

Audit Committee Agenda



Date: Thursday, 28 May 2020

Time: 2.00 pm

Venue: Virtual Meeting - Zoom Committee Meeting
with Public Access via YouTube

Distribution:

Councillors: Mark Brain, Nicola Bowden-Jones, Chris Jackson, Olly Mead, Liz Radford, Clive Stevens, Tim Kent, Adebola Adebayo and Simon Cookson

Copies to: Simba Muzarurwi (Chief Internal Auditor), Mike Jackson (Executive Director of Resources and Head of Paid Service), Denise Murray (Director - Finance & Section 151 Officer), Nancy Rollason (Service Manager Legal), Melanie Henchy-McCarthy, Alison Mullis, Tony Whitlock, Lucy Fleming (Head of Democratic Engagement) and Michael Pilcher

Issued by: Allison Taylor, Democratic Services

City Hall, PO Box 3167, Bristol BS3 9FS

Tel: 0117 92 22237

E-mail: democratic.services@bristol.gov.uk

Date: Tuesday, 19 May 2020



Agenda

1. Welcome, Introductions and Safety Information

(Pages 5 - 6)

2. Confirmation of Chair

At its meeting on Thursday 21st May 2020, Full Annual Council will appoint the Chair of the Audit Committee for 2020/21 Municipal Year. Confirmation of this appointment will be made at this meeting.

3. Confirmation of Vice Chair

At its meeting on Thursday 21st May 2020, Full Annual Council will appoint the Vice Chair of the Audit Committee for 2020/21 Municipal Year. Confirmation of this appointment will be made at this meeting.

4. Membership

To note the membership as follows:-

Councillor Mark Brain
Councillor Clive Stevens
Councillor Nicola Bowden-Jones
Councillor Tim Kent
Councillor Chris Jackson
Councillor Olly Mead
Independent Member Adebola Adebayo
Independent Member Simon Cookson

5. Terms of Reference

(Pages 7 - 13)

6. Dates of Future Meetings

25 June at 4pm
28 September at 2pm
23 November at 2pm
25 January 2021 at 2pm
22 March 2021 at 2pm



7. Apologies for absence.

8. Declarations of Interest

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

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

9. Minutes of Previous Meeting

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

(Pages 14 - 16)

10. Action sheet

11. Public Forum

Any member of the public or councillor may participate in public forum. The detailed arrangements for so doing are set out in the Public Information Sheet at the back of this agenda. Please note that the following deadlines will apply in relation to this meeting:

Questions:

Written questions must be received three clear working days prior to the meeting. For this meeting, this means that your question(s) must be received at the latest **by 5pm on 21 May 2020**.

Petitions and statements:

Petitions and statements must be received by noon on the working day prior to the meeting. For this meeting, this means that your submission must be received at the latest **by 12.00 Noon on 27th May 2020**.

Members of the public who wish to present their public forum statement, question or petition at the zoom meeting must register their interest by giving at least two clear working days' notice prior to the meeting by 2pm on 22 May 2020.

PLEASE NOTE THAT IN ACCORDANCE WITH THE NEW STANDING ORDERS AGREED BY BRISTOL CITY COUNCIL, YOU MUST SUBMIT EITHER A STATEMENT, PETITION OR QUESTION TO ACCOMPANY YOUR REGISTER TO



SPEAK.

Public forum correspondence and items must be e-mailed to democratic.services@bristol.gov.uk.

Further information can be found within the relevant section of the public information sheet attached to this agenda for Agenda Item 1.

- | | |
|--|------------------------|
| 12. Work Programme | 2.20 pm |
| To note the work programme. | (Pages 19 - 20) |
|
 | |
| 13. 19/20 Annual Governance Statement Actions | 2.30 pm |
| | (Pages 21 - 48) |
| 14. 20/21 Audit Plan Review | 2.45 pm |
| | (Pages 49 - 59) |
| 15. 18/19 Statement of Accounts | 3.00 pm |
| | (Pages 60 - 63) |
| 16. External Auditors 2018/19 Audit ISA 260 report (open) | 3.20 pm |
| | (Pages 64 - 66) |
| 17. Exclusion of Press and Public | |
| That under s.100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item(s) of business on the grounds that it (they) involve(s) the likely disclosure of exempt information as defined in paragraph(s) 3 (respectively) of Part 1 of schedule 12A of the Act. | |
| 18. External Auditors 2018/19 Audit ISA 260 report (exempt) | 3.40 pm |
| 19. Bristol Energy Company and Statement of Accounts | 4.00 pm |
| | (Pages 67 - 78) |



Public Information Sheet

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

You can find papers for all our meetings on our website at <https://www.bristol.gov.uk/council-meetings>

Covid-19: changes to how we hold public meetings

Following changes to government rules, we will use video conferencing to hold all public meetings, including Cabinet, Full Council, regulatory meetings (where planning and licensing decisions are made) and scrutiny.

Councillors will use video conferencing to take part in the meetings and vote on agenda items and these will be streamed live on YouTube.

You can submit statements, questions and petitions ahead of the meetings in the same way as usual. We will send all statements to participating Councillors in advance and respond to all questions and petitions in writing.

You will not be able to present a public submission at the meeting at the current time.

Email democratic.services@bristol.gov.uk if you have any questions.

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. Please submit it to democratic.services@bristol.gov.uk. The following requirements apply:

- The statement is received no later than **12.00 noon on the working day before the meeting** and is about a matter which is the responsibility of the committee concerned.
- The question is received no later than **5pm three clear working days before the meeting**.
- Any statement submitted should be no longer than one side of A4 paper. For copyright reasons, we are unable to reproduce or publish newspaper or magazine articles that may be attached to statements.

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

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

During the meeting:

- Public Forum is normally one of the first items on the agenda, although statements and petitions that relate to specific items on the agenda may be taken just before the item concerned.
- There will be no debate on statements or petitions. Public Forum will be circulated to the Committee members prior to the meeting and then noted at the meeting.
- Please note that only written submissions can be considered at this time.

For further information about procedure rules please refer to our Constitution <https://www.bristol.gov.uk/how-council-decisions-are-made/constitution>

The privacy notice for Democratic Services can be viewed at www.bristol.gov.uk/about-our-website/privacy-and-processing-notice-for-resource-services

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 streamed live or subsequently broadcast via the council's [webcasting pages](#). The whole of the meeting will be broadcast (except where there are confidential or exempt items).

Other formats and languages and assistance for those with hearing impairment

You can get committee papers in other formats (e.g. large print, audio tape, braille etc) or in community languages by contacting the Democratic Services Officer. Please give as much notice as possible. We cannot guarantee re-formatting or translation of papers before the date of a particular meeting.



Terms of Reference for the Audit Committee

Composition of the Committee

The Audit Committee comprises seven members of the Council and up to two independent members. The independent members are appointed by the committee. The Chair and Vice-Chair of the committee shall be confirmed by the Audit Committee as per committee procedure rules. Party Group Leaders are not eligible to sit on the Audit Committee.

A minimum of three councillor members of the Audit Committee will be present for the meeting to be deemed quorate.

The Committee may not appoint any person as an independent member who is an active member of any political party, defined as any person who engages in political activities which would not be permissible if that person was an officer holding a politically-restricted post within the Council. Independent membership may only be made if the person has particular knowledge or expertise in the functions for which the Committee is responsible.

The Committee will meet at least five times a year and will maintain the technical capability to discharge the Audit Committee responsibilities of the Council. The Chair of the Committee may convene additional meetings, as deemed necessary.

The Audit Committee may hold separate meetings with External / Internal Auditors without officer or executive representation. The Committee should hold at least one such meeting annually with External and Internal Auditors.

Objectives or Purpose

- To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects governance, the authority's exposure to risk and weakness of the control environment, and to oversee the financial reporting process.
- To review matters relating to Internal Audit, external audit, risk management, governance, assurance statements, anti-fraud and anti-corruption arrangements.
- To enhance and promote the profile, status and authority of the Internal Audit function and to demonstrate its independence.
- To contribute towards making the authority, its committees and departments more responsive to the audit function.
- To review compliance with the relevant standards, codes of practice and corporate governance policies of the Council.

1. Audit Activity

- 1.1 To approve the Internal Audit Charter and Strategy and monitor its progress.
- 1.2 To approve the Internal Audit annual plan of work and monitor unscheduled work that could potentially divert audit resources away from a plan, and monitor performance against those plans, ensuring that there are no inappropriate scope or resource limitations.
- 1.3 To suggest work for Internal and External Audit.
- 1.4 To consider the Annual Report and opinion of the Head of Internal Audit and a summary of Internal Audit activity and the level of assurance it can give over the Council's corporate governance arrangements prior to approving the Annual Accounts.
- 1.5 To oversee and provide assurance to the Council on the provision of an effective internal audit service and consider the main issues arising from summary Internal Audit reports, and seek assurance that action has been taken where necessary, particularly in areas of high risk.
- 1.6 To consider reports dealing with the management and performance of the Internal Audit function, including the external peer review and reports on the results of the Quality Assurance and Improvement Programme in order to gain assurance on the effectiveness of the Internal Audit function.
- 1.7 To monitor the implementation of agreed actions within reasonable timescales.
- 1.8 To consider the External Auditor's Annual Inspection Letter, relevant reports and the reports to those charged with governance in the process for the approval of the Annual Accounts.
- 1.9 To consider specific reports as agreed with the External Auditor to ensure agreed action is taken within reasonable timescales.
- 1.10 To comment on the scope and depth of the external audit work and to ensure it gives value for money.
- 1.11 To liaise with Public Sector Audit Appointments Limited over the appointment of the Council's External Auditor.
- 1.12 To consider the reports of inspection agencies relevant to the Council.
- 1.13 To undertake an annual review of the effectiveness of the system of Internal Audit.
- 1.14 To oversee the appointment / dismissal of the Chief Internal Auditor.

2. Regulatory Framework

- 2.1 To receive assurance reports on the effectiveness of the Council's Constitution in respect of contract procedure rules, financial regulations, codes of conduct and behaviour and to periodically consider proposed changes to the Constitution in order to make recommendations for amendments to Full Council.
- 2.2 To review any issue referred to it by the Head of Paid Service or Executive Director or any Committee of the Council.
- 2.3 To monitor the effective development and operation of risk management and corporate governance throughout the Council.
- 2.4 To monitor Council policies on whistleblowing and anti-fraud and anti-corruption policies, including the Council's complaints process.
- 2.5 To review the Council's Annual Governance Statement prior to approval, considering whether it properly reflects the risk environment and supporting assurances, and recommend its adoption for publication with the annual accounts, together with associated plans for addressing areas of improvement and advising the Council as appropriate.
- 2.6 To review the arrangements for corporate governance, including the Code of Corporate Governance, to agree necessary actions to ensure compliance with best practice and to recommend to Full Council as appropriate.
- 2.7 To review the Council's framework of assurance, for example Assurance maps, and ensure that it adequately addresses the risks and priorities of the Council.
- 2.8 To review the Council's compliance with its own and published national standards and controls.
- 2.9 To review assurances and assessments on the effectiveness of the Council's arrangements to secure value for money.
- 2.10 To review the assessment of fraud risk and potential harm to the Council from fraud and corruption and to monitor the use of resources to address fraud risk.
- 2.11 To report as appropriate to Full Council on issues which require their attention or further action.

3. Accounts

- 3.1 To approve the annual Statement of Accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns

arising from the financial statements or from the audit that need to be brought to the attention of the Council.

- 3.2 To consider, in the context of approving the Accounts, the External Auditor's report to those charged with the governance issues arising from the audit of the accounts.
- 3.3 To review the Council's Treasury Management Strategy and policies, and make recommendations to Full Council for approval.

4. Risk Management

- 4.1 To consider the effectiveness of the Council's risk management arrangements including reviewing the Risk Management Policy and the Corporate Risk Register.
- 4.2 To provide assurance to the Council, in the Committee's Annual Report, on the effectiveness of risk management arrangements in place.
- 4.3 To seek assurances that action is being taken on risk-related issues.
- 4.4 To be satisfied that the Council's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.

5. Accountability Arrangements

- 5.1 To report to Full Council on an annual basis on assurances received significant control issues, the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

Values and Ethics

The Audit Committee shall appoint a Values and Ethics Sub-Committee

Composition of Values and Ethics Sub-Committee

4 Elected members of the Audit Committee (one from each political group represented on the committee), and one independent member, chaired by an independent member.

Terms of Reference for Value & Ethics Committee

To deal with all matters relating to the ethical framework affecting members of the Council under Part 1 Chapter 7 Localism Act 2011 as amended and all other relevant legislation including regulations, directions and guidance. This shall include, but not be limited to:-

1. The promotion of the highest standards of behaviour by members of the Council, including the Mayor, councillors, independent members and co-optees.
2. Advising the Council on the adoption and operation of the Member Code of Conduct, making recommendations for change as the Committee sees fit.
3. Training all members in the operation of the Member Code of Conduct and ensuring it is well publicised both within and outside the Council.
4. The adoption, implementation and maintenance of a procedure for dealing with allegations of breach of the Member Code of Conduct; including monitoring and review and amending it from time to time as the Committee sees fit.
5. Dealing with allegations of Breach of the Member Code of Conduct, where these are referred to them by the Monitoring Officer, and the imposition of sanctions as appropriate in accordance with the law, the Council's Constitution and relevant procedures adopted by the Council.
6. Consideration of applications for dispensation to allow members to participate in consideration of matters in which they would, but for a dispensation, not be able to participate, in circumstances permitted by law.
7. To adjudicate on any dispute relating to the payment of Members' Allowances or expenses under the Members' Allowances scheme in force from time to time.
8. To review the Council's use of the powers available to it under the Regulation of Investigatory Powers Act 2000.
9. Conferring of Alderman/Alderwoman status and the criteria for such awards.
10. To lead on member development and enhance the role of members as city leaders and community councillors.
11. To review compliance of the Mayor and Councillors in terms of mandatory training.
12. To have oversight of the Register of Members' Interests.
13. All things necessary or in the opinion of the Committee appropriate to fulfil the role and remit of a Values and Ethics Committee as defined by law or the Council's Constitution.

As at 10/9/19

Bristol City Council Minutes of the Audit Committee

16 March 2020 at 2pm



Members Present:-

Councillors – Stevens (Vice-Chair), Gollop (Substitute) Negus (Substitute), Jackson, Mead,

Officers in Attendance:-

Denise Murray – Director Finance and Section 151 Officer, Simba Muzarurwi – Chief Internal Auditor, Alison Mullis - Deputy Chief Internal Auditor, Michael Pilcher – Chief Accountant, Nancy Rollason – Head of Legal Services, Allison Taylor – Democratic Services

1. Welcome, introductions, apologies and safety information

Apologies were received from Councillor Brain, Bowden-Jones, Clough (Councillor Negus as substitute), Radford (Councillor Gollop as substitute) and from Independent Members Simon Cookson and Adebola Adebayo.

The Chair, Councillor Stevens, declared that, as a result of the issues around the Corona Virus, the meeting would only consider the items on the agenda that required a decision.

2. Declarations of Interest

None declared.

3. Minutes of the last meeting.

The minutes were approved as a correct record and it was:-

Resolved – That the minutes be approved as a correct record and signed by the Chair.

4. Action Sheet.

This was noted.

5. Public Forum

This item was heard in open session before Item 16 – Verbal Update on Bristol Energy part heard in exempt session.



6. Work Programme

The Work Programme was noted.

7. Review of a specific Corporate Risk – Flood Risk Management.

It was agreed that this item be deferred to another meeting. In the meantime members were invited to submit questions to the Clerk who would arrange responses and circulate to the membership.

8. Review of External Inspections of Council Services 2019/20.

It was agreed that this item be deferred to another meeting. In the meantime members were invited to submit questions to the Clerk who would arrange responses and circulate to the membership.

9. External Audit Update Report.

Resolved – that the External Audit Update Report be noted.

10. Draft Annual Plan 2020/21.

Resolved – that the Draft Annual Plan for 2020/21 be noted and the final version be considered at the meeting in May.

11. Internal Audit Activity Report for the period of 1 April 2019 to 29 February 2020.

It was agreed that this item be deferred to another meeting. In the meantime members were invited to submit to questions to the Clerk who would arrange responses and circulate to the membership.

12. Members Code of Conduct for Development Control Committees.

The following points arose from discussion:-

1. It was confirmed that this Code and the Licensing and PSP Codes of Conduct would relate to all members and not just those members of each Committee;
2. Councillor Mead suggested that the ruling party should not chair DC Committees because of the perceived conflict.

On being to the vote it was:-

Resolved - (4 for, 1 abstention) - That the revised Code of Conduct for Development Control Committees be endorsed and recommended by the Audit Committee to Full Council for adoption at its meeting in May.



13. Members Code of Conduct for Licensing Committee and Public Safety and Protection (PSP) Committees.

Resolved – (4 for, 1 abstention) - That the revised Code of Conduct for Licensing Committee and the new Code of Conduct for PSP Committee be endorsed and recommended by the Audit Committee to Full Council for adoption at its meeting in May.

15. Public Forum – Open Session.

This was noted.

15. Exclusion of the Press and Public.

Resolved - That under s.100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item(s) of business on the grounds that it (they) involve(s) the likely disclosure of exempt information as defined in paragraph(s) 3 (respectively) of Part 1 of schedule 12A of the Act.

16. Public Forum – Closed Session.

17. Bristol Energy Company and Statement of Accounts - verbal update.

The Committee received an update report from Grant Thornton, External Auditors, and discussion followed.

Meeting ended at 3.40pm



Audit Committee Action Sheet – actions from meeting held on 16 March 2020.

Action number	Item/report	Action	Responsible officer(s)	Action taken / progress
1	That the following reports be deferred to a future meeting:- 1. Review of a specific Corporate Risk – Flood Risk Management; 2. Review of External Inspections of Council Services 2019/20; 3. Internal Audit Activity Report for the period of 1 April 2019 to 29 February 2020.	These reports to be added to new Work Programme	Simba Muzarurwi/Alison Mullis	Given the current situation prevailing due to Covid-19 items 1 and 2 will be progressed at the appropriate time. Item 3 will be superseded by the 2019/20 Annual Internal Audit Report to be presented to the Committee in June 2020.
2	As above	Members to submit questions on the deferred report and responses be circulated to the membership	Allison Taylor	Circulated 14 May 2020.
2	16 – Verbal Update on Bristol Energy	Resolution of the Committee - That, in order to give the Audit Committee assurance that remedies were being put in place, an Extraordinary meeting be	Allison Taylor for meeting.	Due to the Covid Outbreak this was not possible. Item

Action number	Item/report	Action	Responsible officer(s)	Action taken / progress
		held in one month's time in order to consider a report from the Director – Finance addressing the issues raised in the Ernst and Young initial report on Bristol Energy.	Denise Murray for report.	therefore on 28 May agenda.

**AUDIT COMMITTEE
WORK PROGRAMME 2020/21**

Meeting Date	Assurance Source	Report Details	Routine Work Programme/ Other?	ToR Ref	Officer Providing Report	Comments:
28th May 2020 2:00PM	External Audit	2018/19 Statement of Accounts and ISA 260	Routine	1.8/1.9	External Audit Lead	
	Finance	2019/20 Annual Governance Statement Actions arising from 2018/19	Routine	3.1	Head of Paid Service/S151 Officer	
	Internal Audit	2020/21 Internal Audit Plan	Routine	1.2	Chief Internal Auditor	
	Other	Bristol Energy	Requested	2.9/3.1	S151 Officer	
25th June 2020 2:00PM	External Audit:	Update Report	Routine	1.8/1.9	External Audit Lead	
	Internal Audit:	Internal Audit Annual Report 2019/20	Routine	1.6	Chief Internal Auditor	
		Draft Annual Governance Statement 2019/20	Routine	2.5/4.4	Chief Internal Auditor	
		Annual Fraud Report 2019/20	Routine	2.4/2.10	Chief Internal Auditor	
		Audit Committee Annual Report to Full Council (Draft)	Routine	5.1	Chief Internal Auditor	
Risk & Insurance	Corporate Risk Report (Q4)	Routine	4.1/4.3	Risk & Insurance Manager		
Finance:	Draft Statement of Accounts 2019/20	Routine	3.1	Executive Director Resources / Director Finance		
28th September 2020 2:00 PM	External Audit:	Update Report	Routine	1.8/1.9	External Audit Lead	
	Finance:	Treasury Management - Annual Report 2019/20	Routine	3.3	Director of Finance	
	Internal Audit	Internal Audit Activity Report (1)	Routine	1.5/1.7/2.1	Chief Internal Auditor	
	Risk Management:	Information Risk Management	New	4.1/4.3	Senior Information Risk Owner	
		Corporate Risk Report (Q1)	Routine	4.1/4.3	Risk & Insurance Manager	
		Risk Management Annual Report and Improvement Plan	New	4.1/4.3	Risk and Insurance Manager.	
Customer Relations	Ombudsman Report	Routine	1.12	Customer Relations Manager		
23rd November 2020 2:00 PM	External Audit:	Final Statement of Accounts and Annual Governance Statement for 2019/20	Routine	1.8/1.9/3.1	External Audit Lead	
		ISA260 Report	Routine	1.8/1.9		
	Companies	Companies Assurance	Routine	2.9/3.1	Shareholder	
	Risk Management:	Review of a Specific Corporate Risk	Routine	4.1/4.3	Risk Manager / Risk Owner	
	Internal Audit:	Internal Audit Half-Year Activity Report (2)	Routine	1.5/1.7/2.1	Chief Internal Auditor	
		Internal Audit - Counter Fraud Half-Year Update Report and Anti-Fraud and Anti-Corruption Policy	Routine	2.4/2.10	Chief Internal Auditor	
		Audit Committee Half Year Report to Full Council (Draft)	Routine	5.1	Chief Internal Auditor	
Finance:	Treasury Management Half-Year Report	Routine	3.3	Director - Finance		
25th January 2021 2:00 PM	External Audit:	External Audit Update Report	Routine	1.8/1.9	External Audit Lead	

Meeting Date	Assurance Source	Report Details	Routine Work Programme/ Other?	ToR Ref	Officer Providing Report	Comments:
	Internal Audit:	Annual Whistleblowing Review Internal Audit Quality Assurance and Improvement Plan	Routine Routine	2.4 1.6	Chief Internal Auditor Chief Internal Auditor	
	Risk Management:	Corporate Risk Report (Q2) and Risk Management Policy	Routine	4.1/4.3	Risk and Insurance Manager	
22nd March 2021 2:00 PM	Risk Management:	Review of a Specific Corporate Risk Corporate Risk Report (Q3)	Routine Routine	4.1/4.3 4.1/4.3	Risk Owner/Risk Manager Risk and Insurance Manager	
	External Audit:	Audit Update Grants Audit Report	Routine Routine	1.8/1.10 1.8/1.10	External Audit Lead External Audit Lead	
	Internal Audit:	Draft Annual Plan 2021/22 Internal Audit Activity Report (3)	Routine Routine	1.2 1.5/1.7/2.1	Chief Internal Auditor Chief Internal Auditor	
	Legal:	Review of Committee Terms of Reference	Routine		Director: Legal & Democratic Services	
	Corporate:	External Inspection Reports	Routine	1.12	Head of Corporate Finance	

Audit Committee

28 May 2020



Report of: Director of Finance

Title: Annual Governance Statement 2018/19 - Progress Update

Ward: N/A

Officer Presenting Report: Denise Murray

Contact Telephone Number: 0117 3576627

Recommendation

The Audit Committee note the progress made to date against the Annual Governance Statement (AGS) action plan for 2018/19, consider any issues arising and challenge where appropriate.

Summary

The AGS summarised the actions and improvements which had been taken to enhance governance arrangements in 2018/19 and identified a number of significant governance and control weaknesses that needed to be addressed to ensure continuous improvement in the governance framework and financial and budget management within the Council.

The actions are considered closed and the report provides updates on the approach and actions the Council has adopted in taking these items forward.

1. Purpose

- 1.1. To report on the progress made to date against the Annual Governance Statement (AGS) Action Plan for 2018/19.

2. Background

- 2.1. The AGS summarised the actions and improvements which had been taken to enhance governance arrangements in 2018/19, before setting out significant governance and control issues. In determining the significant governance issues to disclose, the following factors are considered on whether the issues had:

- seriously prejudiced or prevented achievement of a principal objective;
- resulted in the need to seek additional funding to allow it to be resolved or had resulted in a significant diversion of resources from another aspect of the business;
- a material impact on the accounts;
- been considered as significant for this purpose by the audit committee or equivalent;
- attracted significant public interest or had seriously damaged the reputation of the Council;
- resulted in formal action being taken by the Section 151 Officer/Monitoring Officer; and
- received significant adverse commentary in external inspection reports and which the Council has not been able to address in a timely manner.

- 2.2. The significant governance issues arising in the 2018/19 Statement to which actions were agreed are as follows:

- I. A number of complaints of racial discrimination that were raised by the BAME staff led group.
- II. Statutory recommendations made to Full Council with regard to Senior Officer Remuneration.
- III. The limited progress against a number previous governance issues identified which require further work or re-calibration of timescales to deliver in line with capacity available to do so.
- IV. The Chief Internal Auditor's opinion on the control, risk management and governance framework which has been 'limited assurance' for the third consecutive year.

- 2.3. It was agreed that the Corporate Leadership Board would monitor the implementation and operation of the above over the course of the year through the operational plans and provide an overview report to be presented to Audit Committee to update on the progress against the issues identified in the statement.

- 2.4. The progress made to date is summarised below and where appropriate further detailed in Appendix A – HRC-Organisational Improvement Plan and Appendix B - LGA Corporate Peer Challenge Action Plan.

2.4.1. A number of complaints of racial discrimination that were raised by the BAME staff led group – *Status - Green – completed and evidenced*

Approach/Actions:

- A new post of Head of Equality and Inclusion has been established and appointment made to the post, along with an Equalities Board to oversee progress and monitor improvements. Early improvements include putting in place revised HR policies with staff led groups and trade unions, introducing career development workshops, further training for managers in recruitment and interview skills and additional equalities training for relevant service areas.

- The Employee Engagement Survey 2019 identified areas that needed attention; including making sure that all employees feel they have a voice and these were monitored within the wider organisation improvement action plan (See Appendix A - HRC Organisational Improvement Plan update 5 March).
- The individual complaints to the staff led groups are all now resolved and the LGA have provided the groups with some advice and support. The LGA have also provided support to the Council in the consideration of the broader aspects of equality and inclusion.
- Annual staff survey 2020 was launched. An additional question on whistleblowing procedures was added to the survey on the recommendation of Audit Committee unfortunately the analysis of results has been delayed due to the focus on Coronavirus but should be available by quarter 2.

2.4.2. Statutory recommendations made to Full Council with regard to Senior Officer Remuneration – Status - Green – completed and evidenced.

Approach/Actions:

- The report and action plan was considered and subject to minor changes the approach was agreed by Council and BDO March 2019. All of the recommendations within the action plan have been implemented in line with the timescale agreed and a subsequent report of the Head of Paid Service was presented to Council in July 2019 to confirm the position. It is expected that the implementation of the above and adherence to the policy will be tested on an ongoing basis by the Council's External Auditors.
- External Auditors Grant Thornton report extract *"the Council has responded to the Statutory Recommendations issued in the prior year, updating Terms of Reference and policies as appropriate. To date the new policies have not been required to be used in respect of a senior officer"*

2.4.3. The limited progress against a number of previous governance issues identified, some of which require further work or re-calibration of timescales to deliver in line with capacity available to do so. Status - Green – completed and evidenced.

Approach/Actions:

- The report to Audit Committee in July 2019 confirmed that all of the 85 actions from the Bundred review had been implemented and from the actions required from the AGS 2017/18, 8 of the 13 areas had also been implemented with 5 areas requiring further work.
- Three of the improvements required a more in depth programmed approach than initially anticipated when the issue was first identified and action agreed. These have been recalibrated and implemented as follows:
- **AGS 4.1** – Delivery of improved level of education
A new Director of Education and Skills was appointed and the Education Transformation Programme developed which is the Council's long-term plan to develop, improve and transform its education service - including SEND. Additional funding has been secured for its delivery and monitoring takes place via People Scrutiny Commission.
- **AGS 7.1** – Partnership Working (policy, toolkit and agreements)

- The updated Partnerships Policy and toolkit is written and unfortunately sign-off delayed in March due to the focus on Coronavirus. It will now be taken through the council's Decision Pathway in Q1 2020/21. Whilst the approval of this policy has been significantly delayed, the work to create a partnerships register, template partnership agreements and to identify key partners was completed during 2019/20.

- **AGS 10.1 – Contract Management Improvements**

Procurement policies and protocols have been refreshed and approved as appropriate by Council / Cabinet to ensure consistency and clarity in application. Two procurement teams have been consolidated with a supplier relationship team established. Via a competitive tender process a procurement Strategic Partner has been appointed (subject to contract) to provide additional reach back capacity and focused work on improving contract management across the organisation.

- Two of the items identified were duplicated with the recommended areas of improvement following the LGA Corporate Peer Challenge (CPC) and as such are being monitored by Cabinet as part of the LGA CPC action plan These are as follows:

- **AGS 11.1 – Member Development Programme**

The Member Officer Protocol was reviewed and guidance provided, and member briefings and development session were offered by the monitoring officer. LGA provided further training for members on good scrutiny and briefings offered on areas such as West of England Combined Authority, corporate values etc. Members in consultation with Democratic Services designed and implemented a comprehensive induction programme for new councillors.

- **AGS 12.1 – Performance Management**

The Council designed and implemented a new Performance Management and Talent Pipeline Strategy to facilitate good quality performance management; set clear objectives linked to BCC's Corporate Strategy, organisational leaders and managers reflect the diversity of the city and reflect on how our organisational values are being demonstrated. Full details are set out in the published Organisational Improvement Plan and monitored in the associated action plan.

2.4.4. The Chief Internal Auditor's opinion on the control, risk management and governance framework which has been 'limited assurance' for the third consecutive year. Status - Green – completed and evidenced.

Approach/Actions:

- CLB agreed to undertake a review of the root cause for the trend noted in limited assurance findings. The review identified, two key areas that were the primary drivers for these findings and actions to address these issues were agreed as follows:

Complexity of the landscape of systems and processes

- Many of the systems and processes were not efficient; enhance the potential for error and exposure to risks. A number would benefit from replacement, rationalisation or integration

into core systems and platforms that would reduce the level of manual interventions, disaster recovery and additional officer resource. The IT Transformation Programme has been established with an ITTP Board to oversee the programme and delivery partner engaged to realign the operating model to the business and drive Line of Business system rationalisation and improvements. Similarly additional resources and capacity is being commissioned to support the work programme and enhance skills, functionalities and efficiencies across the business. Performance of the ITTP project is being monitored by Resources Scrutiny commission and risk by the Audit Committee.

Pace of organisational change and lack of resilience

- Pace of organisational change and lack of resilience resulted in loss of management information, gaps in business knowledge, need for wider training and development and consistency in approach. In the Organisational Improvement plan we have sought to improve processes and policies, internal communication and engagement and continue the development of our teams and individuals. We believe that this will create the conditions that enable the improvements we seek.
The Organisational Improvement action plan is reviewed and refreshed on an annual basis to ensure it remains relevant and is overseen by the Executive and HR Committee.

2.4.5. We recognise that the above are not short term actions but much wider programmes and work streams that will be in train over the medium term and whilst led corporately will require the support and input of teams and managers across the Council to be successful.

3. Proposal

3.1. The Audit Committee considers the progress made to date against the Action Plan, consider any issues arising and challenge where appropriate.

4. Other Options Considered – N/A

5. Risk Assessment

5.1. The publication of an AGS is a legal requirement and the processes of implementation, monitoring and reporting of improvement actions arising therefore constitute an important element of the Council's governance arrangements. The actions identified within the response to the AGS constitute important measures whereby the Council's overall management of organisational risk can be enhanced.

6. Public Sector Equality Duties

6.1. 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

6.2 No Equality Impact anticipated from this report.

7. Legal and Resource Implications

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

8. Appendices:

- Appendix A - HRC Organisational Improvement Plan update 5 March
- Appendix B – LGA CPC Action Plan Cabinet update Oct 2019

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

9. Background Papers:

None

HR Committee

5 March 2020



Report of: Director: Workforce & Change

Title: Organisational Improvement Plan – progress update

Ward: N/A

Officer Presenting Report: Stephanie Griffin (Head of Internal Communications and Organisational Development)

Contact Telephone Number: (0117) 92 23962

Recommendation

The Committee notes the report.

Summary

The purpose of this report is to update Committee on the progress of the Organisational Improvement Plan.

The significant issues in the report are:

The Organisational Improvement Plan was launched in January 2019. It sets out the actions we will take to help achieve our vision to create an inclusive, high-performing, healthy and motivated work place and become an employer of choice.

The plan is to be reviewed and refreshed annually and the workforce kept regularly updated on progress.

Policy

1. The Corporate Strategy describes the aspirations for the future organisation, one where we innovate and improve where we need to, ensuring the council is one that people are proud of and which delivers its priorities to high standards.
2. The Organisational Improvement Plan sets out our vision for the workplace to create an inclusive, high-performing, healthy and motivated work place and become an employer of choice.

Consultation

3. Internal

The plan was discussed with trade union learning reps, staff led groups, Mayor, Cabinet members, HR Committee, senior leadership team and staff focus groups prior to launch.

4. External

Not required because this report is for information only.

Context

5. Background

We have set a challenging and ambitious pace to become a council that people are proud to work for, which delivers the corporate strategy priorities to high standards. It's through the professionalism and dedication of our colleagues working together that we can achieve this vision.

The Organisational Improvement Plan was launched in January 2019. This provides the framework for our transformation journey, creating the conditions for everyone to perform at their best and help us create an inclusive, high-performing, healthy and motivated work place and become an employer of choice.

Complementing our core programme of HR and learning and development support, the five-year Organisational Improvement Plan outlines the cross-cutting actions that we will take to support this journey.

We have six workforce themes:

- **An empowering organisation** – Creating a shared purpose and a positive environment where people are confident and enabled to do their best every day
- **Diversity and inclusion** – Building an inclusive organisation where the workforce reflects the city we serve and the needs of all citizens, and where colleagues feel confident about being themselves at work
- **Performance and talent management** – Developing careers and managing performance in a meaningful way
- **Workforce health and wellbeing** – Keeping our workforce safe and healthy, and our workforce engaged and resilient
- **Structure, pay and policy** – A clear framework to help redesign our council and improve employee relations

- **Our brand and recruitment** – Becoming an employer of choice; attracting, developing and retaining the best talent.

6. Progress update

Each year the plan will be reviewed and refreshed to take account of emerging needs and ensure it keeps driving us towards the organisation’s vision.

The one year progress report is shown in **Appendix I**. Of the 45 actions, 39 are rated green and 6 are rated amber.

The results will be shared with the workforce. Our annual employee engagement survey will also measure the impact of our actions and help shape future plans. The next survey is due in March 2020.

Proposal

7. That Committee notes the report

Other Options Considered

None.

Risk Assessment

8. Not required because this report is for information only.

Public Sector Equality Duties

- 11a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
 - i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons'

disabilities);

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

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

- 11b) Staff led groups and equality and inclusion team are consulted on the plan and have an opportunity to shape the priority actions.

Legal and Resource Implications

Legal

Not required because this report is for information only.

Financial

(a) Revenue

Not required because this report is for information only.

Land

Not applicable.

Personnel

Not required because this report is for information only.

Appendices:

1 – One year progress report – Organisational Improvement Plan

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None.

Appendix A1: LGA CPC Action Plan Progress Update to Cabinet October 2019

No.	Recommendation	Action	Time Frame	Officer Responsible	RAG	Progress Update
1	The council should continue to implement its new cultural plans, values and behaviours and regularly review their impact (through for example staff surveys - with a view to improving the level of staff satisfaction with the council's leadership). This should include staff engagement and communication plans.	To publish and implement BCC's Organisational Improvement Plan, which includes actions to continue to embed BCC's organisational values and behaviours through workshops and celebrating success; with values included in every process from recruitment through to annual reviews.	January 2019	Mike Jackson/John Walsh	G	<p>BCC's Organisational Improvement Plan (OIP) was published in January 2019. HR Committee approved the OIP in November 2018. The OIP has six work streams to it all of which are in the process of being implemented and/or delivered. The plan will be reviewed annually with a progress report due to HR Committee in January 2020. Key deliverables include:</p> <ul style="list-style-type: none"> - Staff survey was undertaken in March 2019. - Implementing new way of recognising and rewarding success - Supporting 'Staff Led Groups' (SLG) representing BAME, LGBT+, disabled and young employees to have a more influential voice in

					the organisation
	Refresh and publish an Internal Communications and Engagement Strategy, which is aligned to the council’s Corporate Strategy priorities and values. Improve the cascade of strategic updates	May 2019	Tim Borrett /John Walsh	G	<p>A refreshed internal communications approach and cascade is included in the adopted Communications Strategy, signed off by Cabinet Board in March 2019.</p> <p>Planning for further engagement activity for managers and staff is well underway, taking in to account feedback from the annual Staff Survey 2019.</p>
	Run an annual staff survey and feedback mechanism to measure awareness, engagement and wellbeing of staff.	March 2019 and annually thereafter	Mike Jackson/John Walsh	G	<p>Staff survey was launched in March 2019 and was completed in April 2019. The results were published in June 2019. There was a significant increase in response rate and a positive results overall. Directorates and Service Areas are developing action plans to deliver relevant outcomes based on the feedback received from the survey.</p> <p>Focus groups have been set up to explore four organisation-wide themes that emerged from the</p>

						survey: 1)Wellbeing, 2)physical workplace, 3)senior leadership visibility 4)recognition. This also includes working with the Staff Led Groups to look at the results for equality groups.
		All performance reviews assess how values are understood and applied. To bring the values to life, BCC to produce case studies on each value demonstrating how the values have been implemented in the work place.	Annually	John Walsh	G	As part of the revised annual performance review process, management and staff are asked to reflect how they meet the values of the Council and how achieving their objectives relate to the Council's values.
2	To ensure sufficient capacity, stability and help reinforce confidence of partners and staff, BCC should seek to complete as soon as is practicable the outstanding permanent appointments to the rest of its senior structure.	Head of Paid Service confirms senior leadership structure	November 2018	Mike Jackson	G	Head of Paid Service confirmed senior leadership structure in November 2018.
Senior Leadership Structure to be published on the source.		December 2018	Mike Jackson	G	Senior Leadership Structure was published on the Source in December 2019. This is regularly reviewed to reflect any changes.	
Increase visibility of BCCs Corporate Leadership Board and Directors among the workforce and elected members. To host a 'market stall – meet the directors' event for workforce and elected members.		March 2019	Mike Jackson/John Walsh	A	A market stall event was held for members on 10 th September 2019. Leadership Forums have been established with a 12 month forward plan.	

						<p>A number of quick wins were implemented following the employee survey, including:</p> <ul style="list-style-type: none"> - Weekly blogs from Directors have been introduced on the Source. - New structure chart with photos of senior leaders published on the Source. - Directors attend corporate induction to meet new employees. - A programme of employee engagement events is currently in the planning stage - A recognition and senior leadership visibility focus group has been set up following the staff survey - Member 'meet the Directors' event was held in September 2019.
--	--	--	--	--	--	---

Appendix A1: LGA CPC Action Plan Progress Update to Cabinet October 2019

3	In collaboration with partners establish a narrative and plan which underpins the One City Approach: key stakeholders and BCC's staff, so that the One City Plan is known, understood and enacted.	Design and implement the One City Governance Structure and launch of One City Plan.	January 2019	Tim Borrett / Andrea Dell / Ed Rowberry	G	The One City Plan and Governance Structure were launched in January 2019. City Office roles were recruited to in June 2019, with ongoing focus on stakeholder / city communications.
		Internal and External communications strategy to support promotion of One City Plan going forward, including regular updates and workshops for BCC colleagues to increase awareness.	March 2019	Tim Borrett / Andrea Dell / Ed Rowberry	A	Engagement has occurred through Leadership Forum in March 2019. Ongoing operational engagement and wider comms work is underway including regular partner updates. Stakeholder Liaison and Engagement Managers were appointed in June/July 2019, and they will be developing the communications strategy further.
		Design and launch an Economy Board with key stakeholders to focus on 'good growth for Bristol?'	April 2019	Tim Borrett / Andrea Dell / Ed Rowberry	A	A Terms of Reference has been drafted for the Economy Board. Recruitment to Board is underway. The launch if the board is expected in the Autumn 2019.

Appendix A1: LGA CPC Action Plan Progress Update to Cabinet October 2019

		OSM members to be updated on the progress of One City Approach including Action Plan on the 17th January 2019. One City Approach to be part of the ongoing scrutiny programme.	January 2019	Tim Borrett / Andrea Dell / Lucy Fleming	G	OSM received an update on the progress of the One City approach including Action Plan on the 17 th January 2019. A further update to OSM on One City Boards was presented on 17 th June 2019. The One City Annual Report will be taken to OSM in early 2020.
4a	Given that the mayoral model is still relatively new to BCC, there needs to be collective responsibility to make this work and BCC should review its governance arrangements to ensure they are more effective in enabling good decision making. Specifically addressing : a. forward plan arrangements to make them more transparent and open, ensuring information is shared	Design and implement a new approach to Mayor’s Forward Plan to include a 12 month forward view of items expected to come to Cabinet.	December 2018	Mike Jackson/ Ben Mosley	G	New approach to Decision Making Pathway was trialled from December 2018 and formally adopted in June 2019. The Mayor’s Forward Plan now includes forward view of items coming to Cabinet to May 2020.
		Supporting documents to be published with Mayor’s Forward Plan to ensure information is shared in good time.	December 2018	Mike Jackson/ Ben Mosley	G	Since December 2018, supporting documents have been published with Mayor’s Forward Plan.

Appendix A1: LGA CPC Action Plan Progress Update to Cabinet October 2019

	in good time and used responsibly by all	Design and implement a new Key Decision Making Pathway to enable good decision making.	February 2019	Mike Jackson/Tim O’Gara/ Ben Mosley	G	A new Key Decision Making Pathway has been designed and implemented. It was launch in June 2019 after being tried for 6 months.
		Review the procedure regarding exempt materials and update guidance for members. Briefings and development session to be offered members.	April 2019	Tim O’Gara	A	Draft guidance was prepared for V&E Sub-committee in March 2019. Workshops have taken place with members of the committee as part of a review of the Member-Officer Protocol. The guidance will be finalised once the revised Member-Officer Protocol has been adopted.
4b	Structure, focus and impact of its Scrutiny arrangements	LGA to be invited to provide further training for all members on good scrutiny.	May 2019	Elected Members/Lucy Fleming	G	The Member Development Steering Group is planning to include additional LGA Scrutiny training as part of the induction programme for the 2020 cohort.
		Review structure and work programme of Scrutiny Commissions and ways of working	May 2019	Elected Members/Lucy Fleming	G	Members have considered the structure of Scrutiny for 19/20 and agreed to increase the number of commission meetings and reduce Task Group activities in order to work more effectively. A Health Scrutiny Sub Committee of

Appendix A1: LGA CPC Action Plan Progress Update to Cabinet October 2019

						the People Scrutiny Commission has also been established in order to improve governance.
		Members to be offered additional briefings on WECA and its role with BCC and the wider region. Updates to be provided as requested.	On going	Mike Jackson	G	'Top Lines' and Project tracker developed for Cabinet Members, sent weekly. Cabinet Board receive WECA update from Head of Paid Service every fortnight. Mayor receives WECA briefings notes on a weekly basis. An all member briefing on WECA activity took place on 19 th July 2019.
4c	the effectiveness of the application of its member and officer protocol Note: Acton 11.1 from the Annual Governance Statement has been incorporated into this action plan. It has been identified that there is a need for the member development programme to focus on members' core skills,	Review the Member Officer Protocol and guidance for members. Member briefings and development session to be offered by the monitoring officer.	April 2019	Tim O'Gara/Lucy Fleming	G	The Member Officer Protocol has been reviewed in conjunction with a cross party group of Members and will be taken to the Audit Committee for approval on 30 th September 19. Member briefing sessions will be offered once the Protocol has been adopted by Full Council.

Appendix A1: LGA CPC Action Plan Progress Update to Cabinet October 2019

	community leadership and decision making roles.	Members in consultation with Democratic Services to design and implement a comprehensive induction programme for the 2020 cohort of new councillors.	December 2019 (Implementation May 2020)	Elected Members/Lucy Fleming	G	An induction programme for 2020 has been co-designed with the Member Development Steering Group. Colleagues from South West Councils have confirmed the content reflects best practice.
		Members to be offered briefing on the corporate values.	April 2019	Steph Griffin	G	Members briefing sessions on corporate values and organisational improvement plan were held in March and April 2019. Members have also been briefed on the Council's Equalities and Inclusion responsibilities.
5a	<p>The council should ensure it has in place an effective performance management framework and culture. As part of which it should specifically ensure:</p> <p>a. all officers have a performance appraisal, starting from the very top of the organisation</p> <p>Note: action 12.1 in the Annual Governance Statement to implement a new performance strategy has been incorporated into this</p>	<p>As set out in greater details in BCC's Organisational Improvement Plan:</p> <p>Design and implement a new Performance Management and Strategy – to facilitate good quality annual performance management, set clear annual performance objectives linked to BCC's Corporate Strategy.</p>	Starting February 2019 and incremental to April 2020	Mike Jackson/John Walsh	G	<p>A revised performance management and annual appraisal process has been developed and implemented. This commenced in April 2019 and was led from the top down. Objectives have been set for all appraises which link their targets to the corporate priorities and the Councils values.</p> <p>A suite of online advice and guidance has been introduced, along with L&D sessions on effective</p>

Appendix A1: LGA CPC Action Plan Progress Update to Cabinet October 2019

action plan.					conversations, one to ones and effective performance management.
	Design and deliver a senior leadership development programme for the council's 1 st and 2nd tier Directors.	Launch April 2019	Mike Jackson/John Walsh	G	A senior leadership development programme has been designed and is in the process of being delivered. Three half day sessions have taken place which focus mainly on developing individuals and a team building. Coaching and mentoring is now available for all leaders.
	Design and deliver a senior leadership development programme for 3rd tier managers (such as Heads of Service). Performance reviews confirm all senior leaders visibly demonstrate our values and leadership qualities – and a development plan in place for any gaps	Starting February 2019 - incremental until April 2020	Mike Jackson/John Walsh	G	A 3 rd tier development programme is being developed which links to the programme designed for tiers 1 and 2. A pilot is currently taking place with managers in the People Directorate Performance reviews have taken place and include objectives and links to the Councils core values.

Appendix A1: LGA CPC Action Plan Progress Update to Cabinet October 2019

		Pilot and roll-out a new 360 degree feedback review programme for senior leaders. Managers and directors use feedback to create their personal development plan – measured through performance review scores	Starting February 2019 - incremental until April 2020	Mike Jackson/John Walsh	A	A pilot 360 degree programme has taken place. Officers will review the feedback prior to rolling out a full programme for senior leaders.
5b	Alignment between the One City Plan, BCC's new Corporate Strategy, MTFP, resourcing and delivery plans	Policy Team to refresh Corporate Strategy in the context of the One City Plan approach.	March 2019	Tim Borrett	G	Policy Team has published Business Plan 2019/20 in the context of One City Approach. Corporate Strategy aligns to One City vision, and will be iterated in mid-to-late 2020 according to business need, taking account of One City Plan v2.
5c	It regularly reviews delivery plans so that it maintains focus and pace in this area	As set out in greater details in BCC's soon to be published Organisational Improvement Plan: Refresh Equalities Strategy and Policy.	December 2018	John Walsh	G	Organisation Improvement Plan has been published and is being implemented across the Council. The plan links to delivery and corporate plans. Equalities strategy and policy has been established. A central professional team established and a focus on refreshing staff led groups has been implemented.

Appendix A1: LGA CPC Action Plan Progress Update to Cabinet October 2019

		Design and deliver a programme of activity to improve recruitment and retention of underrepresented groups	Starting January 2019	John Walsh	A	The recruitment process has been revised and will continue to be worked on during 2019 to ensure underrepresented groups are included in all aspects of recruitment. Staff led groups and the Trade Unions are involved in this process.
		All services have a workforce plan in place, aligned to the annual business planning cycle.	Starting January 2019	John Walsh	A	Workforce plans are in place although they are not consistent. From January 2020 we will have an application on the new HR Management Information System which will assist services to develop workforce plans that are consistent and relevant.
		Develop and implement a Corporate Workforce Plan.	Starting January 2019	John Walsh	A	This will be developed from the processes similar to the service workforce plans and information from these plans will inform the corporate plan.
5d	key performance issues for the council or across partnerships e.g. DToC, are flagged and then tackled	Ensure that key performance issues are appropriately highlighted and addressed through regular performance reporting to cabinet.	Ongoing	Tim Borrett	G	Key performance issues are highlighted at CLB, Cabinet Board as well as OSM. More detailed reporting undertaken at Executive Director Meetings and Scrutiny Commission levels

						<p>quarterly, enabling deeper dive in to relevant detail. Statutory Policy Board provides an assurance function for statutory officers to brief Deputy Mayor on statutory responsibilities such as safeguarding etc. A review of the approach to performance management and data insight conducted April/May 2019, with learning to be embedded throughout 2019/20.</p>
5e	<p>there is an effective balance between empowerment and control: equipping, enabling and then holding to account managers to deliver the outcomes required of them</p>	<p>Introduce a 'first steps to leadership' programme to cover the main principles of leadership and Bristol City Council policies and processes.</p>	September 2019	John Walsh	G	<p>First step to leadership programme is now underway. Part of the values framework includes empowering staff to deliver their outcomes. The senior leadership development programme has as one of its core principles the requirement for senior leaders to empower their teams.</p>

Appendix A1: LGA CPC Action Plan Progress Update to Cabinet October 2019

		Design and implement a new way of recognising and rewarding success, sharing learning and celebrating colleague achievements.	September 2019	John Walsh	G	<p>Staff successes are now celebrated on the Source each week. We will be holding a staff awards ceremony in the coming six months to celebrate success.</p> <p>A focus group on recognition has been set up following the staff survey and the outputs from this will be woven into a recognition strategy</p> <p>A new awards cabinet has been installed in the foyer of City Hall to celebrate the organisation's achievements.</p>
6	At this critical stage of change, BCC's top team of Mayor, Cabinet and Executive Directors should prioritise their own development and working practices so they set the tone for the council in terms of values, behaviours and focus on delivery of priorities.	Organise a programme of development opportunities with the Mayor, Cabinet members and Executive Directors.	Starting January 2019	Mike Jackson	A	Discussions are underway with Mayor, Cabinet and CLB regarding development opportunities.

7	<p>The council needs to ensure it maintains a strong financial oversight and accountability. It must continue to develop its transformation plans and approaches to demand management so that its high level budget plans become detailed delivery plans which are credible and seen through.</p>	<p>Adopt an upstream approach to improving resilience against financial shocks, central and local policy changes or demographic pressures and ensure the basic financial management systems are working effectively:</p>	Ongoing	Denise Murray	G	<p>A range of governance boards have been established (e.g. Better lives, City Leap) providing oversight, accountability and transparency to the delivery of major transformation programmes. The Boards have strong corporate representation and engagement, including Finance, Internal Audit embedded assurance and risk identification considered in policy formulation, planning and decision making.</p> <p>A richer operational data set is being collected and evolving financial models established for complex demand and needs led programmes.</p> <p>A Risk Management Assurance Framework has been developed and approved January 2019. Financial reserves are aligned to the Corporate Risk Register, and</p>
---	---	--	---------	---------------	---	---

						considered throughout the year and more comprehensively at the end of the financial year and as part of the annual budget process.
		Develop a MTFP and corresponding budget for approval that creates a stable medium term planning platform to enable sufficient development of the actions necessary to ensure the agreed savings can be delivered.	February 2019	Denise Murray	G	<p>Proactive engagement in the spending review and local government financing consultations, roundtables regional and society finance networks, to ensure we remain abreast of national funding developments, BCC's views / potential impact fed in and the knowledge ascertained utilised to strengthen our financial modelling and insight.</p> <p>A rolling five year MTFP, Capital Strategy and budget was produced and agreed by the Council. We have sought to ensure that the outcomes from key policies, priorities and output from major transformation propositions can be delivered efficiently, effectively and sustainably whilst maintaining reserves</p>

						at a level that offers some resilience in this prolonged period of fiscal uncertainty.
		Ensure that the financial framework that underpins the revised Financial Regulations (approved by Council May 2018) is refreshed, fully documented, widely communicated and published on the Source.	September 2019	Denise Murray	A	<p>Recalibration to December 2019.</p> <p>The Financial Regulations and Procedure Rules are within the first tranche of the constitution review 2019. The draft documents along with the underpinning suite of documents will be refreshed in September with the expectation post engagement that the revised policies will be presented to full Council December 2019.</p> <p>In addition to the above in year budget management protocols have been refreshed, socialised and published on the source to ensure awareness of the financial management processes, timelines and expectations of officers with delegated financial responsibility.</p>

Appendix A1: LGA CPC Action Plan Progress Update to Cabinet October 2019

		Improvements to the process of capital programme development, governance and accountability arrangements through Quarterly CLB review, monthly delivery challenge - Housing, Property and Growth & Regeneration Board, with the tracking of delivery to be overseen by Delivery Executive.	March 2019 and Ongoing thereafter	Denise Murray/Colin Molton	G	New governance arrangements are in place led by CLB (through Capital Board) and Delivery Executive, providing an oversight and stewardship role of the Council's Capital expenditure and delivery of the approved Capital Programme.
--	--	--	-----------------------------------	----------------------------	---	--

DRAFT

Audit Committee

28th May 2020



Report of: Chief Internal Auditor

Title: Internal Audit Plan 2020/21

Ward: N/A

Officer Presenting Report: Simba Muzarurwi – Chief Internal Auditor

Recommendation

The Audit Committee approve the Internal Audit Plan for 2020/21. The draft Internal Audit Plan 2020/21 that was noted by the Audit Committee on 16 March 2020 has been revised to take into account the known impacts of the Covid-19 outbreak and the emerging risks the Council faces. In approving this Plan, the Committee should be satisfied that the plan reflects the key areas for which they will require assurance from Internal Audit in 2020/21.

Given the uncertainty of the operating environment due to the Novel coronavirus (Covid-19) and the need for Internal Audit to audit at the speed of risk, a rolling audit plan approach has been adopted which will see this Plan being reviewed by the Audit Committee quarterly.

Summary

The report provides the Audit Committee with the Final Internal Audit Plan for 2020/21.

The significant issues in the report are:

- Internal Audit approach during the Covid-19 emergency (Section 2 of Appendix A)
- Resourcing impacts and assumptions (Section 3 of Appendix A)
- Plan amendments (Section 4 of Appendix A)
- The Internal Audit Plan. (Appendices 1 and 2 of Appendix A)

Policy

1. Audit Committee Terms of Reference.

Consultation

2. Internal

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

3. External

None

Context

4. The Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end, it should seek assurance that the key areas that contribute to this framework are operating properly.
5. The Council's Internal Audit service is a key component of the assurance framework and the Audit Committee's Terms of Reference includes a requirement to provide independent assurance to the Council in relation to internal audit activity. The Audit Committee need to consider if the planned Internal Audit work is appropriate and sufficient to provide the Committee with the assurance it requires. Public Sector Internal Audit Standards 2013 include guidance that the Committee should review and approve the Internal Audit work plan.
6. The draft Internal Audit Plan 2020/21 was noted by the Audit Committee on 16 March 2020 and any written queries received from Audit Committee Members have been appropriately responded to. This draft Plan has now been revised to reflect the known impacts of the Covid-19 outbreak and the emerging risks the Council faces.
7. Given the uncertainty of the pandemic duration, it is anticipated that risks will continue to evolve at pace during this period and to ensure the Audit Plan remains relevant throughout the year, Internal Audit will maintain a rolling plan going forward which will be formally reviewed quarterly. The audits that are being proposed for completion in Quarter 1 and 2 are highlighted in Appendix 1 of Appendix A

Proposal

8. The Audit Committee review and approve the Final Internal Audit Plan for 2020/21. In doing so, the Committee should ensure that plan reflects the areas for which they will require assurance from Internal Audit in 2020/21.

Other Options Considered

9. None Necessary.

Risk Assessment

10. An adequate and effective internal audit service, as well as a statutory requirement, is an integral part of good governance. A sound Internal Audit planning process minimises the risk of non-compliance with statute and good practice, and at the same time maximises the value that Internal Audit adds to the Council's governance arrangements and internal control environment.

Public Sector Equality Duties

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

Legal and Resource Implications

Legal – Not applicable

Financial

(a) Revenue – Not applicable

(b) Capital – Not applicable

Land/Property - Not applicable

Human Resources - Not applicable

Appendices:

- **Appendix A – Internal Audit Plan Report and Final Plan for 2020/21**

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Audit Planning Files, Corporate and Directorate Risk Registers, Public Sector Internal Audit Standards.

INTERNAL AUDIT DRAFT PLAN 20 21

Directorate	Name of Review	Potential Coverage
A. Audit and Assurance Plan		
Governance		
Corporate	Coronavirus Response Assurance	Embedded assurance over the emergency arrangements to support the effective response to the current pandemic.
Corporate	Strategic Planning	To review the approaches being taken to assess and plan for the impact of the coronavirus pandemic on strategic objectives.
Corporate	Equalities and Inclusion	To review the effectiveness of the Equalities and Inclusion Framework and impact of improvement plans.
Corporate	Partnership Working - Tracking of Outcomes	To review the effectiveness of processes in place within the Council to monitor the delivery of planned outcomes when working in partnership.
Corporate	Data Quality	To review the data quality policy and standards as well as determining the compliance with the relevant policy.
Resources	Group of Companies governance	To assess the effectiveness of the Council's arrangements for managing and controlling its subsidiaries.
Risk Management		
Corporate	Risk Management Review (Annual)	Annual review to assess the maturity of risk arrangement across the Council.
People - adults	Adults Safeguarding	Process review to determine the efficiency of arrangements in place for care reviews.
People - Children	Serious Youth Violence and contextual safeguarding risk.	To review the impact and effectiveness of new mitigations in this area. This could include external research with partners to validate the assessment.
People - adults	Care Homes - Supplier Resilience	To review approaches being taken to mitigate supply chain risk in this area.
People - Education, Learning and Skills	SEND (Special Educational Needs and Disability)	To review improvements made following the previous years audit work
Resources	Claims Handling	To review the effectiveness of the Insurance Claims Handling processes in ensuring that claims are only paid in appropriate and valid circumstances.
Financial Control and Value for Money		
Corporate	Financial Sustainability	To review the approaches being taken to mitigate the financial impacts of coronavirus on the short and long term financial sustainability of the Council.
Resources	Coronavirus - Post Event Testing	Provision for testing compliance with policy changes in areas where emergency measures have been implemented.
Corporate	Certifications and Grant Assurance	To review and test compliance with grant or other conditions and certify conditions have been met.
Growth and Regeneration	Affordable Housing Supply/Grants to Registered Housing providers	To review the robustness of grant allocation processes in ensuring that allocations are in line with policy and where funding is provided, affordable housing is delivered as agreed.
Resources	Making Tax Digital	To review the progress towards Making Tax Digital.
Resources	Bristol Register Office	To review the adequacy and effectiveness of the financial and management controls in place.
Resources	Accounts Payable	To review control procedures for ordering, receipt and payments for goods and services. Assessing the extent to which those procedures are compliant with financial regulations and ensure that expenditure is valid, authorised and for goods/services received by the Council.
Resources	ABW Systems	To assess the adequacy and appropriateness of system set up including user access, authorisations and reporting
Resources	I Trent - Payroll Controls	To review the effectiveness of key payroll control processes following implementation of the new payroll system.
Resources	Commercialisation	To review the adequacy and effectiveness of the management arrangements in place for the successful delivery of the Council's commercialisation agenda.
People - Education, Learning and Skills	Schools Programme	Scope to be determined dependant upon outcome of DfES consultation on Internal Audit requirements. Potentially the review may focus on schools at financial risk or establishments with ongoing funding concerns.
HR and Asset Management		
Corporate	DBS Checking	To review the adequacy and effectiveness of procedures for completion and recording of DBS checks
Growth and Regeneration	Response Repairs	To review the effectiveness of arrangements in place to mitigate contractor risk as well as following up on the previous report.
Information Governance and IT		
Growth and Regeneration	Housing IT System Upgrade (security and controls testing)	To test security and general controls in assessing whether known weaknesses have been addressed by the system upgrade.
Resources	Information Security Management including Cyber security.	To assess the Council's compliance with the Information Security Management Standard as well as providing assurance on the adequacy and effectiveness of arrangements for managing cyber risks.
Resources	GDPR Compliance	To review the general compliance with GDPR.
Resources	IT Transformation Programme	To continue embedded assurance work in supporting the successful delivery of the programme.
Resources	IT Resilience	To assess the resilience of the Council's IT environment in supporting delivery of Council services
Projects and Programmes		
Corporate	Programme Assurance	Provision for embedded assurance to support successful delivery of key programmes and projects on a sample basis
Corporate	Project Management Framework	To assess the effectiveness of the Programme Management Framework and conclude on whether reliance can be placed on assurance obtained through engagement with services.

Growth and Regeneration	Capital Projects	Provision for assessing the effectiveness of arrangements in place for ensuring successful delivery of capital projects on a sample basis
People - Adults	Better Lives programme	Embedded assurance including benefits realisation.
Growth and Regeneration	City Leap	Embedded assurance to support the successful delivery of the programme.
Growth and Regeneration	Smart City	Embedded assurance to support the successful delivery of the programme.
Growth and Regeneration	Temple Island	Embedded assurance to support the successful delivery of the programme.
Commissioning and Procurement		
Corporate	Procurement Regulations Compliance and Effectiveness	To review the compliance and effectiveness of the new Procurement rules including temporary amendments as a result of coronavirus.
Corporate	Contract Management	To assess the progress in strengthening the Council's contract arrangements to ensure delivery of value for money services.
Corporate	Commissioning (All Directorates)	To review the adequacy and effectiveness commissioning arrangements across the Council. Risk based sampling across the three directorates
B. Consultancy/Advisory Programme		
Corporate	Coronavirus Response - Liaison and Advice	Annual governance review co-ordination and Annual Governance Statement preparation on behalf of the Council.
Corporate	Annual Governance Statement 1920	Annual governance review co-ordination and Annual Governance Statement preparation on behalf of the Council.
Corporate	Annual Governance Statement 2021	Annual governance review co-ordination and Annual Governance Statement preparation on behalf of the Council.
G&R	Climate Emergency/Zero Carbon Strategy	Supporting the development of effective governance and delivery framework that enable the Council to deliver its commitment in this area.
Corporate	Assurance Mapping	To identify and document key sources of assurance across a number of business areas and determining the level of reliance that can be placed on them.
Corporate	Information Governance Board	Advisory role on the Information Governance Board.
Corporate	Sharepoint - Administration and security controls	To provide advice and support on system administration and access controls of the new document management system.
C. Counter Fraud Programme		
Strategic Fraud Arrangements		
Corporate	Transparency Reporting	Provision of information relating to fraud in line with transparency reporting requirements
Corporate	Whistleblowing management	Co-ordination, management and reporting of whistleblowing reports received. This will include provision of reporting procedures, monitoring and reporting of cases as well as raising awareness through training and briefings.
Corporate	Assurance Mapping - Fraud Universe	Mapping assurances for the Council key fraud risks.
Corporate	Bribery Risk Assessment	Assessing and recording the key bribery and corruption risks to the council.
Corporate	CIPFA Annual Fraud Survey	Benchmarking the Council against others in terms of fraud risks and responses.
Fraud Prevention and Awareness		
Corporate	Emergency Response - Fraud Risk Assessment and policy procedural review	To assess the risk of fraud resulting from the coronavirus pandemic and the distribution of significant values of government support to business and individuals.
Corporate	Fraud Hub Implementation and Benefits Delivery	Enhancing the use of data by development of a fraud 'hub' to prevent or detect fraud against the Council.
Corporate	Criminal Finance Act	Awareness raising.
Corporate	Web & Source pages - updates	Updating policies, guidance and communications in relation to fraud matters.
Corporate	Recruitment fraud checks	Review of process and guidance for Managers on how to prevent/detect recruitment fraud - including sample check.
Corporate	Fraud publicity and awareness raising	Allocation for publicity re counter fraud initiatives and investigation outcomes.
Corporate	Fraud awareness training (General)	Training for colleagues working in key fraud risk areas as required.
Growth and Regeneration	Engagement with Registered Provider	Liaison and engagement of registered providers in tackling tenancy fraud.
Growth and Regeneration	Right to Buy Checks	Checking of all Right to Buy applications for possible fraud.
Growth and Regeneration	Tenancy fraud awareness training	Training for Housing Advisors or other Housing employees as required.
Fraud Detection		
Resources	Emergency Response - Business Grant Fraud Checking	Pre and post payment fraud checking of business grant disbursements.
Corporate	Emergency Response - Post Event Fraud Testing	Provision for additional fraud testing of government and council support to businesses and individuals
Corporate	NFI - Main Download and Output review	Download of data and review of output from the mandatory national fraud initiative exercise
Corporate	NFI - Main Output Review	
Resources	NFI- Local Tax Single Person Discount (SPD) and Output review	Download of data and review of output from the mandatory national fraud initiative exercise
Resources	NFI - Local Tax SPD Output Review	
Resources	Accounts Payable - Fraud checks (increased)	Review to focus on intentional job splitting to avoid authorisation levels and bank mandate changes.
Resources	Procurement card - sample checks	Regular checks to confirm validity of spend on procurement cards.
People	Direct Payments - Sample of Financial Reviews	Sample of checks of Direct Payment monies and how used, following profiling work.
People	Guardianship Payments Testing	Testing for payments continuing when guardianship arrangement has ceased.
Growth and Regeneration	Tenancy Fraud Casework	Identification and investigation of tenancy fraud cases.
Growth and Regeneration	Multi Storey Block exercises	Identification and investigation of tenancy fraud cases targeting multi-storey blocks
Fraud Investigation		
Corporate	Gain checks	Provision to respond to enquiries from police and others agencies in the wider investigation of crime.
Corporate	Responsive work contingency (increased)	Contingency for investigation of fraud referrals to the team.
Resources	Benefit casework	Single point of contact role for provision of information to the Department of Work and Pensions for their investigations into housing benefit fraud.
Resources	CTR casework	Investigation of potential Council Tax Reduction Fraud cases
People	Pupil Tracking Requests	Provision for Investigations on behalf of People Directorate.
Growth and Regeneration	Blue Badge investigation	Allowance to investigate where required for service exercises targeting this area.



A

BRISTOL INTERNAL AUDIT

INTERNAL AUDIT:2020/21 ANNUAL PLAN

Date: 19 May 2020



Simba Muzarurwi
Chief Internal Auditor

simba.muzarurwi@bristol.gov.uk

1. Context

- 1.1 In March 2020, senior management and the Audit Committee considered and agreed the Draft Audit Plan for the year 2020/21.
- 1.2 However, the progression of the 2020/21 audit plan has been significantly affected by the emergence of the Novel coronavirus (Covid-19) outbreak which presents a health and economic threat that is disrupting businesses and markets, slowing productivity, and generating huge public-health expenditures. In response, organisations, including the Council, are dealing with a set of new challenges which demand rapid responses and brings a new risk landscape to the Council both now and moving forward.
- 1.3 The purpose of this report is to present the revised and final internal audit plan for 2020/21 which takes into account the known impacts of the Covid-19 outbreak and reflects the emerging risks the Council faces. **Given the uncertainty of the pandemic duration, it is anticipated that risks will continue to evolve at pace during this period and to ensure the audit plan remains relevant throughout the year, Internal Audit will maintain a rolling plan going forward which will be formally reviewed quarterly.**

2. Internal Audit Approach During the Emergency

- 2.1 During a crisis, internal audit has an important contribution to provide critical assurance, advise management on shifting risk, governance and internal control landscapes and help anticipate risks. It is not internal audit's role to manage the risk but help management weigh risks and opportunities to inform their decisions as they juggle the dual imperative of crisis response and operational continuity.
- 2.2 Due to the nature of its role, internal audit is expected to continue operating throughout the period of the crisis and emergency measures. However, at these times of reduced management and organisational bandwidth, it is imperative that internal audit assurance activities do not disrupt critical operational areas as the pandemic is causing huge impact on people's lives, families and communities.
- 2.3 Full details of the Internal Audit approach during this pandemic will be provided in later reports but in brief, Internal Audit has adopted an approach that includes the following:
 - The Internal Audit and Counter Fraud Plans for 2020/21 were largely suspended to give management and business units breathing space to deal with the crisis. All but back office elements of investigative work have been suspended for health and safety reasons and appropriateness of timing during a national emergency.
 - Planned work has only continued for:
 - Time critical activities required to deliver key priorities during quarter 1.
 - Areas where business as usual has continued during the crisis
 - Completion of key activities that support the Internal Audit Annual Report and Annual Governance Statement.
 - Audit Team development activity has been brought forward where it could be completed with minimal impact on the rest of the organisation. Primarily the project to implement the audit management software has progressed at pace during quarter 1.
 - Supporting the Council in its emergency response by:
 - Redeploying team members to support key services as they tackle the crisis
 - Supporting Council services in developing operational protocols and frameworks appropriate for the new emergency environment.
 - Completion of both pre and post payment fraud checks for the significant volume and value of business support grants administered by the Council.

3. Resourcing Impacts and Assumptions

3.1 Like the wider Council, the team is starting to prepare for its return to business as usual. However, at this time, the following planning assumptions have been made going forward:

- Current measures and approaches will continue until the end of June 2020
- Resource lost during quarter 1 for delivery of the audit and counter fraud plans will amount to approximately 344 days:
 - Staff redeployment (174 days)
 - Staff unable to work due to care responsibilities (112 days)
 - Delay in planned recruitment (35 days)
 - Sickness (23 days)
 - Use of interim resource was suspended during quarter 1.
- Vacancies on the audit team planned for recruitment in the second half of the year will be filled at the end of June utilising fixed term contracts until year end. This will ensure flexibility to ensure team resources can be reviewed against need once 'new normal' operations have settled. Recruitment of two fixed term audit professionals is currently underway.
- Interim audit resource will also be used to support the plan in the shorter term.
- Recruitment to a Data Analyst role and an Intelligence Officer role originally planned for early in quarter 1 will now be filled effective by the end of July.
- The work to bring on board an Internal Audit Strategic Partner will commence towards the end of quarter 1.

3.2 In total, the above assumptions will see the Internal Audit and Counterfraud resource reduce from that originally planned by approximately 660 days. However, significant areas of work not planned prior to the pandemic have been completed. The need for this will continue through and beyond quarter 1.

3.3 The Q4 Corporate Risk Report has also identified a number of increasing or new risks that require consideration for audit review.

4. Plan amendments

4.1 The revised 2020/21 internal audit plan is attached at Appendix 1.

Assurance Plan Amendments:

4.2 The assurance plan has been reviewed to:

- include new assurances required regarding the Council's approach to the emergency response or newly emerging risks for the council
- remove areas not essential to the delivery of the annual audit opinion (mainly the consultancy section of the plan)
- remove areas where the pandemic response impact is likely to have significantly affected delivery of business as usual objectives
- amend the coverage of areas which still require review but potentially to a different extent than that originally planned given the impact of Covid-19.

4.3 The proposed Amendments to the plan are detailed below.

- **Additions to the Plan**
 - Financial Sustainability
 - Strategic Planning
 - Care Homes – Supplier Resilience
 - Covid19 Response Arrangements Assurance Review
 - Covid-19 Response Advice – Policy and Procedure Amendments

- **Deletions from the Plan**

- *Governance:*
 - Ethical Framework.
 - Business Continuity.
- *Risk Management*
 - Homelessness
 - Health and Safety
- *Financial Control and Value for Money*
 - Car Parking Income
 - Housing Rent Collection
 - Accounts receivable
 - Care Debt
 - Home to school transport
- *Information Governance and IT*
 - NHS Toolkit
 - Information Management
 - Azure Environment
- *Consultancy Programme:*
 - Financial Management Code
 - Community Safety
 - Public Health Assurance Dashboard
 - Accounts Close down
 - Asset Management plan

- **Revised/amended scope:**

- Reduced Schools programmed coverage
- Reduced Capital Projects and Programmes coverage
- Refocused commissioning and procurement reviews

Counter Fraud Plan Amendments:

4.4 The Counter Fraud Plan has been reviewed to include:

- development of a fraud risk assessment relating to the emergency measures being implemented by the Council and working with management to understand and appropriately manage those risks.
- working with the Council's Revenues and Benefits Teams to advise on arrangements for payment of the emergency Business Rate Grant funding and hardship funds.
- completion of pre and post payment fraud checks on the emergency business grants distributed.
- increased fraud testing in accounts payable post emergency.
- increased time for responsive investigation referrals in anticipation that levels of fraud against the Council will increase both during and after the pandemic as economic and financial impact of the crises response is felt across the region.

4.5 Areas removed from the plan include:

- Working with schools and registered housing providers to encourage them to participate in the National Fraud Initiative exercise.
- Fraud testing of housing systems (audit work is planned in this area and will take priority)
- Enhance housing application fraud checking. (Current checking regimes will remain.)

4.6 Revised/amended scope

- Tenancy fraud proactive and investigative work will be completed but quarter 1 of this programme has been significantly impacted. This includes proactive work on multi-storey blocks which will likely be completed later in the year only.
- Work to support the DWP on benefit fraud (and BCC Council Tax Reduction fraud) will be reduced during the first half of the year as the DWP focus on assessment of benefit claims in priority to fraud investigation.

5. Conclusion

- 5.1 This annual audit plan reflects the current assurance requirements of the Council based on the known and emerging risks. However, the current Covid19 pandemic makes the operating environment difficult to predict. It is therefore inevitable that the Council's risk profiles will continue to change as the year progresses so this plan will need to be reviewed regularly.
- 5.2 The Covid-19 has impacted the Council and the City in many different ways so it is important that the organisation, including Internal Audit, find more innovative ways to deliver services effectively and efficiently. In this context, Internal Audit will speed up its development activities around audit automation and increased use of data analytics tool. In addition, Internal Audit will work with colleagues across the Council to understand management assurance arrangements in place as reliance on other sources of assurance is key to the delivery of the Council's overall assurance.
- 5.2 This plan will be reviewed in September 2020.

Audit Committee

28 May 2020



Report of: Director of Finance

Title: Statement of Accounts Year Ended 31 March 2019

Ward: City Wide

Officer Presenting Report: Denise Murray

Contact Telephone Number: 0117 3576255

Recommendation

1. **That Audit Committee notes the amendment to the Annual Governance Statement for 2018/19 (pages 34 – 65 of the Statement of Accounts).**
2. **Audit Committee approves the Statement of Accounts for the year ended 31 March 2019.**

Summary

This report should be considered alongside the final ISA260 report being presented by the Council's external auditor.

The Statement of Accounts sets out the Council's financial position as at the 31 March 2019 along with a summary of its income and expenditure for the year to 31 March 2019. The financial statements are the main method of demonstrating financial accountability and stewardship.

The audit identified the requirement for two further disclosure notes to the accounts. These relate to Post Balance Sheet Events concerning COVID-19 and Group financial position. Both have been agreed and incorporated into the revised Statement of Accounts attached at Appendix A. The Annual Governance Statement also contains an additional note on page 55 relating to the Group financial position.

Policy

None affected by this report.

Consultation

- 1. Internal**
Executive Members and senior management
- 2. External**
The draft accounts were available for public inspection.

Background and Context

1. Audit Committee last considered the draft accounts at its meeting of the 20 January 2020 but at that time the external auditors were not in a position to issue the final ISA260 report.
2. The Council's Statement of Accounts has been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) which is based on International Reporting Standards (IFRS). This is necessary to ensure that accounts of all Government funded bodies provide comparable and consistent information.
3. Consequently the accounts are a complex and technical document. The Narrative Report at pages 7 to 21 of the Statement aims to provide a general guide to the items of interest and highlight some of the more significant matters that have determined the position for the financial year ending 31 March 2019.
4. The External Auditors, Grant Thornton, propose to issue an unqualified audit opinion on the Council's financial statements and have confirmed that they are free from material error. Prior to approving the accounts the Auditor requires that the Audit Committee considers the matters raised in the Annual Governance Statement for 2018/19. The Committee considered and agreed the Annual Governance Statement for 2018/19 in July 2019. Since that time an addition has been required to the Statement to reflect the post balance sheet event detailed below. The addition to the statement is on P 65 in section 6 at the end of the Annual Governance Statement – the final paragraph just above the signatures.
5. The Audit has identified a disclosure requirement for two post balance sheet event notes since the draft accounts were last presented to Audit Committee.

These have been agreed with the Auditor and these have been incorporated into the revised Statement of Accounts attached at Appendix 1.

6. Post balance sheet events occur after the balance sheet date of 31 March. As such there is no requirement to amend the financial statements. However we have added additional narrative to the accounts.
7. The first relates to the potential impact of the COVID-19 virus on the Council's financial position. The second is around the Group financial position.
8. Attached at Appendix 2 is the Letter of Representation. This is provided by the Council in connection with the audit of the financial statements for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

Other Options Considered

Not applicable

Risk Assessment

The Statutory Accounts need to be formally published as soon as practicable. This report, together with the Annual Governance Statement, forms part of the assurance process.

Public Sector Equality Duties

None necessary for this report

Legal and Resource Implications

Legal

None arising from this report

Financial

None arising from this report.

Land

Not applicable

Personnel

Not Applicable

Appendices:

Appendix 1 Statement of Accounts 2018/19

Appendix 2 Letter of Representation

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Final Accounts working papers held in Corporate Finance

Audit Committee

28 May 2020



Report of: *Grant Thornton UK LLP*

Title: *Grant Thornton ISA 260 Report*

Ward: *City Wide*

Officer Presenting Report: *Grant Thornton UK LLP*

Note: There is a separate exempt section of this report later on the agenda.

Recommendation

The Audit Committee note, and comment as appropriate, on Grant Thornton's Audit Report for 2018/19 and the action plan agreed by management.

Summary

Attached to this report is Grant Thornton's Audit Report to those charged with governance, which highlights the key issues arising from the audit of the Council's financial statements for the year ended 31 March 2019 to date. This report enables Grant Thornton to discharge their responsibilities in accordance with International Standards of Auditing (ISA) 260. It also reports their conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Grant Thornton have issued an unqualified audit opinion both on the Council's financial statements and VFM conclusion.

A number of recommendations have been made to management with regards to improvements required. Management responses to these recommendations have been provided as set out in the Action Plan within the report.



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

Grant Thornton have discussed and agreed the findings of the audit with the the Director of Finance and with Senior Finance Officers.

2. External

None

Background and Context

1. Grant Thornton is required to form an opinion on the Council's annual financial statements and to provide a value for money conclusion. This report sets out the outcomes of the audit of the Council's financial statements and the issues arising.
2. Jon Roberts will be attending the Committee and will be pleased to answer Members' questions.

Other Options Considered

Not applicable

Risk Assessment

None necessary for this report

Public Sector Equality Duties

None necessary for this report

Legal and Resource Implications

Legal

None arising from this report

Financial

None arising from this report.

Land

Not applicable

Personnel

Not Applicable

Appendices:

Appendix 1: Grant Thornton's Audit Report 2018/19

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None

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

Document is Restricted

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

Document is Restricted

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

Document is Restricted

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

Document is Restricted