

Audit Committee Agenda



Date: Tuesday, 8 March 2022

Time: 2.00 pm

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

Distribution:

Councillors: Andrew Brown, Tony Dyer (Vice-Chair), Marley Bennett, John Geater, Zoe Goodman, Katy Grant, Jonathan Hucker, Farah Hussain, David Wilcox, Adebola Adebayo and Simon Cookson

Copies to: Simba Muzarurwi (Chief Internal Auditor), Mike Jackson (Chief Executive), Denise Murray (Director - Finance & Section 151 Officer), Nancy Rollason (Head of Legal Service), Glenn Hammons, Husinara Jones, Alison Mullis, Tony Whitlock, Lucy Fleming (Head of Democratic Engagement) and Michael Pilcher (Chief Accountant)

Issued by: Allison Taylor, Democratic Services
City Hall, PO Box 3399, Bristol BS1 9NE

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

Date: Monday, 28 February 2022



Agenda

1. Welcome, Introductions and Safety Information

(Pages 4 - 6)

2. Apologies for absence.

3. Declarations of Interest

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

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

4. Minutes of Previous Meeting

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

(Pages 7 - 18)

5. Action sheet

(Page 19)

6. Public Forum

Up to 30 minutes is allowed for this item.

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

Questions - Written questions must be received 3 clear working days prior to the meeting. For this meeting, this means that your question(s) must be received in this office at the latest by 5 pm on **2 March**.

Petitions and Statements - Petitions and statements must be received on the working day prior to the meeting. For this meeting this means that your submission must be received in this office at the latest by 12.00 noon on **7 March**.



7. Work Programme

To note the work programme.

8. Grant Thornton ISA 260 Report

Appendix to follow

(Pages 20 - 22)

9. Statement of Accounts 20/21

Appendix to follow

(Pages 23 - 26)

10. Accounting Policies 2021/2022 & 2022/23

(Pages 27 - 48)

11. Internal Audit Exception Report

(Pages 49 - 54)

12. Review of External Inspections of Council Services 2021/22

(Pages 55 - 80)

13. Contract Management Progress Update

(Pages 81 - 90)

14. Annual Governance Statement 2020/21 Actions Tracking Update

To Follow

15. Annual Whistleblowing Update

(Pages 91 - 96)

16. Internal Audit Draft Plan 2022/23

(Pages 97 - 111)



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 www.bristol.gov.uk.

Changes to how we hold public meetings

Following changes to government rules, public meetings including Cabinet, Full Council, regulatory meetings (where planning and licensing decisions are made) and scrutiny will now be held at City Hall.

COVID-19 Precautions at City Hall (from July 2021)

When attending a meeting at City Hall, COVID-19 precautions will be taken, and where possible we will:

- Have clear signage inviting you to check in to the venue using the NHS COVID-19 app or record your contact details for track and trace purposes.
- Provide public access that enables social distancing of one metre to be maintained
- Promote and encourage wearing of face coverings when walking to and from the meeting
- Promote good hand hygiene: washing and disinfecting hands frequently
- Maintain an enhanced cleaning regime and continue with good ventilation

COVID-19 Safety Measures for Attendance at Council Meetings (from July 2021)

To manage the risk of catching or passing on COVID-19, it is strongly recommended that any person age 16 or over attending a council meeting should follow the above guidance but also include the following:

- Show certification of a negative NHS COVID-19 lateral flow (rapid) test result: taken in the 48 hours prior to attending. This can be demonstrated via a text message or email from NHS Test and Trace.
- An NHS COVID-19 Pass which confirms double COVID-19 vaccination received at least 2 weeks prior to attending the event via the NHS App. A vaccination card is not sufficient.
- Proof of COVID-19 status through demonstrating natural immunity (a positive NHS PCR test in the last 180 days) via their NHS COVID-19 pass on the NHS App.
- Visitors from outside the UK will need to provide proof of a negative lateral flow (rapid) test taken 48 hours prior to attendance, demonstrated via a text message or email.

Reception staff may ask to see this on the day of the meeting.

No one should attend a Bristol City Council event or venue if they:

- are required to self-isolate from another country
- are suffering from symptoms of COVID-19
- have tested positive for COVID-19 and are requested to self-isolate



Members of the press and public who wish to attend City Hall are advised that you may be asked to watch the meeting on a screen in another room due to the maximum occupancy of the venue.

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.

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

Public Forum

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

The following requirements apply:

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

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

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

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



During the meeting:

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

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

Webcasting/ Recording of meetings

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

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



Bristol City Council Minutes of the Audit Committee

23 November 2021 at 2pm



Members Present:-

Councillors: Gary Hopkins (Chair), Tony Dyer (Vice-Chair), Marley Bennett, Zoe Goodman, John Geater, Katy Grant, Jonathan Hucker, Farah Hussain, David Wilcox.

Independent Members of the Committee: Adebola Adebayo and Simon Cookson

Officer Attendees

Denise Murray – Director of Finance, Tim O’Gara – Director Legal and Democratic Services, Simba Muzarurwi – Chief Internal Auditor, Alison Mullis – Deputy Chief Internal Auditor, , Allison Taylor – Democratic Services.

Guest Attendees: -

Jon Roberts – Grant Thornton, Phil Eames – Audit Manager, Louise Lee – Investigations Manager, Malcolm Harding (Internal Audit – KPMG) Donald Graham – Interim Director Homes and Landlord Services, Zara Naylor – Service Manager Responsive Repairs, Stephen Beat – Head of Service - Adults, Theresa Jones – Head of applications and digital.

1 Welcome, Introductions and Safety Information

The Chair welcomed all parties to the meeting and introductions were made.

2 Apologies for absence.

None.

3 Declarations of Interest.

Councillor Dyer declared that since the last Audit Committee he had become the Chair of OSMB and with this role he had also become an independent observer on the Shareholder Group.

4. Chair’s Business.

The Chair referred to an interview Councillor Cheney had recently done with The Bristol Cable and had been reported on the Bristol247 website and had been circulated to the Committee in advance of the meeting. He had found some comments surprising and suggested that he would write to Councillor Cheney and ask him to comment on its accuracy. The Committee was supportive of this and it was agreed that the Chair draft a letter to be circulated to the Committee for comment before sending to Councillor Cheney.



The representative from Grant Thornton was not in a position to comment as he had not yet seen the article.

Resolved – That the Chair send a letter to Councillor Cheney requesting his comments on the accuracy of the recent interview he had done with The Bristol Cable.

5. Minutes of Previous Meeting.

RESOLVED – that the minutes of 27 September be approved as a correct record and signed by the Chair.

6. Action Sheet.

This was noted.

7. Public Forum

It was noted that Public Forum Statements and Questions would be considered at the beginning of the respective item to which they related.

8. Work Programme.

This was noted.

9. Update regarding management actions in relation to Grant Thornton and Shareholder Governance Review Recommendations - November 21.

The Director – Legal and Democratic Services and the Director – Finance introduced the report with the following key points:-

1. This report was the latest update on two Grant Thornton reports on value for money audit findings and a review of governance arrangements for BCC subsidiaries published in January 2021. Following on from the reports a Cross-Party Working Group was set up to examine how recommendations arising from the report would be implemented by officers;
2. A second grant Thornton report on BCC governance arrangements was considered by this Committee at its last meeting;
3. In parallel the Shareholder Group commissioned Fiona Ross, Independent Shareholder Advisor and member of the Shareholder Group to undertake a review of the entire governance structure pertaining to the management of its wholly owned companies and was Appendix K to this report;
4. A lot of work had been done to address the original value for money report by taking forward management actions based on the recommendations in the report;
5. The second value for money report addressed wider Council activities and made 5 recommendations 2 of which were high risk; the dedicated school grant deficit and the capital budget setting. There was longer term work to drive improvements for these activities.

Questions were invited and the following points arose:-



1. The DfE had been happy with the progress on the Dedicated School Grant and the management plan would be considered by the School's Forum on 30 November;
2. The latest briefing was that the voluntary liquidation of Bristol Energy was 9% crystallised. Officers were confident that the final figure would be as indicated and there was low risk of this not being the case. The Chair requested that there be regular reports back on this matter to the Committee and asked for assurance that if there was a danger of the final figure being outside of the indicative figure this would be reported to the Audit Committee and he was assured of this.

Resolved – That the following items be noted by the Audit Committee :-

1. **The management actions update in relation to the second Grant Thornton report entitled “Report concerning the governance arrangements for Bristol Energy”.**
2. **The recommendations of the Shareholder Governance Review, and associated management actions update.**
3. **The management actions update in relation to the Grant Thornton report entitled “Value for Money Audit Findings for Bristol City Council”.**

10. External Audit Plan.

The representative from Grant Thornton (GT) stated that the report was later than normal as GT had needed to prioritise work on Bristol Energy. GT had provided an initial assessment and reported this to Audit Committee in the Summer.

The following points arose from questions:-

1. The Redmond report on the effectiveness of external audit and transparency of financial reporting in local authorities and the PSAA seeking to make improvements to systems leadership have meant that the world of audit had made improvements. This was reflected in the extra work now done on estimates, property investments and journals;
2. The estimates would become firm figures when reported back to this Committee in January 2022;
3. The Audit Committee was required to have a high level of detail in order to determine what went into the Statement of Accounts but GT was comfortable that processes and the framework could be approved without the Committee being experts in those matters;
4. The PSAA were responsible for appointing external auditors for local authorities by tendering on a local basis. They do consult the local authority before appointing. This new process was an improvement as it made the relationship with the local authority fully independent.

Resolved – That the report be noted.

11. Audit Committee Half Year report to Full Council (draft).

The Deputy Chief Internal Auditor stated that the report was in line with the Terms of Reference of the Audit Committee requiring the Committee to highlight key issues to Full Council half-yearly.

The following points arose from discussion:-

1. Councillor Dyer was confident that the report covered the key issues and in particular highlighted Bristol Energy governance and was confident that officers had worked with External Audit and



- Internal Audit to provide a consistent response;
2. It was noted that adult safeguarding work would be reported in the Annual Report to Full Council;
 3. Independent Member Simon Cookson reported a typo at page 143 of the Appendix to the report. He also suggested that the reports received at this meeting at item 9 concerning Value for Money for the subsidiaries could be highlighted at the Annual report to Full Council if necessary.
 4. Councillor Hucker was content that the report reflected the key issues.

Resolved - That the half-yearly report to Full Council be approved.

12. Debt Management Policy.

Councillor Wilcox was invited to ask a supplementary question in relation to the response he received to his Public Forum question on this report. The question and response was as follows :-

Q – Is the Council using bailiffs to retrieve money from council tenants?

A – There are statutory pathways for collection of unpaid monies and the Council aimed to reduce the need to use enforcement action whenever it could but there were always times when it was required. There were, therefore, potentially occasions where bailiffs might be used.

The Operations Manager Revenues summarized the report and invited questions. The following points arose from discussion :-

1. It was agreed to provide Councillor Wilcox with details concerning the numbers of times bailiffs have been used and for what type of debt. It was noted that there was no cost to the Council as their services were recovered from the customers;
2. It was noted that a report on Enforcement action would be considered by Cabinet in January and the Chair asked for early sight of this;
3. It was confirmed that each debt was treated on its own merits and both statutory and non-statutory letters were used to engage with customers. It was not possible to use housing benefit data. It was difficult to determine if customers were vulnerable and it required them to engage;
4. In reference to para 9.4 of the draft policy – it was reported that a care leaver was considered vulnerable up to the age of 25 as this was the definition of a young person. It was important to support these individuals in understanding their obligations;
5. Customers who had multiple sources of debt were supported with specialist debt advice;
6. It was noted that Cabinet had approved the creation of an ethical debt policy but officers had not been in a position to progress this until now due to the pandemic;
7. An implementation plan had yet to be developed;
8. The Director – Finance had delegated authority to refresh the policy if necessary for legislative or minor changes. Anything more significant would be considered by Cabinet.

Resolved - That the draft Corporate Debt Management Policy be noted.

13. Treasury Management Mid-Year Report.

The Public Forum question from Councillor Hucker and its response were noted. There was no supplementary question.



The Principal Accountant summarized the report and invited questions and the following point arose:-

1. A Councillor had been unable to find the Council's Ethical Investment policy on the BCC website so asked that it be sent to him. It was noted that it was currently under review and the subject of a Scrutiny Task and Finish Group whose recommendations would go to Cabinet and Full Council.

Resolved - That the Mid-Year Treasury Management report for 2021/22 be noted.

14. Internal Audit Half Year audit including summary audit reports.

The Chief Internal Auditor introduced the report stating that KPMG colleagues and officer colleagues were in attendance to present on audit reviews where there was a 'limited' level of assurance. He added that there had been good progress in implementing agreed management actions arising from internal audit reports. The report also sought the Committee's approval of the amendments to the 2021/22 Audit Plan. He invited questions and the following points arose:-

1. Reference was made to the companies' governance and asked for the rationale when this would be looked at again. The Chief Internal Auditor advised the area has been reviewed by the External Auditors and there was a separate external governance review commissioned by the Council during the year. The governance of companies would be reviewed next year as part of the 2022/23 internal audit plan.
2. It was confirmed that staffing resources had improved and it was proposed to remove 5 reviews from the plan so that there was adequate capacity to undertake existing reviews;
3. Page 211 – clarification required as to whether there were 22 or 23 grant certifications;
4. The safeguarding report was not included as it was a review from last year but the work had not been done until this year;
5. It was explained that 'N/A' was shown where work had been undertaken but no opinion was required.

The Committee then heard from the Audit Manager and relevant Senior Service Manager.

Appendix 2 – Responsive Repairs.

Internal Audit Findings.

There had been a limited assurance conclusion as the integrated housing management system was not being fully used to record costs and manage the activities of the service. The Director of Housing had a detailed dialogue with Internal Audit and it was agreed that a full procurement exercise should be carried out to ensure that the service had the best available suite of IT solutions. The service has provided fifteen detailed management actions to mitigate the eight main audit findings as set out in the report. Pending any IT solutions, the service would retain the use of Civica CX and explore how to maximize functionality.

Points arising from questions to Housing Management.

1. Assurance was given that repairs would be completed in a timely manner although it was noted that Covid had impacted on this. There had also been an increase in prices and inflation as a result of Covid and this had had a consequent increase in costs;
2. It was confirmed that there was a requirement for an effective IT system and it was hoped to build in quality control by developing a transactional arrangement with the customer so that they could report that work had been done satisfactorily;



3. It was confirmed that the IT Solution report was planned to be considered at Cabinet on 14 December;
4. Civica CX was managed by the housing team with corporate IT support. It was acknowledged that corporate IT did not have the skills to drive the plan forward so IT Consultants would be procured for a year to drive the plan forward to the satisfaction of Internal Audit, Housing and Corporate IT.

Appendix 3 – Adult Safeguarding.

Internal Audit Findings.

1. Internal Audit provided an opinion of “limited” assurance due to some improvements required around administration with particular emphasis on capturing “safeguarding concerns” and “safeguarding events” and timeliness of actions in progressing to a resolution along a clear pathway;
2. Although there were weaknesses in the processes, the audit did not identify any significant safeguarding incidents;
3. The findings recognise the key role Adult Social Care has had in the Council’s response to the COVID-19 pandemic;
4. Management had accepted the findings and worked closely with auditors to focus on a way to record activities and duties under the care act in a responsive and timely manner. The non-attendance of some agencies at the Keeping Bristol Safe Partnership had been addressed going forward but it was noted that this had been in the context of the Pandemic.

Points arising from questions to Adult Safeguarding Management.

1. It was acknowledged that the Liquid Logic Management System had some fixed elements that could not be changed so the Power B1 Database, which was a recording system used by Liquid Logic, was now being used in order to interpret data in real time and could be drilled down into by teams and individual workers;
2. The audit findings had been shared with the Keeping Bristol Safe Partnership and other organisations concerned.

Appendix 4 – IT Resilience.

Internal Audit Findings.

1. The review’s scope focused on leadership and governance, back-ups and recovery, incidence response planning and remote working;
2. Internal Audit obtained limited assurance that effective internal control and risk management measures were in place;
3. The review’s outcome produced 6 high priorities and 2 medium priority findings;
4. Leadership and Governance – the business continuity plan was out of date and had not been refreshed since 2015 and did not address the IT structure;
5. There was no IT disaster recovery planning and business impact assessments had not been carried out;
6. Back-ups and recovery – the level of replications could lead to outages if there is not sufficient back-ups in place;
7. Incident Response Planning – the corporate response did not include IT services and there was no separate plan owned by IT Services;
8. Remote working – It Services had made significant efforts to provide BCC staff with the infrastructure to work from home and the on-going testing had not been completed.



Points arising from questions to IT Services Management.

1. Management accepted the findings of the review and a plan had been developed to ensure that management actions were implemented within agreed timescales;
2. As part of the IT Transformation Programme the introduction of new servers on site would improve disaster recovery systems;
3. A report in January would provide a more accurate picture of timeframes for the management actions;
4. A member was assured that if there was still limited assurance the matter would come back to January Committee but if the opinion improved to satisfied then it would not come back;
5. It was noted that the two data centres were very close to each other and should there be a disaster it could impact them both. It was confirmed that there was a centre in Harrogate for disaster recovery but the main focus was to have critical systems on the cloud;
6. There were a couple of shared drives and the GIS system which were legacy kit and would be moved over in Spring 2022;
7. The Director of Legal and Democratic Services noted that IT Resilience was in the red category for risk and there were some sensitive issues which it would be prudent to hear about in confidential session for members. This was agreed.

Resolved –

1. **That the work of the Internal Audit team during the period of 1st April to 31st October 2021, and the results thereof be noted;**
2. **That the proposed amendments to the 2021/22 Internal Audit Plan be agreed.**

15. Counter Fraud Update Report.

An Audit Manager introduced the report and summarized key aspects of work undertaken and invited questions and the following points arose :-

1. Pupil Tracking Requests referred to children missing from education. The team dealt with these in order to establish whether children were being home schooled and if there were safeguarding issues. Sometimes families had moved abroad and left social housing empty;
2. Fraud Awareness week was currently being promoted on the Source.

Resolved - That the Counter Fraud Update report for the period of 1st April to October 2021 be noted.

16. Internal Audit Quality Assurance Improvement Programme.

The Public Forum question from the Chair and its response were noted. There was no supplementary question.

The Chief Internal Auditor summarized the report and invited questions. There were none.

Resolved - That the following be approved:-

- (i) the Internal Audit Quality Assurance and Improvement Programme (QAIP) – Appendix 1;**
- (ii) the Internal Audit Charter – Appendix 2; and**



(iii) the Internal Audit Strategy.

The meeting ended at 4.25pm

17 Date of Next Meeting

The next meeting is scheduled to be held on 31 January 2022

CHAIR _____











Audit Committee Action Sheet – actions from meeting held on 23 November 2021

Action number	Item/report	Action	Responsible officer(s)	Action taken / progress
1	Chair's Business	To circulate for comment draft letter from Chair to Cllr Cheney regarding the recent interview reported in Bristol Post and B247 on Bristol Energy	Allison Taylor	Email circulated to Committee 25/11 and Cllr amendments incorporated. Formal Email sent to Cllr Cheney 26/11 Cllr Cheney's response received and circulated to the Cttee 8/12
Page 2 19	10 – Audit Committee Half year report to FC	To append GT reports to Audit Cttee from Jan & Sept 21 and management actions/progress report to Audit Cttee from Nov 21	Tim O'Gara	Sent to Alison Mullis 24/11 and appended to the report for FC
3	12 – Treasury Management Mid-year report	To circulate the Ethical Investment Policy to the membership.	Jon Clayton	Sent to Allison Taylor who circulated to the Committee 24/11
4	13 – Internal Audit Half year audit report	Page 211 – query re 22 or 23 grants – to be amended accordingly	Simba Muzarurwi	Complete – internal copy of report amended. '22 grant claims to the value of approximately £17.1m were certified' is the correct position at the time of the half year report.
5	13 – Internal Audit Half year audit report	Summary Audit – IT Resilience – To arrange a private briefing for the Committee	Tim O'Gara	Completed.

Audit Committee

8 March 2022



Report of: *Grant Thornton UK LLP*

Title: *Grant Thornton ISA 260 Report*

Ward: *City Wide*

Officer Presenting Report: *Grant Thornton UK LLP*

Recommendation

The Audit Committee note, and comment as appropriate, on Grant Thornton's Audit Report for 2020/21 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 2021. This report enables Grant Thornton to discharge their responsibilities in accordance with International Standards of Auditing (ISA) 260. It also reports that their work on Value for Money will be reported within the NAO's designated three month period following completion of the financial statements audit.

There are a number of items under review, but Grant Thornton intends to issue an unqualified audit opinion on the Council's financial statements.

A number of recommendations have been made to management with regards to improvements required. Management responses to these recommendations are currently under consideration and will be distributed to Members of the Committee shortly.



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 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 2020/21

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None

Audit Committee

8 March 2022



Report of: Director of Finance

Title: Statement of Accounts Year Ended 31 March 2021

Ward: City Wide

Officer Presenting Report: Denise Murray

Contact Telephone Number: 0117 3576255

Recommendation

1. Audit Committee approves the Statement of Accounts for the year ended 31 March 2021.

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 2021 along with a summary of its income and expenditure for the year to 31 March 2021. The financial statements are the main method of demonstrating financial accountability and stewardship.

Grant Thornton have substantially completed their audit work on the financial statements, and subject to the resolution of outstanding queries, anticipate issuing an unqualified audit opinion. The audit has identified a number of adjustments to the accounts since the draft Statement was last presented to Members on 25 July 2021. These are summarised in this report.

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 considered the draft accounts at its meeting of 25 July 2021. There have been a number of corrections and technical adjustments made to the Statement since its last publication and these are detailed in paragraph 4 below.
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 2020/21 (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. The annual accounts presented for approval have been audited by the external auditors, Grant Thornton, who have reviewed and undertaken significant testing of the financial statements and processes to complete them to ensure they have been prepared in line with regulatory and statutory requirements. Their findings and opinion on the accounts are reported separately as part of their findings report to Audit Committee.
4. The External Auditors, Grant Thornton, propose to issue an unqualified audit opinion on the Council's financial statements. There remain a number of outstanding matters under consideration. Prior to approving the accounts the Auditor requires that the Audit Committee considers the matters raised in the Annual Governance Statement for 2020/21.
5. The Audit has identified several changes to the draft accounts previously circulated. Besides several minor corrections and updates to disclosure notes there are three adjustments impacting on the financial statements,
 - I. The Government are entitled to a proportion of the capital receipts accruing to the Council as a result of the right to buy scheme. In 2020/21 this

amounted to £2.1m. Officers identified an error in the accounting treatment and amended this to correctly reflect the balance outstanding as a creditor in the balance sheet.

II. Market indices are used by the Council's valuation officers to value the Council's dwelling portfolio. These indices are accurate at the point the draft accounts are produced but an exercise is undertaken each year by the External Auditor to ensure no material changes have occurred to those indices which would alter the valuation in the accounts. For 2020/21 the application of more up to date indices resulted in a reduction of £20.5m in the valuation of council dwellings. As this was material, a change has been made to the accounts.

III. For presentational purposes the Council has split the cash and cash equivalent entries in the balance sheet between cash in hand and cash overdrawn. As at the 31 March the Council had a technical overdraft of £20.7m. This reflects the fact that BACs payments, although uncleared, had been actioned by the Council on the 30th and 31st March. This money had not yet left the Council's bank account but had been correctly reflected as such in the financial system. The payments then cleared after the end of the financial year.

7. The post balance sheet event note has been updated to reflect the winding up of Bristol Energy.

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 2020/21 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 2020/21

Appendix 2 Letter of Representation

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Final Accounts working papers held in Corporate Finance

Audit Committee

8 March 2022



Report of: Director of Finance (Section 151 Officer)

Title: Accounting Policies 2021/2022 & 2022/23

Ward: City Wide

Member Presenting Report: Denise Murray

Recommendation

The Audit Committee approve the proposed Accounting Policies for 2021/22 and 2022/23.

Summary

This report summarises the main contents of the accounting policies adopted by the Council and the required changes for 2021/22 and 2022/23 to ensure the accounts are prepared in accordance with accounting regulations. Any changes to accounting regulations may require the policies to be changed further. However, none are anticipated at this stage. Any significant changes to the 2021/22 policies will be highlighted to the committee in the Statement of Accounts report later in the year.

The significant issues in the report are:

- The accounting policies applicable to the financial year 2021/22 and will be reflected in the published Statement of Accounts. These policies will also provide the basis for the 2022/23 policies. The Leasing Standard IFRS 16 is due to be adopted on 1st April 2022 by Local Government, replacing the previous Standards IAS 17 Leases. IFRS 16 introduces a single lessee accounting model; requiring a lessee to recognise assets and liabilities for leases with a term of more than 12 months.
- It is best practice for Members of the Audit Committee to review the accounting policies on an annual basis. Adoption of the 2022/23 policies also means draft policies are in place for the start of the financial year to which they relate.

Policy

1. None affected by this report.

Consultation**2. Internal**

Senior Finance Officers

3. External

Not applicable

Context**4. Background**

- 4.1. The Accounting Policies for Bristol City Council (The Council) have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code for Local Authority Accounting (the Code). The accounting policies of the Council are updated annually to reflect any changes to accounting regulations.
- 4.2. This report sets out the accounting policies that will be applied during the financial years 2021/22 and 2022/23 in preparation of the Council's financial statements. The policies for both years are the same, except for leased assets. Relevant dates will be updated for the 2022/23 policies and a detailed note regarding IFRS 16 will be included.
- 4.3. The full policies are shown in appendix A. Members of the Audit Committee are invited to note these policies and make comment.
- 4.4. Unless there are major changes to accounting rules and regulation, accounting policies do not change significantly between years because the accounts would not be comparable from one year to the next.
- 4.5. The audited Statement of Accounts for 2021/22 will be presented to the Audit Committee for approval with the intention of this being held later in the year. The accounting policies statement will be included within the accounts and any changes made during the closedown programme and/or audit will be highlighted and explained by officers.

5. Purpose of Accounting Policies

5.1. The Code of Practice for Local Authority Accounting defines accounting policies as

“The specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.” (Paragraph 3.3.2.1 of the Code.)

5.2. The accounting policies currently adopted by the Council are in line with the accounting concepts of best practice set out below:

- **Relevant** – to the decision-making needs of users by providing appropriate information on the stewardship of Authority monies.
- **Reliable** – financial information can be relied upon and is free from bias and error, within the bounds of materiality and has been prudently prepared.
- **Allow comparability** – the interpretation of financial reports is enhanced by being able to compare information across other accounting periods and other organisations.
- **Understandable** – though financial reports must contain certain information; they must be understandable.
- **Reflect material information** – significant transactions must be incorporated in the financial reports.
- **Prepared on a going concern basis** – the assumption that the authority will continue in operational existence for the foreseeable future.
- **Prepared on an accrual’s basis** – accounts are prepared to reflect the benefit of goods and services received and provided rather than when cash transactions occur when invoices are paid in a later accounting period.

6. Contents of Accounting Policies

6.1. Appendix A contains all the Council's accounting policies. The more significant policies cover the treatment of the following:

- **Property Plant and Equipment** – the basis for valuing major long-term assets, such as council dwellings and offices.
- **Impairment** – The carrying value of assets is assessed at each year – end to determine whether there is an indication that the asset value has materially changed. An impairment loss is recognised for the shortfall.
- **Depreciation** – Depreciation is charged to spread the value of an asset over its useful life.
- **Provisions** – A provision is made when there is a reasonable estimate of the amount payable to settle a future financial obligation. Provisions are charged to the relevant service area.
- **Reserves** – a reserve is created for a planned future purpose or maintained as a general contingency. These are recorded separately on the Movement in Reserves Statement.

- **Accruals of Income and Expenditure** – The Council raises accruals to comply with the concept of accounting to measure when payments or receipts are due rather than where cash is transferred to settle the liability.
- **Pensions** – this policy includes the information of the three pension schemes the Council employees contribute to - teachers, health workers NHS and Local Government Pension Scheme. Also, it includes detail on the investment valuation basis used and the calculations made of future liability.

7. Changes in Accounting Policies for 2021/22

7.1. The application of most accounting policies is applied consistently from year to year. Changes are required when new accounting regulations are introduced or updated or if there is a significant change within the financial activities of the Council.

7.2. There are no material changes proposed to the accounting policies for the 2021/22 accounts.

8. Changes in Accounting Policies for 2022/23

8.1. IFRS 16 was due to be adopted on 1st April 2020 by Local Government, this standard was further delayed until the 2022/23 financial year. From 1 April 2022, all leased assets where the agreement is more than 12 months must be recognised in the balance sheet.

8.2. The transition to accounting for leases includes a significant amount of work. Planning and preparations are underway to identify all leased assets. The proposed accounting treatment will be agreed with external auditor prior to the 2022/23 closedown.

8.3. This is expected to have little impact on the Council's financial statements. No material changes to the 2022/23 policies are expected.

9. Accounting Standards that have been issued but have not yet been adopted

9.1. For 2021/22, the accounting policy changes that need to be reported will be confirmed in the year-end CIPFA Bulletin issued under the guidance of The Local Authority Accounting Panel LAAP46. Any significant changes to the policy will be highlighted to the committee.

Proposal

10. Members of Audit Committee to review and consider the accounting policies outline in this report. Any significant changes during the closedown and/or audit will be highlighted to the committee in the Statement of Accounts report later in the year. At present, there are no material changes to the accounting policies proposed for both financial years 2021/22 & 2022/23.

Other Options Considered

11. Not applicable

Risk Assessment

12. Not as a result of this report

Summary of Equalities Impact of the Proposed Decision

Not applicable

Legal and Resource Implications

Legal

Not applicable

Financial

There are no direct financial implications arising from the publication or approval of accounting policies. There are no material changes to policy impacting upon the Councils financial position.

(a) Revenue

Not applicable

(b) Capital

Not applicable

Land

Not applicable

Personnel

Not applicable

Appendices:

Appendix A: Draft Accounting Policies 2021/22

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Papers held in Corporate Finance

1 Accounting Policies

(i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis.

(ii) Recognition of Income and Expenditure

Activity is accounted for in the year in which it takes place, which may not be the same year in which cash payments are made or received.

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. In local government, the generation of revenues from charges to service recipients is only a minor funding stream and contracts with customers tend to be accounted for and delivered within each financial year.

Revenue from the sale of goods and disposal of assets is recognised when the Council transfers the risks and rewards of ownership to the purchaser. Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Government grants and third-party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that the grants or contributions will be received. Where conditions attached to grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the CIES when the conditions are satisfied. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Supplies are recorded as expenditure when they are consumed. If there is a gap between the date supplies are received and their consumption, they are carried as inventories in the Balance Sheet. Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

(iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less

from the date of acquisition and are readily convertible to known amounts of cash with low risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management strategy.

(iv) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service.

(v) City Region Deal

The Council has applied the principles of IPSAS 23 'Revenue from non-Exchange transactions (Taxes and Transfers)' in accounting for the transactions and balances relating to the City Region Deal.

Growth paid to the accountable body (South Gloucestershire Council) for the Business Rates Pool (BRP) is recognised by the Council as a debtor until such point that the funds are paid out by the BRP or committed by the Economic Development Fund (EDF) to fund future EDF payments in respect of approved programmes.

- Income - Income receivable by the Council from the BRP is recognised as revenue in the year in which it occurs. The Council recognises revenue and a debtor balance to the extent that future EDF disbursements are to be received, have been committed to by the EDF, and sufficient uncommitted cash remains in the BRP to fund future payments.
- Expenditure – Expenditure is recognised by the Council on the earlier of payments being made by the BRP or where future EDF payments are committed to. Expenditure is recognised in proportion to the degree that the Council has contributed to the BRP through its growth figure and is capped at the limit of the Council's payment of growth to the BRP in this period, and any previous growth figures paid over which have not been previously paid or committed by the BRP.

(vi) Collection Fund and Local Taxation

Bristol City Council is a billing authority for local taxation and collects:

- Council tax on behalf of the Avon and Somerset Police and Crime Commissioner, Avon Fire Authority and itself.
- Non-Domestic Rates on behalf of Avon Fire Authority, the West of England Combined Authority (WECA) and itself.

The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities, central government and precepting bodies of council tax and non-domestic rates (NDR). There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. major preceptors, the billing authority and the Government).

The Collection Fund is effectively an agency account therefore income, expenditure and balance sheet transactions are apportioned between the Council, central government and precepting bodies.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

(vii) Dedicated Schools Grant

The Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2020 establish new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its school's budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. Instead, the deficit (including the accumulated deficit as of 31 March 2020) is charged to an unusable reserve the Dedicated Schools Grant Adjustment Account by a transfer from the General Fund Balance in the Movement in Reserves Statement.

(viii) Employee Benefits

Benefits Payable During Employment

Monetary benefits such as wages and salaries, paid leave and bonuses, and non-monetary benefits (for example, cars) for current employees are recognised as an expense in the year in which employees render service to the Council. An accrual is made to represent the cost of holiday entitlement earned but not taken at each year end, to meet Code and IAS requirements.

Termination Benefits

When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective Service line in the Comprehensive Income and Expenditure Statement.

Post-Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education.
- The Local Government Pension Scheme administered by Bath and North East Somerset Council.
- The NHS Pension Scheme, for Public Health employees, administered by NHS Pensions.

All the above schemes provide defined benefits to members for example retirement lump sums and pensions, earned as employees working for the Council.

However, the arrangements for the Teachers' scheme and NHS Scheme mean that liabilities for these benefits cannot ordinarily be identified for the Council. These schemes are therefore accounted for as if they were defined contributions schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The CIES is charged with the employer's contributions payable to Teachers pensions and NHS pensions in the year.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

The liabilities of the Avon Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees. Liabilities are measured on an actuarial basis discounted to present value, using the projected unit method. The discount rate to be used is determined in reference to market yields at balance sheet date of high-quality corporate bonds.

The assets of Avon Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities - current bid price.
- Unquoted securities - professional estimate.
- Unitised securities - current bid price.
- Property - market value.

The change in the net pension liability of the Council is analysed into the following components:

- Current Service Cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past Service Cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- Net interest on the net defined benefit liability/asset, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability/asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period, considering any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.
- Re-measurement of the return on plan assets – excluding amounts included in net interest on the net defined benefit liability/asset, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses - changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These changes are debited to the Pensions Reserve as Other Income and Expenditure.
- Contributions paid to the Avon Pension Fund - cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and

credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits based on cash flows rather than as benefits earned by employees.

In 2020, the Council made an up-front payment of the LGPS deficit contributions for the three years 2020/21 - 2022/23 totalling £20.430m (net of academy conversions). This payment was made April 2020. The up-front payment took advantage of the independent Actuary's calculation of the return these contributions could achieve once invested by the Pension Fund. The discount calculated by the Actuary for making the up-front payment (net of academy conversions) rather than the typical approach of monthly payments in arrears over the three-year period was £1.295m, reducing total payments from £21.725m to £20.430m. The return was judged to be far greater than could have been achieved by investing the amounts as part of the Council's Treasury Management Strategy and the approach represented good value for money for the Council.

Discretionary Benefits

The Council has restricted powers to provide discretionary post-employment benefits. Any such benefits are accrued for in the year of the decision to make the award and are charged to the Comprehensive Income and Expenditure Statement against the service in which the employees worked.

(ix) Events After The Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, which occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. In this instance, the Statement of Accounts is adjusted to reflect such events.
- Those relating to conditions that arose after the reporting period. In this instance, the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date when the Statement of Accounts is authorised for issue are not reflected in the Statement of Accounts.

(x) Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

(xi) Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. As annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument, the effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the Council's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term of the replacement loan that was used to refinance the loan against which the premium was payable or discount receivable. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified using an approach that is based on the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost.
- fair value through profit or loss (FVPL).
- fair value through other comprehensive income (FVOCI).

The Council's business model for most of its investments is to hold them to collect contractual cash flows. Financial assets are therefore classified as amortised cost. There are some exceptions, where the Council holds strategic investments to help it meet other policy objectives, such as the support of economic development in the county. This means that some investments are ones where contractual payments are

not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, from time to time the Council makes loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

In addition, the Council does have deferred payment policies where individuals are allowed to defer payment against an invoice raised by the Council, for example where the Council holds a legal charge against a property that enables sums to be reimbursed from sale proceeds later. These are like loans at less than market rates and are referred to as soft loans. If any the lost interest against the soft loan was significant then adjustments would be made to the relevant service revenue account and Balance Sheet. However, the impact on the Council's revenue account of soft loans and lost interest is not financially significant and the accounts have not been adjusted to reflect these requirements.

Expected Credit Loss Model

The Council recognises expected credit losses on all its financial assets held at amortised cost or FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed based on 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price.
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

An equity instrument can be elected to a FVOCI treatment rather than a FVPL treatment if it is not held for trading. The Council has reviewed its assets that would be measured at FVPL based on the business model and has elected to classify instruments as either FVPL or FVOCI on an instrument-by-instrument basis based on the assessed benefit to the Council from the chosen classification.

(xii) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments.
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

(xiii) Heritage Assets

The Council's Heritage Assets are predominantly on display in museum buildings and galleries in the city, held in storage or loaned out to other educational or cultural organisations.

These assets are all valued on a historic cost basis or an annual insurance valuation basis.

The Council holds numerous ancient monuments and statues which are not recognised on the Balance Sheet because of the diverse and often unique nature of the assets held and the lack of comparable market values.

There is no depreciation charge against heritage assets because it is estimated that the assets have an extended and indeterminate useful life such that any depreciation charge would be negligible. The carrying values of Heritage Assets are reviewed when there is evidence of impairments for example when an asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any reductions to the carrying value of the assets are recognised and measured in accordance with the Council's general policy on impairments.

(xiv) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (for example software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the Intangible Asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible Assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no Intangible Asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an Intangible Asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure

(xv) Interests in Companies and Other Entities

(a) Subsidiaries

Subsidiaries are all entities over which the Council has control. The Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity.

The Council's material subsidiaries are Bristol Holding Limited (which is directly held) and Bristol Waste Company Limited, Bristol Heat Networks Limited, BE2020 (formally Bristol Energy Limited) and Goram Homes Limited (all of which are indirectly held). There are no non-controlling interests.

In the single entity accounts, the Council has opted to account for its investments in subsidiaries in accordance with Chapter 7 of the Code, Financial Instruments. The investments are accordingly classified as fair value through other comprehensive income (FVPL) and are carried in the Balance Sheet at fair value. Changes in the fair value of the Council's investments in subsidiaries are recognised in Other Comprehensive Income. Impairments are recognised directly in the Surplus/Deficit on the Provision of Services.

In the group accounts, the subsidiaries are consolidated on a line-by-line basis with adjustments to eliminate intra-group transactions, balance and unrealised gains on transactions between the group entities. Where necessary, amounts reported by subsidiaries have been adjusted to conform to the Council's accounting policies.

b) Joint Arrangements

A Joint Arrangement is an arrangement of which two or more parties have joint control where the parties are bound by contractual arrangement and the contractual arrangement gives two or more of those parties joint control of the arrangement. Joint Arrangements are classified as Joint Ventures or Joint Operations.

The Council has no material Joint Ventures.

A Joint Operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Council has one Joint Operation being the West of England Local Enterprise Partnership. In respect of this, the Council accounts for:

- Its assets, including its share of any assets jointly held.
- Its liabilities, including its share of any liabilities joint held.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

(xvi) Investment Property

Investment properties are those that are used solely to earn rental income and/or for capital appreciation. The definition does not apply if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on “the highest or best price that can be obtained in the most advantageous market, in an arms’ length transaction between knowledgeable participants at the measurement date”. Investment Properties are not depreciated but are revalued annually according to market conditions at the year-end

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rental Income received in relation to investment properties is credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for sale proceeds, the Capital Receipts Reserve.

(xvii) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid

on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability.
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (for example if there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

To date the Council has not granted any Finance Leases.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (for example if there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(xviii) Minimum Revenue Provision (MRP)

The Council is not required to use Council tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

(xix) Overheads And Support Services

The Council operates and manages its support services within the Resources Directorate, and this is how these services are reported to management. The costs of overheads and support services are therefore not re-apportioned (except for ring-fenced accounts such as the HRA, Public Health and Licencing).

(xx) Prior Period Adjustments

Prior period adjustments arise because of a change in accounting policies or to correct a material error. Changes in accounting estimates are only accounted for prospectively i.e. in the current and future years which are affected by the changes, they do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices, or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change in accounting policy is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances for the current year and comparative amounts for the prior period as if the new policy had always been applied.

Where material errors are discovered in prior period figures they are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(xxi) Service Concessions

Service concessions are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. As the Council is deemed to control the services that are provided under these schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets related to these contracts and recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the contract operator are analysed into the following elements:

- Fair value of any services received during the year.
- Finance cost - an interest charge of the effective rate of interest on the outstanding Balance Sheet liability.
- Contingent rent payable under the agreement.
- Lifecycle replacement costs where applicable.
- Payment towards liability - applied to write down the Balance Sheet liability to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

(xxii) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Capital schemes above £0.25m are subject to annual review and any expenditure incurred which has not enhanced the asset's value is charged as an expense in the financial year that it is incurred. Expenditure on capital

assets totalling less than £20,000 in any single financial year is classed as de-minimis and therefore is not capitalised but charged as an expense.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure and community assets - depreciated historical cost.
- Assets under construction - historical cost.
- Dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH).
- Surplus assets – the current value measurement base is fair value, defined as “the highest or best price that can be obtained in the most advantageous market, in an arms’ length transaction between knowledgeable participants at the measurement date”.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

When decreases in value are identified, they are accounted for in the same way as an impairment.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

APPENDIX A

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for the depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, car parks, quay walls and lock gates, some Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Council dwellings - are depreciated based upon component accounting basis. In the year of disposal six-month depreciation is charged to the accounts.
- Other buildings - straight-line allocation over the useful life of the property as estimated by a qualified valuer.
- Vehicles, plant and equipment - a percentage of the value of each class of assets in the Balance Sheet.
- Infrastructure, (excluding quay walls and lock gates) - straight-line allocation over 25 years.
- Infrastructure, quay walls and lock gates in city docks are not depreciated as their economic life is beyond 100 years.

The Council applies component accounting to all assets with a net book value more than £5m - where the item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, identified components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or is decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value

of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal more than £10k are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the HRA's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

(xxiii) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place whereby the Council has a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the relevant provision. Estimated settlements are reviewed at the end of each financial year, where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the relevant service.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

(xxiv) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the

General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

The category of unusable reserves includes those reserves which are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant notes.

(xxv) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so that there is no impact on the level of council tax.

(xxvi) Schools

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 confirms that the balance of control for local authority-maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the single entity accounts of the Council (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

Schools within the Council's group fall into the following categories

- 47 Community (12 Nurseries, 30 Primaries, 4 Special and 1 Alternative Provision Site).
- 3 Foundation (2 Primaries and 1 Special).

Other types of school, such as voluntary aided and voluntary controlled schools, academies and free schools are outside of the Council's control and therefore not included in this Statement of Accounts.

(xxvii) Value Added Tax

The Comprehensive Income and Expenditure Account excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income within the Council's Income and Expenditure account.

(xxviii) Rounding Convention

Unless otherwise stated the convention used in these Financial Statements is to round amounts to the nearest thousand pounds. All totals are the rounded additions of unrounded figures, and therefore may – from time-to-time – not be the strict sums of the figures presented in the text or tables.

2 Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

The main change to the Code will be the requirements of International Financial Reporting Standard 16 – Leases adopted in the 2021/22 Code. The required date of application and the date that the Council will adopt IFRS 16 is 1 April 2022. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for most leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Whilst this is expected to have little impact on the Council, work will need to be undertaken during 2021/22 to ensure significant lease type arrangements across the Council are identified and accurately recorded. This will include a review of existing and creation of new processes for managing and recording lease arrangements.

Audit Committee

8th March 2022



Report of: Chief Internal Auditor

Title: Internal Audit – Exceptions Report

Ward: Citywide

Officer Presenting Report: Chief Internal Auditor

Recommendation

The Audit Committee notes the report.

Summary

This report provides the Committee with summary reports in respect of two areas for which internal audit work has recently been completed. The audit work in respect of the Harbour Office is included at the Committee's request. The other summary report is provided in line with routine reporting protocols where a 'limited assurance' opinion is concluded.

The significant issues in the report are:

- Follow up work in respect of a previous audit of the Harbour Office has concluded 'Reasonable Progress' has been made in the implementation of previously agreed high and medium priority management actions. A summary report is attached at Appendix 1 at the Committee's request.

- Audit work in relation to Information Asset Owner Role and Responsibilities has concluded 'limited assurance'. A summary report is attached at Appendix 2.

Policy

1. Audit Committee Terms of Reference

Consultation

2. **Internal**

Corporate Leadership Board. Relevant Senior Management.

3. **External**

Not applicable

Context

4. In January 2021, the Audit Committee received a summary report of internal audit work completed in respect of the Harbour Office. In setting its work programme for 2021/22, the Committee determined that Internal Audit follow up work in this area should be reported to the Committee to update on progress with implementation of agreed improvement actions. Follow up work has now been completed and a summary of the report is attached at Appendix 1. It concludes that reasonable progress has been made in implementing the actions agreed in December 2020 when the original audit work was completed.
5. In addition, it is standard practice for the Audit Committee to receive summary reports in relation to all internal audit work concluding 'limited assurance' or 'no assurance'. Since the last Audit Committee meeting in November 2021, an Internal Audit review of Information Asset Owners Role and Responsibilities has been completed and concluded limited assurance. A summary report is provided for the Committee at Appendix 2.
6. Relevant management will be in attendance at Audit Committee to update and respond to the Committee in these two areas.

Proposal

7. The Audit Committee notes the report.

Other Options Considered

8. Not applicable

Risk Assessment

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

Summary of Equalities Impact of the Proposed Decision

No Equality Impact anticipated from this report.

Legal and Resource Implications

Legal

Not Applicable

Financial

Not Applicable

Land

Not Applicable

Personnel

Not Applicable

Appendices:

Appendix 1 – Internal Audit Summary – Harbour Review – Follow Up

Appendix 2 – Internal Audit Summary – Information Asset Owners Roles and Responsibilities

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Various Audit Files

Background and Context

- 1.1 The first Internal Audit Harbour Review was commissioned by the former Harbour Manager and Heritage Assets Review Manager on his appointment to the role. The objective of the assignment was to undertake a review of progress to date in improving the administration in the harbour office. The audit focused on three areas:
- Review of completeness of income generating processes
 - Consideration of the application and appropriateness of the current “by-laws”
 - Review of maintenance processes.
- 1.2. In December 2020, based on the work undertaken, an overall opinion of **‘limited assurance’** on the adequacy of the arrangements regarding internal control, risk management and governance arrangements was provided. Service Management was supportive of Internal Audit work and receptive to Internal Audit findings.

Scope and Objectives

- 1.3 The scope of this Harbour Review – Follow Up focused on delivery of agreed management actions from the first review. Re-performance of much of the original testing was not possible because the previous manual records and the “not fit for purpose” Harbour Management System had been replaced.

Audit Opinion

- 1.4 Internal Audit concluded **‘reasonable progress’** in the implementation of previously agreed High and Medium priority management actions.
- 1.5 In reaching this conclusion, Internal Audit noted:
- Demonstrable improvements in the boat records with the purchase and population of a new harbour management system – Havenstar2
 - Greater certainty over fee income as all berth fees are now invoiced through ABW
 - Draft responsibilities and duties for ‘boat clubs’ are being finalised
 - Appointment of a Principal Engineer in June 2021 who is making progress in developing and delivering the Asset Management Plan.
- 1.6 There has however been a delay in completing a Harbour Operational Review, which was due to report by 31 October 2021. This was due to the difficulty in procuring an appropriate consultant to undertake the review. A new reporting deadline of 31 March 2022 has been set. Given the current challenges in the operating environment exacerbated by the Covid pandemic, some process delays were inevitable and Internal Audit acknowledge that the Harbour Operational Review was appropriately prioritised.
- 1.7 Although reasonable progress is being made it is acknowledged that some improvements will take time to embed and until all the actions including those dependent on the Harbour Operational Review are fully implemented the risks associated with the completeness of income generation, appropriateness of by-laws and effectiveness of the maintenance and refurbishment processes remain. It is therefore important that Service Management continue to prioritise the improvement initiatives in this area. Internal Audit have been assured by Service Management that the Harbour remains a key area of improvement into 2022/23 and beyond.

Key Messages and Findings:

1.8 The previous Internal Audit report had five high and four medium audit findings which generated 15 key management actions to address the weaknesses identified. Internal Audit found that five key management actions had been fully delivered, namely:

- Havenstar2 was chosen as the new Harbour Management System; after a procurement delay, the system was set up and populated by 31 October 2021
- Boat records are now recorded by berth on Havenstar2
- A Principal Engineer was appointed in June 2021
- All berth fees are now being raised through ABW and invoiced
- The Harbour Management team have recognised the importance of requesting and receiving key documents from boat owners and have, on occasions, sought further advice from Internal Audit, demonstrating a positive working relationship.

1.9 Five out of eight key management actions (excluding those relating to Asset Management) in progress were dependent upon the completion of the Harbour Operational Review, namely:

- Zoning will be looked at after the Harbour Operational Review reports
- As part of the Governance Review within the Harbour Operational Review, the Service will review how it manages its waiting lists
- Having enforceable by-laws and licence conditions has become a key output for the Harbour Operational Review
- The right level of fee income will be one of the main outputs from the Harbour Operational Review
- Formalising the arrangements with 'boat clubs' is within the Harbour Operational Review.

The three key management actions not dependent upon the outcome of the Harbour Operational Review, are:

- Amending licence conditions will prove an easier way of enforcing the boat owners' duties and responsibilities
- Management will review the responsibility of the 'boat clubs' to maintain the pontoons along with the potential liability of the Council due to continuing disrepair
- It is under consideration whether to continue to accept cash at the harbour office.

1.10 Two key management actions are in progress and ongoing concerning the development and delivery of an Asset Management Plan for the harbour over at least five years.

- An initial funding allocation of £10m has been approved by Cabinet for 2022-23 onwards; non-invasive surveys completed prior to the appointment of the Principal Engineer indicate the need for an Asset Investment of £60m and Service Management are expecting more funding will be released when further surveys are completed
- The ongoing asset surveys will also inform the Asset Management Plan; this is being developed in co-operation with Highways.

Management Response

1.11 Service Management have worked closely with Internal Audit during both reviews to further develop the delivery of the Service. There has been significant progress in implementing a series of changes within the service over the past 12 months and the Harbour Service is continuing its work to implement actions and develop the Service.

1.12 A draft of the Harbour Operational Review has been received and we are working through this to provide feedback so that it can be finalised. Once we are in receipt of the final report, we will develop a prioritised action plan which will allow us to deliver on the actions. Although not directly linked to the Harbour

Operational Review, we have decided to add into the action plan the above actions relating to amending licence conditions, enforcing boat owners' duties and responsibilities, and responsibilities of 'boat clubs' to maintain the pontoons.

- 1.13 We will also put in place a process where we can monitor progress against set timescales and measure the success for each action.

Background and Context

- 1.1 The Council collects, processes, and holds numerous items of information, including personal information. The Information Asset Owner (IAO) is key in protecting the Council's information with responsibility for understanding and managing the risk associated with holding and using the information held within their service areas. IAOs help to ensure compliance with the UK General Data Protection Regulation (GDPR) and Data Protection Act 2018 and support the Senior Information Risk Owner (SIRO).

Scope and Objectives

- 1.2 Internal Audit reviewed IAO activity at the Council against the Cabinet Office's 'Guidance on the Information Asset Owner (IAO) Role', May 2018 (The Cabinet Office Guidance), which contains mandatory elements that are expressed as "musts". Additionally, IAOs were surveyed on their understanding and application of their role and responsibilities.

Audit Opinion

- 1.3 Overall, Internal Audit obtained **limited assurance** that effective internal control and risk management measures were in place.

Key Messages and Findings:

- 1.4 The main positive findings of the review were:
- IAOs have been nominated for all services; they are Directors, so are sufficiently senior and they are aware that they have been nominated for this role
 - An Information Governance structure that accords with the Cabinet Office Guidance has been created with roles and responsibilities identified and documented.
- 1.5 The Internal Audit survey outcomes indicated, however, that IAOs do not consistently understand or fulfil their roles and there was significant non-compliance with the Cabinet Office Guidance. Many IAOs reported that they had not:
- Been provided with sufficient guidance, training, and support to enable them to understand and fulfil their role effectively
 - Established appropriate reporting arrangements
 - Provided assurance to the SIRO to support his annual report.
- 1.6 Also, key guidance for IAOs was not available on 'The Source'.

Management Response

- 1.6 The findings of the report have been accepted by management who have agreed actions to address them. These actions include the Information Governance Team:
- Providing training and increasing awareness for all current IAO's to address the guidance within the Cabinet office paper, as well as the issues raised by the Internal Audit survey
 - Adding guidance to 'The Source' and publishing draft documents/policies
 - Working with HR colleagues to ensure coverage in onboarding for new starters coming into IAO roles, so new starters are aware of their IAO responsibilities
 - Ensuring Lead Custodians/Data Custodians have been nominated and the IAOs are aware of who these individuals are in their area and how the reporting/escalation is done

- Ensuring IAOs are aware of their responsibilities around giving assurance for the Annual Governance Statement (SIRO Assurance)
- Using the recently restarted Information Governance Working Group, that is primarily made up of the Lead Custodians to improve understanding within those nominated individuals to ensure they are aware of their responsibilities
- Continuing discussions at Executive Director Meetings (EDMs) including discussions on trends and planned improvements/remediations; the reporting structure document will be reviewed and amended to provide clarity and include planned rollouts of tools such as Egress.

Audit Committee

8 March 2022



Report of: Ben Mosley – Head of the Executive Office, Bristol City Council

Title: Review of External Inspections of Council Services 2021/22

Ward: City Wide

Recommendation

Audit Committee is asked to:

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

Summary

This report provides a high-level overview of external inspection activity of council services since February 2021. It sets out key inspection findings along with arrangements for implementing any recommendations arising from them. The report also provides a summary of the outcomes of any peer reviews relating to council services which may have taken place since February 2021.

The significant issues in the report are:

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

1. Purpose

- 1.1 The purpose of this report is to inform Audit Members of the external inspections and peer review activity that has taken place since February 2021. It summarises external inspection and peer review activity and sets out any key findings and recommendations.
- 1.2 The table in appendix A outlines the inspections and peer reviews which have taken place and the lead officer responsible for implementing any recommendations identified.
- 1.3 This report considers 15 inspections and peer reviews which have taken place since February 2021.
- 1.4 This report does not consider any External Audit report which has been considered by Full Council in the last 12 months.

2. CQC Ratings of Bristol Care Providers (adults)

- 2.1 Measuring the quality of care in the independent sector locally is important as an indicator of commissioning and contract management practice by the Council and provides reassurance to customers.
- 2.2 This enables the Council to manage risk and provider failure effectively. In order to be able to manage the contracts & the quality of such a diverse range of services and increase the performance and quality of these services, the Contract & Quality team works to the Quality Assurance & Contract Management Framework (QAF) and Performance Management Framework (PMF) which has been an essential part of supporting the improvements made to the quality of provision.
- 2.3 Care Quality Commission (CQC) suspended all regular inspections end of February 2020 and then all inspections from mid-March 2020 due to COVID-19 pandemic. In line with CQC suspending regulated inspections and the wider Adult Commissioning team (including the Contracts & Quality team), Quality Assurance visits were suspended in March 2020 due to COVID 19.
- 2.4 CQC inspections restarted mid-August 2020 on a risk managed basis. BCC Quality Assurance visits restarted in Sept 2020 prioritising the highest risk services using more flexible QA practices to ensure COVID safe working for both staff and service users. Both CQC inspections and BCC QA visits are still being rolled out on a risk managed basis.
- 2.5 As an interim measure, CQC brought in the Emergency Support Framework to check and support services. CQC worked closely with BCC, BNSSG CCG, Public Health (BCC), PHE regarding COVID 19 outbreaks.
- 2.6 CQC resumed inspections of services at the end of August 2020 focussing on the highest risk services first. CQC are also carrying out a program of Infection Prevention and Control (IPC) inspections of services – particularly where there are any outbreaks of C19 or where there have been any allegations about lack of or inappropriate use of PPE in

services.

- 2.7 The IPC inspections are very focused so will not lead to re-rating the services inspected but if any other issues found, then will lead to a full inspection. Any inspections that are not rated are noted below as insufficient evidence to rate). However, due to Omicron, CQC scaled back inspections to critical & high risk only during December 21 & January 22.
- 2.8 CQC are currently prioritising re-inspecting services where the services were rated inadequate, requires improvement or where there are current quality/ safeguarding concerns moving to regular routine inspections for services rated as good and outstanding after these have been completed. This does mean that services rated as outstanding / good may not have been reinspected for between 18 months to 3 years (whereas normally these would be inspected every 2 years)
- 2.9 There has been an increase in services rated as good over the first 6 months of the year and a reduction of services rated as requires improvement - there are 7 services in Bristol rated by CQC as Requires Improvement, one of which is due to close in February 2022. There have been no inadequate services in the Bristol area and have been no inadequate rating for the last 3 years.
- 2.10 CQC, BCC Safeguarding team, BCC Contracts & Quality team and BNSSG Safeguarding and Contracts team meet every 2 weeks to share information and concerns.

3. Inspection of Children's Homes

- 3.1 On 17 March 2020, all routine Ofsted inspections were suspended due to the COVID-19 (coronavirus) pandemic.
- 3.2 Ofsted inspections resumed in 2021. Please note that this report does not include Ofsted inspection of schools.
- 3.3 Across the city there are now six Children's Homes that are all Ofsted registered to provide care for children/ young people between the ages of 8 and 17 years, (although only 5 are currently open).
- 3.4 Bristol's Children's Homes are regulated by an Independent Visitor as per Regulation 44, part 6. The Children's Homes (England) Regulations 2015: Visits by the Independent Person must form an opinion as to whether (i) children accommodated at the children's home are effectively safeguarded; and (ii) the conduct of the children's home promotes the well-being of the children living there.
- 3.5 During lockdown some visits have been over zoom/ email. Interim Regulation 44 visitor arrangements were in place from March 2021- June 2021. A new Independent Regulation 44 visitor was appointed in July 2021 and monthly visits to each home are now taking place on site.
- 3.6 There have been 4 Ofsted Inspections of our Children's Homes since February 2021. Three

Children's Homes Full Ofsted reported 'good' judgements while another has been given a 'improved effectiveness' rating following an interim inspection in October 2021. With regards to this Home, the quality of care of the children and the management and leadership oversight were positively highlighted by Ofsted who recognised that the home and the children are well settled and achieving good outcomes.

3.7 One Children's Home has remained temporarily closed since the Ofsted compliance notice issued in December 2020 was successfully completed in January 2021. An independent review has been completed and is being disseminated to capture & share learning from the events within the home. The home is being refurbished whilst it remains closed. Although external recruitment has not been successful in appointing a new manager and team to re-open the home, recruitment will be resumed in 2022. A new registered manager & team will be recruited and will complete training and induction programs prior to the home re-opening in 2022. Children will be carefully matched with well supported preparation and move-in plans in when it re-opens.

3.8 A new Children's Home has been opened in Bristol since February 2021. Ofsted have visited and registered the new home and we are awaiting the imminent first full inspection of the home, which will take place before the end of March 2022.

3.9 Children Social Services have created and implemented a development plan for the service through 2021-22, which is linked to the individual development plans in each of the homes. The service will report on progress in the end report for March 2022.

4. Ofsted Focus Visit – Children's Social Care Front Door

4.1 Ofsted undertook a focused visit of the Council's children's social care front door under the Inspection of Local Authority Children's Services (ILACS) Framework.

4.2 Two inspectors undertook fieldwork over a 2 day period which included meeting with senior leaders, managers and practitioners and reviewing children electronic records.

4.3 Inspectors looked at the local authority's arrangements for 'front door' services, including decision-making for referrals about children, child protection enquiries, decisions to step up or down from early help, and emergency action out of office hours.

4.4 The inspectors reported "The high priority given to the voices of children is a strong, positive theme that threads through all aspects of the work of the FAS and other front door services. This is the case at both the strategic planning level and at the level of work with individual children and their families. Social workers undertake meaningful direct work with children. Children's wishes and views are captured well. For example, some children have age-appropriate copies of safety plans. This means that they know they have been listened to and what to do should they need help again in the future."

4.5 Areas which were identified as needing to be improved were: (1) The consistency with which the reasons for contacting particular agencies to gather information about children and families are recorded. (2) How clearly and consistently the rationale for

dispensing with parental consent is recorded when this has been necessary before undertaking checks with partner agencies.

4.6 The recommendations from the inspection will be incorporated into the revised Improvement Plan that has not yet been finalised.

4.7 The full findings of the Ofsted visit can be read [here](#).

5. Peer challenge on Quality Assurance - Children's Social Care

5.1 In June 2021 Bristol City Council invited Wilshire Council to undertake a Peer Review of its quality assurance of Children Social Services as part of the sector led improvement.

5.2 The Peer Review identified the following actions:

- Programme of LGA led training for auditors and moderators rolled out across January and Feb (will be completed 15th Feb)
- Development of a new staff QA newsletter (complete)
- QA sessions delivered by QA social worker for staff (complete)
- Broadening membership of the learning panel to ensure increased cross-service consistency and understanding of grading and standards (complete)

5.3 While the Service did not produce a standalone action plan for this peer review the recommendations identified have been included in Service Plans. Many of the recommendations have been completed or are due to be completed this month.

5.4 For further information about this peer review please contact:
Hugh.Evans@bristol.gov.uk

6. Bristol City Council Children and Families Services LGA Peer Challenge

6.1 The peer challenge was undertaken by 5 peer reviewers who hold senior positions within Children Services in Local Authorities across the country. The reviewers met with practitioners, managers and senior leaders and undertook audits of children's records.

6.2 The focus of the peer challenge was on children in need of help and protection, children subject of child protection plans and the work of the First Assessment Service (front door).

6.3 The Key lines of Inquiry for the peer challenge were: (1) Are children and families supported at the right level in our system/proportionate to need? (2) How effective are our services at improving the sustainability of outcomes for children?

6.4 The overarching message from the challenge was "The practice culture is strong, focused upon helping families make effective changes and your staff speak with passion

about Bristol's children and families. We have seen some weaknesses in the application of child protection thresholds and adherence to core case work processes. A rebalancing which retains all of your strengths complemented by being brilliant at the basics will leave you in a very strong place".

6.5 The recommendations from the review are being incorporated into the revised Improvement Plan that has not yet been finalised.

6.6 For further information about this peer review please contact:
Hugh.Evans@bristol.gov.uk

7. Preventing and Reducing Youth Homelessness in Bristol

7.1 MHCLG (now DLUHC) focussed visit 16 June 2021 to consider the effectiveness of the Council's approach to preventing and reducing youth homelessness in Bristol.

7.2 The visit focussed on 7 key areas:

- Joint strategic commitment to prevent youth homelessness
- Homelessness Reduction Act (HRA) and Prevention
- The MHCLG and DfE Joint Guidance and Preventing homelessness for 16/17 year olds
- Corporate Parenting and accommodation planning for care leavers
- Planning successful transitions for young people leaving custody
- Commissioning and move on options
- Working together and Partnership arrangements.

7.3 The visit was undertaken by the MHCLG Homelessness Advice and Support Team (HAST). The visit involved Service Directors from Children Services and Housing, Operational Managers, Commissioners, Frontline staff from BCC Children's Services, Housing Services and Providers.

7.4 The advisors recommended 3 key priorities to strengthen our approach:

- Improve our homelessness systems knowledge, practice, recording and data locally, and Hcllc submissions.
- Review our processes and practice to ensure compliance with the DfE/MHCLG joint guidance.
- Ensure there is joint commitment across Housing and Children Services not to use unsuitable accommodation for 16/17-year-olds.

7.5 An Action Plan has been developed jointly between Housing & Landlord Services and Children, Families & Safer Communities.

7.6 The Action Plan is monitored through the KBSP Preventing Homelessness and Accommodation (PHA) Meeting.

7.7 For further information about this peer review please contact:
Hugh.Evans@bristol.gov.uk

8. National Independent review of Prevent May 2021

8.1 During the passage of the Counter Terrorism and Border Security Act 2019 on 12 February 2019, the government committed to carrying out an independent review of Prevent. The report, including any recommendations of the review, must be submitted to the Secretary of State for the Home Department, as required by the act.

8.2 William Shawcross was appointed as the new Independent Reviewer of Prevent on 26 January 2021. The independent review will consider the UK's strategy for protecting people vulnerable to being drawn into terrorism, and will make recommendations for the future. An updated Terms of Reference for the Review were published on 22 March 2021.

8.3 William Shawcross visited approx. 8 local authorities to undertake a national review. The majority of the Local Authorities visited were Home Office Prevent priority and funded areas.

8.4 Bristol was an exception as a Non Prevent priority area. The visits included meetings with a range of key stakeholders from the local authority, police and community members/organisations.

8.5 Meetings with Police considered critical issues relating to the Prevent strand of Contest.

8.6 The report was due to be published in September 2021, to be laid before Parliament in December 2021. The report publication has been delayed and the Home Office is yet to issue an update as to when the report will be published.

8.7 There is no current action plan in place.

9. Her Majesty's Inspectorate of Probation (HMIP) Thematic Inspection on education, training and employment (ETE) services across the Youth Offending Team

9.1 HMIP are undertaking inspections across six local area Youth Offending Teams during November 2021 to February 2022.

9.2 The inspection evaluated how effectively the local area:

- identifies the needs of children and young people who are known to the YOT.
- Ensures effective case management of both out-of-court, and court disposals.
- Meets the needs of these children and young people so that their outcomes and chances of participating fully in society improve.

9.3 The fieldwork element of the inspection was carried out remotely by a team of 7 inspectors including 1 Ofsted inspector.

9.4 The inspection comprised interviews with YOT practitioners around a selected sample of children, a series of interviews and focus groups around ETE services for children, and conversations with young people supported by the YOT. The Ofsted inspector also spoke to educational settings for a selected sample of children.

9.5 The inspection across six local areas will culminate in a thematic best practice report (without judgements) and individual YOTs will not be named, except for areas of best practice. The report will be published May 2022.

9.6 Although the published report will not name Bristol YOT the inspectors have provided verbal feedback on their findings and recommendations specific to Bristol. The findings will be collated within a joint Education and Children, Families and Safer Communities action plan that will be monitored through our Improvement Plan and Youth Justice Board.

10. Compliance audit Report – Homes England

10.1 The Compliance Audit Programme checks compliance with the Homes England policies, procedures and funding conditions. Standardised checks are made by provider-appointed independent auditors on an agreed sample of schemes which have received Homes England funding under current and earlier affordable housing programmes.

10.2 On review of the evidence provided, the outcome of the audit has shown the provider has complied with all the programme requirements and guidance. A GREEN grade has been assigned and no breaches were identified.

10.3 Further information is available at: <https://www.gov.uk/guidance/compliance-audit>.

11. External certifications

11.1 Each year there are a number of external certifications the Council has to achieve to continue to access critical information to aid the services we provide. These are -PSN (Public Services Network) – Connection to central government data sets; NHS Toolkit – connection to NHS data sets; GIRR – connection to the police network.

11.2 Each of these connections requires The Council to submit evidence of controls that we have in place to demonstrate a level of Information Security and Data Protection

Compliance.

11.3 These submissions are then assessed by the relevant external body to determine our suitability for connection to these external services. The Council has achieved the required compliance to require certification.

12. Management Systems Assessment Report

12.1 This is a recertification audit of the systems and controls in place at Bristol City Council to the requirements of ISO 14001:2015 and to the scope: The Direct activities, products and services provided by Bristol City Council within its boundaries – The activities of schools, the Bottle Yard Studios and companies for whom the council is a shareholder in are excluded.

12.2 A short review of the management systems and changes over the last six months identified minimal changes to the systems had taken place. The scope of the system remains unchanged currently and following elections the Elected Mayor remains in office giving some stability to the direction.

12.3 Four minor non conformity issues were reported in the report, which will be addressed by Heads of Service in consultation with service Director.

13. Local Government Association Equality Framework for Local Government scheme

13.1 As previously reported to this committee, in March 2021 the Council hosted a peer challenge from the Local Government Association as part of the latter's Equality Framework for Local Government scheme. This is an independent external assessment by critical friends, looking at the Council's performance on equality, diversity and inclusion across four key themes: Leadership and organisational commitment; Understanding and working with your communities; Responsive services and customer care; Diverse and engaged workforce.

13.2 The process included a written self-assessment and a three-day virtual peer visit, which included 26 interviews and focus groups with staff, Members, managers and partners.

13.3 A report has been considered by Full Council as part of the Council's formal Annual Report on Equality and Inclusion. This report provides a precis of the LGA's recommendations and the Council's response [[link](#)].

14. Digital transformation at Bristol City Council through ethical data governance and responsible innovation report

14.1 The CDEI is an independent expert committee, led by a board of specialists, set up and tasked by the UK government to investigate and advise on how we maximise the benefits of these technologies. Its goal is to create the conditions in which ethical innovation can thrive: an environment in which the public are confident their values are reflected in the way data-driven technology is developed and deployed; where we can

trust that decisions informed by algorithms are fair; and where risks posed by innovation are identified and addressed. More information about CDEI can be found at www.gov.uk/cdei

14.2 To understand BCC's approach to data ethics, the CDEI reviewed available and relevant material, conducted 18 interviews with 23 BCC staff, held four workshops, and had discussions with civil society and academics. The interviews and workshops were with staff across relevant directorates and units in BCC, which the CDEI used to gather a broad view of data ethics practices at BCC. The CDEI had access to forms used for data protection impact assessments, and business case development; the draft Information Governance Framework; terms of reference for data governance boards; texts on the working of Insight Bristol; and other similar documents.

14.3 The project with BCC was undertaken during the Covid-19 pandemic, which unfortunately imposed limits on the nature of the interaction that CDEI and BCC staff could have. Meetings, interviews and workshops were held virtually.

14.4 The CDEI did not conduct a full review of data governance practice at BCC and this report is not an endorsement of any activity at the council. The CDEI works to help organisations such as BCC to consider data ethics, and not to conduct an audit or provide a regulatory function.

14.5 As data-driven decision-making becomes more widespread, there are ever more teams and projects in large public sector organisations that are working in ways that raise data ethics questions and the CDEI prioritised practices and projects at the council that would best inform BCC staff and council strategy.

14.6 Key recommendations in the report include:

- Start deliberating with local citizens about BCC's approach to responsible innovation.
- Demonstrate commitment to trustworthy data use by showing the effectiveness of Insight Bristol, clearly and consistently communicating the purpose of the project, and installing a governance framework that guards against undue expansion.
- Embed responsible data and technology innovation governance through the new Data Insight and Analytics Board Recommendation four: boost transparency by publishing a central register of data-driven projects

14.7 The CDEI report informed the DII Strategy which went to Cabinet in October 2021. For further information please see: [DII Strategy Cabinet Pathway Report.pdf \(bristol.gov.uk\)](#) and [Data, Insight and Information Strategy \(bristol.gov.uk\)](#)

15. PNC Information Assurance Audit Report

15.1 The National Police Information Risk Management Team's audit activities have been temporarily adapted due to COVID-19. The temporary process involves the review of documents and conducting of virtual meetings, without a physical site visit. This audit was conducted based on the temporary process and therefore did not involve a site visit.

15.2 Purpose of the audit was to assure PIAP and Police National Computer Services (PNCS) that Police National Computer (PNC) data is being accessed, handled, held and used in an approved and secure manner in accordance with the Supply Agreement and relevant legislations including, but not limited to, Data Protection Act (2018), Computer Misuse Act (1990), Official Secrets Act (1989). The scope of the audit is to cover the security and information assurance of PNC data.

15.3 Bristol City Council (BCC) is host to the National Trading Standards South West Regional Investigation Team. It has had a PNC terminal since 2009, and acts as a hub for the fourteen (14) Trading Standards organisations throughout the South West. PNC information is used for investigations and prosecutions purposes by checking nominal and vehicle details of rogue traders. PNC checks may also be performed on witnesses that support the investigations.

15.4 BCC Trading Standards is a relatively light user of the PNC, making approximately 20 searches a month.

15.5 NPIRMT considers the security measures taken by Bristol City Council Trading Standards to protect PNC data need improvement. Management action is required in the following areas:

- Recommendation 1: PIAP's approval to share PNC reports via email
- Recommendation 2: PIAP's approval for the uploading and storage of PNC data on external systems
- Advisory 1: NPPV clearance for Trading Standards Officers who have access to PNC reports

15.6 These recommendations have been incorporated into the Bristol City Council's Trading Standards Service Plan.

16. The Inspection by the Human Tissue Authority of the Flax Bourton Public Mortuary

16.1 The Public Mortuary at Flax Bourton has been licensed by the HTA since 2009. This was the fourth inspection of the establishment; the last inspection took place in January 2016.

16.2 Since the previous inspection, there have been no significant changes to the licence arrangements or the activities carried out under the licence.

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

16.4 The Public Mortuary at Flax Bourton (the establishment) had one minor shortfall which was found against standards for Premises, Facilities and Equipment.

17. Bristol Floating Harbour – Water Safety Review

17.1 Following RoSPA's extensive review of water safety commissioned by Bristol City Council in 2018 a significant amount of work has been done to further reduce the risks to people visiting the Floating Harbour. The city council commissioned RoSPA to review progress and where possible identify any further reasonably practicable measures to reduce risk further.

17.2 The Floating Harbour and River Avon in the vicinity of the harbour was re-visited in September 2021, this sampling included times of high and low usage during daytime and evening. The aim of the review was to help ensure that the floating harbour continues to have an acceptable level of safety which meets with stakeholder expectations. The outcome of the review is this report, namely an evaluation of the areas, the improved safety controls that are now in place, and recommendations to further reduce risk.

17.3 The Consultant looked at the following issues:

- The locations most likely to be used by locals throughout the year.
- The intensity of use through the day e.g. early morning commuting and midday activity.
- The areas most likely to be used outside daylight hours.
- Emergency response arrangements around the water.

17.4 Approximately 16km of waterfront within the Floating Harbour, Feeder Canal and sections of River Avon were assessed in daylight. Key areas where the night economy is close to the waterspace were visited during evening hours. The review took place in fine autumn weather of September 2021. The locations visited include all the publically accessible sections of the Floating Harbour and riverside from Netham lock to Howard Lock. The River Avon upstream of Netham Lock to Hanham lock was surveyed from a boat. Three locations were un-accessible, the Chocolate Path due to collapse of the river bank, areas around Totterdown Basin which are undergoing redevelopment and the riverside path beyond St Phillips Causeway is closed due to erosion.

17.5 Ten recommendations to improve water safety were identified which can be seen in appendix A. The Harbour Estate Managers has developed an action plan to respond to these recommendations.

17.6 For further information please contact stephen.peacock@bristol.gov.uk

18. Building Condition Report -Bristol Museum & Art Gallery, Bristol City Council

- 18.1 Rider Levett Bucknall (RLB) were appointed to undertake a condition survey for Bristol City Council.
- 18.2 The Council last undertook a similar exercise in March 2016. It has commissioned the survey to support an application for Government grant funding for maintenance and improvement works via the Museum Estate and Development Fund (MEND).
- 18.3 RLB inspected the property on 23rd, 24th & 26th August and 3rd September 2021.
- 18.4 The survey found that Bristol Museum and art Gallery is generally in poor condition, with significant investment and repairs to preserve the building and enhance visitor experience, and to improve staff facilities.
- 18.5 It is recommend that most significant defects such as those posing the greatest risk to the building fabric, H&S and visitor experience are prioritised.
- 18.6 For further information please contact Stephen.Peacock@bristol.gov.uk

19. Action Plans

- 19.1 Recommendations and feedback from external inspections and peer reviews are reported back to Executive Directors and if necessary, the Corporate Leadership Board.
- 19.2 Where appropriate, action plans or management actions have been agreed and developed to implement the recommendations identified. For further information about action plans that have been developed following an inspection or peer view, please contact the Executive Director with responsibility for the service.

20. Risk Assessment

- 20.1 This is a report for Audit Committee to consider and note.
- 20.2 The findings of any external inspections and peer reviews are reviewed by Executive Directors, which informs the Council's Corporate Risk Register.

21. Summary of Equalities Impact of the Proposed Decision

- 21.1 There are no specific equalities implications arising from the recommendations of this report.
- 21.2 Members should note there are equality implications regarding the findings and recommendations from the external inspections and peer review reports, which they may wish to consider on a case by case basis.

22. Legal and Resource Implications

22.1 There are no specific legal implications arising from the recommendations in this report.

Ben Mosley

Head of the Executive Officer

February 2022

Appendix A	Date	Directorate & Lead Officer	Context/Background information	Key findings/recommendations
Report				
Digital transformation at Bristol City Council through ethical data governance and responsible innovation	February 2021	Resources Directorate Tim Borrett – Director: Policy, Strategy and Partnership tim.borrett@bristol.gov.uk	The Centre for Data Ethics and Innovation (CDEI) is an independent expert committee, led by a board of specialists, set up and tasked by the UK government to investigate and advise on how to maximise the benefits of these technologies. This report makes four recommendations for how BCC can strengthen its ethical data governance. The recommendations follow work undertaken by the Centre for Data Ethics and Innovation (CDEI) during a partnership project with the council.	<ol style="list-style-type: none"> 1. Start deliberating with local citizens about BCC’s approach to responsible innovation. 2. Demonstrate commitment to trustworthy data use by showing the effectiveness of Insight Bristol, clearly and consistently communicating the purpose of the project, and installing a governance framework that guards against undue expansion. 3. Embed responsible data and technology innovation governance through the new Data Insight and Analytics Board Recommendation four: boost transparency by publishing a central register of data-driven projects
The Inspection by the Human Tissue Authority of the Flax Bourton Public Mortuary.	May 2021	Resources Directorate Head of Statutory Registration, Yvonne Dawes	HTA must assure itself that the DI is a suitable person to supervise the activity authorised by the licence and that the premises are suitable for the activity. The statutory duties of the DI are set down in Section 18 of the Human Tissue Act 2004. They are to secure that:	<ol style="list-style-type: none"> 1. The HTA found the Designated Individual (DI) and the Licence Holder (LH) to be suitable in accordance with the requirements of the legislation. 2. The Public Mortuary at Flax Bourton (the establishment) had one minor shortfall which was found against standards for Premises, Facilities and Equipment.

		Yvonne.Dawes@bristol.gov.uk	<ul style="list-style-type: none"> • the other persons to whom the licence applies are suitable persons to participate in the carrying-on of the licensed activity; • suitable practices are used in the course of carrying on that activity; and • the conditions of the licence are complied with. 	3. The HTA has assessed the establishment as suitable to be licensed for the activities specified, subject to corrective and preventative actions being implemented to meet the shortfall identified.
LGA Remote Peer Support Equality Peer Challenge	March 2021 (report issued June 2021)	Resources Directorate Tim Borrett – Director: Policy, Strategy and Partnership tim.borrett@bristol.gov.uk	Bristol City Council commissioned the LGA to carry out an Equality Peer Challenge against its Equality Framework for Local Government. The Framework was updated in 2020 and the Council agreed to pilot a new style peer challenge which no longer makes awards of Excellent or Achieving. This peer challenge seeks to provide a peer perspective of the council's achievement and progress to date and areas for further development, utilising the LGA's Equality Framework to do so. It considers where the council is now and how it can make further progress.	<ol style="list-style-type: none"> 1. Review Member training on E&I generally to include awareness of EQIAs and the importance of equality and inclusion issues in their community leadership role. 2. Review the Equality Charter with partners to ensure a connection between its aims and actions. The Equality Charter is currently a statement of commitment to equality and inclusion with each signatory responsible for developing and monitoring its own actions 3. Keep under review the mechanisms for the different Mayoral Commissions to work better together. 4. Continue the work to embed and improve the quality and consistency of EQIAs. 5. Continue to work with the Staff Led Groups to fine tune their participation. 6. Agree workforce representation targets for Black, Asian and Minority Ethnic and other protected characteristics.
National	May 2021	People	William Shawcross visited approx. 8 local authorities to undertake a national review.	The report was due to be published in September 2021, to be laid before

Independent review of Prevent May 2021		Directorate Hugh Evans Hugh.Evans@bristol.gov.uk	The majority of the Local Authorities visited were Home Office Prevent priority and funded areas. Bristol was an exception as a Non Prevent priority area. The visits included meetings with a range of key stakeholders from the local authority, police and community members/organisations. Meetings with Police considered critical issues relating to the Prevent strand of Contest.	Parliament in December 2021. The report publication has been delayed and the Home Office is yet to issue an update as to when the report will be published. There is no current action plan in place.
Peer challenge on Quality Assurance - Children's Social Care	June 2021	People Directorate Becky Lewis – Strategic Safeguarding & Quality assurance Service Manager becky.lewis@bristol.gov.uk	Peer Review of quality assurance by Wiltshire as part of the sector led improvement.	<ol style="list-style-type: none"> 1. QA Framework is a good basis for triangulation. It includes the overall systemic approach and ensures a robust process for audit, moderation and learning back within the organisation. 2. Family and child views embedded in audit practice and data collecting. BCC's QAF puts child and family views at its heart including gaining views at the start of the audit. 3. In terms of the audit tool, SMART audit actions can be found in the audit tool with a section for supervision discussion and recorded actions. This really ensures the learning is fed directly back into the team.
Management Systems Assessment	June 2021	Growth and Regeneration Directorate	This is a remote surveillance audit of the systems and controls in place at Bristol City Council to the requirements of ISO 14001:2015 and to the scope:	A short review of the management systems and changes over the last six months identified minimal changes to the systems had taken place. The scope of the system

Report		<p>Giles Liddell Project Manager – Environmental. Bristol City Council Climate Change and Sustainable City Service</p> <p>giles.liddell@bristol.gov.uk</p>	<p>The Direct activities, products and services provided by Bristol City Council within its boundaries – The activities of schools, the Bottle Yard Studios, and companies for whom the council is a shareholder in are excluded.</p>	<p>remains unchanged currently and following elections the Elected Mayor remains in office giving some stability to the direction. Representative from BCC had been at CoP26 considering how the outcomes are likely to impact on BCC and its objectives and targets. But as BCCs has already been recognised “Worldwide” by its recent award from CDP. The Council has achieved an “A” rating for climate change adaptation and mitigation. This put Bristol in the Top 10% of cities around the world. Additional resource has now been made available for internal auditing. Skills are being developed after a successful two-day training course on an IRCA approved course. All previous audit NCs and findings had been addressed and were reviewed at the beginning of the audit.</p> <p>4.</p>
Preventing and Reducing Youth Homelessness In Bristol	July 2021	<p>People Directorate</p> <p>Fiona Tudge – Head of Safeguarding and Areas</p>	<p>MHCLG (now DLUHC) focussed visit 16 June 2021 to consider the effectiveness of the Council’s approach to preventing and reducing youth homelessness in Bristol. The visit was undertaken by the MHCLG Homelessness Advice and Support Team (HAST). The visit involved Service Directors from Children Services and Housing, Operational Managers, Commissioners, Frontline staff from BCC Children’s Services, Housing Services and Providers.</p>	<p>The advisors recommended 3 key priorities to strengthen our approach:</p> <ol style="list-style-type: none"> 1. Improve our homelessness systems knowledge, practice, recording and data locally, and Hcllc submissions - 2. Review our processes and practice to ensure compliance with the DfE/MHCLG joint guidance. <p>Ensure there is joint commitment across Housing and Children Services not to use</p>

		fiona.tudge@bristol.gov.uk	<p>The visit focussed on 7 key areas:</p> <ol style="list-style-type: none"> 1. Joint strategic commitment to prevent youth homelessness 2. Homelessness Reduction Act (HRA) and Prevention 3. The MHCLG and DfE Joint Guidance and Preventing homelessness for 16/17 year olds 4. Corporate Parenting and accommodation planning for care leavers 5. Planning successful transitions for young people leaving custody 6. Commissioning and move on options 7. Working together and Partnership arrangements. 	unsuitable accommodation for 16/17-year-olds
Building Condition Report -Bristol Museum & Art Gallery, Bristol City Council	September 2021	<p>Growth & Regeneration Directorate</p> <p>Jon Finch, Head of Culture</p>	<p>Rider Levett Bucknall (RLB) have been appointed to undertake a condition survey for Bristol City Council (BCC). BCC last undertook a similar exercise in March 2016. This now requires updating to support an application for Government grant funding for maintenance and improvement works via the Museum Estate and Development Fund (MEND). RLB inspected the property on 23rd, 24th & 26th August and 3rd September.</p>	<ol style="list-style-type: none"> 1. Bristol Museum and art Gallery is generally in poor condition, with significant investment and repairs to preserve the building and enhance visitor experience, and to improve staff facilities. 3. It is recommend that most significant defects such as those posing the greatest risk to the building fabric, H&S and visitor experience are prioritised.

PNC Information Assurance Audit Report	November 2021	G&R Directorate	To assure PIAP and Police National Computer Services (PNCS) that Police National Computer (PNC) data is being accessed, handled, held and used in an approved and secure manner in accordance with the Supply Agreement and relevant legislations including, but not limited to, Data Protection Act (2018), Computer Misuse Act (1990), Official Secrets Act (1989).	<p>NPIRMT considers the security measures taken by British City Council Trading Standards to protect PNC data need improvement. Management action is required in the following areas:</p> <ol style="list-style-type: none"> 1. PIAP's approval to share PNC reports via email 2. R2 PIAP's approval for the uploading and storage of PNC data on external systems NPPV clearance for Trading Standards Officers who have access to PNC reports
Bristol Floating Harbour – Water Safety Review	November 2021	<p>Growth and Regeneration Directorate</p> <p>Eric Dougall - Harbour Estate Manager</p> <p>eric.dougall@bristol.gov.uk</p>	<p>The Consultant looked at the following issues:</p> <ul style="list-style-type: none"> • The locations most likely to be used by locals throughout the year. • The intensity of use through the day e.g. early morning commuting and midday activity. • The areas most likely to be used outside daylight hours. <p>Emergency response arrangements around the water.</p>	<ol style="list-style-type: none"> 1. Complete the water safety policy for the council which includes consideration for proposed developments in and around water and adoption of other water bodies. Consider the inclusion of water safety education within schools within the policy. 2. Ensure the water safety partnership is fully operational and is well supported by appropriate organisations who contribute to overall safety in and around the Floating Harbour. 3. Unauthorised open water swimming is an

				<p>issue and provision of a formal area to swim is being considered. RoSPA can support the development of an options proposal for consideration by the City Council.</p> <ol style="list-style-type: none">4. Develop a permanent solution for the temporary edge protection control measures implemented to reduce the risk of entry to the water along Princes Quay.5. It is recommended that further work is undertaken to restrict easy access by cyclists to Princes Wharf from the cycleway over Prince Street Bridge. The access point identified in should be modified to deter cyclists from entering the wharf at that point and encourage them to follow the designated cycleway.6. Consider further solutions to restrict unintentional access to the water's edge along Welsh Back. A number of measures have been taken but there are further opportunities to reduce risk as a result of potential redevelopment in this area.7. Eastwood Farm Local Nature Reserve is known to be a location from which people swim in the river. Consider
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				<p>information/warning signs at the access points to this area to advise persons of the risks of swimming in the river with an operational navigation</p> <p>8. Continue work to ensure grab chains are consistently deployed along sections where egress is difficult.</p> <p>9. Consider how to implement greater consistency of edge protection in the vicinity of mooring bollards. It is recognised that there are operational reasons for requiring access to bollards.</p> <p>10. Supplementary 'Site Risk Register and Level Rating' sheet items addressed</p>
LGA: Bristol City Council Children and Families Services Peer Challenge	October 2021	<p>People Directorate</p> <p>Hugh Evans</p> <p>Hugh.Evans@bristol.gov.uk</p>	<p>The peer challenge was undertaken by 5 peer reviewers who hold senior positions within Children Services in Local Authorities across the country. The reviewers met with practitioners, managers and senior leaders and undertook audits of children's records. The focus of the peer challenge was on children in need of help and protection, children subject of child protection plans and the work of the First Assessment Service (front door). The Key lines of</p>	<p>The over arching message from the challenge was "The practice culture is strong, focused upon helping families make effective changes and your staff speak with passion about Bristol's children and families. We have seen some weaknesses in the application of child protection thresholds and adherence to core case work processes. A rebalancing which retains all of your strengths complemented by being brilliant at the basics will leave you in a very strong place".</p>

			<p>Inquiry for the peer challenge were:</p> <p>23. Are children and families supported at the right level in our system/proportionate to need? How effective are our services at improving the sustainability of outcomes for children?</p>	<p>The recommendations from the review are being incorporated into the revised Improvement Plan that has not yet been finalised.</p>
Children's Homes Report	October to December 2021	<p>People Directorate - James Beardall</p> <p>james.beardall@bristol.gov.uk</p>	<p>The purpose of this report is to inform elected member's, partners and colleagues of progress and developments within the Children's Homes Service and The Children's Placements Service. This report includes information about OFSTED judgements in the last quarter.</p> <p>In addition to the oversight of the Registered Manager and Team Manager, the Children's Homes are regulated by an Independent Visitor as per Regulation 44, part 6. The Children's Homes (England) Regulations 2015: Visits by the Independent Person must form an opinion as to whether (i) children accommodated at the children's home are effectively safeguarded; and (ii) the conduct of the children's home promotes the well-being of the children living there.</p>	<p>There were 5 Ofsted inspection of Children's Homes in 21/22. For further information about these inspections please contact James Beardall.</p>

			During lockdown some visits have been over zoom/ email. There as been interim Regulation 44 visitor arrangements in place from March 2021- June 2021. A new Independent Regulation 44 visitor was appointed in July 2021 and monthly visits to each home are now taking place on site.	
Ofsted Focussed Visit inspection 7-8 Dec 2021	December 2021	People Directorate - James Beardall james.beardall@bristol.gov.uk	<ul style="list-style-type: none"> Ofsted undertook a focused visit of the Council's children's social care front door under the Inspection of Local Authority Children's Services (ILACS) Framework. Two inspectors undertook fieldwork over a 2 day period which included meeting with senior leaders, managers and practitioners and reviewing children electronic records. 	<p>A report will be published 31 Jan 2022 but there will be no inspection judgement.</p> <p>The recommendations from the inspection will be incorporated into the revised Improvement Plan that has not yet been finalised.</p>
Compliance audit Report – Homes England	January 2022	Growth & Regeneration Paul Sylvester	24. Compliance Audits check Provider compliance with Homes England's policies, procedures and funding conditions. Standardised checks are made by Independent Auditors on an agreed sample of Homes England schemes funded under affordable housing programmes.	On review of the evidence provided, the outcome of the audit has shown the provider has complied with all the programme requirements and guidance. A GREEN grade has been assigned and no breaches were identified.
Her Majesty's	January	People	HMIP are undertaking inspections across	The report will be published May 2022.

<p>Inspectorate of Probation (HMIP) Thematic Inspection on education, training and employment (ETE) services across the Youth Offending Team 17-20 January 2022.</p>	<p>2022</p>	<p>Directorate Executive Director – Hugh Evans Hugh.Evans@bristol.gov.uk</p>	<p>six local area Youth Offending Teams during November 2021 to February 2022. The inspection evaluated how effectively the local area:</p> <ul style="list-style-type: none"> • identifies the needs of children and young people who are known to the YOT. • Ensures effective case management of both out-of-court, and court disposals. • Meets the needs of these children and young people so that their outcomes and chances of participating fully in society improve. <p>The fieldwork element of the inspection was carried out remotely by a team of 7 inspectors including 1 Ofsted inspector.</p> <p>The inspection comprised interviews with YOT practitioners around a selected sample of children, a series of interviews and focus groups around ETE services for children, and conversations with young people supported by the YOT. The Ofsted inspector also spoke to educational settings for a selected sample of children.</p>	<p>Although the published report will not name Bristol YOT the inspectors have provided verbal feedback on their findings and recommendations specific to Bristol. The findings will be collated within a joint Education and Children, Families and Safer Communities action plan that will be monitored through our Improvement Plan and Youth Justice Board.</p>
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			The inspection across six local areas will culminate in a thematic best practice report (without judgements) and individual YOTs will not be named, except for areas of best practice.	
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Audit Committee

8th March 2022

Report of: Denise Murray – Director of Finance S151

Title: Contract Management Progress Update

Ward: “n/a”

Member Presenting Report: Lee Hannan – Strategic Supplier Relations Manager

Recommendation

- (i) To note progress around the implement of the contract management framework, system and promote the changes to the ways of working as outlined in the above presentation.
- (ii) That a further update be provided to Audit Committee in May 2022, providing a detailed report on how the new way of working and reporting functionality provides assurance for the councils contract management arrangements.

Summary

Members are asked to note progress and where appropriate highlight areas of additional activity required in respect of implementing the new contract management framework and system, to address audit findings.

The significant issues in the report are:

Implications around effective contract management and progress made to make further improvements as outlined in accompanying appendix.



Policy

The work being undertaken will include the adoption of a formal Contract Management Framework

Consultation

Internal

A wide range of internal stakeholders with responsibility for contract management, as well of promotion of the new way of working at several corporate meetings, to Directors and Executive Directors. This has been accompanied by lunch and learn and formal training sessions, attended by over 100 officers.

External

“not applicable”

Context

1. Following several audit recommendations, updates have been previously provided to Audit Committee in March 21, and Resources Scrutiny in Nov 21. The attached appendix provides progress, initial outcomes, and sample contract data reports for our pilot service areas. This progress update aims to provide assurance of progress towards the ultimate completion, which will be demonstrated in a further update in May 22.

Proposal

2. Progress update and sample data in appendix 1

Other Options Considered

progress update only

Risk Assessment

One of the key risks will be ensuring that culture and behaviours in how contracts are managed are effective and in line with the requirements of the new Contract Management Framework and associated system. Risks have been mitigated with a robust and comprehensive consultation and ongoing training programme.

Summary of Equalities Impact of the Proposed Decision

The new way of working is not expected to have any equalities impact implications.

The use of the new contract management system and the systems suitability in being accessible to all, has been subject to an EQIA which accompanied the decision to purchase this system, which was agreed by Cabinet in April 2021. The EQIA completed at the time noted no equalities impact.

Legal and Resource Implications

Legal

“not applicable”

(Legal advice provided by “not applicable”)

Financial

(a) Revenue

“not applicable”

(b) Capital

“not applicable”

(Financial advice provided by “not applicable”)

Land

“not applicable”

Personnel

“not applicable”

(Personnel advice provided by “not applicable”)

Appendices:

Appendix 1

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Resources Scrutiny Commission - 18 December 2019

Audit Committee – 22 March 2021

Resources Scrutiny Commission – 1 November 2021

Strategic Procurement and Supplier Relations Service

Audit Committee 8th March 2021

Progress update on the new Contract Management System (Proactis) and new reporting functionality

Response to Audit Recommendations

Contract Management - Renewals and Awards

Date: 21 February 2018

'Pro-Contract' requires every contract to have an allocated Contract Manager and Contract Review Date. Although the allocation of Contract Managers has recently been reviewed the **information held on the system is not 100% accurate.**

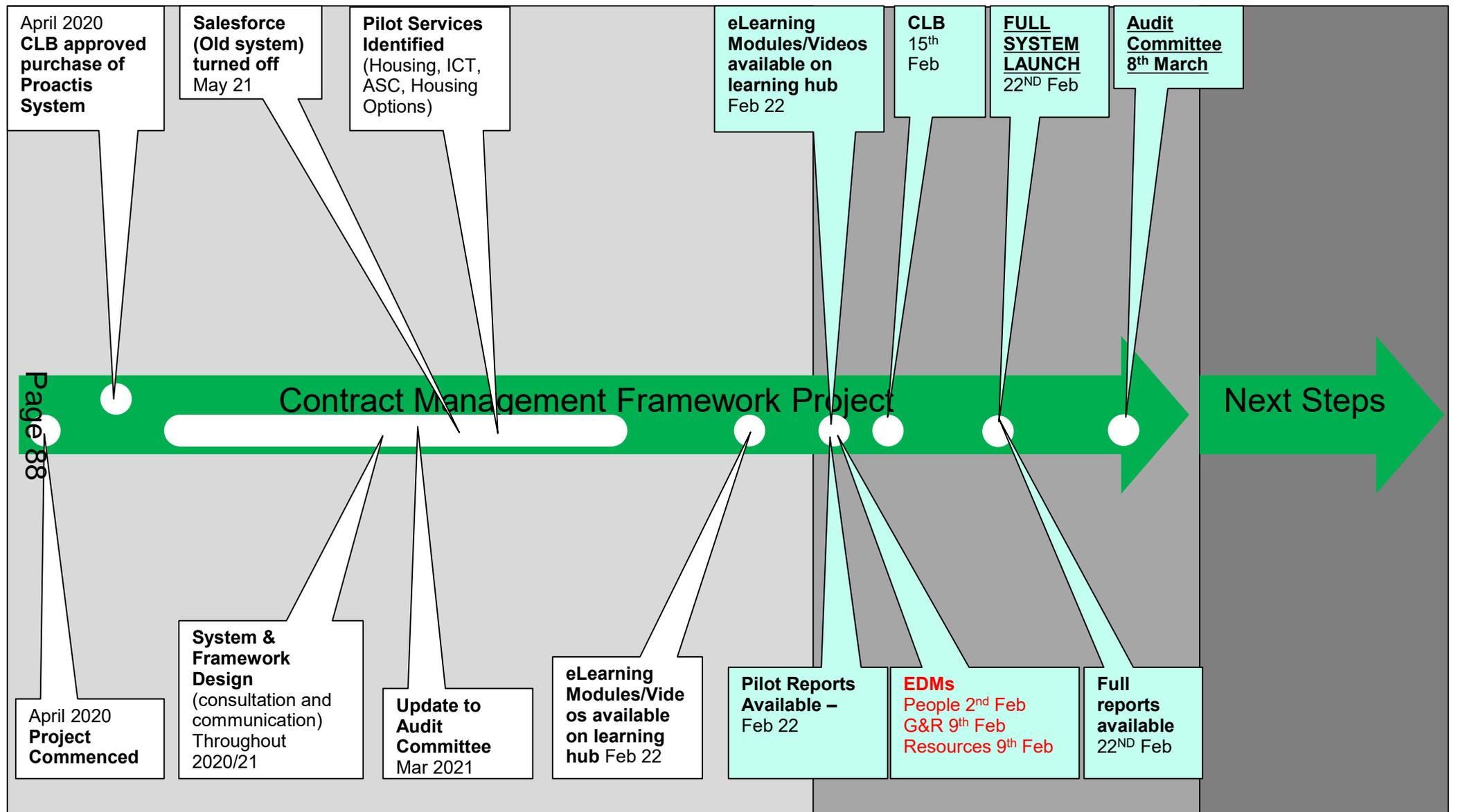
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Procurement 'off contract' spend 2019/20

Date 30th August 2019

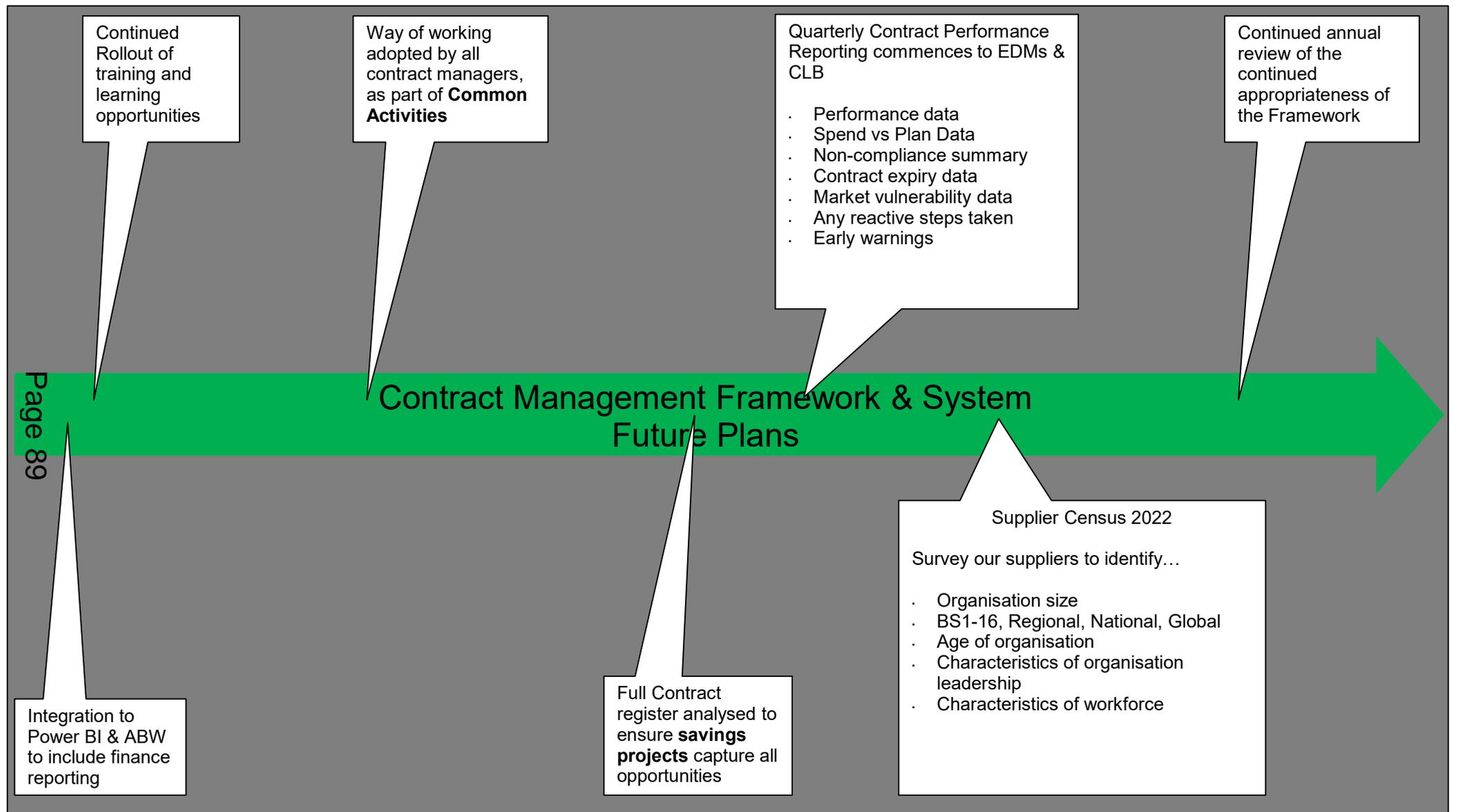
A process for early identification of probable "off contract" spend at the requisition stage should be set up, particularly around suppliers where there has been previous non-compliance.





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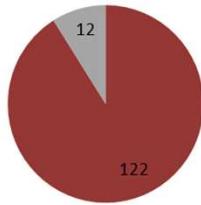
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	Number of Contracts	Avg Annual Contract Value	Avg Contract Duration (months)	Avg Days Until Expiry	Expiring in the next 30 days	Expiring in the next 6 months
Resources (ICT Pilot)	134	£50,804.45	28	292	11	74
People (ASC Pilot)	197	£498,829.46	15	144	34	145
Growth & Regeneration (HRA, Highways, Housing Options Pilot)	137	£606,141.27	44	541	27	76

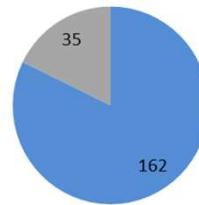
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Resources ICT Pilot - Contracts Expiring in 30 days



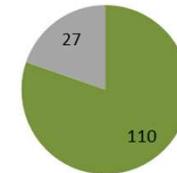
■ Number of Contracts ■ No. Contracts Expiring in the next 30 days

People ASC Pilot - Contracts Expiring in 30 days



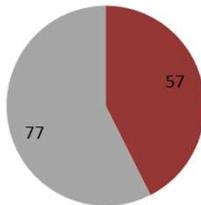
■ Number of Contracts ■ No. Contracts Expiring in the next 30 days

G&R HRA, Highways, Housing Options - Contracts Expiring in 30 days



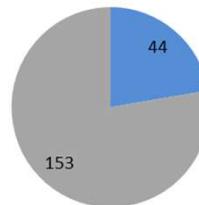
■ Number of Contracts ■ No. Contracts Expiring in the next 30 days

Resources Pilot - Contracts Expiring in 6 Months



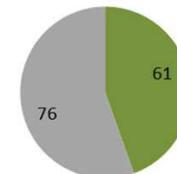
■ Number of Contracts ■ No. Contracts Expiring in the next 6 months

People ASC Pilot - Contracts Expiring in 6 Months



■ Number of Contracts ■ No. Contracts Expiring in the next 6 months

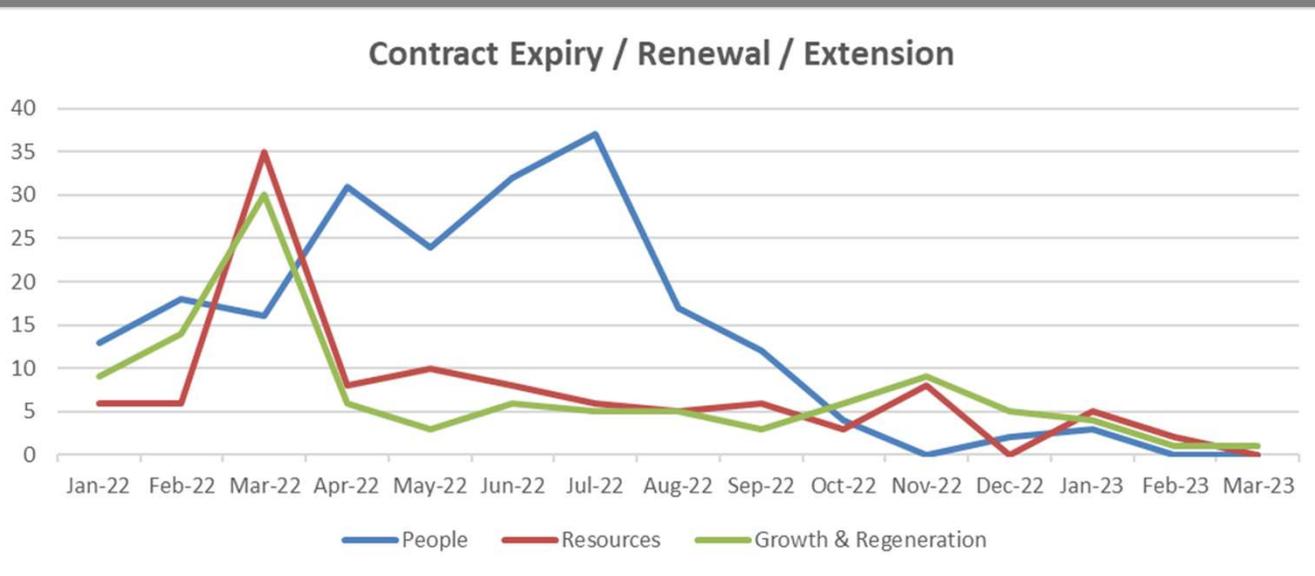
G&R HRA, Highways, Housing Options - Contracts Expiring in 6 Months



■ Number of Contracts ■ No. Contracts Expiring in the next 6 months



Contract Expiry	People	Resources	Growth & Regeneration
Jan-22	13	6	9
Feb-22	18	6	14
Mar-22	16	35	30
Apr-22	31	8	6
May-22	24	10	3
Jun-22	32	8	6
Jul-22	37	6	5
Aug-22	17	5	5
Sep-22	12	6	3
Oct-22	4	3	6
Nov-22	0	8	9
Dec-22	2	0	5
Jan-23	3	5	4
Feb-23	0	2	1
Mar-23	0	0	1
Apr-23	0	2	1



	Number of Contract Managers
Resources (ICT Pilot)	69
People (ASC Pilot)	21
Growth & Regeneration (HRA, Highways, H Opts)	51

- Accountable
- Point of Contact
- Provides Assurance for Supplier Performance and Financial Control

	Number of Contracts	With Extension Options	Expiring in the next 30 days	Expiring in the next 6 months
Resources (ICT Pilot)	134	36	11	74
People (ASC Pilot)	197	18	34	145
Growth & Regeneration (HRA, Highways, Housing Options Pilot)	137	41	27	76



Response to Audit Recommendations

Contract Management - Renewals and Awards

Date: 21 February 2018

'Pro-Contract' requires every contract to have an allocated Contract Manager and Contract Review Date. Although the allocation of Contract Managers has recently been reviewed the **information held on the system is not 100% accurate.**

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Procurement 'off contract' spend 2019/20

Date 30th August 2019

A process for early identification of probable "off contract" spend at the requisition stage should be set up, particularly around suppliers where there has been previous non-compliance.



Audit Committee

8th March 2022



Report of: Chief Internal Auditor

Title: Whistle-blowing Update Report

Ward: Citywide

Officer Presenting Report: Simba Muzarurwi – Chief Internal Auditor

Recommendation

The Audit Committee receives an update on the Whistle-blowing arrangements within Bristol City Council and notes the on-going improvement agenda.

Summary

The purpose of this report is to brief the Committee on the Council's 'Whistle-blowing' arrangements, progress on the implementation of recommendations resulting from the independent review undertaken in 2021 and other improvements which have occurred or are planned.

Consistent with the established practice the details of Whistle-blowing cases and outcomes are reported in the half year and annual fraud reports. The Committee received the fraud half year report in November 2021 and the annual fraud report will be presented to the Committee in June 2022.

The significant issues in the report are:

- Internal Audit have implemented two of the three recommendations from the independent review of Whistle-blowing arrangements undertaken in 2020/21 by the South West Audit Partnership. The third recommendation required the addition of a date and version to the procedure, which will be addressed when the new procedure, currently being updated, is approved.
- A number of further improvements have been identified and are being implemented to enhance Whistle-blowing arrangements. An action plan is being developed and it is hoped that these improvements will encourage and build employee confidence in the process.
- Given the substantial assurance obtained last year no independent review on the effectiveness of the Council's Whistle-blowing arrangements has been undertaken this year. However, another independent review will be commissioned in the new year and will be reported to the Committee in March 2023.

Policy

- The Council is committed to conducting its business with honesty and integrity. In this context, the Council has a Whistle-blowing Procedure which is designed to ensure that employees feel able to report any concerns they may have regarding wrongdoing or dangers arising from Council activities.
- The Audit Committee is responsible for ensuring that Whistle-blowing arrangements are adequate and operating effectively. The Audit Committee receives annually an update on the Whistle-blowing arrangements including progress in the implementation of any previously agreed management actions consistent with recommended best practice.

Consultation

1. Internal

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

2. External

Not applicable

Context

3. The aim of the Council's Whistle-blowing Procedure is to encourage employees and others who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. This Procedure:
 - encourages employees to feel confident in raising serious concerns at the earliest opportunity and to question and act upon concerns about practice;
 - provides avenues for employees to raise those concerns and receive feedback on any action taken;
 - ensures that employees receive a response to their concerns and that they are aware of how to pursue them if they are not satisfied; and
 - reassures employees that they will be protected from possible reprisals or victimisation if they have made any disclosure in good faith.
4. The Council's Whistle-blowing procedure is available to employees, contractors and volunteers to raise concerns of wrong-doing, risk or malpractice which may harm others. It is not available for public use. However, members of the public can report concerns via the Complaints Procedure.

Internal Audit Role

5. In the context of Bristol City Council, Internal Audit has the responsibility for over-seeing the management arrangements and in some instances, investigating, whistleblowing allegations. These

organisational arrangements are set to provide greater independence on the handling of whistle-blowing cases thereby increasing employee confidence in the process.

6. Under the management of the Chief Internal Auditor, Internal Audit is responsible for:
- Ensuring that all Whistle-blowing allegations are adequately assessed, investigated and reported on.
 - Co-ordinating and validating management investigations and responses to Whistle-blowing referrals.
 - Investigating some Whistle-blowing referrals where an independent investigation is appropriate, or where the referral relates to fraud.
 - Commissioning specialist teams or external investigators to undertake Whistle-blowing investigations where appropriate.
 - Maintaining a record of all Whistle-blowing allegations and outcomes.
 - Maintaining contact with Whistle-blowers and ensuring that they are updated regularly.
 - Raising awareness of how to report concerns including annual reminders through staff communication bulletins.
 - Developing and improving confidence in the Whistle-blowing process.
 - Reporting to management and Audit Committee outcomes from investigations relating to Whistle-blowing cases and any policy changes and improvements.

Implementation of agreed management actions from previous independent review

7. An independent review of the Council’s Whistle-blowing arrangements was carried out in March 2021 by the South West Audit Partnership and a **Substantial Assurance** opinion was given. The review noted that:
- The majority of key controls were in place and operating effectively.
 - There were clear procedures and guidance for reporting whistle-blowing events, with appropriate mechanisms to protect Whistle-blowers.
 - Referrals were investigated appropriately and recorded on a central system.
 - Monitoring and reporting was provided to management in a timely manner.
8. The independent review identified three minor findings and the table on the next page provides an update on actions that have taken to address the points raised.

No.	Review Finding	Internal Audit Update
1	Whistleblowing policy does not include a date for review or version control	The Whistleblowing Procedure is currently being updated and will include date and version control when it goes through the approval process.
2.	Enhancements could be made to highlight Whistleblowing arrangements to volunteer workers.	Managers were reminded through the Manager Bulletin to ensure that voluntary workers are made aware of the Whistleblowing Procedure. In addition, we are also working on the inclusion of a reference to Whistleblowing in the ‘Volunteers Policy’.
3.	Reports to Audit Committee do not include summary outcomes or learning points.	Reports on Whistleblowing referrals and investigations outcomes are reported to the Audit Committee twice a year as part of the half year and annual fraud update reports.

9. For the current year we have procured the Protect Whistle-blowing Benchmarking tool and are assessing our arrangements against this. This will drive improvements for the forth coming year. A second independent review will be procured/commissioned in 2022/23.

Improvements

10. Internal Audit recognises the importance and value of effective Whistleblowing arrangements. As such three members of the team have undertaken a half day training course provided by ‘Protect’ to enhance their knowledge in the management of Whistleblowing referrals.
11. An internal investigation protocol has been developed to ensure that issues can be dealt with transparently, fairly, proportionately and lawfully, and that all relevant legislation such as the General Data Protection regulations, the Data Protection Act 2018 and the Human Rights Act are strictly observed.
12. Operationally, a new template has been developed to enable Internal Audit colleagues to evidently evaluate Whistleblowing referrals and document reasons for the actions relating to the referral.
13. In addition, Internal Audit has started assessing the Council’s arrangements against the ‘Protect’ Benchmarking Assessment tool and are working on a draft action plan of improvements. Further planned improvements include:
- Regular review of the Whistle-blowing Procedure to encourage Whistle-blowing.
 - Agreeing a protocol for Schools Whistle-blowing allegations.

- Enhancing the support and advice for Whistle-blowers.
- Obtaining feedback from Whistle-blowers on the process and suggested improvements based on their experience.
- Improving managers’ understanding of their role in supporting Whistle-blowing arrangements.
- Further raising of awareness of the process.

Lessons learnt

14. Key lessons that have been learnt include:

- More frequent and personal contact with Whistle-blowers is more supportive and encouraging.
- In some instances, the Whistleblowing Procedure is used instead of the Grievance Procedure. However, there are often referrals that constitute Whistle-blowing and grievance. More awareness will help employees to determine when the Whistle-blowing Procedure is the appropriate process.
- There is need for clear understanding of expectations of Whistle-blowers and ensure they are made aware of any limitations, so that they do not feel disappointed with the outcomes.
- Managers have a significant part to play in ensuring effective Whistle-blowing arrangements and increased support and awareness will help enhance the arrangements.

Proposal

15. The Audit Committee note the contents of this report.

Other Options Considered

16. Not applicable

Risk Assessment

17. Effective Whistle-blowing arrangements are a valuable mitigation against many risks the organisation faces, providing a route to report any instances of wrong-doing, risk or malpractice which may harm others. Failure to define and promote Whistle-blowing arrangements and for employees to have confidence in Whistle-blowing arrangements could result in malpractice going undetected, financial loss and possible reputational damage to the City Council.

Summary of Equalities Impact of the Proposed Decision

No equality impact is anticipated from this report.

Legal and Resource Implications

Legal

Not Applicable

Financial

Not Applicable

Land

Not Applicable

Personnel

Not Applicable

Appendices:

Not applicable

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers:**

Audit Committee

8th March 2022



Report of:	Chief Internal Auditor
Title:	Internal Audit Draft Plan 2022/23
Ward:	N/A
Officer Presenting Report:	Simba Muzarurwi – Chief Internal Auditor

Recommendation

The Audit Committee review and approve the draft Internal Audit Plan for 2022/23. In doing so, the Committee should consider:

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

Consistent with the agreed rolling audit planning approach, this high-level plan that indicates potential areas of audit activities will be reviewed by the Audit Committee quarterly to ensure it remains relevant to the risk environment in which the council is operating.

Summary

The report provides the Audit Committee with the Audit Plan for 2022/23.

The significant issues in the report are:

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

Policy

1. Audit Committee Terms of Reference.

Consultation

2. Internal

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

3. External

- External Auditors – Grant Thornton
- Internal Audit Strategic Partner - KPMG

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.

Proposal

6. The Audit Committee review and approve the draft Internal Audit Plan for 2022/23. In doing so, the Committee should ensure that plan reflects the areas for which they will require assurance from Internal Audit in 2022/23.

Other Options Considered

7. None Necessary.

Risk Assessment

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

Public Sector Equality Duties

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

Legal and Resource Implications

Legal – Not applicable

Financial

(a) Revenue – Not applicable

(b) Capital – Not applicable

Land/Property - Not applicable

Human Resources - Not applicable

Appendices:

- **Appendix (A) – Internal Audit Draft Plan 2022/23**

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

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



BRISTOL INTERNAL AUDIT

INTERNAL AUDIT: DRAFT PLAN 2022/23

Date: 25th February 2022

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



1. Purpose of this Annual Plan Report

- 1.1 This report provides an overview of Internal Audit's proposed work plan for 2022/23. Its purpose is to:
- Provide the Audit Committee with the draft planned Audit coverage for 2022/23
 - Provide details of the methodology used to formulate the plan
 - Draw attention to key features of the proposed plan
 - Provide details on the plan monitoring process, together with the follow-up and escalation process.

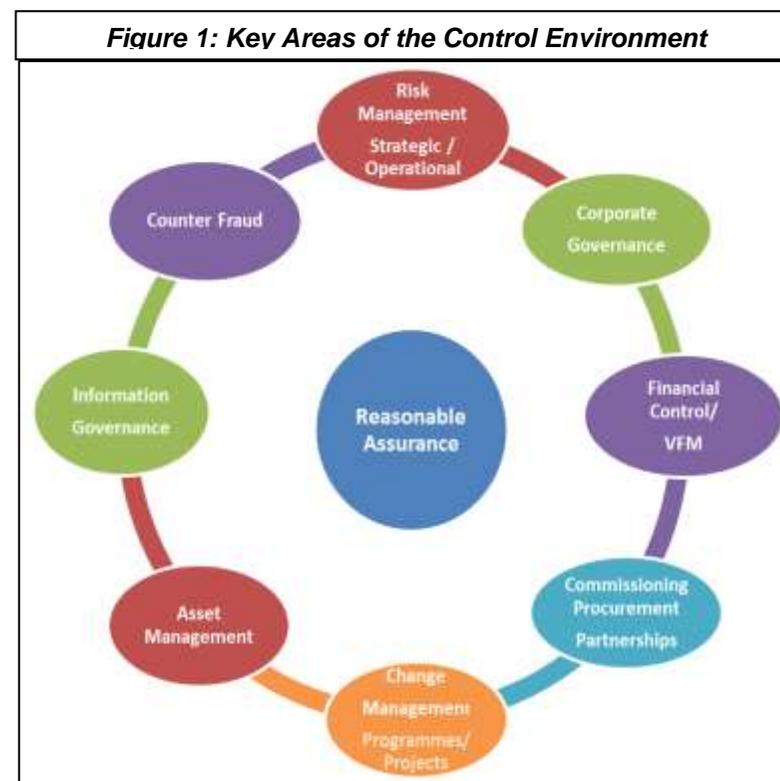
2. Formulation of the 2022/23 Audit Plan

- 2.1 The Internal Audit planning process reflects the requirements of the Public Sector Internal Audit Standards 2013 (PSIAS) and supporting Local Government Application Note produced by CIPFA/CIIA. It results in an audit plan which should:

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- Ensure a programme of work that is designed to enable provision of an evidence-based audit opinion on the risk management, governance and control environment to the senior management and the Audit Committee and in support of the Annual Governance Statement (AGS).
 - Help the Council meet high standards of service delivery, conduct and governance by examining, evaluating and reporting on the risk management, governance and internal control environment in areas it has identified support would be beneficial.
 - Ensure the Internal Audit Service is able to deliver other elements of work carried out on behalf of the Council which also support the year-end opinion.

- 2.2 The level of Internal Audit resources required to review all Council activities far exceeds those available each year. It is therefore important to ensure work is planned so that the maximum benefit is achieved in respect of the above aims and that the Service completes work which is risk based and adding value. In preparing the audit plan, work is designed to provide assurance in key areas within the Council's risk, governance and control environment as demonstrated by Figure 1.

Figure 1: Key Areas of the Control Environment



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

- Corporate Strategy & Priorities
- Corporate, Directorate and Service Risk Registers
- The budget proposals for the Council.
- The Councils transformation agenda
- Key financial systems
- The Global Risks Report 2022 published by the World Economic Forum
- Risk in Focus 2022: Hot topics for internal auditors published by a consortium of institutes of internal auditors that includes the Chartered Institute of Internal Auditors (UK & Ireland)
- Internal Audit Strategic Partner views providing cross sector insight
- Outcomes from previous internal audit, external audit and any inspection activities across all companies
- Areas of the business identified as requiring improvement or assurance support
- Audit work required to inform the annual opinion
- Assurance mapping previously completed by the team.

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

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

2.5 Having captured all the potential audit areas, an internal audit risk assessment based on relevance to corporate priorities, level of risk, materiality and audit history was undertaken to prioritise areas of focus in 2022/23. Our proposals were considered by the Corporate Leadership on 22nd February 2022.

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

- Co-ordination of assurances around corporate governance and compilation of the Annual Governance Statement (AGS)
- Ensuring robust counter fraud arrangements are in place across the Council.
- Ensuring effective arrangements for the coordination and management of the whistleblowing process.

2.7 The outcome of the above process is the Draft Annual Audit Plan at Appendix 1 which identifies potential areas that require assurance based on our assessment of risk. Those areas scoring lower in the risk assessment and not included in the plan, or areas that have been excluded for other reasons (eg other sources of assurance are available) are provided at Appendix 2.

- 2.8 Given the complex circumstances under which the Council continues to operate, it is anticipated that risks will continue to evolve at pace so Internal Audit will maintain a rolling plan which will be formally reviewed quarterly as previously agreed with the Audit Committee. In doing so, the items in both Appendix 1 and 2 will be revisited to ensure the risk assessment remains accurate as well as considering new/emerging risks as the year progresses. Additionally the plan will need to take into account any risks arising from the Annual Governance Statement during the current review process.

3. Resources

- 3.1 The plan will be delivered largely by the in-house team with the support from KPMG, our Internal Audit Strategic Partner. The plan has been developed and is considered deliverable based on the following resourcing assumptions:
- Two Internal Audit Professional Level 7 Apprentices will be recruited by September 2021.
 - Minimal impact on delivery by the team as a result of the current Common Activities Programme.
- 3.2 As our strategic partner, KPMG have been appointed to support our core delivery arrangements and facilitate the transfer of knowledge through joint audit projects as well as providing training to enhance our commercial and specialist skills. This partnering arrangement will also ensure the team is more resilient and enhances the ability to effectively deal with emerging risks and changing assurance requirements.
- 3.3 The appointment of high-level apprentices aligns with our strategy of building resilience within our Service by developing and implementing succession plans that are underpinned by the principle of growing our own skilled professionals through the apprenticeship and graduate trainee route. This approach does not only support the Council's wider objectives but also helps to address difficulties currently faced in recruiting experienced and qualified audit staff. These appointments were planned for the second half of 2020/21 but were not progressed following a corporate vacancy freeze. It is however intended to recruit to these posts during 2022/23.
- 3.4 For each audit assignment planned, the resource required is estimated. A number of factors that occur either before or during the audit reviews can significantly alter (in either direction) the number of days required for individual reviews.
- 3.5 Table 1 below provides the Committee with a summary view of the proposed coverage for 2022/23 split by audit type and providing indicative days to be spent in each area. It also provides details of days allocated in previous years. Again, it should be noted that this could change in the event of new risks emerging during the year.

Table 1: Summary of proposed Audit Plan 2022/23 with previous year comparatives:

Area of Work	Indicative Days	Indicative Days	Indicative Days	Indicative Days
	2022/23	2021/22	2020/21*	2019/20
Governance Systems	175	195	145	195
Risk Management Effectiveness	240	110	125	140
Financial Control Systems	195	160	160	255
Certifications	170	150	180	150
Schools Governance	110	100	100	100
Value for Money	-	70	40	50
Procurement and Contracts Management	85	85	95	100
Asset Management	60	65	35	95
Information Governance	80	135	165	175
Projects and Programme Management	240	200	190	170
Management Action Tracking	50	80	150	176
Consultancy and Advisory	40	75	169	-
General Contingency and b/f	120	165	240	200
Total Risk, Governance, Assurance	1565	1590	1794	1806
Counter Fraud				
Strategic Fraud Work (incl Whistleblowing)	191	40	41	19
Fraud Prevention	280	371	480	273
Fraud Detection (incl tenancy fraud work)	940	858	840	814
Responsive Fraud Investigation excl Tenancy (including DWP interface)	340	460	498	550
Contingency	130	-	-	-
Total Fraud	1881	1729	1859	1656
Total Planned Coverage	3446	3319	3653	3462
Total Available Productive Days	3463	3304	3650	3467

*Indicative days for 2020/21 Plan are based on the plan presented to March 2020 Audit Committee ie before the impact of the pandemic was felt.

- 3.6 Available days for assurance work are in line with the reduced level planned for last year. This is reflective of the extent to which arrangements with the strategic partner are embedding as well as the provision of more training days for a number of colleagues including the commitment necessary to support the 2 Level 7 Internal Audit Professional Apprentices. On the counter-fraud team, more resource has been made available to ensure sufficiency of resource for Whistleblowing. Additionally, key development work (Fraud Hub Phase 1) was completed in 2021/22 freeing up more resources for other planned work in 2022/23. A contingency on the fraud side has been included for the first time for unseen tasks or circumstances potentially relating to covid 19.

3.7 Given changes in our approach around automation, use of analytics and agile working it is felt that this level of resource will enable us to deliver the audit and counter-fraud plans presented in Appendix 1. Completion of this plan will leave the Chief Internal Auditor well placed to form his annual opinion at the end of the year.

3.8 The above table also demonstrates:

- Full use will continue to be made of Pentana Audit for management action tracking, working jointly with management to verify updates and implementation. Where re-audit work is required for audits concluding no or limited assurance, this is included in the internal audit plan and will include review of progress against previously agreed actions reducing the need for a separate allocation for follow up.
- A reduced allocation for contingency, consultancy and advice. This resource is lower than in previous years given the change in approach to audit planning. Areas for audit will be reviewed each quarter and where new areas for review are identified, priority of these will be considered alongside existing areas identified in the plan.
- Value for Money (VfM) work has not been specifically identified in the plan given this is an area of focus for the external auditor. However, consideration of VfM is integral to all the work completed and is considered at each audit assignment as a matter of course. Additionally, proactive fraud and irregularity work often identifies significant VfM opportunities.
- The figures at table 1 in relation to information governance reviews suggest that less resource has been allocated in this area when compared to previous years. This is not the case. In previous years, this allocation has included IT Audit reviews as well as information governance reviews. In this year's plan, the IT risk areas covered are included in the Risk Management category of the plan, hence the risk management figure is higher than in previous years.

4 The Audit Plan – Key Features

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

- **Size of the assurance plan** – the actual number of audits included in the plan has been reduced in comparison with previous years. The approach is to ensure that auditable areas are allocated more days to enable deeper insights and enhanced assurance. Additionally, the team will continue to draw on other sources of assurance where they are available and avoid duplicating work in those areas.
- **Flexibility and Responsiveness** – recognising that independent assurance requirements and organisational risks will change during the year, more flexibility has been built into the plan:
 - Contingencies have been included for new and emerging risk areas in year. This should enable the team to accept a limited number of requests for work in year without impacting on the planned work for 2022/23.
 - Resources for responsive fraud investigation work have been included as well as a contingency to cater for increased volumes of referral or other unforeseen work.

- Resource allocations have been made in the following areas without specifically defining the scope and coverage at this point. Again, this will ensure that, at the time the piece of work is delivered, resources are targeted most effectively to provide maximum value:
 - Project and Programmes
 - Capital Programme
 - Grant Certification
 - Schools Assurance

- **Whistleblowing** – Internal Audit is responsible for co-ordinating an effective response to whistleblowing reports. A plan for further improvements to whistle-blowing arrangements is also being drafted (details of which are presented to the Committee in a separate report) and as such increased resource has this year been allocated to this area.
- **Follow up Approach.** The plan includes resources for follow up work. Where Internal Audit reports conclude that limited or no assurance can be provided, the reviews will be repeated at an appropriate time to establish the effectiveness of agreed management actions in improving control. We will maximise the use of Pentana Audit in supporting management to proactively follow and report the progress in the implementation of agreed management actions.
- **Effective use of Data and Analytics** to support audit processes and to enhance fraud prevention and detection remains a key element of the plan.
- **Fraud Hub** - Resources have been allocated in the plan to support further embedding and development the fraud hub. The fraud hub aims to provide a powerful fraud detection solution, combining advanced data matching with intelligent analytics and counter fraud expertise.
- **Information Governance and IT Asset Management.** Given the complexity of the IT control environment a provision has been made in the plan for a number of IT Audit reviews. In addition, time has been allocated to provide assurance around the Council's Information Governance and Information Security arrangements.

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4.2 **Team Development and Improvement.** As well as delivering the assurance and counter fraud programmes set out in the audit plan, time has been set aside for continuous development and improvement of services offered by the team during 2022/23. Priorities include:

- A review the team's structure to ensure it remains fit for purpose going forward and recruitment of the high-level apprentices referred to above.
- Continuing work to implement continuous auditing and monitoring methodology
- Preparing for the required external assessment of the team's compliance with the Public Sector Internal Audit Standards (PSIAS). Such an assessment is required at least every 5 years and it is planned that this will take place during 2022/23.
- Maximising use of the Pentana Audit Software tool to maximise the value from the audit system for both the Internal Audit Team and Management

4.3 **Client engagement** with the audit service is key to the effective delivery of the audit plan. Client engagement models are in place to ensure that senior management are sighted on and support delivery of Internal Audit plans throughout the year with quarterly reporting to Executive Directorate Management Teams and the Corporate Leadership Board. Enhancements to client engagement to further support delivery of the plan will this year include more timely scheduling of reviews for early agreement with management and services to facilitate audit work. This aims to avoid unmanageable numbers of request for audits to be rescheduled during the year by working with service managers to determine the most appropriate time for audit work to take place.

5. Plan Monitoring

5.1 Performance against completion of the annual plan will be measured and reported in Internal Audit Activity reports at most Audit Committee meetings. The performance indicators are as set out in the Quality Assurance and Improvement Programme that was approved by the Audit Committee in November 2021. These are:

- Delivery of Internal Audit Plan – Complete to at least draft report stage 90%
- Delivery of audits within the agreed budget and timelines 90%
- Timeliness of issue of draft report (within 10 days from end of field work) 90%
- Timeliness of issue of final reports (withing 5 days following receipt of management responses) 95%
- Level of agreed management actions fully implemented 90%
- Stakeholder satisfaction with audit outcomes and value 85%
- Number of properties or other positive housing outcomes from Tenancy Fraud Initiative 45
- Delivery of Audit Opinion in time to inform the Annual Governance Statement (AGS) May 2022
- Delivery of AGS in line with statutory timeframe May 2022

6. Follow Up and Escalation

6.1 The Audit Committee will receive all internal audit summaries with a no or limited assurance opinion and the relevant Senior Responsible Officers will attend Audit Committee meetings to provide assurance on the implementation of agreed actions. Such audits will be subject to re-performance within six months from the date the final report was issued. In addition, all agreed management actions will be subject to monitoring to obtain assurance that they have been implemented on time.

6.2 The progress in the implementation of agreed management actions is reported to the Audit Committee and the Corporate Leadership Team (CLB) as part of its regular activity reports. Repeated failure to implement the agreed management actions will be reported to CLB and the Audit Committee, who may call the appropriate Senior Responsible Officer to account for the failure to correct the control environment.

6.3 It is the full responsibility of the relevant Senior Responsible Officers to implement the agreed management actions and senior management are responsible for ensuring that there are appropriate arrangements for monitoring and reporting the progress in the implementation of agreed management actions.

7. Context

- 7.1 The Audit Committee's Terms of Reference includes a strategic requirement to ensure that the Council's internal control and assurance framework is operating effectively. To enable them to do so, the Committee needs to ensure it seeks assurance that key areas that contribute to this framework are robust. The work of Internal Audit is a key component of the assurance provided to the Committee in fulfilling this role and the Audit Committee need to ensure the plan is focussed on the key assurances they require.
- 7.2 The Public Sector Internal Audit Standards 2013 guidance on the role of Audit Committees in relation to Internal Audit suggests that it should involve reviewing, assessing and approving the Internal Audit work plan for delivery of the Audit Service.
- 7.3 The standards also include the requirement that Internal Audit must be operationally independent. The Internal Audit Charter which was reviewed and approved by the Audit Committee in November 2021 details the arrangements in place regarding the team's operational independence including details of the reporting lines for the Chief Internal Auditor.
- 7.4 There are two areas of work that the team deal with operationally on behalf of the Council that is (i) facilitating the preparation and review of the Annual Governance Statement (AGS) and (ii) managing the Council's Whistleblowing arrangements. In relation to the AGS, there are synergies between this and audit work and they are well aligned to the assurances that Internal Audit seek to provide. The External Auditor, however, independently reviews the Annual Governance Statement to ensure it has been prepared to properly reflect the governance activities that have operated at the Council in the year and as such completion of this work is not felt to be an issue. In relation to Whistleblowing, an independent review is periodically commissioned to assess the effectiveness of arrangements to manage the self-review risk.

Directorate	Area of Review	Rationale for Inclusion
Governance		
Corporate	Annual Governance Statement 2021/22	Statutorily Required. Annual governance review and Statement preparation.
Corporate	Performance Management	Core Governance System for monitoring and reporting progress towards key priority delivery.
Corporate	Partnerships - Tracking of Outcomes	Delivery of priorities via partnerships is key to corporate strategy delivery model.
Corporate	Organisation Culture and Ethics	Impact on culture and values of new ways of working and budget impacts.
Resources	Group Company Governance - Embedded Assurance	Area of change and high profile.
Resources	Information Governance Board - Embedded Assurance	Advisory role in relation key corporate risks around information governance.
G&R	Climate Change - Embedded Assurance	Key strategic priority/climate emergency response.
G&R	Client Team re Companies	Corporate Risk 40. Changes in governance arrangements. No recent audit coverage.
People	Schools Assurance Programme	Material spend. Assurance over financial management and governance in schools.
People	Schools SFVS	Statutorily Required. Key area of assurance for Council and DfE over school funding.
People	Integrated Care Management System	Area of change in key delivery area.
Risk Management		
Corporate	Annual Review of Risk Management	Required by Internal Audit Risk Based Planning Process.
Resources	IT Resilience	Corporate Risk (CRR 26) and previous audit history.
Resources	IT Infrastructure	Changing area and essential infrastructure.
Resources	Cyber Security	Corporate risk (CRR 7) and previous audit history.
Resources	Legacy Systems B/F	Corporate Risk (CRR 25) and previous audit history.
Resources	Cloud Resilience B/F	Core mitigation to IT Resilience risk. New arrangements in place following ITTP not yet audited.
G&R	Homelessness/Temporary Accommodation	Corporate risk (CRR 37) and previous audit history.
G&R	Affordable Housing Delivery	High level risk in Corporate Risk Register (CRR 32) and key strategic priority.
G&R	Flood Risk Management	Corporate Risk (BCCC1).
People	Domiciliary Care	Emerging risk as more people receive care/support at home
People	Children's Safeguarding	High level risk in Corporate Risk Register (CRR9), key strategic priority and client request.
People	SEND	Corporate risk (CRR36) and previous Audit/Annual Governance Statement history.
People	Transition from Children in Care to Adults	Potential service risk requested for review by client.
People	Placement sufficiency for Children in Care	High level service risk.
People	Domestic Violence	Emerging risk during and post pandemic.
Internal Control		
Financial Control		
Corporate	Savings Delivery	Emerging risk given financial and budget situation.
Corporate	Grant and Other Certifications	Required by grant conditions.
Corporate	Financial Management Code Compliance	Best practice standards of financial management effective for 2022/23.
Resources	NNDR Collection	Material financial system - periodic audit review.
Resources	Covid Grants Assurance	Material distributions made.
Resources	Continuous Audit and Data Analytics	Increasing and automating assurance over key financial systems.
Resources	Debt Management	Material financial system and recent Debt Policy review.
G&R	Housing Rent	Material financial system and previous audit history.
G&R	Responsive Repairs	Material financial system and previous audit history.
People	Adult Social Care Budget Management	Material financial system and area at high risk of overspend.
Procurement		
Corporate	Supply Chain and Third Party Risk	Emerging risk post covid and Brexit across several services.
Corporate	Procurement Compliance	Previous audit history.
Resources	Contract management	Key area of spend and previous audit history.
Resources	Social Value	Key part of contract award criteria and no previous audit coverage.
HR and Asset Management		
Resources	Corporate Landlord	Area of change. Materiality of corporate estate and statute requirement in maintaining it.
Resources	Agency Staff	Level of use of interims. Previous audit history.
G&R	Housing Investment Programme and Maintaining homes	Area of organisational change and materiality.
Information Governance		
Resources	Core Systems Access Controls	Nature of information held. Previous audit history in relation to information governance.
Resources	Records Management	Area of organisational change and reportable issues emerging.
Resources	GDPR Compliance	Legal requirement and GDPR Improvement project is coming to an end.
Resources	Information Security Management System (ISMS)	Verification requirements for ISMS.
Projects and Programmes		
Corporate	Project Audits	Delivery of change programmes and projects which are key to delivery of objectives/savings.
Corporate	Capital Programme Embedded Assurance	Key corporate risk and materiality of capital programme.
Resources	Digital Transformation Programme - Embedded Assurance	Core improvement programme. Previous audit history.
G&R	Housing IT Transformation Programme	High service risk area and previous audit history.
People	Adult Social Care Transformation	Core change programme to implement policy objectives and support mitigation of Corporate risks.
Counter Fraud Programme		
Strategic Counter Fraud Arrangements		
Corporate	Whistleblowing Management, Improvements and Referrals	Organisation and ethical requirement
Corporate	Fraud Risk Management	To ensure fraud risks are understood and effectively managed
Fraud Prevention Programme		
Corporate	Further Fraud Hub Development	Maximise technology in the fight against fraud.
Corporate	Fraud Alerts and Awareness	Raise awareness of fraud risks and attempted fraud
Corporate	'Tell us once' process	If working effectively will help with fraud prevention
Resources	Covid Grant Checks	Mandatory pre-payment checking. Avoidance of paying where there is no entitlement.
Resources	Money Laundering Review	Legal compliance requirement. No recent audit coverage.
Resources	Employee & recruitment fraud (C/fwd)	Emerging Fraud risk area
Resources	Procurement - overarching review	Material spend and key fraud risk area
G&R	Social Housing Gateway review	Tenancy Fraud is a key fraud risk area for the Council.
G&R	Right to Buy checks	Avoidance of selling housing stock when there is no entitlement to buy
G&R	Tenants education campaign	Ensuring tenants understand their responsibilities in order to prevent tenancy fraud and abuse.
People	Schools Fraud Risk management & Whistleblowing	Supporting schools to improve and manage their fraud risks and Whistleblowing arrangements
Fraud Detection Programme		
Corporate	NFI Fraud Hub Operation and Investigations	Maximise technology in the fight against fraud.
Corporate	NFI Main exercise and Single Person Discount exercise.	Mandatory Cabinet Office Initiative
Resources	Accounts Payable Forensics - Fraud Module	Material financial system - fraud testing.
Resources	Procurement analysis - red flags	Testing of material spend and fraud risk areas.
Resources	NNDR Fraud	Material financial system - fraud testing.
G&R	Proactive Tenancy Fraud Identification	Key Fraud risk - fraud testing and use of analytics.
G&R	Tenancy Fraud Casework	Key Fraud risk - investigation of cases
People	Guardianship Review	Emerging Fraud Risk
People	Social Care benefits - fraud testing	Key fraud risk
Various	Other Fraud Testing	Responding to other emerging fraud risks
Responsive Fraud Investigations		
Corporate	Responsive Fraud Referral Investigations (and hotline)	Organisation and ethical requirement.
Corporate	Gain Requests	Organisation requirement - supporting wider community and the police in tackling crime.
Resources	CTR Casework	Organisation and ethical requirement.
Resources	Benefit fraud Casework	Delivery of Service Level Agreement with DWP.
G&R	Blue Badge Enforcement	Fraud and ethical risk.
People	Pupil tracking requests	Organisation requirement - supporting education services.

Areas considered but not currently included in the Internal Audit Plan.

Area	Comments on why not included if other than considered lower risk than those included
Governance	
Modern Slavery	
Decision Making	
Data Quality of Performance Management	Performance management item included in the plan felt to be priority
Data Integrity	As above
Alternative Service Delivery Models	Likely to be reviewed to some degree as part of savings programme
Migration	
Digital Inequality	
Social Cohesion/Mental Health (Post Covid)	
Risk Management	
Organisational Resilience	Currently subject to Internal Audit Work
Insurance	
Planning Control	
Building Control	
IT Resourcing and Capability	Covered in other IT work
Children in Care	Recent external inspections
Children's Care Homes	Recent external inspections
Residential Care	Recent external inspections
Foster Care	Recent external inspections
Internal Control	
Financial Control	
Household Support fund	
Car Parking Income	Work completed in 2019/20. Less cash risk as more on line payment.
S106 Agreements	Work completed in 2019/20.
Deferred Payments	Work completed in 2021/19
Direct Payments	Work completed in 2021/22. Management action tracking via Pentana Audit only.
Treasury Management	Work completed in 2019/20
PCI Compliance	Work completed in 2021/22
Procurement	
Telecoms contract	Management action tracking via Pentana Audit only.
HR and Asset Management	
Succession Planning, Talent Management and Equality of Opportunity	Too early following restructure. Include in 2023/24 plan.
Investment Property Management	Some potential overlap with Corporate Landlord review included in the plan.
Harbour	Work completed in 2021/22. Management action tracking via Pentana Audit only.
Workforce Morale	May be considered when scoping Organisation Culture review
Adult Social Care Workforce Management	Aspects covered in ASC Transformation Project
Fleet Management	Work completed in 2021/22
Home Work Place Assessments	21/22 and 20/21 work on H&S
Facilities Management	Some potential overlap with Corporate Landlord review included in the plan.
Information Governance	
Liquid Logic	Wider Information Governance reviews likely to cover.
Projects and Programmes	
Common Activities Programme	Linkage to item included in the plan - Savings Delivery
Clean Air Zone Project	External Audit coverage in 2021/22
Capital Programme Governance	Management action tracking via Pentana Audit only.
Mass Transit – Impact on City	External Audit coverage in 2021/22
City Leap	Too early. Include in 2023/24 plan.