to this report is based on the following assumptions:

- The current recruitment exercise results in the appointment of additional permanent team members by 1<sup>st</sup> January 2019.
- Suitable agency resources can be secured now to provide cover for up to six months. This will cover unplanned vacancies currently being experienced by the team (see below).
- Levels of absence broadly equate to planned levels.
- No significant spike in the demand for grant certifications.

### 3.2 Status of Control Framework within the Council:

At this half-way point in the financial year, 53% of audit reviews have concluded that a 'reasonable' level of assurance can be taken from the existing control framework in the areas reviewed. This does however mean that 47% of the audit reviews concluded that either limited or no assurance could be gleaned from the controls in place. This highlights a declining position in the control framework on previous years, as demonstrated by figure (1) below:



All of the work completed to date this year is as part of the Internal Audit risk based plan. It should, however, be highlighted that there is a considerable amount of audit work required in the remaining part of the year, the outcome from which may alter the level of assurance. Internal Audit is working with Executive Directorate Teams to ensure that recommendations made as a result of an Internal Audit review are expediently implemented in order to achieve improvements in the control framework.

### 3.3 Recommendation Implementation:

Internal Audit follow up recommendations until they are implemented, therefore where it is concluded that a recommendation has either been partially implemented or not implemented at all, the follow up process will continue until full implementation has been achieved.

An analysis of the implementation of recommendations, based upon completed follow up reviews, is summarised in Table 2 below. The table includes a percentage implementation rate which will be regularly reported to the Committee. For the 13 concluded audits followed up in the year to date, there was an 86% implemented or partially implemented rate compared to 88% for 2017/18.

A high number of further follow up reviews need to be undertaken in the remainder of 2018/19 ( a further follow up is where the initial follow up did not provide sufficient evidence of full implementation for all of the recommendations made, which results in the need for another follow up to be undertaken). Further follow up work is not planned for; therefore the resource to complete this work must come out of the planned resource, resulting in a reduction in the number of planned reviews the service can undertake.

Updates on the progress of implementation will continue to be provided to members at each Audit Committee, together with a breakdown of implementation between high and medium risk recommendations, which can be found in section five of this report.

**Table 2 - Summary of Implementation of Internal Audit Recommendations:**

Follow-up Audit	Date of Org. Report	Total Recs	Implemented	Partially Implemented	Superseded	Not Implemented
Accounts Receivable	19/09/17	14	4 (29%)	9(64%)		1(7%)
Budgetary Control - People	31/03/17	8	5(71%)	2(29%)	1	
Security Services Cash in Transit	30/06/17	6	3(50%)	3(50%)		
Sale and Disposal of Council Assets	28/03/17	13	8(62%)	5(38%)		
Contract Waivers	22/01/18	6	4(67%)	2(33%)		
Mobile Devices	05/11/15	16	2(20%)	1(10%)	6	7(70%)
HR Process Review	12/04/17	4	4(100%)			
Foster Care Payments	20/09/17	3		2 (67%)		1(33%)
Corporate and IT Business Continuity	23/03/16	6	1(16%)	4(67%)		1(17%)
Provider Failure	19/04/18	1	1(100%)			
Primary School	05/04/17	6	1(17%)	3(50%)		2(33%)
Purchase cards	21/07/17	11	5(46%)	4 (36%)	2	
Complaints System	08/12/16	3	1 (33%)	2 (67%)		
<b>Total</b>		<b>97</b>	<b>39 (44% )</b>	<b>37 (42%)</b>	<b>9</b>	<b>12 (14%)</b>

### **3.4 Grant Certification:**

To date in 2018/19, Internal Audit has audited and certified 20 grant claims to the value of approximately £22.2m; and 19,304 Euros, with a further grant certification nearing completion.

Recommendations have been made to the services' administering the grants for improvements to the grant administration process, where appropriate. Section 5 below, provides details of the grants certified in the period.

Internal Audit continues to receive short notice requests for grant certifications and inadequate supporting paperwork, this is an issue the service is currently investigating in order to identify a solution.

### **3.5 Resources:**

The Internal Audit service has been reviewing its structure during the year to secure continued skills and knowledge requirements going forwards. A draft structure, which has been draw up in consultation with the section 151 officer and the Cabinet Member for Finance, Governance and Risk, is currently being consulted on with the existing Internal Audit team.

At the time the Audit plan was agreed, the assumption was made that the service review would be complete during the first half of the year and the team would be fully resourced by 1<sup>st</sup> October 2018. As discussed at a previous Committee, various factors have mitigated against this with an impact upon resourcing levels. Recruitment has commenced to fill vacancies unaffected by the Service review however, to date, have not resulted in establishing permanent resource for the team. A further impact of this is the resources required in administering the recruitment process even when it has not been successful.

In the intervening period, additional resource will be sought via both agency employees and a co-sourcing arrangement with a neighbouring local authority. The co-sourcing arrangement resource was included in the Annual Plan for 2018/19.

## 4. Under the Spotlight!



With each activity report, IA turns the spotlight on the audit reviews not just where the residual level of risk was considered to be '**Red or Amber**', but also where the governance and controls in the area reviewed were considered to be good, providing the Audit Committee with a summary of the objectives of the review, the key findings, conclusions and recommendations; thereby giving the Committee the opportunity to explore the areas further, should it wish to do so.

In this period, the following report summaries are provided at Appendix 1, for the Committee's information and discussion:

### **A. Corporate:**

- Grants Receiveable Application Process

### **B. Adults, Children and Education:**

- Care Services – Accuracy of Care Billing
- School Places – Planning and Allocation Process
- Adult Care – Provider Failure Follow Up
- Strengthening Families Programme

### **C. Communities:**

- Implementation of Housing System
- Exempt Appendix
- Complaints Management System – Follow Up

### **D. Resources:**

- AP Forensics
- Purchase Card Follow Up
- Privileged Access Management

5. Status of Internal Audit Work for the Period of: (1st April to 31st October 2018)

A. Risk Based Assurance Plan including Proactive Fraud Work: 2018/19 - Progress to Date

Audit Plan			Initial Planning	Stage of Review				Outcome		Summary of Findings:
Directorate	Gov, Risk or Internal Control Area	Name of Review		TOR	In Prog/Ongoing	Draft Report	Complete	Assurance Level	Risk Level	
Corporate	Information Security/ICT	Third Party Assurance (b/f)					✓	None	Amber	Summary provided to Audit Committee at July 2018 meeting
Corporate	Governance	Senior Officer Decision Recording					✓	Limited	Amber	Summary provided to Audit Committee at September 2018 meeting
Corporate	Financial Controls	Grant Application Process (from 2017/18)					✓	Limited	Amber	Summary provided at Appendix 1 to this report.
Adults Children and Education	Commissioning and Procurement	Adult Social Care Commissioning (b/f)					✓	Limited	Amber	Summary provided to Audit Committee at July 2018 meeting
Resources	Financial Controls	Payroll System Controls - b/f					✓	Reasonable	Amber	Summary provided to Audit Committee at July 2018 meeting
Adults Children and Education	Financial Controls	Care Services - Accuracy of Billing					✓	Reasonable	Amber	Summary provided at Appendix 1 to this report.
Communities	HR and Asset Management	Planned Maintenance (b/f)					✓	Reasonable	Amber	Summary provided to Audit Committee at September 2018 meeting
Adults Children and Education	Risk Management	School Places Planning and allocation processes.					✓	Limited	Amber	Summary provided at Appendix 1 to this report.
Resources	Information Security/ICT	Privileged Access Management					✓	Limited	Amber	Summary provided at Appendix 1 to this report.
Growth and Regeneration	Financial Controls	Car Parking Income					✓	Reasonable	Green	Summary provided to Audit Committee at September 2018 meeting
Growth and Regeneration	Projects and Programmes	Replicate (EU Grant funded Project)					✓	Reasonable	Green	Summary provided to Audit Committee at September 2018 meeting
Corporate	Commissioning and Procurement	Voluntary Sector Commissioning (Avoidance of Procurement Regulations) (b/f)					✓	Reasonable	Green	Summary provided to Audit Committee at July 2018 meeting
Corporate	Governance	Annual Governance Statement and Review Process					✓	N/A	N/A	Statement considered by Committee on at October 2018 Meeting
		Embedded assurance - Strengthening Families Transformation					✓	Reasonable	N/A	Summary provided at Appendix 1 to this report.
Corporate	Governance	Companies Governance - Oversight					✓	N/A	N/A	
Corporate	Fraud - Strategic Fraud Risk Management	CIPFA Fraud Survey					✓	N/A	N/A	
Resources	Fraud - Strategic Fraud Risk Management	Transparency Data Reporting - Fraud					✓	N/A	N/A	
Communities	Financial Controls	Security Services - Use of Imprest (Colston Hall)				✓		Limited	Amber	Summary provided at Appendix 1 to this report.
Corporate	Financial Controls	Directorate Budgetary control (b/f)				✓		Reasonable	Amber	
Adults Children and Education	Financial Controls	Direct Payments - Prepayment Cards				✓				
Communities	Projects and Programmes	New Housing System Implementation				on-going				Summary provided at Appendix 1 to this report.
Corporate	Fraud - Prevention	Bribery and Corruption Review - Fraud Controls Framework Review			✓					
Corporate	Fraud - Prevention	E learning roll-out			✓					
Corporate	Fraud - Prevention	Fraud Web page updates			✓					
Resources	Fraud - Prevention	Fraud Awareness Training - Benefits Administrators			✓					
Adult, Children and Education	Fraud - Prevention	Education Team Requests			✓					
Adult, Children and Education	Fraud - Prevention	Fraud Awareness Training - Schools			✓					
Corporate	Fraud - Proactive Detection Exercises	National Fraud Initiative (NFI) Download			✓					
Corporate	Fraud - Proactive Detection Exercises	NFI Output			✓					
Resources	Fraud - Proactive Detection Exercises	NNDR b/f			✓					
Resources	Fraud - Proactive Detection Exercises	AP Forensics - Accounts Payable fraud testing			✓	on-going				Summary provided at Appendix 1 to this report.
Communities	Fraud - Proactive Detection Exercises	Tenancy Fraud Case work			✓					
Communities	Fraud - Proactive Detection Exercises	Gain work			✓					

Communities	Fraud - Proactive Detection Exercises	Empty Property Relief			✓					
Corporate	Fraud Investigation	Fraud hotline management			✓					
Resources	Fraud Investigation	Benefit Fraud casework			✓					
Resources	Fraud Investigation	CTR Casework			✓					
Growth and Regeneration	Fraud Investigation	Blue Badge - on going investigations and publicity			✓					
Adults Children and Education	Risk Management	CRR 16 - Children's and Safeguarding - assurance mapping			✓					
Adults Children and Education	Risk Management	Adult Social Care - Care Homes			✓					
Communities	Risk Management	Taxi Licensing			✓					
Corporate	Financial Controls	Development contributions (s 106 plus)			✓					
Resources	Financial Controls	Apprentice Levy Account			✓					
Resources	Information Security/ICT	IT Project Management Approach (design and security)			✓					
Corporate	Financial Controls	Savings Tracker for Change Programme (b/f)			✓					
Communities	Commissioning and Procurement	Fleet Investment Contract Award (b/f)			✓					
Adults Children and Education	Governance	Three Tier Model (b/f)			✓					
Communities	Fraud - Proactive Detection Exercises	Key Amnesty (under consultation)		✓						
Communities	Fraud - Prevention	Social Housing Gateway Review (allocations)		✓						
Corporate	Financial Controls	Corporate Debt Model - Use and effectiveness	✓							
Adults Children and Education	VFM/Targeted Savings Identification	Direct Payments - Full Study to include systems, processes and targeted testing. Joint with fraud team	✓							
Adult, Children and Education	Fraud - Prevention	Schools Fraud Health Check	✓							
Corporate	Fraud - Proactive Detection Exercises	Continuous Matching/Data Warehouse	✓							
Growth and Regeneration	Fraud - Proactive Detection Exercises	Blue Badge Enforcement exercise - Joint Exercise with Blue Badge Team	✓							
Communities	Fraud - Proactive Detection Exercises	Housing Partnership - working with RSLs on Tenancy Fraud	✓							

B. Certifications

Directorate	Gov, Risk or Internal Control Area		Initial Planning	TOR (Where App.)	In Prog/Ongoing	Complete	Value of Grant Claim
Communities	Financial Controls	NTS Funding and Grant (Scambuster)				✓	£ 300,000
Communities	Financial Controls	NTS Funding and sub Grant (Scambuster)				✓	£ 81,000
Growth and Regeneration	Financial Controls	IF 13 Development of Hengrove				✓	£ 400,000
Growth and Regeneration	Financial Controls	GBVS - GIGABIT				✓	£ 20,574
Communities	Financial Controls	Disabled Facilities Grant				✓	£ 261,339
Growth and Regeneration	Financial Controls	Bristol Temple Quarter Enterprise Zone (TQEZ) RIF 008				✓	£ 7,185,793
Growth and Regeneration	Financial Controls	WECA Highways and Capital Grant				✓	£ 7,632,000
Growth and Regeneration	Financial Controls	Pothole Action Grant				✓	£ 218,435
Growth and Regeneration	Financial Controls	Cattle Market Grant				✓	£ 502,225
ACE	Financial Controls	Fututer Bright Programme				✓	£ 27,711
Growth and Regeneration	Financial Controls	A4-A4174 Challenge Fund				✓	£ 152,945
Growth and Regeneration	Financial Controls	WECA Community Transport				✓	£ 886,000
Communities	Financial Controls	DFG				✓	£ 2,651,566
Growth and Regeneration	Financial Controls	Challenge Fund Grant - Flood resilience Project				✓	£ 53,034
Growth and Regeneration	Financial Controls	Bus Service Operators Grant (BSOG)				✓	£ 448,348
Growth and Regeneration	Financial Controls	Feas B Southern Orbital Grant				✓	£ 154,754
Growth and Regeneration	Financial Controls	URBACT III				✓	19,304 Euros
Growth and Regeneration	Financial Controls	Local Sustainable Transport Package Grant			✓		£ 970,627
Communities	Financial Controls	Carbon Reduction Commitment (CRC)			✓		£ 258,920
Growth and Regeneration	Financial Controls	(LEP) (LGF) Local Sustainable Transport Package 2017/18			✓		
Total Grants Certified							£ 22,205,270

C. Recommendations Follow Up Work Completed:

Directorate	Gov, Risk or Internal Control Area	Name of Review	No. of Recs.	Status	Implemented:		Partially Implemented		Not Implemented		Superceeded	Total
					H	M	H	M	H	M		
Resources	Financial Controls	Accounts Receivable (follow up and review)	14	Complete	1	3	2	7		1		14
Adults & Children Education	Financial Controls	Budgetary Control - People	8	Complete	1	4	1	1			1	8
Communities	Financial Controls	Security Services Cash -in- Transit	6	Complete		3		3				6
Growth and Regeneration	HR and Asset Management	Sale and Disposal of Council Assets, including St Agnes Lodge and POB	13	Complete		8		5				13
Adults & Children Education	Financial Controls	Foster care Payments (follow-up)	3	Complete				2	1			3
Corporate	Commissioning and Procurement	Contract Waivers (Follow Up and Review)	6	Complete		4		2				6
Resources	Information Governance and ICT	Mobile devices	16	Complete	1	1		1	6	1	6	16
Resources	HR and Asset Management	HR Process Review	4	Complete		4						4
Care and Safeguarding	Risk Management	Provider Failure*	1	Complete		1						1
	Fraud Prevention	Purchase Cards *	11	Complete		5		4			2	11
	Information Governance and ICT	Customer Relations System (Complaints)*	3	Complete	1			2				3
Corporate	Risk Management	Business Continuity - follow up	6	Complete		1	1	3		1		6
Care and Safeguarding	Schools	Primary School	6	Complete	1		3		1	1		6

Total Recommendations followed up or in progress	97		5	34	7	30	8	4	9	97
* Summary provided at Appendix A to this report										

D. Adhoc Work Requests/ Consultany & Advice

			Stage of Review					Summary of Findings/Advice Provided:
Directorate	Gov, Risk or Internal Control Area	Name of Review	Initial Planning	TOR	In Prog/ Ongoing	Draft Report	Complete	Key Matters:
Resources	Information Governance and ICT	Changes to payment terms					✓	Issues around unauthorised changes to contract terms
Resources	Information Governance and ICT	Information Security Policy Review				Advice	✓	Review of Information Security Policy Statement, associated policies and IT Security Guide
Resources	Financial Controls	Cheque Control					✓	Disposal of Cheques.
Resources	Financial Controls	Purchase Cards					✓	Advice on use of purchase cards for various matters arising



## APPENDIX 1 - SUMMARIES OF COMPLETED AUDITS

### A. CORPORATE

#### A1 Grants Receivable Application Process

Bristol City Council receives a number of grants from both the EU and Central government. The grants received can be short term or spread over a number of years. The total grants receivable for 2018/19 are £475m. The Council has a grants protocol which is required to be followed for all applications for grant funding.

The objective of the audit review was to review whether there was sufficient due diligence and consideration of “business as usual” financial arrangements when agreeing to the acceptance of grant funding. Specifically, the audit reviewed:

- Governance over grant approvals.
- The management of the risks associated with grants.
- The robustness of the Grant Application process.
- Resources and Capacity, including project management.

Based on the completion of the fieldwork, a **Limited Assurance Audit Opinion** was assigned. The key areas of **compliance/good practice** identified during the review are summarised as follows:

- A grant register is maintained which details all of the grants the Council has applied for.
- A Grant Protocol that details the grants received process is available to officers via the internal website the ‘Source’.

The audit also identified **areas for improvement**, for which six key recommendations were made, which included:

- The Grant Protocol is in need of review as it dates from 2016.
- The grant process is lengthy which can impact on the Council’s ability to take up funding opportunities on short notice; therefore the process should be streamlined.
- A shortened application process should be considered when a rapid response is required and/or the value of the grant is minimal.
- The risks associated with grants received should be formally considered, mitigated and recorded in the appropriate risk register.
- Guidance to ensure that grant opportunities are identified and applied for should be issued to relevant officers, taking account of the impact of the grant process on the provision of core services.

All recommendations were agreed with appropriate implementation timescales.

## ADULTS, CHILDREN AND EDUCATION

### B1 Care Services – Accuracy of Care Billing

Previous Internal Audit work within accounts receivable highlighted that the Council had significant outstanding debt relating to care and also that billing clients for care was not compliant with the Care Act. Additionally, it was noted that the information on invoices issued was difficult for clients to understand.

The objectives of this review were to undertake:

- Detailed testing on invoice accuracy
- A follow-up of the recommendations relating to care billing made following the accounts receivable audit reviews.

Based on the completion of the fieldwork, a **Reasonable Assurance** Audit Opinion was assigned. The key **areas of compliance / good practice** identified during the review are summarised as follows:

- A temporary team had been established to specifically target care collection debts.
- Recovery procedures had altered to ensure service users were treated “as individuals” and, where appropriate, there was liaison with social care staff.
- Work was in progress to improve invoices issued for care and make them more user-friendly.
- From the detailed sample examined, only one error was found regarding the accuracy of bills issued.

The audit also identified the following **areas for improvement**, for which 4 recommendations were made, including:

- Delays in the issue of invoices due to delays in authorisation of care plans.
- Recovery of historic debt.
- Monitoring receipt of financial assessment forms for residential care home users.

All recommendations were agreed for implementation and management are reviewing all aspects of the process on an end to end review basis to target specific improvements to address the process.

## B2 School Places Planning and Allocation Process

The statutory basis for school admissions is set out in the School Admissions Code (the Code), issued under Section 84 of the School Standards and Framework Act (SSFA) 1998. This Code imposes mandatory requirements and includes guidelines setting out the aims and objectives and other matters in relation to the discharge of the functions relating to admissions. The Council's school admissions are administered through Trading with Schools (TwS).

The objective of this audit review was to provide an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control in the area of School Places Planning and Allocation. Specifically the audit reviewed:

- The long, medium and short term forecasts of the demand for school places.
- The establishment and publication of policies for school admissions.
- That places are allocated in line with policy and regulation.
- The effectiveness of strategies and policies.

Based on the completion of fieldwork, a **Limited Assurance** Audit Opinion was assigned, however the opinion was predominantly based on the inadequacies of the IT system in place to deal with school admissions, as opposed to the work of the Admissions team which was found to be well controlled. The key **areas of compliance/good practice** identified during the review are summarised as follows:

- The deadlines for 2018/19 admissions were met, despite the difficulties experienced with the IT System.
- The Council's admission policy is in line with statutory requirements.
- The Council's appeals system was found to be independent.
- There is a robust system in place to predict short and medium term school placement requirements.
- A capital programme is in place to ensure that there will be enough Secondary places to meet predicted demand in 2023/24.

The audit also identified **areas for improvement**, for which 3 recommendations were made, which included:

- The need to make certain that the issues experienced with the IT admissions system are escalated as a matter of urgency in order to ensure that the 2019/20 admissions process can be delivered on time.
- The School Organisation Strategy (2018-2014) which was found to still be in draft, should be finalised, approved by Cabinet and duly published on the Council's website.
- Reporting of both surplus and oversubscription in terms of school places should be produced and considered against available places, in order to achieve clarity on the school places across the city.

All recommendations were agreed for implementation within appropriate timescales.

### **B3 Adult Care - Provider Failure Follow Up**

An audit review of Adult Care - Provider Failure was completed in April 2018 which concluded reasonable assurance. One medium priority recommendations was made at that time and the objective of this review was to determine if this recommendation had been implemented.

The recommendation concerned the establishment and publication of a Provider Failure Policy and procedure as part of the overall quality assurance framework. The follow up audit confirmed:

#### **Recommendations Implemented:**

- ✓ A Provider Failure Policy has been established and forms part of the Quality Assurance Framework (QAF), which was approved through the Adults, Children and Education Directorate Executive Director's Meeting (EDM) on 29<sup>th</sup> August 2018.
- ✓ The QAF has been shared internally with staff and externally with providers.

## B4 Strengthening Families Programme

Children's services are facing increased regulation and demand at a time when resource available for provision of services is reducing. In addition, there is a national shortage of Social Workers. Within Bristol, actions have been implemented to try to tackle overspending, however, it is considered that this will not address the problems long term.

The Strengthening Families Transformation Programme therefore seeks whole system transformation to tackle this over a 5 year period. The aim of the programme is to both make cost savings whilst improving outcomes, commissioning and delivering quality services.

An embedded assurance approach is being taken by Internal Audit which involves reviewing key aspects of the programme governance depending on which stage the project is at.

An early review of the project in its start-up/initiation phase has been completed with the objective of providing assurance over the following areas:

- Governance (Strategy and Decision Making).
- Benefits realisation.
- Project Resources.
- Cost Management.
- Communication.

Following completion of the field work, the audit concluded **acceptable controls** are in place with reasonable assurance provided over each area above with the exception of Benefits Realisation arrangements where limited assurance can be provided at this time.

Key areas of good practice identified included:

Governance:

- Governance structures are in place to monitor delivery.
- The Programme is aligned with and will contribute to, the achievement of the Council's strategic objectives.
- Each of the main projects within the Programme has been allocated a Strategic Lead and Delivery Lead.
- The Programme Manager produces reports on progress.

Benefits Realisation:

- Critical success factors of the Programme have been identified.
- There is a high level plan indicating what will be done, by whom and when.

Project Resources:

- An experienced Project Manager has been seconded to the Programme.

Communication:

- Stakeholders have been identified and the benefits communicated
- A detailed engagement log is being maintained.

**Areas for improvement** were also identified, which the Project Manager was aware of and work is developing to address these:

- Monitoring of the impact of the project deliverables on financial savings
- Performance indicators. Whilst 8 performance indicators have been identified for tracking to monitor delivery of the project outcomes, the methodology for only four of these has currently been developed.

A further review at the project delivery stage is planned for quarter 4.

## **C. COMMUNITIES**

### **C1 Implementation of Housing System**

The 'Improving Tenants Experience' (ITE) project to implement a new housing system, commenced in 2015. The intention was for the new system to be in use from October 2016; to improve services to Council tenants and also to rationalise and improve internal reporting. The project has been significantly delayed and the system only went live at on 31 October 2018.

Internal Audit has provided assurance over the project since it commenced and formally reported in June 2016 and March 2017. The latter report did not provide an assurance opinion due to the significant delays in the system implementation.

Following discussions with the, (former) Interim Director for Homes and Landlord Services, from March 2018, Internal Audit has attended meetings of the Housing Services Project Board to provide insight and assurance.

In July 2018, a project risk workshop took place, facilitated by the Interim Head of Risk and Insurance. The output from this was a project risk register which had a significant number of 'red' risks, defined as 'must be addressed'. In the run up to the, then, 'go live' date of 18 September 2018, Internal Audit monitored management's mitigation of the 'red' risks.

In August 2018, Internal Audit raised a concern with the, (former) Interim Director for Homes and Landlord Services, that significant risks remained and that the matter should be escalated to the Acting Executive Director of Communities and CLB. Subsequently, the 'go live' date was put back to 31 October 2018, the project was discussed at CLB and the project risk was escalated to the corporate risk register.

At the time of this report, the implementation of the ITE system is continuing and Internal Audit continue to attend the Housing Services Project Board, to provide insight and assurance.

**C2 Detail is contained in an Exempt Appendix.**



### **C3 Complaints Management System – Follow Up**

The objective of the follow up review was to establish the level of implementation in respect of the three recommendations made as a result of the original audit in December 2016. This is the second follow up that has been completed in this area.

This further follow up review concluded that one of the recommendations had been fully implemented, with a further two where implementation remained in progress.

#### **The key findings from the review were:**

- A new Customer Relations IT system has been approved by Cabinet and tendering is in progress.
- Not all services are formally closing complaints on the current customer relations system 'Salesforce'.
- The 2016/17 Annual Report of Statutory Complaints relating to Social Care has been published, although the 2017/18 Annual Report is overdue.
- The reasons for low level of compliance on social care complaints have not yet been investigated.

#### **Recommendations Implemented:**

- ✓ A new IT system has been approved by Cabinet and tendering is in progress.

#### **Recommendations Partially Implemented:**

- Services should be further reminded, through Executive Directors, that when Complaints are closed, a formal response should be recorded on the Customer Relations System.
- The 2017/18 Annual Report of Statutory Complaints relating to social care should be finalised and published.
- The reasons for low level of compliance on social care complaints should be investigated.

Timescales for all outstanding recommendations were agreed, with a further follow up on implementation scheduled

## **D RESOURCES**

### **D1 AP Forensics**

AP Forensics is a Fraud Testing Program designed to aid detection of fraud and error in the Accounts Payable system. The Program runs across BCC accounts payable data to identify unusual activity which could suggest fraud or error. Internal Audit is developing a continuous audit approach to reviewing the output from the program to test the validity of transactions on the accounts payable system.

Fraud testing was completed for a sample of invoices from a number of reports covering:

- Vendors featured in more than one fraud test
- Use of credit notes
- Payment values and transaction spikes
- Weekend transaction
- Invoice numbers
- Early payments

Testing concluded that there was no evidence of fraud or error in the sample reviewed.

One medium priority recommendation was made concerning regular payment into an imprest account held by the Council's insurers, the basis for which was not formalised in any contractual agreement. Additionally, the procedure for monitoring its use was not documented or known by more than one member of the Insurance Team. It is understood that since the audit, an agreement has now been drawn up and signed. The team are currently undergoing a review of its processes and procedures.

Two areas were identified where improvements to the AP Forensics programme could be made. Internal Audit is researching these to inform future audit testing using this programme. Internal Audit intends to complete targeted fraud testing using this programme on a quarterly basis going forward.

## **D2 Purchase Card Follow Up**

An audit review of Purchase Cards was completed in July 2017 which concluded only limited assurance could be provided regarding the controls in this area. Eleven high or medium priority recommendations were made at that time and the objective of this review was to determine if the recommendations have now been implemented.

Of the eleven recommendations, the follow up review concluded that 5 were fully implemented, 4 were partially implemented and 2 had been superseded. 3 of the partially implemented recommendations will be addressed by the approval of the Purchase Card Policy by Corporate Leadership Board on 20<sup>th</sup> November 2018.

### **Key findings from the review were:**

- A Purchase Card Policy has been drafted and is awaiting approval prior to publication and roll out.
- Substantial progress has, in particular, been made in reducing the number of Payment Cards in circulation thereby reducing the likelihood of inappropriate Purchase card use.

### **Recommendations Fully Implemented:**

- ✓ Responsibility for the purchase card system has been determined.
- ✓ The ongoing need for different card types has been reviewed and travel cards are being phased out as they expire.
- ✓ Instructions have been issued to ensure card return where employment ceases.
- ✓ Budget holder review/ timely upload to ABW.
- ✓ Improvements to the card-holder register have been made.

### **Recommendations Partially Implemented:**

- A policy and guidance document has been produced which sets out cardholder's and budget manager's responsibilities, this will be going to Corporate Leadership Board on 20<sup>th</sup> November 2018.
- The policy and guidance is a reminder to budget managers of their responsibility to allocate purchase card spend to account codes, however measures for ensuring compliance have not been introduced.
- The policy and guidance includes the requirement to retain receipts for purchases.
- A review of the most efficient way to order goods and services is being undertaken and is on-going.

### D3 Privileged Access Management

Privileged IT accounts give a far greater amount of access to classified information and system configuration functionality. The purpose of this review was to ensure that the approach for controlling high level access to the key systems the Council relies on to deliver its services is appropriately restricted. Specifically the audit reviewed the processes in place for:

- Identifying privileged accounts.
- Adding/ removing/ reviewing privileged access or change management access to privileged accounts.
- Monitoring all changes executed by privileged users.

Based on the completion of the fieldwork, a **Limited Assurance** Audit opinion was assigned. Key areas of **good practice** identified included:

- High level access to data and systems is restricted.
- Future investment is planned in systems to align identity management and single sign on with starter/ mover/ leaver HR processes.
- The Future State Assessment (FSA) programme includes provision to allow central monitoring over privileged accounts.

The audit identified **areas for improvement**, for which 11 recommendations were made, these included:

- Inconsistent approaches were in use to address control over privileged accounts. Documented procedures are required for adding, removing and reviewing such accounts.
- The need to develop central control processes for improved management and monitoring of privileged accounts. The FSA programme will address this issue.
- Use of generic accounts by third parties and no audit trail of actions carried out by them.
- Running monitoring reports on a regular basis to confirm that access is appropriate
- For general IT administration, changes to privileged accounts are not logged. Again, the FSA programme will address this area.

Recommendations have been agreed with management, together with implementation dates, to address the issues identified. These will be followed up in 2019/ 20.

**Internal Audit Plan  
2018/19**

Key		Proposed Deletions
		Proposed for amendment of scope
		Additions to original Plan

**Appendix (2)**

**Assurance Area**

Corporate or Cross Directorate Reviews	Resources Specific	Care & Safeguarding Specific	Growth & Regeneration Specific	Communities Specific
<b>Governance</b>				
Annual Governance Statement and Review Process		School Support/management inc TWS	G & R Board	Homelessness - Policy effectiveness
New Directorate and Departments - Governance and Financial Control			New Commercial Investments - Embedded Assurance approach	Partnership Working - Tracking of Outcomes
Companies Governance - Oversight				
Senior Officer Decision Recording				
Strategic Business Planning				
Service Planning and Performance Management (focusing on outcomes)				
Schemes of Delegation				
Decision Making Process - follow up				
Supporting Governance Improvement				
Business Case Robustness (Follow UP)				
Whistleblowing Review (Annual)				
Ethics and Culture b/f				
<b>Risk Management</b>				
Audit of Risk Management		CRR 16 - Children's and Safeguarding - assurance mapping	CRR 19 - Commercial Investment and Capital Programme	CRR 10 - Harbour and Harbour Estate
CRR - 15 - Business Continuity Planning and Management (New Process)		School Places Planning and allocation processes.	Flood Risk (CRR) - Mitigations Testing	Asbestos Management
CRR 13 - Leadership and Management		Adult Social Care - Care Homes		Taxi Licensing
CRR 12 - Loss of resource/skills				Universal Credit Implementation Arrangements
CRR 7 - Safety of Citizens				
<b>Internal Control</b>				
<b>Financial Controls</b>				
Corporate Debt Model - Use and effectiveness	Development contributions (s 106 plus)	Direct Payments - Prepayment Cards	Security Services - Use of Imprest (Colston Hall)	Rent Arrears
Grant Application Process (from 2017/18)	Apprentice Levy Account	Schools Programme- Financial Governance	Car Parking Income	HRA - Oversight and Budgetary Control
Changes to Payment Terms	Financial Systems Interfaces	Budgetary Control		Public Health - Sexual Health Spend or Children's health spend
	Housing benefit Overpayment (incl review of debtors suspense account)	Governance Over Directorate Savings realisation		Housing Voids - Follow Up
	Grants and Certifications	Grants and Certifications	Grants and Certifications	Grants and Certifications
	Accounts Payable (follow up and review)	Care Act - Deferred Payments?		
	Accounts Receivable (follow up and review)	Better Care Fund		
	CHAPS (follow up)	Care Services - Accuracy of Billing		
	Council Tax Income Collection			
	Payroll System Controls - b/f			
<b>Commissioning and Procurement</b>				

Procurement and Contracting - Follow up work	Access rights to information - Partnerships/Contracts (GDPR)	Procurement Plans - Social Care		Housing Options - payments to voluntary groups
Review of Specific Contracts	Contract Monitoring - Continual Audit Testing	Contract Monitoring - Continual Audit Testing	Contract Monitoring - Continual Audit Testing	Contract Monitoring - Continual Audit Testing
Contract Waivers (Follow Up and Review)	Effectiveness of New Procurement Arrangements			
<b>Information Security/ICT</b>				
	IT Service Management	Data Sharing with Partners ( GDPR)		New Housing System - IT Audit focus
IT and business resilience	Delivery of Future State Assessment incl Cloud Migration and Digital			
Citizen Account (b/f)	IT Governance and Dev Opps			
E Procurement system - security	IT Project Management Approach (design and security)			
Operations Centre - Resilience/Cloud	Cyber Security and PSN - Annual Review			
Operations Centre - Technical Delivery	Development Methodologies and Practices			
Information Security Policies Review	Privileged Access Management			
<b>HR and Asset Management</b>				
Individual Performance Management	IT Asset Control and usage (hard and software)		Investment Property (follow up and review)	Response Repairs (b/f)
Health & Safety of Staff (CRR)			Embedded Assurance - Asset Management System	Long Term Voids
<b>Projects and Programmes</b>				
Embedded Assurance GDPR	Project Management	Embedded assurance - Strengthening Families Transformation	Replicate (EU Grant funded Project)	New Housing System Implementation
Governance and Embedded assurance - Phase 2 Operations Centre Delivery	Embedded Assurance - HR Payroll Project	Transition from Care (Care leavers)	Project Management and Governance- Overview	
New Finance System Implementation - Embedded Assurance			Embedded Assurance - Major Project	
			Embedded assurance - Projects determined by G&R Board including projects with WECA	
<b>VFM/Targeted Savings Identification</b>				
Contingency Provision	Telecoms follow up	Direct Payments - Full Study to include systems, processes and targeted testing. Joint with fraud team		
<b>Counter-Fraud</b>				
<b>Strategic Fraud Risk Management</b>				
CIPFA Fraud Survey	Transparency Data Reporting - Fraud			
Analysis of CIPFA Benchmarking				
Fraud Risk Registers - Engagement with risk owners				
<b>Fraud Prevention Work</b>				
Bribery and Corruption Review - Fraud Controls Framework Review	Money Laundering Risk Assessment	Fraud Awareness Training - Social Workers		Waiting Lists Review
E learning roll-out	Fraud Awareness Training - Benefits	Education Team Requests		
Fraud Web page updates	Purchase card review - follow up	Fraud Awareness Training - Schools		
<b>Proactive Fraud Detection Exercises</b>				
Continuous Matching/Data Warehouse	NNDR b/f	Direct Payment - Analytical Review & Testing	Blue Badge Enforcement exercise - Joint Exercise with Blue Badge Team	Empty Property Relief

National Fraud Initiative (NFI) Download	Procurement - Analytical Review	Care Home Payments (pending NFI)		Key Amnesty (under consultation)
NFI Output	AP Forensics - Accounts Payable fraud testing			Housing Partnership - working with RSLs on Tenancy Fraud
				Tenancy Fraud Case work
				Gain work
Fraud Investigation				
Contingency - Responsive investigation work	Benefit Fraud casework		Blue Badge - on going investigations and publicity	
Fraud hotline management	CTR Casework			

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted



# Audit Committee

26<sup>th</sup> November 2018



**Report of:** Interim Chief Internal Auditor

**Title:** Internal Audit Half Year Investigation and Counter Fraud Update Report

**Ward:** N/A

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

**Contact Telephone Number:** 07768 635672

## Recommendation

The Audit Committee note the Internal Audit Counter Fraud Update report for the period of 1<sup>st</sup> April to 31<sup>st</sup> October 2018.

## 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.

## Significant Matters Arising:

Key messages arising from this report at Appendix A;

- The Internal Audit Counter Fraud team continues to identify potential savings which covers its costs.
- Delivery of the counter fraud team plan is on target.
- The team continue to investigate a variety of fraud types as well as undertaking proactive work to detect fraud.

**1. Policy**

Audit Committee Terms of Reference

**2. Consultation**

Internal – Corporate Leadership Board including S151 Officer, Cabinet Member for Governance, Resources and Finance.

External – N/A

**3. Context**

3.1 This is the half yearly update 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.

The full report can be found at Appendix A

3.2 Key points arising from the Fraud Update Report:

- The Internal Audit Fraud and Investigations team continues to pay for itself with cashable savings of £469K, notional savings of £1.5m and a weekly cost avoidance of £4k (as a result of cancellation of a benefit or other payment) to date in 2018/19.
- The team has a high volume of work with several on-going investigations of fraud or irregularity which compete for priority with fraud prevention and other proactive fraud work which generates savings.

**4. Proposal**

4.1 The Audit Committee considers the work of the Internal Audit – Counter Fraud and Investigations team during the period of 1<sup>st</sup> April to 31<sup>st</sup> October 2018, and the results there of.

**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

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

## Legal and Resource Implications

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

### Appendices:

**Appendix A – Internal Audit – Counter Fraud Update Report for period of 1<sup>st</sup> April to 31<sup>st</sup> October 2018**

## LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

### Background Papers:

None.



**26<sup>th</sup> November 2018**



## 1. Introduction

- 1.1 Bristol City Council's Counter Fraud and Investigation team was formed in 2012 and is based in Internal Audit.
- 1.2 The purpose of this report is to provide an update on the work and results of the Counter Fraud and Investigation team during the period 1<sup>st</sup> April 2018 – 31<sup>st</sup> October 2018.

## 2. Key Messages

- 2.1 The Counter Fraud and Investigation team undertakes a variety of work. The team are dedicated but there is always a difficult balance to be struck between proactive work that identifies savings and responsive investigation work.
- 2.2 The work of the team continues to contribute significant benefits across the Council:
  - recoverable, on-going and notional savings is in excess of £2 million have been identified to date;
  - 16 council properties regained and the Estates Team assisted to recover a further 7 properties;
  - 2 false housing applications cancelled;
  - 1 false right to buy application cancelled.

## 3. Overview of the work of the team and results

- 3.1 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.
- 3.2 The team plans a work programme at the beginning of the year. At the half year mark 56% of the planned fraud work is either complete or in progress. A review of the plan has led to 2 pieces of work being removed due to them no longer being required. A further 2 items are potentially at risk but will be reviewed against the priorities of investigative work. The team remains on target to deliver 90% of the planned work by year end.
- 3.3 Apart from the planned work, the team deals with a number of internal investigations of fraud or irregularity. Some of these are complex and resource intensive investigations. The investigation of these is policy driven and provides assurance to management on

concerns raised, along with actions for improvement. The team work closely with Human Resources where disciplinary proceedings are considered appropriate.

- 3.4 The team aims to respond to all allegations promptly and is continually balancing priorities between the work that delivers savings and the work that protects the integrity of the council.
- 3.5 A further team aspiration (although not a formal performance indicator) is that it will pay for itself by way of identifying recoverable savings. This has already been achieved this year to date with savings identified as below. Further work still needs to be undertaken to identify the amounts of recoverable savings that have actually been recovered.

**Savings for 2018/19 (as at 31/10/18)**

Fraud area	Recoverable	Notional	Weekly cost avoidance
Tenancy Fraud	£10,947	£1,488,000	£634
Right to Buy	0	£56,000	0
Benefits National Fraud Initiative (NFI))	£33,898	0	£1,801*
Benefits (DWP work)	£335,653	0	£976
Council Tax Reduction (BCC work)	£33,808	0	£747
Administrative Penalties (Adpens)	£3,876	0	0
Room hire payment	£180	0	0
School investigation	£840	0	0
Non Domestic Rates/Small Business Relief	£50,583	0	0
<b>TOTAL</b>	<b>£469,785</b>	<b>£1,544,000</b>	<b>£4,158</b>

Figures used for notional savings are:

- (i) Council property recovered = £93000 ( figure recommended by Cabinet Office)
- (ii) RTB = Discount that would have been awarded on the sale.

*NB: The above does not reflect the extent of recovery of any savings.*

\*NFI use a 21 week multiplier to this figure and claim £37,836.75 as the total cost avoidance

- 3.5 In respect of Tenancy Fraud, the team has a performance target of 30 council property regains. Currently the team have achieved 16 so is on target at the half year mark.

### Workload facts and Figures

The Counter Fraud and Investigations team has the following caseload as at October 2018:

- 158\* Benefit (assisting DWP investigations)
- 84 Tenancy Fraud
- 16 Council Tax Reductions investigations
- 11 Procurement
- 7 Social Care
- 2 Local Taxation/Non Domestic Rates
- 2 Blue badge
- 3 Employment
- 1 Credit card
- 1 Other

Since 1/4/18 it has received:

- 95 Tenancy Fraud referrals
- 203 Requests for information from the DWP
- 13 other fraud referrals including Procurement, Social Care, Blue badge and employee fraud.
- 123 requests for information from the Police or other enforcement body.
- 85 pupil tracking requests for information.
- 58 advice queries on benefit fraud from colleagues

### Results facts and figures

- 16 Council properties regained.
- Cases where we have assisted Estates to secure a regain.
- 1 Right to buy application cancelled due to false information.
- 2 false housing applications cancelled.
- 2 blue badge prosecutions (conclusion of the 2017/2018 enforcement exercise).

### Fraud Awareness Training

The team has provided fraud awareness training sessions to:

- Caretakers
- Benefits administration teams

It also organised and co-ordinated document verification training from the Home Office for several departments including homeless prevention and Citizen Service Point colleagues.

The Social Care training has been deferred until after the data analytics and audit work on Direct Payments has been completed, but some initial workshops are planned.

## **Responsive Investigations:**

The team receive a number of allegations of suspected fraud and irregularity. Three examples of responsive investigations are detailed below:

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### ***Nursery & Children's Centre Investigation:***

*A lengthy investigation at a nursery and children's centre identified poor financial practices and lack of controls and established that £840.37 was owed by a senior member of staff.*

*Both the Audit and Investigations Team worked together to deliver a fraud awareness/financial good practice training session to the governors and senior leadership team.*

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### ***Procurement Investigation:***

*An investigation was carried out by the team into the procurement of works. This found that the officer responsible for the project had failed to follow the Council's procurement regulations and procedures and had given the work to a contractor to which they had a personal association. The team worked closely with HR as there was also a concurrent management investigation of the same officer, in respect of the unauthorised removal of office furniture and equipment.*

*The outcome of the two investigations were the dismissal of the officer concerned.*

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### ***Use of council rooms for private use:***

*The team were involved in a review which identified £180 owed for use of council rooms for a private function.*

*The review instigated a revision of the procedures and guidance for using such rooms which is likely to result in increased revenue for the council.*

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## 4. Proactive Work

4.1 The Investigation Team continually strives to embrace the corporate value of curiosity and be innovative by always looking at new ways to prevent and identify fraud. During the first half of the year it has been involved in planning and preparing for the following key priority projects during the second half of the year:

- Direct payment data analytic work to identify fraud risks
- To work with Registered Social Landlords to deliver a key amnesty in Spring 2019
- NFI data uploaded for output due early 2019
- Development of a data hub.
- Further Blue Badge enforcement exercise due in December 2019

### 4.2 Direct Payments.

The team will undertake some data analytic work in this area with a view to identifying and sample testing high value and high risk cases. The analytics will compliment and shape the work in this area by the Assurance Team and will seek to identify weaknesses and lack of appropriate controls. The work will also allow targeting of the planned social worker fraud awareness training.

### 4.3 Key Amnesty

This is a significant project to work with Registered Social Landlords to both publicise the cost and effects of housing fraud to the citizens of Bristol, and to offer the opportunity to those who no longer need their social housing to relinquish their tenancy without any further legal ramifications. Preparation work such as consultation with RSLs and other stakeholders is underway. The team aim to deliver this project in Spring 2019.

### 4.4 Data Hub

This is a long term project that requires significant initial collaboration and ICT capability. The development of a data hub reflects the awareness that data is an essential tool in both fraud prevention and detection. Ongoing data matching and analysis can identify fraud trends and irregularities. It can also help preserve the integrity of data held by Bristol City Council and promote efficient data processing. This may also reduce overpayments and aid their recovery. The team are in the early development and planning stages and are engaging stakeholders.

### 4.5 Right to Buy

All right to buy applications are checked in bulk by the Counter Fraud and Investigations Team using credit reference software.

### **Non Domestic Rates (NDR) Small Business Relief (SBR)**

Significant savings have been identified by proactive data matching in respect of SBR.

In a collaborative approach the team has worked closely with Local Taxation to identify recoverable savings of £50,583 where SBR has been removed due to companies having dissolved or claimed SBR inappropriately.

Further work in this area is proposed when data sharing agreements with other local authorities are in place.

#### **NDR: Charity Relief**

The team are also exploring further matching with Charities Commission data to reduce the amount of cases that require manual verification by Local Taxation colleagues.

## **5. Counter Fraud Activity Across the Authority**

- 5.1 The Local Taxation Team carry out a rolling review of all council tax discounts and exemptions and have several counter fraud initiatives.
- 5.2 The Local Taxation team is currently undertaking the National Fraud Initiative (NFI) 2017/18. This is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Revenues team has access to the National Fraud Initiative (NFI) database and is able to check properties claiming single person discounts against the Electoral Role data.

### **5.3 Property splits**

Local Taxation have also carried out some work to investigate premises where the Valuation Office Agency (VOA) have split property into many assessments, thus avoiding rate by the individuals in occupation of each part being entitled to SBR. Splitting the premises is a VOA decision and sometimes a nationwide decision by the VOA to split certain types of hereditaments. The team has little or no influence of the VOA decision making, but if the split is factually incorrect then Local Taxation will challenge the decision.

#### 5.4 **NDR Business Relief Empty Properties (intermittent)**

Empty Property Business Rates Relief provides 100% relief from business rates during the first 3 months in which any office or retail premises are empty, or the first 6 months in which any warehouse or industrial premises are empty.

This is an area that Local Taxation is monitoring. Some companies have been identified as following the practice of stating intermittent occupancy to take advantage of business rate relief. Local Taxation are introducing a procedure to pick up new cases when they see a pattern appear and will write for proof of occupation and visit the premises when occupied to satisfy us that actual occupation is taking place. This relief is also monitored where the owner leases the property and the new leaseholder immediately goes into liquidation, thus avoiding rates due to business relief. Council tax liability may remain in the owner's name and the lease ignored.

## **6. Counter Fraud Strategy and Policy**

- 6.1 The team have reviewed and published a revised Anti-Money Laundering Policy and accompanying guidance.
- 6.2 The Council has a robust Anti-Fraud, Bribery and Corruption Policy and consider that no amendments to it are required at this time.
- 6.3 In 2017, the Council's Counter Fraud arrangements were assessed against the CIPFA Counter Fraud Assessment toolkit. The following table provides a summary of the key actions resulting from the assessment and the action taken to date:

	ASSESSMENT GAP	ACTION TAKEN SO FAR
1	<i>More work to be done on fraud risk assessment.</i>	Work planned for quarter 3 and 4 of 2018/19
2	<i>Fraud and Investigation team strategy to be reviewed in line with authority's requirements. Resources to be aligned to strategy.</i>	<p>New team structure proposed which would include increased counter fraud and investigative resource. Strategy is to:</p> <ul style="list-style-type: none"> <li>• Deliver a comprehensive Counter Fraud and Investigations Service</li> <li>• Continually improve and develop the service.</li> <li>• Grow the volume of the business via the generation of increased levels of external income or recharging of services internally.</li> </ul> <p>This to be achieved by:</p> <ul style="list-style-type: none"> <li>• Continuing to provide a wide range of counter fraud and investigative services</li> <li>• Improving liaison with Registered Social Landlords on tenancy fraud work through the key amnesty and other work</li> <li>• Development of a data warehouse and data hub</li> </ul> <p>Taking advantage of opportunities to work with other Local Authority fraud sections.</p>
3	<i>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>	Quarterly meetings are held with Legal Services.
4	<i>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>	Planned piece of work for Quarter 3.
5	<i>Greater publicity needed around fraud work and raising awareness of fraud.</i>	<p>Internal article being produced to raise awareness of fraud e-learning module.</p> <p>Other opportunities for publicity to be considered as they arise:</p> <ul style="list-style-type: none"> <li>• Key amnesty</li> <li>• Any prosecution cases</li> <li>• Blue Badge exercise</li> <li>• Fraud update reports</li> </ul>
6	<i>Money laundering policy and guidance needs to be published and some refinements needed to whistleblowing arrangements.</i>	<p>Money Laundering policy and guidance has been published.</p> <p>Whistleblowing arrangements reviewed and subject to annual audit.</p>
7	<i>Communication with directorate management needs to be improved to manage expectations around internal investigation work.</i>	Monthly management updates being provided on certain investigations.
8	<i>Future options for assessing the efficiency and effectiveness of counter fraud operations, to be considered.</i>	CIPFA fraud survey completed.

# Audit Committee

26th November 2018



**Report of:** Interim Chief Internal Auditor

**Title:** Internal Audit Quality Assurance Improvement Programme

**Ward:** N/A

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

**Contact Telephone Number:** 07768 635672

## Recommendation

The Audit Committee to approve the Internal Audit Quality Assurance and Improvement Programme (QAIP).

## Summary

In accordance with the Public Sector Internal Audit Standards (PSIAS), Internal Audit is required to maintain a QAIP and report against it in its Annual Report to the Committee.

This QAIP is presented to the Audit Committee for consideration and approval, as required by the PSIAS.

## Significant Matters Arising:

- The outlining of the internal and external quality assurance mechanisms for the Internal Audit service.
- The QAIP is provided at Appendix A to this report.

**1. Policy**

The PSIAS require the Internal Audit service within the organisation to set out its quality assurance arrangements in the form of a QAIP. The monitoring of performance against the QAIP must be assessed and reported to the Audit Committee on an annual basis.

**2. Consultation**

Internal – CLB including S151 Officer, Cabinet Member for Governance, Resources and Finance.  
External – N/A

**3. Context**

3.1 The PSIAS sets out the requirement for a QAIP:

*“The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit activity.”*

3.2 The proposed QAIP sets out how this process will work. Reporting against the QAIP will be included in the Annual Internal Audit report.

**4. Proposal**

4.1 The Audit Committee considers and approves the updated Internal Audit QAIP.

**5. Other Options Considered – N/A****6. Risk Assessment**

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. The PSIAS provide for an effective independent and objective Internal Audit Service, ensuring a good standard of service to the organisation, whilst at the same time providing the Internal Audit Service with wider support in terms of maintaining its independence and freedom from influence.

**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 – Internal Audit Quality Assurance and Improvement Programme**

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

#### **Background Papers:**

Public Sector Internal Audit Standards.



# **Internal Audit Quality Assurance and Improvement Programme (QAIP)**



1	Introduction	1
2	Internal Assessments	2
3	External Assessments	3
4	Review of the QAIP	4
	Appendix A – Quality Assurance Questionnaire	5
	Appendix B –Business Objectives and Performance Targets	6
	Appendix C – Senior Management Satisfaction Questionnaire	8

# 1 Introduction

1.1 Internal Audit's Quality Assurance and Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders of the service that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with the Public Sector Internal Audit Standards (PSIAS);
- Operates in an effective and efficient manner; and
- Is perceived by stakeholders as adding value and continually improving its operations.

1.2 Internal Audit's QAIP covers all aspects of Internal Audit activity in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:

- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner (1300);
- Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics (1300);
- Helping the Internal Audit activity add value and improve organisational operations (1300);
- Undertaking both periodic and on-going internal assessments (1311); and
- Commissioning an external assessment to the Audit Committee at least once every five years, the results of which are communicated to the Audit Committee (1312 & 1320).

1.3 The Chief Internal Auditor is ultimately responsible for the QAIP, which covers all types of Internal Audit activities, including consulting.

## 2 Internal Assessments

- 2.1 In accordance with the PSIAS Standard, internal assessments are undertaken through both on-going and periodic reviews.

### On-going Reviews

- 2.2 Continual assessments of quality are undertaken via:

- Management supervision of all engagements;
- Structured documented review of working papers and draft reports by Internal Audit management;
- Feedback from audit clients obtained through post audit questionnaires at the closure of each engagement (Appendix A);
- Monitoring of internal performance targets (Appendix B) and annual reporting to the Audit Committee; and
- Review and approval of all final reports, recommendations and levels of assurance by the Chief Internal Auditor.

### Periodic Reviews

- 2.3 The Internal Audit service operates to a Charter that mandates compliance with relevant professional standards and specifically the definition of Internal Auditing, the Code of Ethics and the PSIAS which is regularly reviewed.

- 2.4 Periodic assessments are designed to evaluate conformance with these standards and are conducted via:

- Quarterly Progress Reports to the Audit Committee which includes progress against the annual plan, reports issued during the period including details of the opinion and summaries of key issues and outcomes from the work undertaken in the period;
- Annual Satisfaction Surveys to key stakeholders (Appendix C);
- Annual self-assessment of conformance with PSIAS;
- Annual review of compliance against the requirements of the QAIP, the results of which are reported to senior management and the Audit Committee;
- Feedback from the s.151 Officer and Chair of the Audit Committee to inform the annual appraisal of the Chief Internal Auditor in accordance with Standard 1100; and
- At least annual performance reviews for each Internal Auditor.

- 2.5 Significant areas of non-compliance with PSIAS identified through internal assessment will be reported in the Internal Audit Annual Report and used to inform the Annual Governance Statement.
- 2.6 Results of internal assessments will be reported to the Audit Committee at least annually. The Chief Internal Auditor will implement appropriate follow-up to any identified actions to ensure continual improvement of the service.
- 2.7 The Chief Internal Auditor will also periodically identify improvement requirements, for example in respect of audit planning, assurance mapping, audit processes, counter fraud, skills development for the team, audit profile and performance.

### **3 External Assessments**

- 3.1 An external assessment occurs at least once every five years to ensure continued application of professional standards. A Peer Review of the service was completed in February 2018. This process expressed an opinion about Internal Audit's conformance with the Standards, the Definition of Internal Audit and Code of Ethics including recommendations for improvement and was reported to the Audit Committee in March 2018.
- 3.2 The appointment of the External Assessor and scope of the External Assessment for this review had been approved by the Audit Committee in July 2017.
- 3.3 The external assessment consisted of a broad scope of coverage that reviewed the sections compliance with in excess of 340 individual standards within the Public Sector Internal Audit Standards (PSIAS) and included the following elements of Internal Audit activity:
- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, and Internal Audit's Charter, plans, policies and practices;
  - Expectations of Internal Audit as expressed by senior management and operational management;
  - Tools and techniques used by Internal Audit;
  - The mix of knowledge, experiences and disciplines within the team; and
  - Whether Internal Audit adds value and improves the organisation's operations.

- 3.4 Results of the external assessments were reported to the Audit Committee at the earliest opportunity in March 2018 following receipt of the external assessors report. The external assessment report was accompanied by a written action plan in response to significant comments and recommendations identified.
- 3.5 A report outlining progress against the recommendations from the Peer Review in respect of any areas of either partial or non-conformity with the PSIAS was reported to the Audit Committee in September 2018.

## **4 Review of the QAIP**

- 4.1 This document will be reviewed at least on an annual basis.

## Appendix A

### Quality Assurance Questionnaire

Internal Audit is continuously looking at ways of improving the quality of service which we provide. Please could you complete this questionnaire to help us ensure that the service we provide is of the highest possible standard.

#### Evaluation

1. Overall evaluation of the audit in terms of added value to your business area and improving control / performance.
2. The level of consultation during the audit including the opportunity to comment on the scope.
3. The audit was carried out effectively with minimum disruption.
4. The auditor(s) were professional, objective and worked well with your team.
5. The final report was clear. Concise, addressed key issues, and was issued in a timely manner.

If you have marked any of the questions above as Poor or just adequate, please could you take a moment to detail why below:

Your views on any ways in which Internal Audit could be improved, observations on the manner or general approach in which the audit was conducted, and any areas which could benefit from future audit reviews would be appreciated.

## Appendix B

# Business Objectives and Performance Targets 2018/19

### Business Objectives

Ref.	Objective	How Delivered
SR1	Deliver an effective and appropriately resourced Internal Audit function in line with the Accounts and Audit Regulations (2015) and provide an annual Audit opinion.	<p>Provision of a statutorily required annual Audit opinion to management and members on the internal control, risk and governance frameworks based on the delivery of an agreed Internal Audit Plan and in compliance with Public Sector Internal Audit Standards (PSIAS).</p> <p>Internal Audit will demonstrate our capabilities to deliver an enhanced and valuable service. We will be agile so as to meet the Council's changing priorities, whilst also being dynamic and innovative in the way in which the service is to be delivered.</p>
SR2	Deliver a comprehensive Counter Fraud and Investigations Service	Provision of a wide range of counter fraud and investigative services and the maintenance and development of the Council's Anti-Fraud, Bribery and Corruption Strategy.
SR3	Enhance and promote the profile of risk, internal control and governance across the organisation to ensure continual improvement of the Council's arrangements, taking a leadership role on the third line of assurance, being a trusted advisor to strategic management and the Audit Committee.	Deliver audit messages at a range of meetings and forums within the Council, in addition to individual audit reporting in order to share knowledge gained through audit activities to promote improvements in governance, risk management and systems of internal control. This will include early audit engagement in major projects.
SR4	Continually improve and develop the service.	Delivering actions against the Improvement Plan and the external Peer Review of the Service, which includes more lean ways of working.
SR5	Grow the volume of the business via the generation of increased levels of external income or recharging of services internally.	Identification of income generating opportunities and developing the ability to maximise their potential.
SR6	Preparation of Annual Governance Statement (AGS), which forms part of the Council's statutory accounts.	Co-ordinate assurance statements and prepare for the Head of Paid Service and the Mayor a draft AGS for their consideration and approval.

**Metrics to Measure Internal Audit Performance:**
**Accountable Measures (Corporate/ to Audit Committee**

KPI No.	Ref	Measure	Target 2018/19	Actual Half Year
1	SR1	Deliver Internal Audit Plan - Completion to at least draft stage	90%	30%
2	SR1	Level of Compliance with Public Sector Internal Audit Standards	95%	Annual Indicator
3	SR1	Delivery of 2017/18 Audit Opinion to management and Audit Committee in time to inform the AGS	By May 2018	Complete and Delivered within Timescale
4	SR2	Delivery of Agreed Counter Fraud Awareness Training Plan	90%	50%
5	SR2	No. of Tenancies Recovered	30	16
6	SR3	Level of Recommendation Implementation (Fully / Partially)	90%	84%
7	SR4	Client Satisfaction Survey (for individual audits) - % with score of good or above	85%	82%
8	SR4	Annual Management Perception Survey - % of positive responses in respect of perceived benefits and value of Internal Audit service	90%	Annual Indicator
9	SR4	Review of the Skills Mix of the function	Completion and Implementation by Oct 2018	Proposed Structure at consultation stage.
10	SR4	Delivery of Actions from Development Plan and from recommendations in Peer Review	95% of actions from the Peer Review to be addressed by November 2018.	57% of actions complete 32% of actions in progress
11	SR5	Level of external income / services recharged internally	To achieve a year on year increase in external / recharged income (subject to the proviso that such use of resource should be proportionate and not to the detriment of the delivery of core BCC priorities)	Income Target on Track.
12	SR6	AGS delivered in line with statutory deadlines	By 31.05.18	Complete and Delivered within Timescale



## Appendix C

### Senior Management Satisfaction Questionnaire

Please tick or 'X' the relevant box	✓	✓	✓	✓	✓
To what extent do you agree or disagree that the Internal Audit Service:	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
1. Understands your organisation, its needs and objectives.					
2. Works with your <b>organisation</b> to assist you in achieving your objectives and managing your risks.					
3. Consistently demonstrates competence and due professional care.					
4. Adds value with the work delivered.					
5. Is insightful, proactive and future-focused.					
6. Promotes and supports organisational improvement and transformation.					
7. Provides timely reports which are of a high standard and meet your needs.					
8. Enables benchmarking and the sharing of good practice, solutions and experience across Bristol City Council.					
9. Demonstrates quality and continuous improvement in the Audit service.					
10. Has provided an effective service for the Council in 2017/18.					
<b>Comments</b>					

# Audit Committee

26th November 2018



**Report of:** Interim Chief Internal Auditor

**Title:** Internal Audit Updated Charter, Terms of Reference and Strategic Statement

**Ward:** N/A

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

**Contact Telephone Number:** 07768 635672

## Recommendation

The Audit Committee to approve the annual update of the Internal Audit Charter, Terms of Reference and Strategic Statement.

## Summary

In accordance with the Public Sector Internal Audit Standards (PSIAS), Internal Audit is required to document the purpose, authority and responsibilities of the activity in the form of a Charter. The Charter sets out how the Service will comply with the PSIAS, and its place within the organisation, particularly in relation to the Chief Internal Auditor's reporting line within the organisation management hierarchy.

This updated Charter is presented to the Audit Committee for consideration and approval, as required by the PSIAS.

## Significant Matters Arising:

- The processes in the event of the impairment to the independence of Internal Audit (paragraph 7.3 / 7.4 of Appendix A.)
- To update the Charter to reflect that Internal Audit no longer have line management responsibilities for the delivery of Risk Management service (paragraph 7.9)
- The updated Charter is provided at Appendix A to this report.

**1. Policy**

The PSIAS require the Internal Audit service within the organisation to define its role, responsibilities and authority in the form of a Charter, which includes an explanation of the way in which the internal audit function will comply with the PSIAS. Compliance with the PSIAS must be assessed and reported to the Audit Committee on an annual basis.

**2. Consultation**

Internal – CLB including S151 Officer, Cabinet Member for Governance, Resources and Finance.  
External – N/A

**3. Context**

- 3.1 The Internal Audit Charter, Terms of Reference and Strategic Statement defines the purpose, authority, scope and responsibility of the Internal Audit service and is consistent with the mandatory requirements of the Public Sector Internal Audit Standards (PSIAS) and the supporting Local Authority Guidance Note (LGAN) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA). It also meets the PSIAS requirement for Internal Audit's risk-based plan to incorporate or link to a strategic or high-level statement.

It is the responsibility of the Chief Internal Auditor to ensure that the Charter is reviewed each year in order to confirm the Service's compliance with the requirement as detailed in the Charter, as well as to maintain the Charter's relevance to both the Internal Audit Service and the organisation as a whole.

- 3.2 Key Changes to the Charter, Terms of Reference and Strategic Statement:

- Update to reflect that Internal Audit no longer have line management responsibilities for the delivery of Risk Management services (7.9).
- Changes in relation to the details of the bodies with whom Internal Audit externally contract (9.16)
- Minor Changes in terminology to reflect organisational changes, e.g. CLB rather than SLT.

**4. Proposal**

- 4.1 The Audit Committee considers and approves the annual update of the Internal Audit Charter, Terms of Reference and Strategic Statement.

**5. Other Options Considered – N/A****6. Risk Assessment**

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. The PSIAS provide for an effective independent and objective Internal Audit Service, ensuring a good standard of service to the organisation, whilst at the same time providing the Internal Audit Service with wider support in terms of maintaining its independence and freedom from influence.

## 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 – Internal Audit Updated Charter, Terms of Reference and Strategic Statement**

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

#### Background Papers:

Public Sector Internal Audit Standards



# BRISTOL INTERNAL AUDIT

## INTERNAL AUDIT CHARTER, TERMS OF REFERENCE AND STRATEGIC STATEMENT

### 1. **Introduction:**

- 1.1 The Head of Paid Service and the s151 Officer are responsible for maintaining an effective and appropriately resourced internal audit function, in line with the Accounts and Audit Regulations (2015). The regulations specifically require that *“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and taking into account public sector internal auditing standards or guidance”*.
- 1.2 This Internal Audit Charter, Terms of Reference and Strategic Statement defines the purpose, authority, scope and responsibility of the Internal Audit service and is consistent with the mandatory requirements of the Public Sector Internal Audit Standards (PSIAS) and the supporting Local Authority Guidance Note (LGAN) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA). It also meets the PSIAS requirement for Internal Audit’s risk-based plan to incorporate or link to a strategic or high-level statement.

### 2. **Definition of Internal Audit and the Objectives of the Service:**

- 2.1 The definition of Internal Audit is a mandatory part of PSIAS and is as follows:  
  
*“Internal Audit is an independent, objective assurance and consulting function that is designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluating, reporting on and recommending improvements where necessary to secure effective risk management, control and governance processes.”*
- 2.2 The mission of the Internal Audit Service is to *“Promote and support the Council’s vision for the City of Bristol and values for the organisation, by providing independent, risk-based and objective assurance, fraud/irregularity investigation where appropriate, advice and insight”*
- 2.3 Internal Audit must comply with the Public Sector Internal Audit Standards (PSIAS) which became mandatory across the UK public sector from the 1 April 2013 and were further updated in April 2017. The purpose of the PSIAS is to define the nature of internal auditing within the UK public sector, set basic principles for carrying out internal audit, establish a framework for providing internal audit services and establish the basis for the evaluation of internal audit performance and to drive improvement planning.

- 2.4 The work of Internal Audit forms an essential part of the assurance framework in place which informs management when considering and compiling the Annual Governance Statement. The existence of Internal Audit, however, does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

### **3. *Scope of Internal Audit:***

- 3.1 The scope for Internal Audit work includes the whole control environment comprising risk management, internal control and governance. This effectively means that Internal Audit has independent oversight of all of the Council's operations, resources, services and processes in place to:

- Establish and monitor the achievement of Council objectives
- Identify, assess and manage the risks to achieving the Council's objectives
- Facilitate policy and decision making
- Ensure the economical, effective and efficient use of resources
- Ensure compliance with established policies, procedures, laws and regulations
- Safeguard assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption
- Ensure the integrity and reliability of information, accounts and data, including internal and external reporting.

- 3.2 Where the scope of the audit work extends to services provided through partnership arrangements, the Chief Internal Auditor will decide, in consultation with all parties, whether Internal Audit staff conducts the work to derive the required assurance themselves or rely on the assurances provided by other auditors. Where necessary, the Chief Internal Auditor will agree the appropriate access rights in order to obtain the necessary assurances.

- 3.3 Where the Chief Internal Auditor considers that the scope of audit work is being restricted, the s151 Officer and the Audit Committee will be advised of this.

### **4. *Authority:***

- 4.1 Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised to have full, free and unrestricted access to any and all Council records (whether manual or computerised systems), personnel, cash, stores, other assets and premises, including those of partner organisations, where appropriate and have authority to obtain such information and explanations as considered necessary to fulfil Internal Audit responsibilities.

4.2 The Accounts and Audit Regulations (England) 2015 provide that:

Any officer or member of that body must, if the body requires:

- (a) make available such documents and records as appear to that body to be necessary for the purposes of the audit; and
- (b) supply the body with such information and explanation as that body considers necessary for that purpose.

4.3 All Directorates of the Council, or partners/agents contracted to provide services on its behalf, are required to give complete co-operation to Internal Audit staff for the expedient fulfilment of the audit process.

**5. *Definitions and Responsibilities of Officers and the Council in Relation to Internal Audit:***

**5.1 *Definitions:***

For the purpose of this Charter, Terms of Reference and Strategic Statement the following definitions apply:

- *The Board* is the Audit Committee - those charged with independent assurance on the adequacy of the Council's risk management framework, the internal control environment and the integrity of financial reporting arrangements. This includes oversight of the internal audit function and its activity
- *Head of Paid Service* - is the Executive Director: Resources- who has responsibility for ensuring good governance, risk management and internal control arrangements exist and operate
- *Senior Management is the Corporate Leadership Board (CLB)* - those responsible for the leadership and the direction of the Council. Senior Management are also responsible for ensuring that internal control, risk management, and governance arrangements are sufficient to address the risks facing their Directorates and Services including the risk of fraud and corruption
- *Section 151 Officer* - is the Director of Finance - the s151 Officer is responsible for: ensuring lawfulness and financial prudence of decision making; providing financial advice; internal control; risk management; setting financial standards; and ensuring key financial controls are in place to secure sound financial management; ensuring there is adequate and effective internal audit service
- *Monitoring Officer* - is the Director of Legal and Democratic Services – responsible for maintaining the Constitution; ensuring lawfulness and fairness of decision making; providing legal advice; and conducting member investigations. As such the Monitoring officer works closely with internal audit on governance matters.

## 5.2 ***Senior Management/Officer Responsibilities:***

The responsibilities Senior Management/Officer are summarised below:

- Engagement in the Internal Audit planning process – providing insight into high risk areas within the respective directorates
- Nomination of responsible officers for all planned and ad-hoc internal audit reviews
- Timely engagement and clearance of relevant Terms of Reference, Audit queries, Draft and Final reports. Timely being defined as within a two week timeframe unless otherwise defined and/or agreed
- Engagement with the Internal Audit follow-up process, providing evidence of recommendation implementation as and when implementation is achieved, should this be before a planned follow-up has commenced or after the follow-up has been completed.

## 5.3 ***Internal Audit responsibilities:***

***The responsibilities incumbent on the Internal Audit Service are summarised below:***

- Formulation and delivery of an annual Internal Audit plan which will enable the Chief Internal Auditor to provide management and the Audit Committee with the required objective opinion on the internal control, governance and risk management arrangements in place across the Council to inform the Annual Governance Statement
- Support of the S151 officer in discharging their statutory duties
- Reporting significant risk exposures and control issues identified to management and the Audit Committee, including fraud risks, governance issues, and other matters and making recommendations for improvement
- Ensuring the Council has a robust and proactive approach to fraud identification and investigation, investigating alleged frauds and other irregularities
- The review and certification of grant/funding claims as required
- Providing reports to the Audit Committee to enable it to discharge its duties



- Communicating risk and control information to the appropriate officers across the Council, whilst providing expertise and guidance in the matter of risk management
- Facilitating the establishment of assurances in support of the Annual Governance Statement
- Raising awareness of internal control, risk management and governance across the Council
- Undertake ad-hoc audit reviews, as required by senior management.

## **6. *Accountability:***

- 6.1 Internal Audit is located within the Resources Directorate. The Chief Internal Auditor is line managed by the Director of Finance (s151) who monitors the performance of the Chief Internal Auditor and the audit function. The Director of Finance is a CLB member in their own right. These management arrangements meet the CIPFA expectation that the Chief Internal Auditor should be line managed by a member of the CLB.
- 6.2 The Chief Internal Auditor has unfettered access to the members of the CLB. The Audit Committee should also have input into the Chief Internal Auditor's annual appraisal.
- 6.3 The Chief Internal Auditor reports functionally to the Audit Committee in terms of approving the Internal Audit Charter, Terms of Reference and Strategic Statement and risk based plan; reviewing the Internal Audit's performance and effectiveness and receiving the Chief Internal Auditor's Annual Report and other reports.
- 6.4 The Chief Internal Auditor has direct access to the Chair of Audit Committee and has the opportunity to meet with the Audit Committee in private.

## **7. *Independence and Objectivity:***

- 7.1 Internal Audit is independent of the activities that it audits to ensure the unbiased judgements essential to its proper conduct and impartial advice to management. The Chief Internal Auditor reports to the Audit Committee, on a regular basis, on the organisational independence of the Internal Audit service.
- 7.2 Internal Audit operates within a framework that allows unrestricted access to senior management and Council, particularly the Mayor, the Chair of the Audit Committee, the Head of Paid Service and the CLB. The Chief Internal Auditor reports in his/her own name to the CLB and the Audit Committee.
- 7.3 Should the independence or objectivity of the Internal Audit service be impaired in fact or appearance, the Chief Internal Auditor will disclose details of the impairment to the S.151 Officer and / or Chair of the Audit Committee depending upon the nature of the impairment.

- 7.4 When requested to undertake any additional roles / responsibilities outside of Internal Auditing, the Chief Internal Auditor must highlight to the Audit Committee any potential or perceived impairment to independence and objectivity having regard to the principles contained within the Code of Ethics. The Audit Committee must approve and periodically review any safeguards put in place to limit impairments to independence and objectivity.
- 7.5 As far as practicable, Internal Audit does not participate in the day to day operation of any systems without agreement of the Audit Committee. However, in strict emergency situations only, Internal Audit staff may be called upon to carry out operational work.
- 7.6 Where non-audit work, or consultancy work, is requested or required, the Chief Internal Auditor ensures that there are no conflicts of interest arising from undertaking the non-audit work, or consultancy work and if necessary makes alternative arrangements for internal audit review of any area where such a conflict exists.
- 7.7 Where new colleagues join Internal Audit from a different part of the Council, they do not complete audit work in their previous area of responsibility for a period of at least 1 year.
- 7.8 Internal Audit has responsibility for collating assurances in support of the Council's Annual Governance Statement; for drafting the Statement and for facilitating management review. The Chief Internal Auditor does not have line management responsibility for those staff involved in governance processes and does not consider that the responsibilities in respect of the Annual Governance Statement restrict the ability to report objectively on governance.
- 7.9 The Chief Internal Auditor no longer has line management responsibility for the workforce members that administer the Council's Corporate Risk Register and provide support and guidance to Council colleagues on risk management. This change has removed a potential conflict of interest in Internal Audit reporting objectively on the existence and operation of risk management in the Council.

**8. *Ethics:***

- 8.1 To enhance the environment of trust between Internal Audit and management, all staff involved in the delivery of Internal Audit services complies with the Code of Ethics laid down in the PSIAS. Staff induction and training ensures all staff are aware of this requirement. Additionally, many Internal Audit staff are bound by the ethical codes of the professional bodies they have qualified with and all are bound by the Council's own Code of Conduct for employees. Fundamentally, the following ethical standards are observed:

- Integrity - performing work with honesty, diligence and responsibility
- Objectivity - making a balanced assessment of all the relevant circumstances, not unduly influenced by personal interests or by others in forming judgements
- Confidentiality - respecting the value and ownership of information obtained and not disclosing information without appropriate authority, unless there is a legal or professional obligation to do so
- Competence and due professional care - applying the knowledge, skills and experience needed in the performance of work.

8.2 Internal Auditors are required to complete a Declaration of Interest every two years to ensure that any interests are known by management and safeguards can be put in place as required. Additionally, they are required to declare any potential conflicts of interest at the start of an audit assignment.

## **9. *Internal Audit Activities:***

### **Internal Audit Plan**

- 9.1 The primary task of Internal Audit is to review the systems of governance, risk management and internal control operating throughout the Council and in this a predominantly risk based approach to assessing controls is adopted.
- 9.2 A risk based plan of internal audit work is prepared annually and reviewed quarterly. The plan is derived from a risk assessment which is informed by the views of management, the Council's risk registers, performance management reports and the assurance framework.
- 9.3 The audit plan is discussed with the CLB and the s151 Officer before review and approval by the Audit Committee. The CLB is provided with details of the annual plan for information. The audit plan is reviewed quarterly to ensure that it reflects current risks. Any significant changes to the agreed plan are reported to the Audit Committee through the periodic activity reporting process.

### **Audit and Assurance Reviews**

- 9.4 For each audit assignment within the annual audit plan, a 'Terms of Reference' is drawn up and shared with the relevant managers. The Terms of Reference identifies the key risks to the achievement of Council objectives and identifies the scope of the work being carried out.
- 9.5 During the course of the audit, key issues are brought to the attention of the relevant manager to enable them to take corrective action. On completion of the audit, Internal Auditors communicate the results of the audit to the relevant Head of Services / Director / Executive Director.

- 9.6 The completion of each planned assignment leads to individual reports to Heads of Service and /or Directors of Service and Executive Directors and these include an opinion on the control framework in place to manage the risks in the area reviewed. These opinions, together with other knowledge of issues identified in other audit work, assist the Chief Internal Auditor in providing an overall opinion on the control environment to management for the Annual Governance Statement.

#### **Fraud and Irregularity work**

- 9.7 Internal Auditors plan and evaluate their work to have a reasonable chance of detecting fraud; however the managing of the risk of fraud and corruption is the responsibility of management.
- 9.8 The Council's Anti-Fraud, Bribery and Corruption Policy requires the Chief Internal Auditor to be informed of all suspected or detected fraud. A fraud risk assessment is performed on all suspected or detected fraud which determines whether the irregularity is investigated by Internal Audit or by the relevant directorate with support from Internal Audit where required.
- 9.9 Investigation of fraud and corruption is carried out in compliance with statutory requirements and the fraud investigation protocol, by staff with the necessary skills to do so.
- 9.10 In addition to determining the extent of the fraud, attention is given to correction of any control failures to prevent recurrence of the fraud.
- 9.11 As well as responding to incidents of fraud and corruption, Internal Audit staff maintains and deliver a programme of pro-active fraud prevention and detection work including national initiatives to prevent and detect fraud and testing of priority fraud risk areas.

#### **Consultancy Reviews as Requested/Required**

- 9.12 Internal Audit provides both statutory and discretionary services. Discretionary services provided by Audit are a form of consultancy. These services may be on request by management or the Council, or recommended by Internal Audit. Each of these reviews has a clearly defined and agreed Terms of Reference with agreed timescales for completion of the work and agreed reporting format.
- 9.13 In addition to planned audit reviews, Internal Audit offer advice on the internal control implications of new systems being implemented across the Council, as well as guidance and advice with regard to transformation projects within the Council.
- 9.14 The Chief Internal Auditor ensures that no conflicts of interest arise from undertaking any consultancy work by reviewing the scope of the work to be undertaken and maintaining Internal Audit's independence from management functions.
- 9.15 Where significant consultancy reviews are commissioned in year, outside of the approved plan, then Audit Committee approval is sought in advance.

## **External Clients**

9.16 Internal Audit provides internal audit services and assurances to a number of public sector / quasi-public sector clients including WECA (grant certifications), Bristol Waste and Academies.

### **10. *Resources and Skills:***

10.1 In order to ensure an adequate and effective service is maintained, Internal Audit must have adequate budgetary resources to maintain organisational independence and be appropriately staffed in terms of numbers and skills. The Chief Internal Auditor is responsible for ensuring that resources and skills in the audit team are in place. Where resources available are felt to be insufficient to deliver the annual audit plan, the Chief Internal Auditor will advise the s151 Officer and the Audit Committee of this.

10.2 The staffing structure of Internal Audit is divided into two key areas:

- *Assurance* – dedicated to delivering the planned and unplanned assurance work
- *Counter Fraud and Investigations*– dedicated to both pro-active anti-fraud risk work and responding to fraud and irregularity reported to Internal Audit

10.3 The Internal Audit establishment is comprised of a mixture of qualified accountants, auditors and fraud investigators as well as a number of trainee posts. These include general audit skills in respect of reviews of internal control, risk and governance and appropriate specialism in areas such as computer audit, contract audit and investigation of fraud.

10.4 Where audits require access to specialist expertise and knowledge that is not available within the audit team, the advice of specialist experts from within the Council, or, as necessary, externally is sought.

10.5 A continuous review of training and development required for all Internal Audit staff is undertaken as part of the Corporate performance framework. These requirements are developed into a Training Strategy with a specific resource for training and development earmarked in the annual audit plan.

### **11. *Reporting; Follow Up and Escalation Procedures:***

11.1 Following the completion of all audit assignments an internal audit report is issued containing an opinion on the level of assurance that can be deemed from the control environment. The report identifies concerns and prioritises recommended improvement actions based on the level of risk resulting from the control weakness. The appropriate Head of Service / Director and/or Executive Director is asked to respond to the report agreeing or otherwise, to implement the recommendations and assigning responsibility and time-scales for doing so.

- 11.2 Where the overall level of residual risk to the Council is assigned as Red or Amber, the implementation of recommendations is followed up in line with the follow up and escalation procedure established by the Chief Internal Auditor.
- 11.3 Under the escalation element of this procedure, any high or medium recommendations which are either not accepted or not implemented are regularly reported to the Executive Directorate's leadership team (EDM), relevant to the area reviewed. The progress made on recommendation implementation is also reported to the Audit Committee as part of its regular activity reports. Repeated failure to implement recommendations will be reported to CLB and the Audit Committee, who may call the appropriate manager to account for the failure to correct the control environment.
- 11.4 The Chief Internal Auditor routinely reports to the Audit Committee providing Activity Reports to every meeting, together with an annual report of Internal Audit activity with details of significant control issues identified by audit work. The annual report provided by the Chief Internal Auditor includes the required opinion on the risk management and control arrangements in place and as such is an essential assurance to management in making their Annual Governance Statement.
- 12. Performance:**
- 12.1 The PSIAS require the Chief Internal Auditor to have a performance management and quality assurance framework in place to demonstrate that the Internal Audit Service.
- Meets its aims and objectives
  - Meets internal quality standards
  - Is effective, efficient and continuously improving
  - Is adding value and assisting the organisation in achieving its objectives.
- 12.2 The performance, quality and effectiveness of Internal Audit is measured in a suite of performance indicators which are maintained locally and reported to the Audit Committee. These include qualitative targets concerning auditee feedback in the form of Quality Assurance Questionnaire scores which are issued to auditees following the completion of each audit.
- 12.3 Internal Audit operates a system of close supervision of audit work and management review of audit files to ensure each audit has been completed to standard. Audit reports are signed off by the Chief Internal Auditor prior to issue.
- 12.4 Internal Audit continually self-assesses its performance against achievement of its aims and objectives. It also benchmarks key elements of its service. The PSIAS requires Internal Audit to put in place a Quality Assurance and Improvement Programme (QAIP) including periodic self-assessments and externally validated self-assessments against compliance with the PSIAS. A formal action plan is prepared following each self-assessment.

12.5 The external validation of Internal Audit's self-assessment against PSIAS is undertaken through a peer review programme with Core City Local Authorities. This provides assurance over the effectiveness of Internal Audit and also an opportunity to benchmark and share good practice across comparable services.

12.6 The outcomes of self-assessments and external validations are reported to the Audit Committee.

### **13. Collaboration and Liaison with Other Auditors**

13.1 The External Auditor has a statutory duty to express an opinion on the Council's financial statements and a Value for Money opinion on its arrangements for securing economy, efficiency and effectiveness. In doing so, there is potential for duplication of work completed by Internal Audit, particularly now that International Standards for Auditing (which apply to External Auditors) require a more detailed understanding of systems. Wherever possible, the Chief Internal Auditor seeks to co-ordinate the work of Internal Audit with that of the External Auditor through sharing of plans and quarterly liaison meetings, where appropriate.

13.2 The Chief Internal Auditor also liaises with equivalents in neighbouring local authorities where services are shared or delivered jointly. Liaison is also ongoing with equivalents in Core City Local Authorities.

### **14. Strategic Statement:**

14.1 The PSIAS require internal audit's risk-based plan to incorporate or link to a strategic or high-level statement of:

- How the Internal Audit service will be delivered
- How the Internal Audit service will be developed
- How the Internal Audit service links to organisational objectives and priorities.

14.2 Following the 2016 Council elections, the Council has revised its strategic objectives and corporate plans. The Council continues to face significant financial challenge through changes to the central funding regime.

14.3 Internal Audit will contribute to the achievement of the Council's objectives by:

- Providing objective assurance on the Council's internal control, governance and risk management arrangements
- Identifying and reporting significant risk exposures and control issues and making recommendations for improvement
- Promoting a robust and proactive approach to fraud identification and investigation
- Promoting effective internal control risk management and governance arrangements across the Council

- Supporting the development of Council services through appropriate consultancy work and advice
  - Focussing on monitoring compliance with statutory requirements and Council systems to ensure consistency in the use of Council resources
  - Focussing in all its work on the identification of opportunities for improving value for money in the delivery of Council services
  - Working in constructive partnership with the elected Mayor, the Audit Committee and Council management.
- 14.4 Internal Audit services will be delivered through its core staff, drawing in additional expertise from within the Council and externally as needed.
- 14.5 Reliance will be placed where appropriate on other sources of assurance, both internal and external. External sources of assurance will include Government Inspectorates, the Council's External Auditor and the Internal Audit Services of neighbouring local authorities where services are shared or delivered jointly.
- 14.6 The Internal Audit service will be developed through:
- Keeping its plans under close review so it can respond flexibly to changes in the City Council's priorities and risks
  - Feedback from users of the service including management, the Audit Committee and the External Auditor
  - The QAIP and internal self-assessment of compliance with the PSIAS with periodic external validation of the self-assessment
  - Sharing of good practice and benchmarking with the Internal Audit services of the Core Cities Local Authorities
  - Having due regard to other sources of good practice such as CIPFA and the IIA
  - Training and development for staff identified through the Council's employee performance management scheme, through management supervision and by Internal Audit staff themselves
  - Responding to opportunities to work more efficiently, taking advantage of developments in 'agile working' and new technology.
- 14.7 As the Council develops and implements its strategy for 2017/18 to 2019/20 so Internal Audit will develop this strategic statement into a formal strategy covering the same period.
15. ***Review of the Internal Audit Charter, Terms of Reference and Strategic Statement:***



- 15.1 In accordance with the PSIAS, the Internal Audit Charter, Terms of Reference and Strategic Statement is reviewed annually and presented to the Audit Committee for reconsideration and approval, as appropriate.

*Interim Chief Internal Auditor*

Reviewed: November 2018

Approved by: *Audit Committee (TBC)*



# Audit Committee

26<sup>th</sup> November 2018

**Report of:** Service Director: Finance

**Title:** Treasury Management Mid-Year Report 2018/19

**Ward:** City Wide

**Officer Presenting Report:** Denise Murray, Service Director: Finance

**Contact Telephone Number:** 0117 35 76255

## Recommendation

That the Mid-Year Treasury Management report for 2018/19 is noted.

## Summary

This report meets the treasury management regulatory requirement that the Council receive a Mid-Year Treasury review report. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans.

## The significant issues in the report are:

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes. The authority has identified a medium term net borrowing requirement of £370m and is planning on borrowing £25m this year to support the delivery of the Capital Programme.



## **Policy**

1. There are no policy implications as a direct result of this report.

## **Consultation**

2. **Internal**  
Strategic & Service Directors.
3. **External**  
The Council's Treasury Management advisers

## **Purpose / Context of the report:**

4. This report meets the treasury management regulatory requirement that the Council receive a mid-year treasury review report. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs).
5. That the mid-year report is structured to highlight:
  - The economic outlook;
  - The actual and proposed treasury management activity (borrowing and investment);
  - The key changes to the Council's capital activity (the prudential indicators {PIs}).

## **Background**

### **Capital Strategy**

6. In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2018/19, all local authorities will be required to prepare a Capital Strategy which is intended to provide the following: -
  - a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
  - an overview of how the associated risk is managed
  - the implications for future financial sustainability

A report setting out our 2018/19 Capital Strategy will be taken to the full council before 31st March 2019.

### **Treasury Management**

7. Treasury management is defined as:

*"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

8. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Treasury management operations aim to ensure that cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
9. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council,

essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. The management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

## Introduction

10. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised in 2017) has been adopted by this Council. The primary requirements of the Code are:
  - Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;
  - Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;
  - Receipt by the Full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year;
  - Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions;
  - Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated bodies are Overview and Scrutiny Management Board and Audit Committee.
11. This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
  - An economic update for the 2018/19 financial year to 30 September 2018;
  - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
  - A review of the Council's investment portfolio for 2018/19;
  - A review of the Council's borrowing strategy for 2018/19;
  - A review of any debt rescheduling undertaken or planned during 2018/19;
  - The Council's capital expenditure and (prudential indicators);
  - A review of compliance with Treasury and Prudential Limits for 2018/19.

## Key Changes to the Treasury and Capital Strategies

12. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes.
13. The 2018–2021 Treasury Strategy (approved 20<sup>th</sup> February 2018) identified a medium term net borrowing requirement of £370m to support the existing and future Capital Programme with the debt servicing costs met from revenue savings from capital investment and the economic development fund. The Council's agreed policy is to defer borrowing while it has significant levels of cash balances (£116m at September 2018, £50m estimated for March 2019). The

authority is planning on borrowing £25m towards the end of the financial year from the PWLB / alternative market providers based on forecasts within the period 6 Finance Monitoring report, with the net financing costs contained within the existing capital financing budget. No further borrowing is anticipated in the current financial year, unless:

- short term investments fall at a higher pace than expected increasing the liquidity risk of the authority and or;
- there is a significant change in markets (debt financing costs continue to be at historic low levels) and long term borrowing is deemed advantageous the authority will borrow over periods determined as the most appropriate to reduce the authorities exposure to interest rate risk.

### Analysis of Debt and Investments

14. A summary of the of the Council's debt and Investment position as at 30<sup>th</sup> September 2018 (including forecast at 31<sup>st</sup> March 2019) compared with 31<sup>st</sup> March 2018 is shown in the table below:

Debt & Investments	31 <sup>st</sup> March 2018		31 <sup>st</sup> September 2018		31 <sup>st</sup> March 2019	
	Actual		Actual		Forecast	
	£m	Rate% <sup>*b</sup>	£m	Rate% <sup>*b</sup>	£m	Rate% <sup>*b</sup>
Long Term Debt – PWLB Fixed	311	4.91	311	4.91	336	4.90
Long Term Debt – Market LOBO <sup>*a</sup>	100	4.11	100	4.11	100	4.11
Long Term Debt – Market Fixed	20	3.85	20	3.85	20	3.85
Short Term Borrowing	-	-	-	-	-	-
<b>Total Debt</b>	<b>431</b>	<b>4.68</b>	<b>431</b>	<b>4.68</b>	<b>456</b>	<b>4.67</b>
Investment	64	0.44	116	0.64	50	0.70
<b>Net Borrowing Position</b>	<b>367</b>		<b>315</b>		<b>406</b>	

<sup>\*a</sup> Lender option Borrower option, <sup>\*b</sup> reflects the average rate for the year taking account of new loans and repayments.

We are currently achieving a return of 0.64% on our investments for the period to 30<sup>th</sup> September 2018. The return for the year is anticipated to rise following the recent change in base rate to 0.75% on the 2<sup>nd</sup> of August with investment rates gradually rising in line with this change. The authority's advisors are also forecasting the next rise in base rate to 1.00% around the summer of the following year (August 2019). Long term interest rates are expected to remain at or around 2.75% (for 25 – 50 year term) for the remainder of the year.

### Economic Update

15. **UK.** The first half of 2018/19 has seen UK economic growth post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase Bank Rate on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

Some MPC members have expressed concerns about a build-up of inflationary pressures, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.

As for the labour market, unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9%, (3 month average regular pay, excluding bonuses) and to a one month figure in July of 3.1%. This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. (The previous high point was in July 2015.) Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC were right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to be cautious before increasing Bank Rate, especially given the uncertainties around Brexit.

16. **USA.** President Trump's easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2, but also an upturn in inflationary pressures. With inflation moving towards 3%, the Federal Reserve increased rates by 0.25% in September to between 2.00% and 2.25%, this being four increases in 2018, and indicated they expected to increase rates four more times by the end of 2019. The dilemma, however, is what to do when the temporary boost to consumption drops, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Federal Reserve in the second half of 2019.
17. **EUROZONE.** Growth was unchanged at 0.4% in quarter 2, but has undershot early forecasts for a stronger economic performance in 2018. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.
18. **CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.
19. **JAPAN.** - has been struggling to stimulate consistent GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

## Interest rate forecasts

20. The Council's treasury advisor, Link Asset Services, has provided the following forecast:

Link Asset Services Interest Rate View											
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 Month LIBID	0.75%	0.80%	0.80%	0.90%	1.10%	1.10%	1.20%	1.40%	1.50%	1.60%	1.60%
6 Month LIBID	0.85%	0.90%	0.90%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 Month LIBID	1.00%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%	1.60%	1.70%	1.80%	1.80%
5yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10yr PWLB Rate	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

21. The flow of generally positive economic statistics during the 1<sup>st</sup> half of the calendar year meant the Monetary Policy Committee (MPC) increased Bank Rate to 0.75% on the 2<sup>nd</sup> of August. However, the MPC emphasised that future Bank Rate increases would be gradual and would rise to a lower rate than before the financial crash in 2008, indicating Bank Rate rising to circa 2.5% in ten years' time.

It is not expected that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. It is likely that the MPC will wait until August 2019 before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%.

However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

The overall trend is for gilt yields and PWLB rates to rise gently. However, we have been experiencing exceptional levels of volatility in financial markets which have caused significant swings in PWLB rates.

22. The overall balance of risks to economic recovery in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

The downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

- A resurgence of the Eurozone sovereign debt crisis.
- Political challenges and developments within Europe could put considerable pressure on the cohesion of the EU and could spill over into impacting the euro, EU financial policy and financial markets
- The imposition of trade tariffs could negatively impact world growth.
- Weak capitalisation of some European banks.
- Rising interest rates in the US could negatively impact emerging countries which have borrowed heavily in dollar denominated debt, so causing an investor flight to safe havens e.g. UK gilts.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

23. The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- US fiscal plans to stimulate economic expansion causing a significant increase in inflation in the US and causing further sell offs of government bonds in major western countries.
- The pace and timing of increases in the Federal Reserve funds rate causing a reassessment by investors of the risks of holding bonds as opposed to equities and leading to a major move from bonds to equities.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up within the UK economy, which then requires a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

#### **Investment Portfolio 2018/19**

24. In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in the "Economic Update" it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.
25. The Council held £116m of investments as at 30 September 2018 (£64m at 31 March 2018) with an average maturity of 33 days. These investments are predominately with local authorities, money market funds and UK banks. The investment portfolio yield for the first six months of the



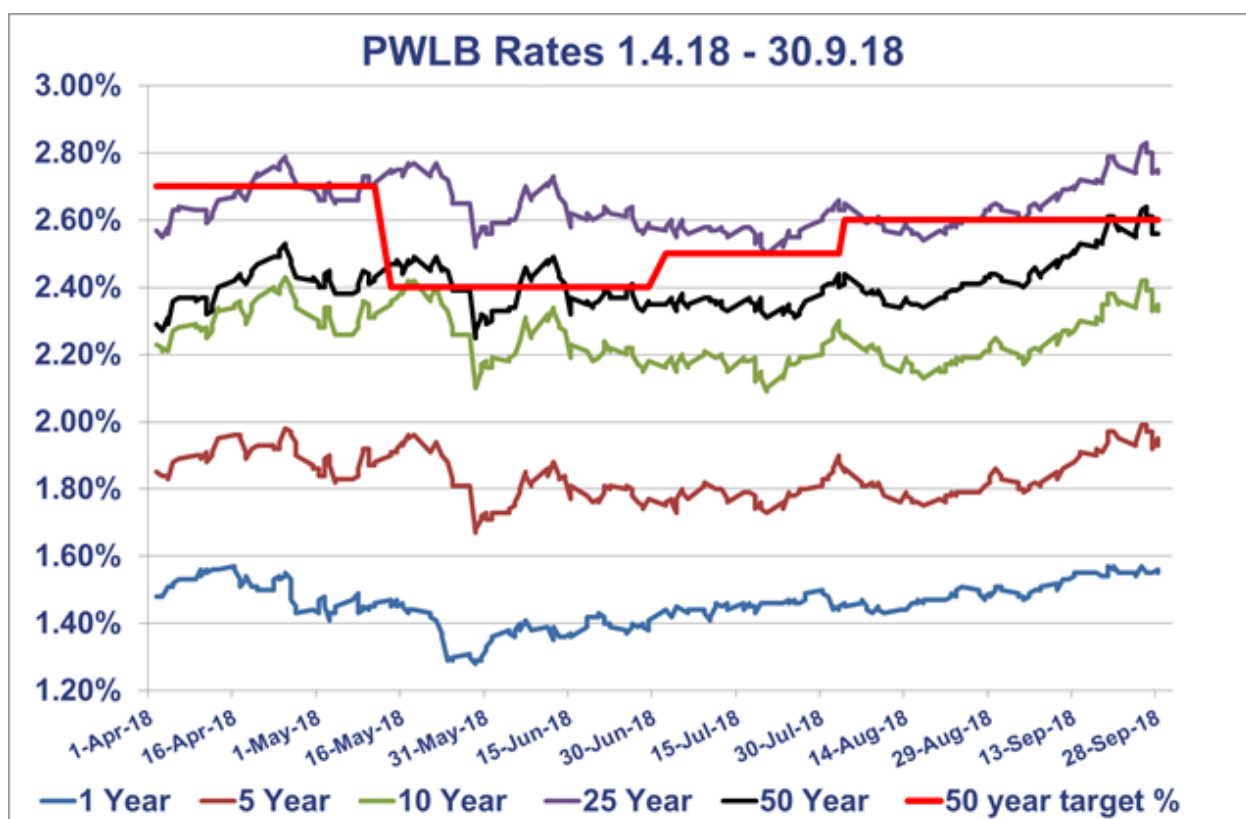
year is 0.64%. The standard comparator for investment performance is the benchmark 7 day rate (LIBID)<sup>1</sup>, which for the period was 0.44%. The benchmark for 1 and 3 month deposits was 0.47% and 0.67% respectively.

<sup>1</sup>LIBID – London Interbank Bid rate is a recognised reference rate to benchmark short-term investment interest rates.

26. The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2018/19.

### **Borrowing**

27. The Capital Financing Requirement (CFR) denotes the Council's underlying need to borrow for capital purposes. The Council's CFR at 31 March 2019 is estimated to be £868m. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing).
28. The balance of borrowing between external and internal is generally driven by market conditions and forecasts of future cash flows and interest rates. At the 31<sup>st</sup> March 2018 the Council had external borrowings of £572m and has utilised £296m of internal cash in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate but will require on-going monitoring in the event that upside risk to gilt yields prevails.
29. However, internal borrowing is a temporary measure that takes advantage of low interest rates and will ultimately be replaced by more expensive external borrowing as the cash used is required elsewhere. The timing and amount of new external borrowing is therefore dependent on capital spending decisions, future cash flows and forecasts of interest rates.
30. The Council are planning on borrowing £25m at the end of the financial year from the PWLB or Capital markets to fund the Capital Programme. The net financing costs of such borrowing will be contained within the existing capital financing budget.
31. Should debt financing costs continue to historic low levels, and with a significant capital programme predominately financed by borrowing the Council will consider further borrowing if rates continue to fall or are anticipated to rise at a higher pace than expected. This will enable the authority to take advantage of a low interest rate environment and reduce the interest rate risk of the authority.
32. The trend in interest rates was a rise during the first six months of the year across all maturity bands although the markets did experience exceptional levels of volatility during this period. The graph below show the movement in PWLB (certainty) rates for the first six months of the year to 30<sup>th</sup> September 2018:



### Debt Rescheduling

33. Debt rescheduling opportunities have been limited in the current economic climate given the consequent structure of interest rates. The authorities debt portfolio is made up of long dated loans (PWLB £311m, Market Debt (LOBOS) £100m and Market Debt (Fixed) £20m) averaging 33 years. The estimated penalty to repay the PWLB loans early is £254m, taking the total cost to £564m. In respect of the market loans, where indicative prices have been provided, a similar level of penalty has been quoted.

The total life cycle cost of rescheduling loans on a discounted cash-flow basis has been reviewed with no loans providing a positive cash-flow benefit to the authority. This would in part be due to large early repayment penalties that the authority will incur.

34. For these reasons no debt rescheduling has been undertaken during the first six months of the year and none is anticipated for the remainder of the year.

### Ethical Policy

35. An Ethical Investment Policy is incorporated within the Treasury Management Practice Statements (TMPS). The City Council currently invest surplus funds with Banks and Building Societies either directly or via the Money Markets in the form of instant access cash deposit accounts, money market funds or on fixed term deposit and with other local authorities. The City Council's ethical investment policy is based on the premise that the City Council's choice of where to invest should reflect the ethical values it supports in public life. The City Council will not knowingly invest in organisations whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the City Council.

## **Other**

### **36. UK banks – ring fencing**

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

### **37. IFRS9 accounting standard**

This accounting standard came into effect from 1st April 2018. It means that the category of investments valued under the available for sale category will be removed and any potential fluctuations in market valuations may impact the Surplus or Deficit on the Provision of Services, rather than being held on the balance sheet. This change is unlikely to materially affect the commonly used types of treasury management investments but more specialist types of investments, (e.g. pooled funds, third party loans, commercial investments), are likely to be impacted. This change of accountancy standard will not have a material as the exposure to specialist investments is small.

In addition The Ministry of Housing, Communities and Local Government (MHCLG), are currently conducting a consultation for a temporary override to allow English local authorities time to adjust their portfolio of investments. Members will be updated when the result of this consultation is known.

## **The Council’s Capital Position (Prudential Indicators)**

### **38. This part of the report is structured to update:**

- The Council’s capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

### **Prudential Indicator for Capital Expenditure**

39. This table shows the latest estimates for capital expenditure:

<b>Capital Expenditure by Service</b>	<b>2018/19 Original Estimate £m</b>	<b>2018/19 Period 6 Forecast £m</b>
Non-HRA	197	125
HRA	47	39
<b>Total</b>	<b>244</b>	<b>164</b>

40. The latest capital monitoring report for the end of September 2018 sets out a capital forecast of £161m as detailed within the period 6 monitoring report also presented to Cabinet on the 4<sup>th</sup> December 2018.

### **Financing of the Capital Programme**

41. The table below draws together the capital expenditure plan and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

<b>Capital Expenditure</b>	<b>2018/19 Original Estimate £m</b>	<b>2018/19 Period 6 Forecast £m</b>
<b>Total spend</b>	<b>244</b>	<b>161</b>
Financed by:		
Capital receipts	15	26
Capital grants	79	55
Revenue / Reserves	13	4
HRA – Self Financing	25	25
Prudential Borrowing – Increase in Capital Financing Requirement	112	54
<b>Total financing</b>	<b>244</b>	<b>164</b>

### **Capital Financing Requirement (CFR) & Operational Boundary**

42. The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose and it also shows the expected debt position over the period. This is termed the Operational Boundary.

	<b>2018/19 Original Estimate £m</b>	<b>2018/19 Revised Estimate £m</b>
<b>Capital Financing Requirement</b>		
CFR – non housing	695	623
CFR – housing	245	245
<b>Total CFR</b>	<b>940</b>	<b>868</b>
<b>External Debt (Operational Boundary)</b>		
Borrowing	531	456
Other long term liabilities*	141	141
<b>Total debt 31 March</b>	<b>672</b>	<b>597</b>

\* On balance sheet PFI schemes and finance leases etc.

43. The revised Capital Financing Requirement is based on the actual CFR as at 31 March 2018 (£823m) increased by in-year capital expenditure financed by borrowing (£54m) and reduced by the minimum revenue provision (MRP) for repayment of debt and the repayment of the debt facilities within other long term liabilities (£9m).

#### **Limits to Borrowing Activity**

44. The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	<b>2018/19 Original Estimate £m</b>	<b>2018/19 Revised Estimate £m</b>
Gross borrowing	531	456
Plus other long term liabilities*	141	141
Gross borrowing & long term Liabilities	<b>672</b>	<b>597</b>
CFR* (year-end position)	940	868

\* Includes on balance sheet PFI schemes and finance leases etc.

45. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.
46. A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be

afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

<b>Authorised limit for external debt</b>	<b>2018/19 Original Indicator £m</b>	<b>2018/19 Revised Indicator £m</b>
<b>Total Borrowing</b>	<b>960</b>	<b>890</b>

### Proposal

47. That the Mid-Year Treasury Management report for 2018/19 is noted.

### Other Options Considered

48. None

### Risk Assessment

49. Borrowing and lending activity is reported to the Mayor.

The principal risks associated with treasury management are:

<b>Risk</b>	<b>Mitigation</b>
Loss of investments as a result of failure of counterparties	Limiting the types of investment instruments used, setting lending criteria for counterparties, and limiting the extent of exposure to individual counterparties
Increase in the net financing costs of the authority due to borrowing at high rates of interest / lending at low rates of interest	Planning and undertaking borrowing and lending in light of assessments of future interest rate movements, and by undertaking most long term borrowing at fixed rates of interest (to reduce the volatility of capital financing costs)

### Public Sector Equality Duties

50. a) 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.
- b) There are no proposals in this report, which require either a statement as to the relevance of public sector equality duties or an Equalities Impact Assessment.

## **Legal and Resource Implications**

### **Legal**

The Council is under a duty to manage its resources prudently and therefore due consideration must always be given to its borrowing and lending strategy. A wide range of local authority financial activities, including borrowing, lending, financial management, and the approval of types of investment vehicle are governed by legislation and various regulations. The Council is obliged to comply with these.

**(Legal advice provided by Quentin Baker – Interim Service Director - Legal and Democratic Services)**

### **Financial**

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

The financing costs arising from planned borrowing are provided for in the revenue budget and medium term financial plan. Any additional operating costs will have to be contained within the revenue budget of the relevant department.

**(Financial advice provided by Jon Clayton (Principal Accountant))**

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

Not applicable

### **Land**

Not applicable

### **Personnel**

Not applicable

**Appendices:**

None

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

**Background Papers:**

None



# Audit Committee

26<sup>th</sup> November 2018



**Report of:** Tim O’Gara, Monitoring Officer

**Title:** Annual Report of Local Government and Social Care Ombudsman Decisions

**Ward:** Citywide

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

## Recommendation

**That the Audit committee note the report and refer to Full Council for consideration**

## Summary

The report summarises the finding made in respect of the Council by the Local Government and Social Care Ombudsman (LGO) in 2017/18. No public reports have been made.

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

**The LGO has upheld 12 complaints out of a total of 129 cases in 17/18 as compared to 21 complaints upheld in the previous year.**

**Council Tax - 4 upheld**

**Adult Care 4 upheld**

**Childrens services 1 upheld**

**Housing – Homelessness 1 upheld**

**Planning 1 upheld**

**Waste collection 1 upheld**

**Any changes made or action taken as a result of the findings are noted in the report at Appendix 1.**



## Context

1. This report is presented to the Committee to consider for referral to Full Council in line with the duty to report to the Full Council where findings of maladministration or fault have been made by the Ombudsman, summarising the findings made.
2. The Ombudsman has sent the Council all findings made in the year ending the 31<sup>st</sup> March 2018.
3. No public reports have been made in respect of the Council in that time. However, the requirement applies to all Ombudsman complaint decisions, not just those that result in a public report.
4. The LGO has upheld 12 cases in the year to March 2018 compared to 21 the previous year.
5. The Council dealt with 10,126 formal Stage 1 and Stage 2 complaints in the 2017-2018, which means the escalation rate is 1.28% against total LGO cases and 0.12% against upheld LGO cases.
6. In respect of cases where routine mistakes and service failures have been made, and the Council has agreed to remedy the complaint by implementing the recommendations made following an investigation, the Ombudsman is of the view that the duty to report is satisfactorily discharged if the Monitoring Officer makes a periodic report to the Council summarising the findings on all upheld complaints over a specific period of time.
7. Appendix 1 sets out a summary of the findings made and remedies agreed.
8. Appendix 2 sets out information in respect of the Council's neighbouring authorities.
9. The Annual letter from the LGO to the Council is at Appendix 3

## Proposal

That the Committee note the report and refer to Full Council for consideration.

## Legal and Resource Implications

### Legal

This report is made in compliance with the Council's duty to report Findings of maladministration or fault to Full Council

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

### Financial

The costs associated with implementing specific recommendations made following the investigations, including compensation payments as outlined in Appendix A are contained within current budgets.

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

**Appendices:**

Appendix 1 – Summary of complaints upheld

Appendix 2 – Comparator data

Appendix 3 – Annual letter from the LGO

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

**Background Papers:**

None

## **Report of all 12 Upheld LGO complaints in 2017/2018 Appendix 1**

Garfield Horner

October 30<sup>th</sup> 2018

### **1. Bristol City Council (LGO REF: 15009502)**

Statement: Upheld

#### **Housing – Homelessness**

June 2017

**Summary:** The complainant, whom we shall call Mr B, complained the Council failed to respond properly to his housing needs since he became homeless in 2015. He considers he is inappropriately housed and that his banding does not properly reflect his needs. He also complains the Council failed to deal with his complaints properly

**The Ombudsman's final decision:** There was fault by the Council in the way it dealt with Mr B's application for housing. That led to injustice for Mr B, which the Council has agreed to remedy.

**Details of the case:** <https://www.lgo.org.uk/decisions/housing/homelessness/15-009-502#point1>

#### **Action Taken**

To be confirmed

### **2. Bristol City Council (LGO REF: 17001038)**

Statement: Upheld

#### **Council Tax**

July 2017

**Summary:** The complainant, whom shall be referred to as Mrs B, complains the Council did not update its records when she told it a property was sold. She also complains the Council wrongly passed on her old address to the bailiffs.

Mrs B has said that the bailiffs have removed some of the costs but the Council still says she owes money and she has had to pay premium rate phone charges to sort out the debt with the bailiffs.

**The Ombudsman's final decision:** There was fault by the Council when managing Mrs B's council tax account. The Council has remedied the injustice by apologising to Mrs B and refunding her costs of £212.62, including the cost of calling the bailiffs premium rate phone lines.

**Details of the case:** <https://www.lgo.org.uk/decisions/benefits-and-tax/council-tax/17-001-038#point1>

#### **Action Taken**

The LGO found that the Council had taken satisfactory action to remedy the complaint meaning there was no outstanding injustice. **No changes made**

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### **3.Bristol City Council (LGO REF: 16011521)**

Statement: Upheld

#### **Planning and Development**

September 2017

**Summary:** The complainant, whom we shall call Mrs B, complains that the Council wrongly advised her she needed planning permission to convert a house into a house in multiple-occupation (HMO). The Council later accepted this advice was incorrect. As a result, Mrs B incurred unnecessary costs and lost rental income.

**The Ombudsman's final decision:** Uphold Mrs B's complaint. The Council incorrectly advised her that she needed planning permission and, when validating her application, failed to advise her planning permission was not required. This was fault and caused Mrs B financial loss.

**Details of the case:** <https://www.lgo.org.uk/decisions/planning/planning-advice/16-011-521#point1>

#### **Action Taken**

Financial remedy only – no learning

### **4.Bristol City Council (LGO REF: 16018564)**

Statement: Upheld

#### **Assessment and Care Plan**

September 2017

**Summary:** Mr X complains the Council has:

- Incorrectly billed him for care provided by his previous care provider;
- Charged him for his current care package when he was told he would not be charged;
- Failed to properly consider his request for adaptations namely an induction cooker which Mr X say he needs for safety as he is in danger of leaving the cooker on and thermostats for his radiators; and
- Failed to support him to get the help he needs from the NHS.

**The Ombudsman's final decision:** There is no fault in the way the Council charged Mr X for care services. Its complaint response to Mr X was unclear about the ongoing cost of his care package. The Council failed to properly consider his risk of leaving the cooker on. The Council is not required to provide thermostatic radiator valves. It has assessed Mr X's needs and is not at fault for it not pursuing a joint assessment with health. The Council has agreed to apologise to Mr X and assess whether he requires support in relation to the risk of leaving the cooker on.

**Details of the case:** <https://www.lgo.org.uk/decisions/adult-care-services/assessment-and-care-plan/16-018-564>

## **Action\_Taken**

Remedial action related to individual circumstances – no changes made

### **5.Bristol City Council (LGO REF: 17003500)**

Statement: Upheld

#### **Environmental Services & Public Protection & Regulation**

September 2017

**Summary:** Ms X says the Council is failing to comply with its bin collection policy as crews start the fortnightly black bin collection for her road before 7:00am. Ms X says early starts wake her up and may lead to missed collections if people put their bins out just before 7:00am. Ms X wants the Council to comply with its own rules and start collections at 7:00am.

**The Ombudsman's final decision:** Despite giving Ms X assurances, the Council did not ensure bin collections started at 7:00am, in line with its policy. To address the annoyance this caused Ms X, the Council apologised and agreed to check the start of bin collections until the end of the year. The Council also agreed to review, with its contractor as necessary, complaints handling for its waste collection service.

**Details of the case:** <https://www.lgo.org.uk/decisions/environment-and-regulation/refuse-and-recycling/17-003-500#point4>

## **Action\_Taken**

Since the time of the complaint, communication and engagement with the contractor has improved allowing for a more proactive response from all parties in regards to complaints and their administration.

The contractor were made aware of this particular instance and have since ensured that the waste collection service 'start time' is adhered to in all cases and at all times (except where Council permission has been granted to start earlier for safety reasons).

Further to this, the commencement times for all services provided by our contractor and improved complaint management requirements are now embedded and detailed within a new contract document created since this complaint and subsequent ruling.

Since September 2017, there has been no further avoidable contact or complaint from the complainant in regards to the scope and scale of waste collection services she receives.

### **6.Bristol City Council (LGO REF: 16017270)**

Statement: Upheld

#### **Adult Care**

October 2017

**Summary:** Mr N, is the executor of the estate of his late uncle ("Mr X"). Mr N complains that the Council, when acting as Mr X's financial Deputy, did not do so in his best interests. He says the Council failed to maintain payments on two life insurance policies set up by his uncle before he lost capacity. As a result the estate had to fund the funeral costs which should have been covered by the policies.

**The Ombudsman's final decision:** The Council was at fault when it failed to maintain payments on life insurance policies when it was appointed as a Deputy by the Court of Protection. The Council has agreed to apologise, reimburse the estate of the deceased complainant and review its procedures.

**Details of the case:** <https://www.lgo.org.uk/decisions/adult-care-services/other/16-017-270#point1>

#### **Action Taken**

Remedial action related to individual circumstances – no changes made

#### **7.Bristol City Council (LGO REF: 16019146)**

Statement: Upheld

#### **Council Tax**

October 2017

**Summary:** The complainant, whom we shall call Mr C, complains the Council failed to correctly administer his council tax accounts, leading to unwarranted legal action and associated costs.

**The Ombudsman's final decision:** The Council was at fault in issuing a summons for council tax to a landlord, when it knew the property was occupied by tenants. The Council's complaint handling was also poor.

**Details of the case:** <https://www.lgo.org.uk/decisions/benefits-and-tax/council-tax/16-019-146#point1>

#### **Action Taken**

Bristol City Council uses a Local property Gazetteer address look up its online change of circumstances notifications. An old address that was subsequently split into flats was still available. A process has been introduced to maintain/amend address look up data.

Two complaints related to properties with the same owner in different areas of the city. Both were handled by different officers in a slightly different way. We now co-ordinate complaints and have developed a more consistent approach to complaint response.

#### **8.Bristol City Council (LGO REF: 17000717)**

Statement: Upheld

#### **Council Tax**



November 2017

**Summary:** The complainant, whom we shall refer to as Ms X, complains that the Council:

- did not respond to her request for an officer in the Council Tax team to telephone her to discuss a payment arrangement for Council Tax arrears after her income reduced significantly in September 2016;
- obtained a Liability Order in the Magistrates Court, and passed her account to its civil enforcement agents who visited her on 29 December 2016, before it responded to her request for an affordable payment arrangement.

**The Ombudsman's final decision:** the Council was at fault when it failed to reply to an email before it applied to the Magistrates Court for a Liability Order for Council Tax arrears. But the Council would still have proceeded with that application so the fault did not cause injustice. I found no evidence of fault in the way it handled later recovery and enforcement action.

**Details of the case:** <https://www.lgo.org.uk/decisions/benefits-and-tax/council-tax/17-000-717>

#### **Action Taken**

No fault identified by the LGO in the enforcement process. No changes made

### **9.Bristol City Council (LGO REF: 17002929)**

Statement: Upheld

#### **Adult Care**

November 2017

**Summary:** The complainant, whom I shall refer to as Ms B, complained the Council:

- failed to tell her it had only awarded a temporary package of care; and
- Unreasonably reduced the care package.

**The Ombudsman's final decision:** the Council misled Ms B about a care package, changed the package without carrying out a reassessment and delayed considering her complaint. An apology, payment of £100 and reminder to officers is satisfactory remedy for the injustice caused.

**Details of the case:** <https://www.lgo.org.uk/decisions/adult-care-services/assessment-and-care-plan/17-002-929#point1>

#### **Action Taken**

Remedial action related to individual circumstances – no changes made

### **10.Bristol City Council (LGO REF: 17007972)**

Statement: Upheld

### **Council Tax**

February 2018

**Summary:** The complainant, whom we shall refer to as Mr A, complains the Council failed to respond properly to his appeal for a student exemption. As a result, the Council added further costs and he was forced to pay the outstanding council tax for other occupants when he was not liable.

**The Ombudsman's final decision:** The complainant's claim for a student exemption on his council tax is an appealable matter. However, there was fault by the Council in issuing a summons. The Council agreed to my recommendation to remove costs of £103.

**Details of the case:** <https://www.lgo.org.uk/decisions/benefits-and-tax/council-tax/17-007-972#point1>

### **Action Taken**

Payments made that were intended for a different council tax account were not identified before costs were incurred. We reviewed our automated payment allocation rules and accounts are now reconciled at every possible opportunity to minimise payment allocation problems.

## **11.Bristol City Council (LGO REF: 17005710)**

Statement: Upheld

### **Adult Care**

March 2018

**Summary:** The complainant, whom we shall refer to as Mr B, complains the Council has failed to support his daughter's move to a residential care home.

**The Ombudsman's final decision:** The Council was wrong to raise expectations about the possibility of Ms C moving to a care home when it had not assessed her as needing residential care. The Council has agreed to apologise. It will also review Ms C's needs and discuss all the options for alternative accommodation with her and ensure she is enabled to make decisions for herself.

**Details of the case:** <https://www.lgo.org.uk/decisions/adult-care-services/other/17-005-710#point1>

### **Action Taken**

Remedial action related to individual circumstances – no changes made

## **12.Bristol City Council (LGO REF: 17012714)**

Statement: Upheld

### **Children's Services**

March 2018

**Summary:** The complainant, whom we have called 'Mrs B', complains the Council unreasonably refused to pay her nursery money owing for subsidised childcare she provided during the spring term of the 2016-17 academic year. Mrs B recognises the Council received wrong information preventing it from making the correct payment at the time. But says this could be due to a fault in the software childcare providers must use to claim funds from the Council. Mrs B also points out she did not receive a payment summary sent in March 2017 which might have alerted her to the underpayment. Mrs B points out that when she noticed the error the following term, the Council paid all sums due for that term. She queries why it cannot therefore also backdate a payment for the spring term.

Mrs B also complains of fault in how the Council has dealt with her complaint. She says there was delay, a lack of signposting and a failure to understand the substantive matters raised by her complaint.

**The Ombudsman's final decision:** Mrs B complained the Council would not backdate a payment to her nursery it would have received in February 2017 but for an error in information received by the Council on which it bases payments. The Ombudsman found no good reason for the Council's refusal and so we found fault in its response. The Council has agreed to pay the nursery as it requested to remedy the injustice this caused.

**Details of the case:** <https://www.lgo.org.uk/decisions/children-s-care-services/other/17-012-714#point1>

#### **Action Taken**

To be confirmed

Authority Name	Adult Social Care	Benefits and Tax	Corporate and Other Services
Adur District Council	0	2	0
Allerdale Borough Council	0	1	3
Amber Valley Borough Council	0	2	0
Arun District Council	0	2	0
Ashfield District Council	0	3	2
Ashford Borough Council	0	3	1
Aylesbury Vale District Council	0	11	1
Babergh District Council	0	2	0
Barnsley Metropolitan Borough Council	12	5	4
Barrow-in-Furness Borough Council	0	3	0
Basildon Borough Council	0	6	3
Basingstoke & Deane Borough Council	0	1	1
Bassetlaw District Council	0	3	2
Bath and North East Somerset Council	7	9	0
Bedford Borough Council	4	4	7
Birmingham City Council	51	97	18
Blaby District Council	0	1	0
Blackburn with Darwen Council	3	6	4
Blackpool Borough Council	11	2	1
Bolsover District Council	0	1	0
Bolton Metropolitan Borough Council	11	14	10
Boston Borough Council	0	0	1
Bournemouth Borough Council	14	4	4
Bracknell Forest Council	4	0	1
Braintree District Council	0	1	2
Breckland District Council	0	4	4
Brentwood Borough Council	1	2	0
Brighton & Hove City Council	13	10	5
<b>Bristol City Council</b>	<b>12</b>	<b>26</b>	<b>6</b>
Broadland District Council	0	2	0
Broads Authority	0	0	0
Bromsgrove District Council	0	2	0
Broxbourne Borough Council	0	5	0
Broxtowe Borough Council	0	0	0
Buckinghamshire County Council	19	0	2
Burnley Borough Council	1	1	1
Bury Metropolitan Borough Council	7	7	1
Calderdale Metropolitan Borough Council	11	6	4
Cambridge City Council	1	2	2
Cambridgeshire County Council	14	0	1

Cannock Chase District Council	0	4	1
Canterbury City Council	0	4	1
Carlisle City Council	0	1	0
Castle Point Borough Council	0	0	0
Central Bedfordshire Council	4	4	7
Charnwood Borough Council	0	9	1
Chelmsford City Council	0	1	1
Cheltenham Borough Council	0	0	0
Cherwell District Council	0	4	4
Cheshire East Council	17	10	11
Cheshire West & Chester Council	12	6	5
Chesterfield Borough Council	0	0	3
Chichester District Council	0	2	1
Chiltern District Council	0	0	0
Chorley Borough Council	0	2	0
Christchurch Borough Council	1	3	1
City Of Bradford Metropolitan District Council	17	16	6
City of London	0	0	1
City of York Council	13	6	7
Colchester Borough Council	0	1	1
Copeland Borough Council	0	0	1
Corby Borough Council	0	3	0
Cornwall Council	33	15	17
Cotswold District Council	0	0	1
Council of the Isles of Scilly	1	0	1
Coventry City Council	8	18	11
Craven District Council	0	2	0
Crawley Borough Council	0	1	1
Cumbria County Council	12	0	5
Dacorum Borough Council	0	5	1
Darlington Borough Council	18	5	3
Dartford Borough Council	0	4	0
Dartmoor National Park Authority	0	0	0
Daventry District Council	0	0	0
Derby City Council	11	5	1
Derbyshire County Council	22	0	6
Derbyshire Dales District Council	0	2	1
Devon County Council	38	0	2
Doncaster Metropolitan Borough Council	19	5	5
Dorset County Council	28	0	2
Dover District Council	0	2	2
Dudley Metropolitan Borough Council	18	11	6
Durham County Council	31	22	5
East Cambridgeshire District Council	1	1	3
East Devon District Council	0	1	4
East Dorset District Council	0	2	1
East Hampshire District Council	0	2	1
East Hertfordshire District Council	0	1	1
East Lindsey District Council	1	6	3
East Northamptonshire Council	0	1	0

East Riding of Yorkshire Council	15	11	6
East Staffordshire Borough Council	0	1	2
East Sussex County Council	48	0	1
Eastbourne Borough Council	0	5	2
Eastleigh Borough Council	0	2	1
Eden District Council	0	1	1
Elmbridge Borough Council	0	2	0
Environment Agency	0	0	0
Epping Forest District Council	0	3	3
Epsom & Ewell Borough Council	1	2	1
Erewash Borough Council	0	0	1
Essex County Council	70	0	2
Exeter City Council	1	3	0
Exmoor National Park Authority	0	0	0
Fareham Borough Council	0	0	2
Fenland District Council	0	4	0
Folkestone & Hythe District Council	0	6	5
Forest Heath District Council	0	0	0
Forest of Dean District Council	0	1	3
Fylde Borough Council	0	1	2
Gateshead Metropolitan Borough Council	10	3	5
Gedling Borough Council	0	2	3
Gloucester City Council	1	5	0
Gloucestershire County Council	26	0	2
Gosport Borough Council	0	5	2
Gravesham Borough Council	0	3	0
Great Yarmouth Borough Council	0	3	3
Greater London Authority	0	0	0
Guildford Borough Council	0	3	3
Halton Borough Council	7	3	2
Hambleton District Council	0	2	1
Hampshire County Council	39	0	11
Harborough District Council	0	1	1
Harlow District Council	0	1	2
Harrogate Borough Council	0	0	2
Hart District Council	0	1	0
Hartlepool Borough Council	1	3	2
Hastings Borough Council	0	7	0
Havant Borough Council	0	3	1
Herefordshire Council	9	4	3
Hertfordshire County Council	36	0	2
Hertsmere Borough Council	0	1	3
High Peak Borough Council	1	2	2
Hinckley & Bosworth Borough Council	0	4	1
Horsham District Council	0	4	1
Huntingdonshire District Council	0	2	4
Hyndburn Borough Council	0	1	0
Ipswich Borough Council	0	2	1
Isle of Wight Council	12	2	4
Kent County Council	57	0	6

Kettering Borough Council	1	2	0
King's Lynn & West Norfolk Council	0	2	1
Kingston upon Hull City Council	10	9	7
Kirklees Metropolitan Borough Council	19	6	5
Knowsley Metropolitan Borough Council	5	5	6
Lake District National Park Authority	0	0	0
Lancashire County Council	80	1	3
Lancaster City Council	0	2	4
Leeds City Council	35	13	12
Leicester City Council	20	12	16
Leicestershire County Council	20	1	3
Lewes District Council	0	4	0
Lichfield District Council	0	3	0
Lincoln City Council	0	2	2
Lincolnshire County Council	33	0	2
Liverpool City Council	35	32	14
London Borough of Barking & Dagenham	4	20	2
London Borough of Barnet	19	22	4
London Borough of Bexley	10	13	3
London Borough Of Brent	29	24	4
London Borough of Bromley	27	36	5
London Borough of Camden	17	12	7
London Borough of Croydon	23	48	12
London Borough of Ealing	23	33	6
London Borough of Enfield	20	31	6
London Borough of Hackney	12	10	6
London Borough of Hammersmith & Fulham	10	15	3
London Borough of Haringey	15	53	5
London Borough of Harrow	14	17	7
London Borough of Havering	13	7	6
London Borough of Hillingdon	15	28	4
London Borough of Hounslow	17	19	10
London Borough of Islington	17	12	14
London Borough of Lambeth	19	37	10
London Borough of Lewisham	17	26	2
London Borough of Merton	16	16	6
London Borough of Newham	8	30	11
London Borough of Redbridge	17	13	5
London Borough of Richmond upon Thames	5	12	3
London Borough of Southwark	12	22	7
London Borough of Sutton	13	4	1
London Borough of Tower Hamlets	6	15	6
London Borough of Waltham Forest	7	26	7
London Borough of Wandsworth	19	11	6
Luton Borough Council	17	6	3
Maidstone Borough Council	0	12	5
Maldon District Council	0	2	3
Malvern Hills District Council	0	1	3
Manchester City Council	18	32	9
Mansfield District Council	1	6	2

Medway Council	10	15	4
Melton Borough Council	0	0	1
Mendip District Council	0	2	1
Mid Devon District Council	0	2	1
Mid Suffolk District Council	0	2	2
Mid Sussex District Council	1	5	2
Middlesbrough Borough Council	5	9	7
Milton Keynes Council	8	7	4
Mole Valley District Council	0	5	2
New Forest District Council	0	1	0
New Forest National Park Authority	0	0	2
Newark & Sherwood District Council	0	2	3
Newcastle upon Tyne City Council	8	9	2
Newcastle-under-Lyme Borough Council	0	5	3
Norfolk County Council	58	0	4
North Devon District Council	0	2	0
North Dorset District Council	0	1	1
North East Derbyshire District Council	0	0	1
North East Lincolnshire Council	10	3	3
North Hertfordshire District Council	0	3	1
North Kesteven District Council	0	1	1
North Lincolnshire Council	9	6	11
North Norfolk District Council	1	6	1
North Somerset Council	11	18	5
North Tyneside Metropolitan Borough Council	9	8	5
North Warwickshire Borough Council	0	1	0
North West Leicestershire District Council	0	1	0
North York Moors National Park Authority	0	0	0
North Yorkshire County Council	31	0	3
Northampton Borough Council	0	4	8
Northamptonshire County Council	35	0	5
Northumberland Council	19	20	7
Northumberland National Park Authority	0	0	0
Norwich City Council	0	12	6
Nottingham City Council	8	10	7
Nottinghamshire County Council	31	0	2
Nuneaton & Bedworth Borough Council	0	2	3
Oadby & Wigston Borough Council	0	0	1
Oldham Metropolitan Borough Council	12	13	6
Oxford City Council	0	1	3
Oxfordshire County Council	14	0	1
Peak District National Park Authority	0	0	0
Pendle Borough Council	1	6	0
Peterborough City Council	4	12	4
Plymouth City Council	18	36	4
Poole Borough Council	17	5	0
Portsmouth City Council	7	4	3
Preston City Council	0	6	0
Purbeck District Council	0	1	1
Reading Borough Council	11	8	3



Redcar & Cleveland Council	6	5	1
Redditch Borough Council	0	1	0
Reigate & Banstead Borough Council	0	3	1
Ribble Valley Borough Council	1	1	1
Richmondshire District Council	0	4	2
Rochdale Metropolitan Borough Council	9	5	3
Rochford District Council	0	1	0
Rossendale Borough Council	0	5	3
Rother District Council	0	5	4
Rotherham Metropolitan Borough Council	4	1	5
Royal Borough of Greenwich	22	15	4
Royal Borough of Kensington & Chelsea	11	4	3
Royal Borough of Kingston upon Thames	5	8	4
Royal Borough of Windsor and Maidenhead Council	14	4	4
Rugby Borough Council	0	1	2
Runnymede Borough Council	0	3	0
Rushcliffe Borough Council	0	0	3
Rushmoor Borough Council	0	1	0
Rutland County Council	0	1	3
Ryedale District Council	0	1	1
Salford City Council	9	15	4
Sandwell Metropolitan Borough Council	9	17	4
Scarborough Borough Council	0	2	6
Sedgemoor District Council	0	1	0
Sefton Metropolitan Borough Council	19	6	6
Selby District Council	0	2	1
Sevenoaks District Council	0	2	0
Sheffield City Council	32	17	11
Shropshire Council	21	2	2
Slough Borough Council	2	15	2
Solihull Metropolitan Borough Council	8	4	4
Somerset County Council	34	0	5
South Bucks District Council	0	2	0
South Cambridgeshire District Council	0	3	2
South Derbyshire District Council	0	1	3
South Downs National Park Authority	0	0	0
South Gloucestershire Council	8	4	3
South Hams District Council	0	1	1
South Holland District Council	0	1	2
South Kesteven District Council	0	1	3
South Lakeland District Council	0	0	1
South Norfolk District Council	0	2	2
South Northamptonshire District Council	0	2	1
South Oxfordshire District Council	1	1	1
South Ribble Borough Council	0	3	0
South Somerset District Council	0	0	1
South Staffordshire District Council	0	1	0
South Tyneside Metropolitan Borough Council	12	0	1
Southampton City Council	15	11	3
Southend-on-Sea Borough Council	7	6	1

Spelthorne Borough Council	1	3	2
St Albans City Council	0	3	0
St Edmundsbury Borough Council	0	0	0
St Helens Metropolitan Borough Council	14	3	0
Stafford Borough Council	0	3	1
Staffordshire County Council	57	0	8
Staffordshire Moorlands District Council	0	2	2
Stevenage Borough Council	0	2	3
Stockport Metropolitan Borough Council	10	10	7
Stockton-on-Tees Borough Council	5	2	2
Stoke-on-Trent City Council	9	7	6
Stratford-on-Avon District Council	0	2	2
Stroud District Council	0	1	1
Suffolk Coastal District Council	0	2	0
Suffolk County Council	30	0	2
Sunderland City Council	13	7	2
Surrey County Council	48	0	0
Surrey Heath Borough Council	0	4	2
Swale Borough Council	0	4	3
Swindon Borough Council	2	18	5
Tameside Metropolitan Borough Council	12	14	4
Tamworth Borough Council	1	4	0
Tandridge District Council	0	2	2
Taunton Deane Borough Council	0	1	0
Teignbridge District Council	0	2	0
Telford & Wrekin Council	8	4	8
Tendring District Council	0	3	2
Test Valley Borough Council	0	0	2
Tewkesbury Borough Council	0	2	1
Thanet District Council	1	9	10
Three Rivers District Council	0	1	0
Thurrock Council	3	9	5
Tonbridge and Malling Borough Council	0	3	2
Torbay Council	9	2	6
Torridge District Council	0	2	2
Trafford Council	14	7	3
Transport for London	0	0	3
Tunbridge Wells Borough Council	0	2	2
Uttlesford District Council	0	0	0
Vale of White Horse District Council	0	4	3
Wakefield City Council	9	6	3
Walsall Metropolitan Borough Council	17	7	7
Warrington Council	9	15	3
Warwick District Council	0	3	1
Warwickshire County Council	30	0	2
Watford Borough Council	0	5	0
Waveney District Council	0	12	4
Waverley Borough Council	0	1	0
Wealden District Council	0	5	0
Wellingborough Borough Council	0	1	0

Welwyn Hatfield Borough Council	0	1	2
West Berkshire Council	2	2	1
West Devon Borough Council	0	3	1
West Dorset District Council	0	3	1
West Lancashire Borough Council	0	0	1
West Lindsey District Council	0	3	2
West Oxfordshire District Council	0	0	2
West Somerset District Council	0	0	0
West Sussex County Council	39	0	7
Westminster City Council	16	33	8
Weymouth and Portland Borough Council	0	1	2
Wigan Metropolitan Borough Council	15	15	10
Wiltshire Council	15	2	4
Winchester City Council	0	4	1
Wirral Metropolitan Borough Council	36	8	12
Woking Borough Council	0	2	2
Wokingham Borough Council	0	4	0
Wolverhampton City Council	16	10	4
Worcester City Council	0	2	1
Worcestershire County Council	21	0	1
Worthing Borough Council	0	0	0
Wychavon District Council	0	0	0
Wycombe District Council	0	8	0
Wyre Borough Council	0	6	0
Wyre Forest District Council	0	1	1
Yorkshire Dales National Park Authority	0	0	0
<b>Totals</b>	<b>2602</b>	<b>2063</b>	<b>1027</b>

#### Notes

These statistics include all complaints and enquiries that were received from 01 April 2017 to 31 March 2018.

Some cases are received and decided in different business years. This means the number of complaints and enquiries is not always the same.

For more information on how to interpret our statistics, please visit: <http://www.lgo.org.uk/information-centre/reg>

## Complaints and Enquiries Received (by Category) 2017-18

Education and Children's Services	Environmental Services, Public Protection and Regulation	Highways and Transport	Housing	Planning and Development	Other
0	2	0	10	1	0
0	4	0	1	6	0
1	0	0	0	7	0
0	3	0	3	14	0
0	3	0	4	3	0
0	1	0	6	5	0
0	0	1	5	14	1
0	0	1	1	5	0
3	11	3	2	10	1
1	1	1	0	0	0
1	3	0	19	5	0
1	2	0	3	4	0
0	5	0	2	5	0
6	7	5	4	6	1
15	6	5	2	4	2
49	93	29	102	13	3
0	1	0	0	4	0
10	7	2	0	3	2
9	4	3	3	3	0
0	0	0	2	2	0
5	7	4	4	18	3
0	3	1	1	4	0
5	4	8	8	6	1
8	1	3	4	0	0
0	2	0	3	9	0
0	1	0	6	7	0
0	3	0	7	6	0
25	16	13	28	10	0
15	11	14	23	10	12
0	3	0	2	5	0
0	0	1	0	2	0
0	1	0	0	8	0
0	2	2	4	6	0
0	3	1	5	1	0
25	3	18	0	0	0
0	0	0	1	1	0
15	8	3	1	2	0
15	10	6	3	16	0
0	3	0	6	5	0
13	1	8	0	2	0

0	1	0	3	2	0
0	5	1	8	15	1
0	0	0	0	6	0
0	3	0	1	2	0
14	6	7	4	8	0
1	1	1	5	10	0
0	6	3	2	5	0
0	3	0	1	1	0
0	5	1	1	8	0
43	16	12	4	39	1
17	8	12	3	11	0
0	3	1	6	4	0
0	1	0	1	8	0
0	2	1	2	8	0
0	3	0	3	4	0
0	1	2	2	3	0
28	16	15	5	20	0
0	1	1	3	0	1
11	7	4	4	7	0
0	5	2	8	3	1
0	4	0	0	1	0
1	2	0	1	1	0
46	17	13	22	50	2
0	0	1	2	9	0
0	1	0	0	0	0
29	36	12	12	6	4
0	0	1	0	6	0
0	5	0	5	1	1
30	4	12	0	1	0
0	5	2	7	16	0
7	4	2	2	5	2
0	2	1	7	1	0
0	0	0	0	2	0
0	5	0	3	1	0
29	5	3	2	3	1
46	2	15	0	2	0
0	0	3	1	2	0
36	4	21	0	1	0
18	13	6	8	12	0
30	2	3	0	0	0
0	6	0	3	8	2
14	7	3	12	4	1
29	17	12	3	11	1
0	1	0	0	8	0
0	1	1	8	9	0
1	1	0	0	7	1
0	2	0	0	6	0
0	2	1	0	8	0
0	2	2	2	13	0
0	1	0	0	4	0

15	12	10	8	14	1
0	1	0	0	9	0
35	0	10	0	1	1
0	1	2	7	4	0
0	3	0	6	5	0
0	2	0	0	8	0
0	7	0	2	8	1
0	7	0	0	0	0
0	2	0	10	10	0
0	5	1	1	4	0
0	1	0	1	0	0
73	6	38	1	1	0
0	4	0	3	4	1
0	0	0	0	1	0
0	0	2	1	5	0
0	0	0	1	8	0
0	3	3	4	16	0
0	2	1	0	7	0
0	1	0	2	8	0
0	3	0	0	8	0
11	4	7	7	3	1
0	0	1	0	2	0
0	5	0	2	5	1
19	1	16	0	2	1
0	0	1	1	0	0
0	3	0	10	2	1
0	3	2	4	3	0
0	0	0	2	0	0
0	3	0	6	7	0
10	5	7	1	3	0
0	0	0	2	8	0
61	0	11	0	2	2
0	3	0	0	7	0
0	4	0	7	0	0
0	2	2	0	6	0
0	2	0	0	3	0
6	2	6	2	3	0
1	6	0	7	6	1
0	3	2	2	2	0
18	2	10	1	12	0
47	2	18	0	2	0
0	2	3	1	9	0
0	2	0	3	5	0
0	1	0	3	6	0
0	0	2	1	12	0
1	3	1	1	7	0
0	4	0	2	7	0
0	4	4	3	1	0
9	6	7	3	6	0
99	6	20	2	0	0

0	0	1	4	3	0
0	3	0	0	11	0
23	13	6	6	2	0
27	13	4	5	10	1
7	4	5	5	2	0
0	0	0	0	4	0
85	2	31	1	0	2
0	0	0	1	5	0
46	18	24	18	21	2
17	10	11	19	9	0
30	4	9	0	2	0
0	0	1	2	5	1
0	2	0	0	2	0
0	3	1	2	2	0
22	0	7	0	9	0
30	19	5	6	5	1
22	9	11	31	10	3
22	16	35	26	24	1
14	8	9	15	12	0
11	4	29	50	14	3
30	3	22	23	18	1
9	24	21	30	16	1
37	19	18	41	24	4
17	19	35	47	18	1
14	11	19	35	13	2
30	2	11	46	6	2
12	4	16	25	5	2
27	11	27	32	8	6
5	20	23	13	15	0
8	5	13	35	7	0
24	9	17	36	16	1
20	26	7	19	12	2
19	5	11	38	8	2
18	12	24	58	10	5
21	18	7	41	11	3
10	11	12	7	14	1
25	21	34	92	2	4
22	11	16	34	21	2
8	5	5	2	13	1
21	8	16	67	6	5
22	27	11	8	5	1
10	13	20	32	4	0
14	19	28	39	5	3
23	4	7	20	8	2
13	4	6	8	7	1
0	7	5	2	7	1
0	2	0	1	5	0
0	1	2	0	3	0
40	19	26	16	6	1
0	4	1	1	1	0

21	3	12	10	12	2
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0	0	0	3	2	1
0	1	1	1	3	0
1	1	0	0	6	0
0	1	0	2	8	0
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0	0	0	1	3	1
0	0	0	0	2	0
22	1	7	0	1	0
0	14	2	5	6	1
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20	6	8	3	15	0
0	0	0	0	1	0
0	5	6	15	1	2
25	16	14	14	4	5
55	3	10	0	0	1
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0	4	0	2	0	0
15	10	5	5	4	0
0	3	0	5	6	0
23	1	5	0	0	0
0	0	0	0	4	0
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14	24	13	8	10	0
11	3	6	7	8	1
13	4	4	7	4	0
0	9	0	2	4	0
0	0	0	0	2	0
11	11	14	3	3	1



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0	4	1	3	4	0
0	0	0	0	3	1
0	1	0	4	1	0
11	4	2	5	10	0
0	4	0	1	3	0
0	1	0	2	1	0
0	7	0	3	4	0
30	4	3	10	6	1
20	7	15	22	14	2
11	7	4	38	5	2
11	8	23	19	8	0
12	5	3	4	11	1
0	3	0	4	5	0
0	1	0	2	5	0
0	3	0	2	3	0
0	1	0	0	2	0
4	1	4	0	1	0
0	2	0	2	5	0
10	9	7	5	6	0
27	7	7	18	2	1
0	5	0	2	7	1
0	2	1	2	6	0
14	2	4	1	6	1
0	6	1	5	8	0
0	2	1	1	4	0
46	17	33	16	11	3
19	11	3	1	24	1
18	6	4	13	2	2
10	5	6	3	8	0
27	1	11	1	2	0
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0	5	0	3	10	0
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0	4	0	1	12	0
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0	1	1	1	7	0
17	7	2	4	5	0
27	9	1	6	2	0
11	3	14	4	4	0

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36	4	23	0	4	0
0	1	0	1	5	1
0	1	2	1	1	0
18	7	5	4	11	0
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22	10	6	10	3	3
0	2	1	3	8	0
0	3	0	8	6	0
0	0	6	3	13	0
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53	5	23	0	2	1
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0	3	0	2	6	0
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24	9	4	1	11	0
0	1	0	1	1	0
0	0	0	4	0	0
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12	19	7	1	9	0
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0	1	4	3	6	1
0	4	1	4	7	1
0	3	1	1	13	0
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1	1	0	3	8	0
0	2	0	0	12	0
0	5	0	2	8	0
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36	1	13	0	2	1
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0	1	0	1	2	0
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15	5	4	4	15	0
0	0	4	6	5	0
32	10	7	5	5	1
0	1	2	1	4	0
14	5	3	7	13	0
14	10	4	7	7	0
0	0	2	0	6	0
21	2	6	0	0	0
0	1	0	5	5	0
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0	4	1	0	6	0
0	3	1	0	0	0
0	0	0	0	3	0
3260	1802	2046	2198	2268	186

received may not match the number of decisions made.

[ports/annual-review-reports/interpreting-local-authority-statistics](https://www.ports.co.uk/annual-review-reports/interpreting-local-authority-statistics)

Total

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# Local Government & Social Care OMBUDSMAN

18 July 2018

*By email*

Mike Jackson  
Executive Director: Resources and Head of Paid Service  
Bristol City Council

Dear Mike Jackson,

## **Annual Review letter 2018**

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGSCO) about your authority for the year ended 31 March 2018. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

### **Complaint statistics**

In providing these statistics, I would stress that the volume of complaints does not, in itself, indicate the quality of the council's performance. High volumes of complaints can be a sign of an open, learning organisation, as well as sometimes being an early warning of wider problems. Low complaint volumes can be a worrying sign that an organisation is not alive to user feedback, rather than always being an indicator that all is well. So, I would encourage you to use these figures as the start of a conversation, rather than an absolute measure of corporate health. One of the most significant statistics attached is the number of upheld complaints. This shows how frequently we find fault with the council when we investigate. Equally importantly, we also give a figure for the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. Both figures provide important insights.

I want to emphasise the statistics in this letter reflect the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside an annual review of local government complaints. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

### **Future development of annual review letters**

Last year, we highlighted our plans to move away from a simplistic focus on complaint volumes and instead turn focus onto the lessons that can be learned and the wider improvements we can achieve through our recommendations to improve services for the many. We have produced a new corporate strategy for 2018-21 which commits us to more comprehensively publish information about the outcomes of our investigations and the occasions our recommendations result in improvements to local services.

We will be providing this broader range of data for the first time in next year's letters, as well as creating an interactive map of local authority performance on our website. We believe this will lead to improved transparency of our work, as well as providing increased recognition to the improvements councils have agreed to make following our interventions. We will therefore be seeking views from councils on the future format of our annual letters early next year.

### **Supporting local scrutiny**

One of the purposes of our annual letters to councils is to help ensure learning from complaints informs scrutiny at the local level. Sharing the learning from our investigations and supporting the democratic scrutiny of public services continues to be one of our key priorities. We have created a dedicated section of our website which contains a host of information to help scrutiny committees and councillors to hold their authority to account – complaints data, decision statements, public interest reports, focus reports and scrutiny questions. This can be found at [www.lgo.org.uk/scrutiny](http://www.lgo.org.uk/scrutiny) I would be grateful if you could encourage your elected members and scrutiny committees to make use of these resources.

### **Learning from complaints to improve services**

We share the issues we see in our investigations to help councils learn from the issues others have experienced and avoid making the same mistakes. We do this through the reports and other resources we publish. Over the last year, we have seen examples of councils adopting a positive attitude towards complaints and working constructively with us to remedy injustices and take on board the learning from our cases. In one great example, a county council has seized the opportunity to entirely redesign how its occupational therapists work with all of its districts, to improve partnership working and increase transparency for the public. This originated from a single complaint. This is the sort of culture we all benefit from – one that takes the learning from complaints and uses it to improve services.

### **Complaint handling training**

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2017-18 we delivered 58 courses, training more than 800 people. We also set up a network of council link officers to promote and share best practice in complaint handling, and hosted a series of seminars for that group. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,



Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

**Local Authority Report:** Bristol City Council  
**For the Period Ending:** 31/03/2018

For further information on how to interpret our statistics, please visit our website:  
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

## Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
12	26	6	15	11	14	23	10	12	129

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## Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
14	11	45	35	15	13	46%	133

### Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.  
 The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

### Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement
11	1