

Notice of Meeting

Governance & Audit Committee

Councillor Allen (Chair),
Councillor Wade (Vice-Chairman),
Councillors Brossard, Gbadebo, Mrs Hayes MBE, Heydon, Leake
and Parker

Wednesday 22 June 2022, 7.30 pm
Council Chamber - Time Square, Market Street, Bracknell,
RG12 1JD



Agenda

Item	Description	Page
1.	Apologies for Absence	
	To receive apologies for absence and to note the attendance of any substitute members.	
2.	Declarations of Interest	
	<p>Members are asked to declare any disclosable pecuniary or affected interests in respect of any matter to be considered at this meeting.</p> <p>Any Member with a Disclosable Pecuniary Interest in a matter should withdraw from the meeting when the matter is under consideration and should notify the Democratic Services Officer in attendance that they are withdrawing as they have such an interest. If the Disclosable Pecuniary Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days.</p> <p>Any Member with an affected Interest in a matter must disclose the interest to the meeting. There is no requirement to withdraw from the meeting when the interest is only an affected interest, but the Monitoring Officer should be notified of the interest, if not previously notified of it, within 28 days of the meeting.</p>	
3.	Minutes of previous meeting	3 - 10
	To approve as a correct record the minutes of the meetings of the Committee held on 23 March 2022 and the Annual Meeting of the Committee held on 18 May 2022.	
4.	Urgent Items of Business	
	Any other items which, pursuant to Section 100B(4)(b) of the Local Government Act 1972, the Chairman decides are urgent.	
5.	Internal Audit Annual Assurance Report 2021/22	11 - 60
	To receive the Internal Audit Annual Assurance Report 2021/22. Reporting: Sally Hendrick	

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6.	Annual Governance Statement	61 - 76
	To receive the Annual Governance Statement for 2021/22. Reporting: Sanjay Prashar	
7.	Standards Annual Report 2021/22	77 - 82
	To advise of activity within the Standards framework from 1 April 2021 to 31 March 2022. Reporting: Sanjay Prashar	

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Published: 14 June 2022

EMERGENCY EVACUATION INSTRUCTIONS

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**GOVERNANCE & AUDIT COMMITTEE –
ADVISORY MEETING
23 MARCH 2022
7.30 - 8.58 PM**



Present:

Councillors Allen (Chair), Wade (Vice-Chairman), Brossard, Gbadebo and Heydon

Apologies for absence were received from:

Councillors Mrs Hayes MBE

27. Declarations of Interest

There were no declarations of interest.

28. Minutes of previous meeting

RESOLVED that, subject to the amendments above, the minutes of the meeting of the committee held on the 26 January 2022 be approved as a correct record.

29. Urgent Items of Business

There were no urgent items of business.

30. External Audit - Audit Results Report

The Committee received the draft annual Audit Results report from the 2021 Audit. The External Auditors attended the meeting, and Andrew Brittain and Tom Archer of Ernst & Young presented the report.

It was highlighted, that page 13 of the report updated the scope and status of the audit, the substantial part of the audit had been completed, but there were still some areas outstanding. As in previously years, the most significant part of the outstanding areas was the liability of the pension fund, and final conclusions from Deloitte LLP had still not been received. An IS19 assurance letter had been received by Ernst & Young, but it had been caveated that the audit of Windsor & Maidenhead and the Royal County of Berkshire Pension Fund had not yet been completed, and until that was complete material issues could arise. The letter had highlighted, as in previous years, that there was a difference in asset values and issues in membership data. It had been hoped that after the plan had been presented to the Committee in January that these issues wouldn't arise again this year, but unfortunately, they had.

The outstanding issues surrounding Property, Plant and Equipment assets had been resolved, however an audit different had been identified relating to the value of one of the Councils properties. This stemmed from an incorrect land value being used, it was note that the difference was not material but was above the threshold of what needed to be reported to the Committee and would be included in the final audit report. A second issue had since arisen since that publishing of the agenda, the issue was that Local Authorities were not writing out the gross cost and associated depreciation on highway infrastructure assets. This most commonly occurred with the upgrading of

road surfaces. CIFCA had been included in discussions and were considering options, which could be enhanced guidance or amendments to the code. In the meantime, Local Government Audit firms have paused signing opinions on Councils with material infrastructure assets which would include Bracknell. This had been discussed with management and based on discussions with management and work already undertaken, it was believed that there was sufficient assurance that Bracknell were accounting for this correctly and in accordance with the CIFCA code, therefore it was being discussed internally to whether the current pause should apply to Bracknell, Officers and Members would be informed once this had been resolved.

The fees relating to the audit had been outlined within the report, and there were some areas that were yet to be quantified. There had been a change this year with PSAA who determined scale fees, and changes, had issued guidance in advance regarding some of the incremental areas highlighted in the audit plan.

Arising from the Committees comments and questions, the following points were made:

- Deloitte's had indicated to RBWM that they were pushing completion back into the summer, Discussions were being held to whether the caveat in the letter could be removed earlier than that.
- The property value different came to £1.8m and was above the levels of reporting, this would be outlined within the final report.
- When Deloitte's took over the pension fund, they highlighted a number of issues, including control issues around the fund itself. It had been reported that there were less issues reported this year, which it was hoped was a step in the right direction.
- These were circumstances outside the control of Ernst & Young.
- Internal Audit would be responsible for looking at the dispensing of Covid Grants.
- There had been increased discussion surrounding cyber-attacks since the invasion on Ukraine by Russia. Supply chain and energy price impacts were also filtering through as flagged risks.

The Committee noted the report.

31. **Financial Statements 2020/21**

The Committee received the Financial Statements for 2020/21.

In accordance with the Accounts and Audit Regulations 2015 (as amended by the Accounts and Audit (Amendment) Regulations 2021), draft accounts were required to be signed by the 31 July 2021 and audited by the 30 September 2021. The Executive Director: Resources had signed the draft 2020/21 Statement of Accounts on 28 May 2021 and copies of the accounts were then made available on the Council's website.

Due to delays in the completion of the audit of the Royal County of Berkshire Pension Fund by Deloitte LLP for the 2019/20 accounts it had not been possible to bring the audited accounts to the Committee for authorisation before the revised deadline of 30 September 2021.

Highlights from the statement included:

- The Council had underspend by £3.6m for the year.

- There had been a £1m underspend on interest budgets where high cash balances in the year meant that the Council could reduce their levels of borrowing during the year and save interest.
- A number of Covid grants had been received throughout the year.
- There had been an underspend on the contingency fund.
- £3.2m had been returned to the general reserve.
- The year ended with £10.3m in general reserves which was significantly above the minimum prudent level of £4.5m.
- Earmarked reserves increased to £27m, approximately half of this was to do with timing differences around business rates.
- The Council was in a healthy position regarding reserves.
- There had been an increase in long term assets.
- The values of land and buildings had increased.
- There had been an increase in value of assets under construction, including Heathlands.
- Long term borrowing had maintained at £80m.
- Short term borrowing had been reduced from £15m to zero due to the cash balances.
- The net pension liability had increased significantly, by over £100m this year, compared to a reduction of £41 million last year.
- In 2021 the schools budget went into deficit for the first time and under the new legislation this need to be shown in a separate reserve called the dedicated schools adjustment account. There was a £2.6m deficit at the end of 2021.

Arising from the Committees comments and questions, the following points were made:

- Some of the Covid grants were earmarked, and others were general in nature.
- Earmarked reserves that were unused could be released into the general reserve at the end of the year if there were no return conditions attached to them.
- Cash flow formed part of the statement, income and expenditure statement showed how things changed on the surplus deficit in regard to the services. The cash flow showed a number of adjustments and didn't concentrate on reserves.

The Committee noted the report and the recommendations could not yet be actioned.

32. **Interim Internal Audit Update**

The Committee received a report updating them on progress on the annual Internal Audit Plan. The Committee had received its last update at the Committee meeting in January.

Sally Hendrick reported that the Council were required to undertake a quality assessment once every five years and that would commence in April 2022. The assessor would be meeting with the Chair of Governance and Audit Committee to get their input and feedback into the review. It was also noted that the naming of the second priority level of adequate would change to satisfactory as it would sound much more positive.

Highlights from the update included:

- Between April 2021 to February 2022, 7 grant audits and 22 reports/memos were finalised, 8 reports/memos were issued in draft awaiting management responses and 11 audits were work in progress.
- Not every school was audited, schools were asked to undertake their own self assessments of their finance and governance controls and from reviewing those and any other input it was determined whether and audit visit would take place.
- The school's that were subject to an audit visit tended to be the ones where a greater risk had already been identified and key issues had been already highlighted.
- There has been some delay in progressing the 21/22 Audit Plan as a backlog of 20/21 audits deferred to late q4 or early q1 of 21/22 at management request had to be cleared first and schools scheduled to be audited were not prepared to have audits undertaken until the autumn.
- A list of deferred audits and the reason for the deferral had been included within the report.

Arising from the Committees comments and questions, the following points were made:

- There had been reporting earlier in the year with inadequate findings.
- The data indicators audit would be undertaken in April 2022, and the prep work had already started. This was due to slight slippage and due to resource issues, which made them unable to be finished in quarter 1.
- Going forward the audit would be prioritised on importance.
- There had been some audits in the previous year where managers felt they were unneeded.

The Committee noted the report.

33. **Internal Audit Plan 2022/23**

The Committee received the Internal Audit Plan 2022/23, the purpose of the report was to set out the underlying principles applied in the Internal Audit planning process.

The plan had been developed through discussions with management, IT auditors and risk register reviewed across the Council. The plan was not set in stone and was reviewed on a regular basis throughout the year, with changes made as appropriate.

This year the plan had been prioritised, each audit now had a priority, this had been agreed with the Chief Executive.

There were now fewer national indicators that needed to be published as part of the plan, so this was now a more streamlined approach.

RECOMMENDED that the Internal Audit Plan for 2022/23 be approved.

34. **Strategic Risk Update**

The Committee received the updated Strategic Risk Register.

The Register was review regularly and had been last reviewed by the Strategic Risk Management Group on the 10 February 2022 prior to review at CMT on 9 March 2022

The following changes were made to the Register:

- The Finance (Risk 1) was re-graded from a red to amber risk.
- The COVID risk score (Risk 11) was reduced for consistency with the COVID risk register following review at GOLD meetings.

The Cyber Security risk had been discussed at CMT, however CMT wanted to wait until the outcome of the business continuity exercise to access the cyber risk score, this would be monitored at a regular basis.

Arising from the Committees comments and questions, the following points were made:

- The Chart on page 221 was missing number 12, this would be amended.

The Committee noted the report.

35. **Exclusion of Public and Press**

RESOLVED that pursuant to Section 100A of the Local Government Act 1972, as amended, and having regard to the public interest, members of the public and press be excluded from the meeting for the consideration of the following item which involves the likely disclosure of exempt information under the following category of Schedule 12A of that Act:

- (3) Information relating to the financial or business affairs of any particular person (*including the authority holding that information*) (Item 10).

36. **Review of Contract Standing Orders**

The Committee received a report on the Review of Contract Standing Orders. The purpose of the report was to recommend the replacement of the Council's existing Contract Standing Orders with an updated version as included with the report.

The law required a local authority to make Standing Orders with respect to contracts for the supply of goods or materials or for the execution of works this must include provisions for securing competition and for regulating the manner in which tenders were to be invited. The Council had adopted Contract Standing Orders as part of the Constitution which had been amended from time to time as required to meet the Council's operational needs.

It was recommended that Council replaced its existing Contract Standing Orders with the version set out in within the report. An accompanying Contract Standing Order Best Practice checklist would also be circulated to all Council Heads of Service once the revised Contract Standing Orders had been approved by Council. A summary of the material changes had been set out within the report.

RECOMMENDED that Council replaces its existing Contract Standing Orders with the version proposed in Appendix 1 of the Review of Contract Standing Orders report.

CHAIRMAN

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**GOVERNANCE & AUDIT COMMITTEE
18 MAY 2022
8.25 - 8.26 PM**



Present:

Councillors Allen (Chair), Wade (Vice-Chair), Brossard, Gbadebo, Heydon and Leake

Present Virtually:

Councillors Mrs Hayes MBE and Parker

1. Election of Chair

RESOLVED that Councillor Allen be elected Chair of the Governance and Audit Committee for the Municipal Year 2022 –2023.

2. Appointment of Vice-Chair

RESOLVED that Councillor Wade be appointed Vice-Chair of the Governance and Audit Committee for the Municipal Year 2022 –2023.

3. Appointment of Code of Conduct Panels - Sub Committees of Governance and Audit Committee

RESOLVED that that the following sub committee be appointed:

Code of Conduct Panel

Sub Committee of Governance & Audit Committee

Any three councillors drawn from the membership of the Governance & Audit Committee (including substitutes) based on availability, plus one co-opted independent member or parish/town council representative drawn from a pool based on availability.

Independent Co-opted Members Pool

(for complaints concerning Borough councillors)

Vacancy, Independent Co-opted Member of Governance & Audit Committee

Heather Quillish

Khan Juna

Parish/Town Council Representatives

(for complaints concerning Parish / Town Councillors)

Cllr Peacey – Binfield Parish Council

Cllr Kempster – Bracknell Town Council

Independent Persons

Vacancy

Vacancy (reserve)

CHAIRMAN

TO: GOVERNANCE AND AUDIT COMMITTEE

DATE: 22 JUNE 2022

INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2021/22 (Head of Audit and Risk Management)

1.PURPOSE OF REPORT

- 1.1 Under the Public Sector Internal Audit Standards, the Head of Audit is required to deliver an annual internal audit opinion. This is timed to inform review of the Annual Governance Statement (AGS).

2.RECOMMENDATION

- 2.1 **The Governance and Audit Committee note the Head of Audit and Risk Management’s Annual Report setting out the Head of Internal Audit’s Opinion for 2021/22.**
- 2.2 **The Governance and Audit Committee note the conclusion of the independent external assessment that the Internal Audit service is fully compliant with Public Sector Internal Audit Standards.**

3.REASONS FOR RECOMMENDATION

- 3.1 To support assurances set out in the Annual Governance Statement and ensure compliance with the Public Sector Internal Audit Standards.

4.ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Committee could choose not to receive the Head of Audit and Risk Management’s Annual Report setting out the Head of Internal Audit’s Opinion but would then not be aware of the relevant assurances from Internal Audit supporting the Annual Governance Statement and would not be complying with the Public Sector Internal Audit Standards.

5.SUPPORTING INFORMATION

- 5.1 The Council is required under the Accounts and Audit (Amendment)(England) Regulations to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.
- 5.2 The Public Sector Internal Audit Standards applicable to local government require the Head of Internal Audit to provide a written report to those charged with governance timed to support the Annual Governance Statement. This report should include an overall opinion on the adequacy of the control environment, a summary of the work that supports the opinion and a statement on conformance with the Public Sector Internal Audit Standards (PSIAS).
- 5.3 The attached report sets out the Head of Internal Audit’s Opinion for 2021/22 summarising the results and conclusions of Internal Audit’s work for 2021/22 and a statement on compliance with PSIAS. No system of control can provide absolute

assurance against material misstatement or loss, nor can Internal Audit give that assurance. This opinion can, therefore, only provide reasonable and not absolute assurance based on the work undertaken and areas audited.

- 5.4 In addition, a formal independent external assessment of compliance with mandatory Public Sector Internal Audit Standards has been completed as set out in appendix 3 which has concluded we are fully compliant.

6.ADVISE FROM STATUTORY OFFICERS

6.1 Director of Finance

There are no financial implications arising from this report. The work of Internal Audit is key to providing assurance about the effectiveness of the Council's internal control environment.

6.2 Borough Solicitor

The report has helped inform the contents of the Annual Governance Statement prepared by the Borough Solicitor which is included as a separate item on the agenda

6.3 Equalities Impact Assessment

Not applicable.

6.4 Strategic Risk Management Issues

The Head of Internal Audit's Annual Report provides her opinion on the control environment in place at the Council. Internal control is based upon an ongoing process designed to identify and prioritise risks and to evaluate the likelihood of those risks being realised and the impact should they arise. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure altogether.

7 CONSULTATION

- 7.1 Not applicable.

Contact for further information

Sally Hendrick – 01344 352092

Sally.hendrick@bracknell-forest.gov.uk

Doc. Ref

Accounts and Audit Regulations

Public Sector Internal Audit Standards

BRACKNELL FOREST

HEAD OF AUDIT AND RISK MANAGEMENT'S ANNUAL REPORT

June 2022

Sally Hendrick
Head of Audit and Risk Management
Sally.hendrick@bracknell-forest.gov.uk
01344 352092

1.BACKGROUND

The Council is required under the Accounts and Audit (Amendment) (England) Regulations to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.”

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide a written report to those charged with governance timed to support the Annual Governance Statement.

2. PURPOSE AND SCOPE OF THE HEAD OF INTERNAL AUDIT’S ANNUAL REPORT

The Head of Internal Audit’s annual report

- Includes an opinion on the overall adequacy and effectiveness of the organisation’s control environment.
- Discloses any qualifications to that opinion together with the reasons for that qualification.
- Presents a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- Draws attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement.
- Compares the work actually undertaken with the work that was planned and summarises the performance of the internal audit function against its performance measures and targets; and
- Comments on compliance with Public Sector Internal Audit Standards and communicates the results of the internal audit quality assurance programme.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure altogether. No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement and opinion can, therefore, only provide reasonable and not absolute assurance. Internal control is based upon an ongoing process designed to identify and prioritise risks and to evaluate the likelihood of those risks being realised and the impact should they arise.

3. HEAD OF INTERNAL AUDIT OPINION 2021/22 AND KEY HEADLINES

HEAD OF AUDIT AND RISK MANAGEMENT'S OPINION

*Based on internal audit work undertaken, the Head of Audit and Risk management is able to conclude there are **adequate** arrangements in place at the Council for risk management and corporate governance.*

*The Head of Audit and Risk Management gave limited assurance on the control environment in 2018/19 and 2019/20. The positive direction of travel was recognised in 2020/21 when a partial assurance opinion was given. This has been sustained over the last year and the Head of Audit and Risk Management is able to give a further **partial** assurance opinion on the internal control environment for 2021/22. Further action is needed to secure an adequate control environment and in particular to ensure moving forward that agreed management actions to address weaknesses are implemented to reduce the number of repeat adverse opinions on individual audits.*

CONFORMANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

Based on the independent external assessment undertaken in March 2022 as set out in Section 5.1, the Head of Audit and Risk Management can confirm that Bracknell Forest internal audit fully conforms with PSIAS requirements. The Head of Audit and Risk Management can confirm organisational independence of internal audit activity and absence of impairment to objectivity or independence during 2021/22.

SUMMARY OF 2021/22 AUDIT OUTCOMES

2021/22 ASSURANCE LEVELS	NUMBER OF AUDITS	2020/21 ASSURANCE LEVELS	NUMBER OF AUDITS
Good	2	Good	4
Adequate	17	Adequate	15
Partial	11	Partial	10
Inadequate	3	Inadequate	0
No assurance	0	No assurance	0
<u>Total for Audits with an Opinion</u>	33	<u>Total for Audits with an Opinion</u>	29
Memos and reports with Major Recommendation and no Opinion	8	Memos and reports with Major Recommendation and no Opinion	4
Other Follow Up Memos/ Reports with no Opinion	7	Other Follow Up Memos/ Reports with no Opinion	3
<u>Total Audits</u>	48	<u>Total Audits</u>	36
Grant Certifications	5	Grant Certifications	7
Overall Total	53	Overall Total	43

As noted in 4.2, at the time of writing this report one audit 2021/22 was still in progress approaching completion and two reports had been received for client-side review.

DEFINITIONS FOR ASSURANCE OPINION LEVELS AND RECOMMENDATION PRIORITIES

Since 1st April 2019 we have been categorising our audit opinions according to our assessment of the controls in place and the level of compliance with these controls as follows:

	Good - There is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to the achievement of objectives and this is being complied with. Recommendations will only be of low priority.
	Adequate - there is basically a sound system of control but there are some areas of minor weakness and/or some areas of non-compliance which put the system/process objectives at risk. Recommendations will only be low or moderate in priority.
	Partial - there are areas of weakness and/or non-compliance with control which put the system/process objectives at risk and undermine the system's overall integrity.

	Recommendations may include major recommendations but could only include critical priority recommendations if mitigated by significant strengths elsewhere.
	Inadequate - controls are weak across a number areas of the control environment and/or not complied with putting the system/process objectives at significant risk. Recommendations will include major and/or critical recommendations
	None - There is no control framework in place and management is inadequate leaving the system open to risk of significant error or fraud.

We now categorise our recommendations according to their level of priority as set out below:

	Critical - Critical and urgent in that failure to address the risk could lead to factors such as significant financial loss, significant fraud, serious safeguarding breach, critical loss of service, critical information loss, failure of major projects, intense political or media scrutiny. Remedial action must be taken immediately.
	Major - failure to address issues identified by the audit could have significant impact such as high financial loss, safeguarding breach, significant disruption to services, major information loss, significant reputational damage or adverse scrutiny by external agencies. Remedial action to be taken urgently.
	Moderate - failure to address issues identified by the audit could lead to moderate risk factors materialising such as medium financial loss, fraud, short term disruption to non-core activities, scrutiny by internal committees, limited reputational damage from unfavourable media coverage. Prompt specific remedial should be taken.
	Low - failure to address issues identified by the audit could lead to low level risks materialising such as minor errors in system operations or processes, minor delays without impact on service or small financial loss. Remedial action is required.

4. INTERNAL CONTROL

4.1 Corporate Management Team Action to Address Significant Control Weaknesses

The Corporate Management Team and Departmental Management Teams (DMTs) are playing a key role in improving the Council's control environment. There is now regular monitoring of the Annual Internal Audit Plan and of internal audit reports with critical and major recommendations at DMTs. A recommendation tracker is currently being developed with the assistance of ICT to provide clearer management information on the status of actions to address significant weaknesses coming out of the audits.

4.2 Delivery of the Internal Audit Plan 2021/22

The resources available for internal audit are finite and not all areas can be covered every year. Therefore, internal audit resources are allocated using a risk-based approach. The Internal Audit Plan for 2021/22 was considered and approved by the Governance and Audit Committee on 24th March 2021. The delivery of the individual audits in the Internal Audit Plan for 2021/22 was primarily delivered by the new in-house Internal Audit team, around one third of the audits were undertaken by Wokingham Borough Council's Internal Audit teams under an agreement under S113 of the Local Government Act 1972 and TIAA Ltd carried out all IT audits. There have been difficulties in recruiting permanent staff and hence the in-house team has been bolstered by the use of temporary senior auditors over the past 12 months.

Some alterations were made to the original plan during the year in response to information gained during the year including audits arising from COVID such certification of COVID grants and some audits were deferred to 2022/23 due to COVID and resource pressures. These are clearly shown in Appendix 1.

At the time of writing this report, 38 audits were finalised, 5 grants were certified, 10 audit reports were issued in draft, two reports were in draft for client-side review and 3 were work in progress.

4.3 Significant Control Weaknesses

In forming her annual opinion, the Head of Audit and Risk Management is required to comment on the adequacy of the internal control environment, which includes consideration of risk or governance issues and control weaknesses identified. The table below summarises the findings on the audits where significant issues were found during 2021/22:

	2021/22 AUDITS IDENTIFYING SIGNIFICANT ISSUES	RATING
COUNCIL WIDE		
<ul style="list-style-type: none"> Debt Management 	Three observations were made on major areas of weakness as progress to address areas of concern during 2021/22 was minimal. The areas of weakness drawn out in the memo for this year are management reporting of debts and write offs, referral of outstanding debts to Legal and debt write-off delegations.	ADVISORY MEMO WITH NO AUDIT OPINION BUT MAJOR RECOMMENDATIONS RAISED
DELIVERY		
<ul style="list-style-type: none"> Green Homes Grants 	This audit was requested by the Executive Director: Delivery as it was a significant expenditure stream that had been transferred from another Directorate and there had been gaps at manager level during the period that the grants were being given which could potentially have increased risk. The audit established that	ASSURANCE OPINION: INADEQUATE

	2021/22 AUDITS IDENTIFYING SIGNIFICANT ISSUES	RATING
	there were weaknesses in controls. Eight major recommendations were raised on resourcing, the promotion of the scheme, procurement processes, lack of independence in the assessment process, weaknesses in the process for agreeing quotes with contractors, weak control over payments for works, GDPR weaknesses and concerns around records maintained and reporting on grant spend.	
● Security camera controls	Three major recommendations were raised relating to gaps in the CCTV policy and non compliance that should be addressed, ensuring that there is adequate signage at camera locations and setting rules and developing procedures for access and sharing of data.	ASSURANCE OPINION: PARTIAL
● Cyber Security Follow Up	The major recommendation (originally from the 2019/20 audit and re-raised in the 2020/21 audit) in relation to the formal documentation of the VoIP Disaster Recovery procedure has been re-raised in the current audit. We also raised a new major recommendation relating to Council smartphones in use which are unable to support the Council's chosen anti-malware software.	FOLLOW UP REVIEW WITH NO AUDIT OPINION BUT MAJOR RECOMMENDATIONS RAISED
● E+ Card	Two major recommendations were raised relating to the absence of both a Data Protection Impact Assessment and data flow mapping for the interface systems.	ASSURANCE OPINION: PARTIAL
GOVERNANCE		
● Complaints Process	Four major recommendations were raised in respect of resourcing complex complaints; completeness of records, monitoring of complaints and actions for improvement and corporate reporting.	ASSURANCE OPINION: PARTIAL
PEOPLE		
● Parenting Assessments (20/21 Audit)	The audit was requested by the Assistant Director: Children's Social Care to establish if there was any validity in concerns that she had that procedures may not be being consistently applied. Three major recommendations were raised relating to non-compliance with key steps in the	ASSURANCE OPINION: INADEQUATE

	2021/22 AUDITS IDENTIFYING SIGNIFICANT ISSUES	RATING
	processes, the lack of performance & quality checks and the gaps in knowledge within the service.	
● Larchwood	Three major recommendations were raised on pre-employment checks for agency workers, expenditure controls and imprest reconciliations.	ASSURANCE OPINION: PARTIAL
● Permanency Planning	Permanency Planning processes assess the most effective and viable options for a permanency plan for a child or young person. This was an advisory review requested by the Assistant Director: Children's Social Care to establish if there was any validity in concerns that she had that these processes may not be being consistently applied. Two major observations were raised by Internal Audit in relation to meetings records and management information on compliance with statutory timeframes for meetings.	ADVISORY REVIEW WITH NO AUDIT OPINION BUT MAJOR RECOMMENDATIONS RAISED
● Services to Schools	Five major recommendations have been raised. These relate to costing of services and overheads to ensure accurate recharging and assess viability, systems integration procedures and resourcing of systems support and systems finance administration support.	ASSURANCE OPINION: PARTIAL
● Supervision in Adult Social Care and Mental Health	This was an advisory review requested by the management team. Two major observations were raised supervision monitoring records and monitoring of actions identified from supervision meetings.	ADVISORY REVIEW WITH NO AUDIT OPINION BUT MAJOR RECOMMENDATIONS RAISED
● Heath and Social Care ICT Care Systems Integration	An overall opinion of partial assurance was given based on the project management and implementation of the children's social care phase due to overall concerns that there are key risks that the Compliance Matrix has not been re-designed specifically for children's social care and there has been a lack of engagement to secure buy-in from stakeholders and end users which may impact on take-up and success of the system once it goes live. We have raised four major recommendations, relating to: <ul style="list-style-type: none"> ● Resourcing 	ASSURANCE OPINION: PARTIAL

	2021/22 AUDITS IDENTIFYING SIGNIFICANT ISSUES	RATING
	<ul style="list-style-type: none"> • Compliance matrix • End user testing • Representation at meetings • Meetings taking place 	
RESOURCES		
• Supplier payments	Major observations were made in respect of the creation of new suppliers, the audit trail for transactions and the need to increase the use of purchase orders.	ADVISORY MEMO WITH NO AUDIT OPINION BUT MAJOR RECOMMENDATION RAISED
• Agresso IT system Follow Up	A major recommendation has been raised as a data protection impact assessment was not completed when the system was migrated to the Cloud	FOLLOW UP REVIEW WITH NO AUDIT OPINION BUT MAJOR RECOMMENDATION RAISED
• Joint audit of Council Tax and Business Rates	We raised three major recommendations in relation to refunds, empty property inspections and reconciliation of the suspense account.	ASSURANCE OPINION: PARTIAL
• Covid Restart Grants	Three major observations were raised in respect to the lack of segregation of controls in the claims process and absence of spot checks and checks to national counter fraud system.	ADVISORY REVIEW WITH NO AUDIT OPINION BUT MAJOR OBSERVATIONS RAISED
• Covid Restriction Grants	Three major observations were raised in respect to the lack of segregation of controls in the claims process and absence of spot checks and checks to national counter fraud system.	ADVISORY REVIEW WITH NO AUDIT OPINION BUT MAJOR OBSERVATIONS RAISED
PLACE PLANNING AND REGENERATION		
• Tree Services	We raised two major recommendations relating to the completion and monitoring of the tree inspection programme and the completion of due diligence checks on contractors / consultants.	ASSURANCE OPINION: PARTIAL

In addition, some major recommendations have been raised at a number of audits such as climate change, early years free nursery entitlements and reconciliations which though considered significant for management did not prevent us from concluding that overall controls were adequate. These are noted in Appendix 1.

SCHOOL AUDITS FOR GOVERNING BODIES WHERE HIGH PRIORITY ISSUES HAVE BEEN IDENTIFIED SINCE THE LAST UPDATE IN THE INTERNAL AUDIT INTERIM REPORT IN JANUARY 2022

<ul style="list-style-type: none"> ● SCHOOL D 	<p>We raised two critical recommendations as a consequence of the audit. The first critical recommendation related to the completion of DBS checks for governors. A further critical recommendation was raised relating to the audit of the School Fund. No audit of the Fund had been completed since 2018/19 and the records were incomplete. This was holding up the preparation of accounts and audit for 2020/21.</p> <p>We also raised six major recommendations. These major recommendations related to there being no Register of Certifying Officers for Capital and Revenue Expenditure in place at the School and weaknesses in budget monitoring, pre-employment checks and the bank reconciliation process. The final major recommendation raised is common to all school audits and did not impact on the opinion in relation to medium term budget setting arrangements forecasting a deficit position.</p>	<p>ASSURANCE OPINION: INADEQUATE</p>
<ul style="list-style-type: none"> ● SCHOOL B 	<p>We raised two major recommendations. The first related to the absence of detail in the format of the audit of the school's private funds and the audit arrangements for the private funds being inadequate for the high number of transactions going through and the high balances on the funds. We also raised one major recommendation in relation to medium term budget setting arrangements. This is common to all school audits and did not impact on the opinion in relation to medium term budget setting arrangements forecasting a deficit position.</p>	<p>ASSURANCE OPINION: PARTIAL</p>
<ul style="list-style-type: none"> ● SCHOOL E 	<p>We raised five major recommendations, three of which related to budget related risks. We noted that regular budget monitoring reports had not been produced in the absence of a bursar. Major recommendations have also been raised in relation to non-pay expenditure (raising and authorisation</p>	<p>ASSURANCE OPINION: PARTIAL</p>

	<p>of orders, obtaining goods received notes, authorisation of invoices, BFC Finance and Legal review of lease agreements), the School collecting the large values of income for wraparound care and the nursery in cash or in cheques and the audit of the private fund for 2019-20 where the accounts had been prepared but the audit had not been carried out.</p> <p>A major recommendation was also raised in relation to medium term budget forecasts predicting a deficit which is common to all schools and did not impact on the opinion.</p>	
<ul style="list-style-type: none"> ● SCHOOL H 	<p>We raised three major recommendations. A major recommendation was raised in relation to non-pay expenditure as orders and invoices processed are not being authorised. A further major recommendation was raised with regards to the cleaning contract to the value of approximately £100k over three years as there is no signed contract in place for this arrangement which was let in 2020. A major recommendation was also raised in relation to medium term budget forecasts predicting a deficit which is common to all schools and did not impact on the opinion.</p>	<p>ASSURANCE OPINION: PARTIAL</p>

A major recommendation was raised at all school audits undertaken to date in respect to medium term budget forecasts predicting deficits over the next 3 years. Whilst this has not resulted in itself in a partial or inadequate opinion this is something governing bodies should continue to monitor.

4.4 Follow up of Previous Limited Assurance Opinions

The Internal Audit procedure is for areas with major or critical recommendations to be re-audited in the following year. The table below provides a summary of the latest position. The impact of COVID has limited progress in some cases as well as delaying some re-audits:

AUDITS WHERE SIGNIFICANT ISSUES HAVE BEEN IDENTIFIED IN PREVIOUS YEARS	CURRENT AUDIT POSITION
COUNCIL WIDE	
<ul style="list-style-type: none"> ● Debt Management 	<p>This was re-audited in quarter 4 and the major issues previously identified were outstanding See 4.3.</p>
<ul style="list-style-type: none"> ● Management of Essential Car User Allowances and Mileage 	<p>This was followed up with management. Actions generally implemented but one major recommendation is ongoing in respect of review of essential car users.</p>
PEOPLE	
<ul style="list-style-type: none"> ● Forestcare 	<p>Forestcare was re-audited in quarter 4 of 2021/22 and an adequate assurance opinion was given.</p>
<ul style="list-style-type: none"> ● Adult Social Care Pathway 	<p>Management information obtained has indicated that the actions around annual reviews are still in progress.</p>
<ul style="list-style-type: none"> ● Loans for Housing Rents and Deposits 	<p>This was followed up as part of the debt management audit and it was found that the major recommendation to review the debt to identify those debts that are recoverable and pursue these is still ongoing.</p>
<ul style="list-style-type: none"> ● Breakthrough 	<p>A follow up audit was carried out in quarter 4 and it was found that actions to address the major recommendation around recording of the outline of the journey for people who are referred to the service had progressed but were still in progress.</p>
<ul style="list-style-type: none"> ● Domiciliary Care 	<p>One major recommendation from 2018/19 is in progress. New framework contracts have been put in place which should address this by providing access to providers electronic monitoring systems to verify that services charged for have been delivered This will be followed up in the latter half of 2022/23.</p>
<ul style="list-style-type: none"> ● Disabled Facilities Grants 	<p>This area is currently being re-audited in quarter 1 of 2022/23.</p>

DELIVERY	
<ul style="list-style-type: none"> ● Cyber Security 	Cyber security was followed up in quarter 4 and 2 major recommendations have been raised. See 4.3
<ul style="list-style-type: none"> ● Public Protection Partnership 	The follow up audit has been deferred at management request to quarter 3 of 22/23 as some of the actions are dependent on first implementing a new system and this was delayed.
<ul style="list-style-type: none"> ● Reactive Maintenance 	This was followed up in quarter 2 and the recommendations raised have been addressed.
<ul style="list-style-type: none"> ● Management of Commercial Properties 	Follow up work is currently ongoing.
<ul style="list-style-type: none"> ● ICT Continuity Management 	The business continuity test in March 2022 identified that work is still ongoing to address a number of the major recommendations in the original report such as the identification of critical IT systems.
RESOURCES	
<ul style="list-style-type: none"> ● Creditors (Supplier Payments) 	Creditor payments (supplier payments) were re-audited in quarter 4 and areas of major weakness were found. See 4.3.
<ul style="list-style-type: none"> ● Business Rates (Also Limited Assurance in 2017/18, 2019/20) 	A joint audit of Council Tax and Business Rates was undertaken in quarters 3 and 4 and a partial assurance opinion was given. See 4.3.
<ul style="list-style-type: none"> ● Council Tax (Also Limited Assurance in 2017/18) 	
<ul style="list-style-type: none"> ● Agresso IT System 	A follow up audit was undertaken in quarter 3 and a major recommendation was raised again. See 4.3.
PLACE, PLANNING AND REGENERATION/FINANCE	
<ul style="list-style-type: none"> ● Ringway Street Lighting 	An update was obtained from management on actions to address the weaknesses found in 2019/20 and we were advised that these have all been addressed. This area is due to for formal re-audit in be re-audited in quarter 3 of 2021/22.

<ul style="list-style-type: none"> Public Health 	The audit was deferred to quarter 1 of 22/23 to allow time to identify a programme for utilising unspent reserves.
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SCHOOL GOVERNING BODIES	
<ul style="list-style-type: none"> School I (Limited Assurance in 2017/18 and Partial Assurance in 2018/19) 	The re-audit has been delayed and is now due to be carried out in at the end of quarter 1 of 2022/23.
<ul style="list-style-type: none"> School F (Partial assurance in 2018/19) 	The school was re-audited in quarter 3 and an adequate opinion was given.
<ul style="list-style-type: none"> School K (Partial assurance in 2019/20) 	This is currently being followed up with the school.
<ul style="list-style-type: none"> School G (Partial assurance in 2019/20) 	Follow up currently ongoing.

4.5 Follow up of Audit Recommendations

A follow up exercise was carried out in April 2022 on audits where an adequate opinion had been issued in 2020/21 as well as follow up of some areas with major recommendations. The results are shown in Appendix 2 This was based on management feedback on the status of recommendations and the outcome is set out in Appendix 2. This identified that out of 56 recommendations followed up, 41 (73%) had been implemented.

5. REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

5.1 Compliance with Public Sector Internal Audit Standards

The Public Sector Internal Audit Standards (PSIAS) came into effect on 1 April 2013. These standards provide a consistent framework for all internal audit services in the public sector across the UK. There is a requirement in the Standards for the Head of Audit and Risk Management to report on conformance with the PSIAS in her annual report based on the outcome of internal and external assessment of compliance. PSIAS Standard 1312 states that *“External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation...”*

In March 2022 an external assessment of Bracknell Forest Council's internal audit services was carried out by CIPFA and the conclusion is that the service is fully compliant with Public Sector internal audit standards. The full report is attached at Appendix 3. Only 1 recommendation was raised for the Head of Audit and Risk Management to meet privately with the Chair of the Governance and Audit Committee on a regular basis. Two advisory points were also raised on use of data analytics and exploring alternative options such as apprenticeships and interns for resourcing internal audit given the national shortages of skilled and qualified auditor. Actions to address these matters are summarised below:

1. Instigate regular private meetings between the Head of Audit and risk Management and the Chair of the Governance and Audit Committee (Medium priority)		
Agreed Action	Action Responsibility	Deadline
The Head of Audit and Risk Management will arrange private meetings with the Chair of the Governance and Audit Committee to coincide with the scheduled Committee meetings	Head of Audit and Risk Management	July 2022

2. Make greater use of data analytical techniques (Advisory)		
Agreed Action	Action Responsibility	Deadline
We are due to recruit replacement staff and will undertake further training once they are in post and look to apply this in practice.	Head of Audit and Risk Management	March 2023

3. Consider employing trainee or apprentice auditors (Advisory)		
Agreed Action	Action Responsibility	Deadline
Now that one of the senior auditor posts has become vacant, we have taken the decision to take on an apprentice and are working with Learning and Development to recruit an apprentice to start in September 2022.	Head of Audit and Risk Management	September 2022

5.2 Summary of Internal Audit Performance

	Client Questionnaires		Draft Report Produced within 15 Days of Exit meeting
	Received	Satisfactory	
2020/21	19	90%	68%
2019/20	9	89%	60%

5.3 Feedback from Client Quality Questionnaires

From the limited number of client questionnaires returned for 2021/22, the level of satisfaction was generally positive with only two auditees saying their audits was not satisfactory. In both cases the auditees gave an unsatisfactory assessment due to significant delays during the audit and the number of issues requiring clarification at the exit meeting. These points have been discussed with the auditor.

5.4 Performance Against Key Indicator

Our key indicator is delivery of draft reports within 15 days of the exit meeting. Continuing resource pressures during 2021/22 have limited progress but as shown in the table in 5.2, there has been some improvement in delivery against the key target

6. EXTERNAL INSPECTIONS

In accordance with Public Sector Internal Audit Standards the Head of Audit and Risk Management is required to consider the outcome of the external inspections and assessments to inform the development and ongoing review of the Internal Audit Plan for the current and future years and assess if there are any issues relating to the control environment which need to be taken into account in drawing up the annual Head of Internal Audit Opinion. The findings of the various assessments considered when finalising the Head of Internal Audit Opinion for 2021/22 are as follows:

- ***Information Commissioner Follow Up June 2021.*** Concluded meaningful progress had been made to mitigate the risk of non-compliance with GDPR.
- ***Ofsted and the Care Quality Commission (CQC), joint inspection February 2022 of the effectiveness of the area in implementing the special educational needs and/or disabilities (SEND) reforms*** as set out in the Children and Families Act 2014 identified significant areas for improvement.
- ***School Financial Value Standard.*** The schools financial value standard (SFVS) is a mandatory requirement for local authority (LA) maintained schools in managing their finances and to give assurance that they have secure financial management in place. Schools are required to complete the checklist every year and arrange for this to be signed by the Chair of Governors. Education Finance were able to confirm that all schools have now submitted this.
- ***External Auditors' Annual Audit Letter 2020/21.*** The Annual Audit Letter from the external auditors would generally inform the annual Head of internal Audit Opinion. However, at the time of writing this report, EY have still to produce their final conclusions for 2020/21.

7. RISK MANAGEMENT

The Strategic Risk Register was reviewed four times by the Strategic Risk Management Group (SRMG) and twice by the Corporate Management Team and the Governance and Audit Committee in 2021/22.

In addition to frequent and at some points daily risk management monitoring of COVID-19 by the Corporate Management Team, an overarching risk was developed to highlight the issues arising from COVID-19 and the actions being taken to respond and mitigate this. This was regularly reviewed, updated by the Corporate Management Team and incorporated into Strategic Risk Register. A further risk register has been developed in response to the Ukraine crisis which also be monitored by Corporate Management Team.

There is a process for recording and monitoring significant operational risks through directorate risk registers that are reviewed on a quarterly basis and these are used to inform the Strategic Risk Register. Project managers are also required to maintain separate risk registers for all major projects and programmes.

During 2021/22, the programme of updating the Council's business continuity arrangements was progressed by the shared service for Emergency Planning hosted by West Berkshire Council. Following this, a test exercise was undertaken in March 2022 and action are being taken forward to address lessons learned from this exercise.

8. CORPORATE GOVERNANCE

During 2021/22, the Annual Governance Statement was produced by Legal Services and an action plan was developed.

The Information Commissioner carried out a consensual inspection at the end of May 2020 providing a valuable independent view of the Council's arrangements following the Information Commissioner's data protection audit methodology. This identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with data protection legislation and an action plan. The Information Commissioner subsequently undertook a follow up exercise in June 2021. The Commissioner was satisfied that the Council is taking an appropriate approach to improve data protection arrangements and is not intending to carry out any further follow up.

A number of internal audit reviews carried out under the 2021/22 Audit Plan included elements of governance such as the complaints process and school audits.

9. FRAUD AND IRREGULARITY

9.1 Benefits Investigations

On 1st December 2014, the Council's Benefit Fraud Investigation Officers transferred to the Single Fraud Investigation Service (SFIS) within the Department for Work and Pensions (DWP) as part of the national government programme of centralising the investigation of welfare benefit fraud. The Welfare Service passes cases of overpayments in excess of £3k and cases where fraud is suspected to SFIS for investigation. Members of the public are directed to contact the DWP directly where fraud is suspected and so SFIS refers further fraud information requests where fraud has been reported from another source. During the period 1 April 2021 to 31 March 2022 there were 28 referrals to SFIS. We have received outcomes for 10 of these cases however these have not resulted in administration penalties or prosecutions. During the financial year 2020/21 19 cases were referred however in response to the Covid-19 crisis and redeployment of their staff, the DWP suspended all Compliance and Investigation activity from March 2020. Although Compliance activity has since resumed from January 2021, we have only been notified of 1 outcome relating to these cases which has not resulted in administration penalty or prosecution.

From 1st April 2014, if a claimant is notified that they have been overpaid Housing Benefit by £250 or more, which must have occurred wholly after 1st October 2012, Bracknell Forest Borough Council has been able to impose a set Civil Penalty of £50. The £50 Civil Penalty applies if benefit is overpaid because the claimant negligently gave incorrect information and didn't take reasonable steps to correct their mistake or failed to tell the Council about a change or failed to give them information without a reasonable excuse. Between 1 April 2021 and 31 March 2022, the service has not applied any Civil Penalties however we have applied 3 Council Tax Penalties.

Since January 2018 the DWP no longer issue mandatory referrals for Real Time Information (RTI) system for Housing Benefit to detect undeclared income. This has been replaced by the Verify Earnings and Pensions (VEP) Alerts service which provides local authorities with the capability to prevent fraud and error arising through real time identification of changes in income. The service provides Alerts to users to prompt them to access the service when there is a change in the claimants or partner's employment or pension. The DWP commenced the roll out to Local Authorities from May 2018 with Bracknell Forest Council using the service from October 2018. Between 1 April 2021 and 31 March 2022, 437 changes of circumstances to Housing Benefit were recorded as actioned due to VEP of which approximately 59.0% resulted in a decrease to Housing Benefit, and approximately 24.5% resulted in an increase to Housing Benefit.

9.2 Housing wait list

A proactive review of the housing waiting list including data matching was undertaken by Oxford City Council Fraud Team during 2021/22. The data matching exercise highlighted and prioritised a number of matches for further investigation. As a result, two cases were closed on the housing waiting list where the Oxford Team identified the individuals had mortgages, seven cases where investigations confirmed data matches indications that individuals were not living at the address they had given, three cases were closed where individuals were claiming Council Tax Support at a different address and 6 cases were closed where an individual with another name was claiming Council Tax Support at the address given, in three of these cases the applicant on the housing waiting list had died.

In addition, for 81 cases identified as claiming that they were living with individuals who were claiming Council Tax Single Person Discount, the Oxford team wrote to these individuals requesting further information. Following this exercise, Single Person Discount was removed for three cases and there were also adjustments to their Council Tax Support.

Investigations of the lower priority matches by the Housing and Welfare Teams are ongoing.

9.3 Potential Irregularities

In the summer of 2021 the Council was the target of a bank mandate fraud. The monies were recovered after steps were taken to seek recovery from the bank. More robust control procedures are now in place which have already stopped a number of attempted bank mandate frauds.

In addition, a small number of bogus payments were made under the Government's Track and Trace Scheme. Action was subsequently taken to seek recovery from the individuals concerned and a report was made to Action Fraud.

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status	
				Good	Adequate	Partial	inadequate	Critical	Major	Moderate	Low		
												Audit deferred to qtr 2 of 22/23 as Business continuity project delayed due to COVID	
Complaints Process	August 21	14/9/21	✓			✓			4	5		Finalised	
Corporate Governance infrastructure— People only												Deferred to 22/23	
E+ card- general control, IT controls and information governance arrangements with contractors	14/9/21	3/12/21	X			✓			2	6	3	Finalised	
Grant Reviews and Certifications Bus Service Operator	21/9/21	21/9/21	✓	N/A – Grant certification								Certified	
Troubled Families	24/6/21	30/6/21	✓	N/A – Memo to support PBR grant submission									Finalised
Troubled Families	27/9/21	30/9/21	✓	N/A – Memo to support PBR grant submission						1			Finalised
Troubled Families- March 2022 submission	2/3/22	28/3/22	✓	N/A – Memo to support PBR grant submission									Finalised
Green Homes Grants compliance audit	26/7/21	31/8/21	✓				✓		8			Finalised	
COVID Restart grants	August 21		✓	N/A- no opinion. Observations raised rather than recommendations					3	2	1	Finalised	

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
COVID Additional Restrictions grants	August 21	01/12/21	✓	N/A- no opinion. Observations raised rather than recommendations					3	2	2	Finalised
Pot Hole Fund	6/9/21	21/9/21	✓	N/A – Grant certification								Certified
Local transport capital block funding (integrated transport and highways maintenance)	6/9/21	21/9/21	✓	N/A – Grant certification								Certified
Emergency Active Travel Fund	13/9/21	21/9/21	✓	N/A – Grant certification								Certified
Active Travel Fund Tranche 2	13/9/21	21/9/21	✓	N/A – Grant certification								Certified

2. COUNCIL WIDE

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Amazon account												Asked to defer to 22/23 after the new Head of Procurement comes into post
Climate Change	July 2021	5/8/21	✓		✓				1	2		Finalised
Debt management	14/2/22		✓	N/A Advisory memo with no opinion					3	3		Draft advisory

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
												memo issued

3. CORE FINANCIAL SYSTEMS

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Reconciliations	14/2/22	1/4/22	✓		✓				1	4	2	Draft issued
Staff establishment costs (Joint HR and Finance audit budgeted under OD, Transformation and HR)	1/12/21	14/3/22	✓		✓				2	4	1	Draft issued
Banking -advisory audit												Deferred to 22/23
Council Tax and Business Rates	1/12/21	23/5/22	X			✓			3	8		Draft issued
Supplier payments	14/1/22	14/3/22	✓	N/A Advisory memo with no opinion					3	1		Draft advisory memo issued
Housing Benefit and Council Tax Reduction												Deferred to qtr 1 of 22/23 at service request

4. IT AUDIT

IT AUDIT	Start Date	Date of Draft Report	Key Indicator Met	Assurance Level								Status	
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low		
Transport routing	August 2021	27/10/21	X		✓						2	2	Finalised
Emergency Duty Service System	March 22		X								3	5	Report received for client side review
Forestcare IT systems including telephony	March 22		X										Report received for client side review
Health and Social Care ICT Care Systems Integration (Dependent upon Digital Strategy)	1/9/21	13/5/22	✓			✓			5	5			Draft report issued
CORE waste management system													Cancelled
Agresso advisory review and support for upgrade and movement to the Cloud													Cancelled as not required by service area
Agresso (Follow up- major recommendations raised in 2019/20 and 2020/21)	1/12/21	4/3/22	X	N/A- Follow up memo.					1				Draft issued
Cyber Security – Incident Management and Resilience													Deferred
Cyber liability (Follow up- partial assurance 2020/21)	February 22	23/5/22	X	N/A- Follow up memo					2			2	Draft memo issued

IT AUDIT	Start Date	Date of Draft Report	Key Indicator Met	Assurance Level								Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
DSPT NEW AUDIT												Deferred as put on hold at request of managers until June

5. PLACE, PLANNING, AND REGENERATION

AUDIT	Start Date	Date of Draft Report	Key Indicator met	Assurance Level				Recommendation priority				Status	
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low		
SANGs	May 2021	16/7/21	✓	N/A – Advisory memo							1	"D" Finalised	
S106 – Use of the monies in compliance with development in the relevant geographic area		11/8/21	✓	✓								6	"D" Finalised
Tree services	1/9/21	1/2/22	X			✓				2	4	1	Finalised
Street lighting follow up (partial assurance opinion 2019/20)													Deferred to Qtr 2 of 22/23 at service request
Development Control	23/8/21	6/12/21	✓		✓						6	1	Finalised
Building Control and land charges	29/9/21	29/11/21	✓		✓						6	1	Finalised
Public Health													Deferred to Qtr 1 of 22/23

6. CHIEF EXECUTIVE'S OFFICE

AUDIT	Start Date	Date of Draft Report	Key Indicator or met*	Assurance Level				Recommendation Priority				Status	
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low		
Transformation support costs advisory review													Deferred to Qtr 1 of 22/23

7. DELIVERY

AUDIT	Start Date	Date of Draft Report	Key Indicator met*	Assurance level				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Public Protection Partnership (Follow up-partial assurance 2020/21)												Deferred at manager request as actions still ongoing
Reactive Maintenance (Follow up- partial assurance 2020/21)	August 2021	27/8/21	✓	N/A- Follow up memo. All recommendations addressed								Finalised
Commercial property (Follow up- partial assurance 2020/21)												Deferred to Qtr 1 of 22/23 as completion of actions expected June 22
Cemetery and Crematorium	12/7/21	15/9/21	X		✓					10	1	"D" Finalised
Everyone Active Covid support	June 21	30/6/21	✓	✓								Finalised

8. PEOPLE

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance levels				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Transport in CTPLD— advisory review												“D” Deferred to 22/23
Financial assessments	November 21	7/2/21	X		✓					7		Finalised
Preparation for new Liberty Safeguard regulations— advisory piece												Audit cancelled as new national guidance has still not been issued
Deputyships and appointees	7/3/22	11/5/22	✓		✓					2	3	Draft report issued
Commissioning due diligence checks												Cancelled
Children’s placements												Deferred to 22/23 to free up resource to audit SEND
Supervision- advisory review covering ASC and Mental Health	October 21	21/1/22	✓	N/A memo issued on advisory with no opinion					2	7	1	Finalised
SEND targeted areas- NEW ADDITIONAL AUDIT	December 21											Work in progress

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance levels				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
COVID Test and trace grants												Defer to 22/23 after grant programme has closed
Open Learning Centre												Deferred to 22/23 at service area request
Early Years Free Nursery Entitlement	21/3/22	24/5/22	✓		✓				1	1	2	Finalised

9. SCHOOLS

AUDIT	Start Date	Date of Draft Report	Key Indicator Met	Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	Status
Services to schools- Can Do	12/8/21	7/12/21	X			✓			5	9		Finalised
SCHOOL I (follow up -Ltd 2017/18 and 2018/19)												"D" Now deferred to qtr 1 of 22/23
SCHOOL H	14/10/21	24/12/21	✓			✓			3	2	1	"D" Finalised
SCHOOL G (follow up -Ltd 2018/19)	March 2022											Follow up is work in progress
SCHOOL F (reaudit-Ltd 2018/19)	1/11/21	24/3/22	X		✓				1	6	2	"D" Finalised
SCHOOL L (follow up partial 19/20) Cancelled as becoming an academy												"D" cancelled
SCHOOL J follow up												"D" Now deferred to qtr 1 of 22/23
SCHOOL K (follow up partial 19/20)	March 2022											Follow up is work in progress
SCHOOL A	7/6/21	29/7/21	X		✓				1	4		"D" Finalised
SCHOOL B	22/11/21	17/12/21	✓			✓			2	5	2	"D" Finalised
SCHOOL C	11/10/21	22/12/21	x		✓				1	3	1	"D"

AUDIT	Start Date	Date of Draft Report	Key Indicator Met	Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	Status
												Finalised
SCHOOL D	4/10/21	20/12/21	X				✓	2	6	7	2	"D" Finalised
SCHOOL E	18/10/21	24/12/21	X			✓			5	4	2	D" Finalised

APPENDIX 2

FOLLOW UP OF AUDITS WITH AN ADEQUATE OPINION

2020/21 AUDITS

AUDIT	Recommendation Priority				Current Status
	Critical	Major	Moderate	Low	
COUNCIL WIDE/GOVERNANCE Management of Mileage and Essential Car User	0	1	3	1	3 moderate and 1 low recommendations implemented. Major recommendation in progress.
RESOURCES Main Accounting	0	0	2	1	All implemented
IT Audit Uniform System	0	0	0	1	Implemented
PLACE PLANNING AND REGENERATION SANG – general compliance audit	0	0	4	1	One moderate recommendation confirmed as implemented
DELIVERY Health and Safety	0	0	5	0	Four recommendations confirmed as implemented and no information provided on the last recommendation.
Car Parks	0	0	2	3	Confirmed as implemented
PEOPLE Continuing Health Care	0	0	4	1	4 moderate recs implemented.
Equipment spend	0	0	3	0	One completed and 2 not started
Foster Panel Processes- advisory audit	0	0	0	1	Confirmed as implemented
Foster Panels- compliance audit	0	0	4	2	Confirmed as implemented
Deferred payments	0	0	4	1	Confirmed as implemented
DAAT- inspection outcome implementation of actions coming out of the inspection	0	0	1	1	Confirmed as implemented

Emergency Duty Service	0	0	4	0	Confirmed as implemented
Housing Management	0	0	3	1	Confirmed as implemented
COVID support for Social Care Providers- Additional audit	0	0	0	1	In progress
2021/22 PLACE PLANNING AND REGENERATION SANGs Advisory audit	0	0	0	1	Recommendation in progress.
	0	1	39	16	

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External Quality Assessment of Conformance to the Public Sector Internal Audit Standards

Bracknell Forest Council

Final Report

Lead Associate: Ray Gard, CPFA, FCCA, CFIIA, DMS

Internal QA: Policy and Technical, CIPFA.

10th June 2022

1. Introduction

- 1.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS), which have been in place since 1st April 2013 (revised 2016 and 2017). All public sector internal audit services are required to measure how well they are conforming to the standards. This can be achieved through undertaking periodic self-assessments, external quality assessments, or a combination of both methods. However, the standards state that an external reviewer must undertake a full assessment or validate the internal audit service's own self-assessment at least once in a five-year period. This is Bracknell Forest Council's Internal Audit Services second external quality assessment (EQA) of conformance to the PSIAS that the Internal Audit Service has undergone.

2. Background

- 2.1 Bracknell Forest Council's Internal Audit Service comprises an in-house team of four individuals who are supported by external co-sourcing partners. The Service is managed by the Head of Audit and Risk Management who is ICAEW qualified, and she is supported by an experienced Internal Audit Contract Manager. Below the management level of the Service is a team of two Senior Auditors. One of these posts was, at the time of the EQA, vacant and being covered by a temporary worker and a further temporary worker was assisting with clearing the backlog of audits which had arisen due to COVID.
- 2.2 The Service currently has four co-sourcing partners. Three of these are other local authorities who provide their services through the use of section 113 agreements. These are Wokingham Council for internal audit services and Reading Borough Council and Oxford City Council for counter fraud services. The fourth co-sourcing partner is TIAA Ltd who provide the Council with specialist IT audit services.
- 2.3 From an operational perspective, Internal Audit reports directly to the Council's Corporate Management team (CMT) and the Governance and Audit Committee and these two bodies fulfil the roles of 'senior management' and 'the board', as defined by the Public Sector Internal Audit Standards. The Head of Audit and Risk Management periodically reports on the audit plan and its delivery to the Corporate Management Team and Accounts and Governance and Audit Committee, together with the annual report and opinion.
- 2.4 Internal Audit has a comprehensive audit manual in place, and they use standard template documents for their engagement working papers and testing schedules, engagement terms of reference, action plans and audit reports. Supervision of the engagements is undertaken at every stage of the audit process and all audit reports are reviewed and cleared by the Internal Audit Contract Manager or the Head of Audit and Risk Management before they are issued to the clients.
- 2.5 The Service has a comprehensive quality assurance process in place that includes supervision and monitoring of live audit assignments, completed audit file reviews, customer satisfaction surveys, and annual self-assessments of their conformance to the PSIAS and LGAN. The output from these feed into the Service's Quality Assurance and Improvement Programme (QAIP).

3. Validation Process

- 3.1 The self-assessment validation comprises a combination of a review of the evidence provided by Bracknell Forest Council; a review of a sample of completed internal audits; questionnaires that were sent to and completed by a range of stakeholders from the Service's clients; and a series of (virtual) interviews using MS Teams with key stakeholders. The questionnaire and interviews focused on determining the strengths and weaknesses of Internal Audit and assessed them

against the four broad themes of Purpose and Positioning; Structure and Resources; Audit Execution; and Impact.

- 3.2 The Service provided a comprehensive range of documents that they used as evidence to support their self-assessment, and these were available for examination prior to and during this validation review. These documents included the:
- self-assessment against the standards;
 - quality assurance and improvement plan (QAIP);
 - evidence file to support the self-assessment;
 - the audit charter;
 - the annual report and opinion;
 - the audit plan and strategies;
 - audit manual;
 - a range of documents and records relating to the team members; and
 - progress and other reports to the Governance and Audit Committee.

All the above documents were examined during the EQA.

- 3.3 The validation process was carried out in two phases. The first was a pre-inspection 'readiness review' carried out in December 2021. This involved a detailed examination of the key documents and templates used by the Service and, where applicable, made suggestions on how these could be enhanced to fulfil the requirements of the PSIAS and incorporate current best practice. The second phase was the formal EQA, and this took the form of the validation of the Service's self-assessment. This was carried out during April 2022.
- 3.4 The formal EQA focused on the accuracy of the Service's self-assessment to ensure it was an accurate portrayal of their conformance to the standards, and primarily included four elements. The first involved a re-examination of the Service's standard documentation to ascertain that the Service had made the suggested enhancements to these that had been identified from the pre-inspection review.
- 3.5 The second element involved interviews with the key personnel from the Service plus a sample of key stakeholders from the Council, made up of members of the senior management team and the chair of the Governance and Audit Committee. Overall, the feedback from the interviewees was positive with clients valuing the professional and objective way Internal Audit delivered services.
- 3.6 The third element involved capturing the views of a range of other stakeholders by the use of an electronic survey that was also sent to them, and the results analysed during the review. A summary of the survey results has been provided to the Head of Audit and Risk Management.
- 3.7 The final element of the validation phase involved a review of a sample of completed audits to confirm the Assessor's understanding of the audit process used by Internal Audit.

4. **Opinion**

It is our opinion that Bracknell Forest Council's Internal Audit Service's self-assessment is accurate and, as such, we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

The table below shows the Service's level of conformance to the individual standards assessed during this external quality assessment:

Standard / Area Assessed	Level of Conformance
Mission Statement	Fully Conforms
Core principles	Fully Conforms
Code of ethics	Fully Conforms
Attribute standard 1000 - Purpose, Authority and Responsibility	Fully Conforms
Attribute standard 1100 - Independence and Objectivity	Fully Conforms
Attribute standard 1200 - Proficiency and Due Professional Care	Fully Conforms
Attribute standard 1300 - Quality Assurance and Improvement Programmes	Fully Conforms
Performance standard 2000 - Managing the Internal Audit Activity	Fully Conforms
Performance standard 2100 - Nature of Work	Fully Conforms
Performance standard 2200 - Engagement Planning	Fully Conforms
Performance standard 2300 - Performing the Engagement	Fully Conforms
Performance standard 2400 - Communicating Results	Fully Conforms
Performance standard 2500 - Monitoring Progress	Fully Conforms
Performance standard 2600 - Communicating the Acceptance of Risk	Fully Conforms

5. Areas of full conformance with the Public Sector Internal Audit Standards

5.1 Mission Statement and Definition of Internal Audit

The mission statement and definition of internal audit from the PSIAS are included in the audit charters.

5.2 **Core Principles for the Professional Practice of Internal Auditing**

The Core Principles, taken as a whole, articulate an internal audit function's effectiveness, and provide a basis for considering the organisation's level of conformance with the Attribute and Performance standards of the PSIAS.

The clear indication from this EQA is that the Core Principles are embedded in the Service's working methodologies and demonstrates that they are a competent and professional service that conforms to all ten elements of the Core Principles.

5.3 **Code of Ethics**

The purpose of the Institute of Internal Auditors' Code of Ethics is to promote an ethical culture in the profession of internal auditing, and is necessary and appropriate for the profession, founded as it is on the trust placed in its objective assurance about risk management, control, and governance. The Code of Ethics provides guidance to internal auditors and in essence, it sets out the rules of conduct that describe behavioural norms expected of internal auditors and are intended to guide their ethical conduct. The Code of Ethics applies to both individuals and the entities that provide internal auditing services.

The clear indication from this EQA is that Internal Audit conforms to the Code of Ethics, and this is embedded in their audit methodologies. Conformance to the code of ethics is part of their overarching culture and underpins the way the Service operates.

5.4 **Attribute Standard 1000 – Purpose, Authority and Responsibility**

The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The internal audit charter must be reviewed regularly and presented to senior management and the audit panel for approval.

Internal Audit has an up-to-date audit charter in place. We reviewed this document and the processes used to present it to the Governance and Audit Committee for approval and found the audit charter to be a comprehensive and well written document that contained all the elements required by the standards. We are satisfied that Internal Audit conforms to attribute standard 1000 and the LGAN.

5.5 **Attribute Standard 1100 – Independence and Objectivity**

Standard 1100 states that the internal audit activity must be independent, and internal auditors must be objective in performing their work.

The need for independence and objectivity is an integral part of the Service's culture. The Head of Audit and Risk Management reports in her own name and directly to the Council's Senior Management Team and to the Governance and Audit Committee. Other than attending the Governance and Audit Committee, which is a meeting open to the public and officers of the Council, the Head of Audit and Risk Management does not meet regularly in private with the Chair of the Governance and Audit Committee to discuss matters of a confidential or sensitive nature that should not be raised in a public meeting. Principle 3 in the CIPFA guidance on the Role of the Head of Internal Audit (HIA) is clear that the relationship between the HIA and the Chair of the Committee is crucial to the delivery of an effective internal audit function. Having regular private meetings with the Chair of the Committee would undoubtedly help strengthen the independence of the Head of Audit and Risk Management as well as enhancing compliance with the CIPFA guidance on the Role of the Head of Internal Audit, and

is widely regarded as good practice. We have therefore made one recommendation on this observation in section 9 of the report. **(Paragraph 9.2)**

All the Service's employees sign a declaration of interest form each year and declare any potential impairment to their independence or objectivity. The audit charter includes a section setting out the independence and objectivity of the Service and the Head of Audit and Risk Management, and she plans to incorporate a similar statement of independence in the next annual assurance report and opinion.

We have reviewed the Service's audit procedures, their standard documentation, quality assurance and improvement plan, their audit charter and annual report and opinion, and a sample of completed audit files, together with their reporting lines and their positioning in the Council. We are satisfied that Internal Audit conforms with attribute standard 1100 and the LGAN.

5.6 **Attribute Standard 1200 – Proficiency and Due Professional Care**

Attribute standard 1200 requires Internal Audit Service's engagements are performed with proficiency and due professional care, having regard to the skills and qualifications of the staff, and how they apply their knowledge in practice.

It is evident from this EQA that Internal Audit has a professional and experienced workforce, who are supported by competent co-sourcing partners.

The Service is insightful and proactive and is a well-respected and professional operation that is valued by the Council's management. There are only two observations we have relating this Standard, and both relate to the functionality of the Service and not their conformance to the Standard.

The first observation relates to making greater use of data analytics when carrying out audits. Although the Service is already aware of this need and has started to train staff in the use of data analytical techniques, mainly Excel at present, we feel there is scope to further enhance this element by making use of specialist auditing tools, such as IDEA, ACL, Arbutous or similar applications. Furthermore, there are also opportunities to use other general tools, such as PowerBI which can be used to analyse data outputs that are already available within the Council, and also data that is readily available from external bodies such as CIPFA via the 'Nearest Neighbour' data analysis application.

The second observation relates to the vacant Senior Auditor posts and the fact that there is currently a national shortage of qualified and skilled internal auditors. Whilst there is no short-term solution to this problem, in the longer term the Service should consider alternative solutions to ensuring they have a sustainable in-house team. There are options that can be considered, including incorporating trainee or apprentice internal audit posts in the structure, and putting the post holders through relevant professional qualifications. Another option may be the use of internships where undergraduates from universities are given work placements in the Service, albeit on a short-term basis. Both are viable options and are being considered by other internal audit services around the country, although it is acknowledged that both options require robust management and supervision processes to be put in place if they are to be effective.

It is evident from this review that Internal Audit performs their duties with due professional care. We are satisfied that Internal Audit complies with attribute standard 1200 and the LGAN. There are operational enhancements that the Service should consider regarding the use of data analytics and the recruitment of staff and, as such, we have included two actions in section 9 for the Head of Audit and Risk Management to consider. **(Paragraphs 9.3 and 9.4)**

5.7 **Attribute Standard 1300 – Quality Assurance and Improvement Programmes**

This standard requires the Chief Audit Executive to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.

Internal Audit has developed a robust and effective quality assurance process that ensures engagements are performed to a high standard within the available resources. It is effective and feeds into their quality assurance and improvement programme. We have examined this process during the EQA and are satisfied that the Service conforms to attribute standard 1300 and the LGAN.

5.8 **Performance Standard 2000 – Managing the Internal Audit Activity**

The remit of this standard is wide and requires the Chief Audit Executive to manage the internal audit activity effectively to ensure it adds value to its clients. Value is added to a client and its stakeholders when internal audit considers their strategies, objectives, and risks; strives to offer ways to enhance their governance, risk management, and control processes; and objectively provides relevant assurance to them. To achieve this, the Chief Audit Executive must produce an audit plan for and communicate this and internal audit's resource requirements, including the impact of resource limitations, to senior management and the Audit Committee for their review and approval. The Chief Audit Executive must ensure that internal audit's resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

The standard also requires the Chief Audit Executive to establish policies and procedures to guide the internal audit activity, and to share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.

Last, but by no means least, the standard requires the Chief Audit Executive to report periodically to senior management and the Audit Committee on internal audit's activities, purpose, authority, responsibility, and performance relative to its plan, and on its conformance with the Code of Ethics and the Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues and other matters that require the attention of senior management and/or the audit panels.

Internal Audit has a comprehensive audit manual, supervision, and quality assurance processes in place that meet the requirements of the PSIAS. They also have a comprehensive audit planning process in place that enables them to produce robust risk-based audit plans that are designed to enhance the Council's risk management and governance frameworks and control processes; and objectively provide them with relevant assurance.

Details of the completed audits and the risk and control issues found, together with the progress being made on delivering the audit plans and the performance of the Service, are reported to the Audit Committee, along with an annual report and opinion that is issued at the end of the year.

The clear indication from this EQA is that Internal Audit is effectively managed and conforms to standard 2000 and the LGAN.

5.9 **Performance Standard 2100 – Nature of Work**

Standard 2100 covers the way the internal audit activity evaluates and contributes to the improvement of the organisation's risk management and governance framework and internal control processes, using a systematic, disciplined and risk-based approach.

This is the approach adopted by Internal Audit and is set out in their audit manual and their working methodologies. During this EQA, we selected a sample of completed audit engagements and examined them to see if they conformed to standard 2100 and the Service's own methodologies. We found that the sample audits complied with both.

Internal Audit's credibility and value is enhanced when they are proactive, and their evaluations offer new insights and consider future impact on the organisation. Overall Internal Audit's clients value the work they do in this area and often turn to them for advice and guidance when faced with emerging risks or when they are developing or changing systems.

The clear indication from this EQA is that Internal Audit conforms to performance standard 2100 and the LGAN.

5.10 Performance Standard 2200 – Engagement Planning

Performance standard 2200 requires internal auditors to develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organisation's strategies, objectives, and risks relevant to the engagement.

As mentioned above, Internal Audit have a comprehensive audit manual, supervision and quality assurance processes in place that cover engagement planning in detail and meet the requirements of the PSIAS. During this EQA, we selected a sample of completed audit engagements, and examined them to see if they conformed to standard 2200. We found that they all conformed to the standards and the Service's own audit procedures and methodologies, and therefore we conclude that Internal Audit conforms to performance standard 2200 and the LGAN.

5.11 Performance Standard 2300 – Performing the Engagement

Performance standard 2300 seeks to confirm that internal auditors analyse, evaluate and document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions, and that all engagements are properly supervised.

The Service's audit manual, methodologies, supervision, and quality assurance processes all fulfil the requirements of the standards and our examination of a sample of completed audit engagements confirmed that the Service adopts a consistent approach to the way audits are undertaken and managed, with all the sample audits conforming to the standards and the Service's own procedures. We therefore conclude that Internal Audit conforms to performance standard 2300 and the LGAN.

5.12 Performance Standard 2400 – Communicating Results

This standard requires internal auditors to communicate the results of engagements to clients and sets out what should be included in each audit report, as well as the annual report and opinion. When an overall opinion is issued, it must take into account the strategies, objectives and risks of the clients and the expectations of their senior management, the audit panels and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information. Where an internal audit function is deemed to conform to the PSIAS, reports should indicate this by including the phrase "conducted in conformance with the International Standards for the Professional Practice of Internal Auditing".

The communication of engagement results is covered in detail in the Service's procedures, and these fulfil the requirements of the PSIAS. We selected a sample of completed audit engagements and found that they all conformed to the standards and the Service's own procedures.

We have also reviewed the progress and annual reports to the Governance and Audit Committee and found that overall, these also conformed to the standards and Service's own internal procedures.

We therefore conclude that Internal Audit conforms to performance standard 2400.

5.13 **Performance Standard 2500 – Monitoring Progress**

There is a comprehensive follow-up process in place which monitors the client's progress towards the implementation of agreed actions. The results of follow-up reviews are reported to the Governance and Audit Committee. From this EQA, it is evident that Internal Audit conforms to performance standard 2500 and the LGAN.

5.14 **Performance Standard 2600 – Communicating the Acceptance of Risk**

Standard 2600 considers the arrangements which should apply if the Head of Audit and Risk Management has concluded that management has accepted a level of risk that may be unacceptable to the organisation. Situations of this kind are expected to be rare, consequently, we did not see any during this EQA. From this external quality assessment, it is evident that Internal Audit conforms to performance standard 2600 and the LGAN.

6. Areas of partial conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note

6.1 There are no areas of partial conformance with the Public Sector Internal Audit Standards.

7. Areas of non-conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note

7.1 There are no areas of non-conformance with the Public Sector Internal Audit Standards.

8. Survey results

8.1 Overall, the results of the survey of key stakeholders from Internal Audit's clients were positive with respondents valuing the services provided by the Service. A total of 20 surveys were received by the assessor. The overall number of negative responses were very low ranging from zero for most questions to a maximum of one on any given question. We have shared the summary report from the survey with the Head of Audit and Risk Management as they may wish to explore some of the responses in further detail to understand if there are any underlying issues that the service may wish to address.

9. Issues for management consideration

9.1 We have assessed the Bracknell Forest Council as conforming to the PSIAS and the LGAN. There are two observations and suggested enhancements to the operation of the Service that the Head of Audit and Risk Management should consider.

9.2 Other than attending the Governance and Audit Committee, which is a meeting open to the public and officers of the Council, the Head of Audit and Risk Management does not meet regularly in private with the Chair of the Governance and Audit Committee to discuss matters of a confidential or sensitive nature. Principle 3 in the CIPFA guidance on the Role of the Head of Internal Audit (HIA) is clear that the relationship between the HIA and the Chair of the Committee is crucial to the delivery of an effective internal audit function. Having regular private meetings with the Chair of the Committee would undoubtedly help strengthen the independence of the Head of Audit and Risk Management as well as enhancing compliance with the CIPFA guidance on the Role of the Head of Internal Audit and is widely regarded as good practice.

- 9.3 Whilst the Head of Audit and Risk Management is aware of the need to make greater use of data analytics and has already started to train staff, mainly on the functionality in Excel at present, we feel there are opportunities to enhance this element of the services that Internal Audit provide by making use of specialist data interrogation and auditing tools, such as IDEA, ACL, Arbutous or similar applications.
- 9.4 Our next observation relates to the Service's ability to fill the vacant Senior Auditor posts that it has. Given that there is currently a national shortage of qualified and skilled internal auditors. Whilst there is no short-term solution to recruiting permanent staff, in the longer term the Head of Audit and Risk Management should consider alternative solutions to ensuring the Service has a sustainable in-house team. There are options that should be considered, including incorporating trainee or apprentice internal audit posts in the structure, and putting the post holders through relevant professional qualifications. Another option may be the use of internships where undergraduates from universities are given work placements in the Service, albeit on a short-term basis. Both are viable options and are being considered by other internal audit services around the country, although it is acknowledged that both options require robust management and supervision processes to be put in place if they are to be effective.

10. Definitions

Definition	Criteria
Fully Conforms	The internal audit service complies with the standards with only minor deviations. The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.
Partially Conforms	The internal audit service falls short of achieving some elements of good practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit and conformance to the standards.
Does Not Conform	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the elements of the standards. These deficiencies will usually have a significant adverse impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the board.

Action Priorities	Criteria
High priority	The internal audit service needs to rectify a significant issue of non-conformance with the standards or the LGAN. Remedial action to resolve the issue should be taken urgently.
Medium priority	The internal audit service needs to rectify a moderate issue of conformance with the standards, the LGAN or other recognised guidance. Remedial action to resolve the issue should be taken, ideally within six months.
Low priority	The internal audit service should consider rectifying a minor issue of conformance with the standards, the LGAN or other recognised guidance. Remedial action to resolve the issue should be considered but the issue is not urgent.
Advisory	These are issues identified during the EQA that do not adversely impact the service's conformance with the standards or LGAN. Typically, they include areas of enhancement to existing operations and the adoption of best practice.

The co-operation of the Head of Audit and Risk Management and the Internal Audit team in providing the information requested for this EQA, is greatly appreciated. Our thanks also go to the chair of the Governance and Audit Committee and the key stakeholders that made themselves available for interview during the EQA process and/or completed questionnaires.

Ray Gard, CPFA, FCCA, FCIIA, DMS

10th June 2022

This report has been prepared by CIPFA at the request of Bracknell Forest Council, the terms for the preparation and scope of the report have been agreed with them. The matters raised are only those that came to our attention during our work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, we have only been able to base findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the issues that exist with their conformance to the Public Sector Internal Audit Standards that exist, or of all the improvements that may be required.

The report was prepared solely for the use and benefit of Bracknell Forest Council, including the senior management and the Governance and Audit Committee, and to the fullest extent permitted by law, CIPFA accepts no responsibility and disclaims all liability to any other third party who purports to use or rely, for any reason whatsoever on the report, its contents, conclusions, any extract, and/or reinterpretation of its contents. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Management action plan

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1. Instigate regular private meetings between the Head of Audit and risk Management and the Chair of the Governance and Audit Committee (Medium priority)	
Rationale	Agreed Action
Other than attending the Governance and Audit Committee, which is a meeting open to the public and officers of the Council, the Head of Audit and Risk Management does not meet regularly in private with the Chair of the Governance and Audit Committee to discuss matters of a confidential or sensitive nature. Principle 3 in the CIPFA guidance on the Role of the Head of Internal Audit (HIA) is clear that the relationship between the HIA and the Chair of the Committee is crucial to the delivery of an effective internal audit function. Having regular private meetings with the Chair of the Committee would undoubtedly help strengthen the independence of the Head of Audit and Risk Management as well as enhancing compliance with the CIPFA guidance on the Role of the Head of Internal Audit and is widely regarded as good practice.	The Head of Audit and Risk Management will arrange private meetings with the Chair of the Governance and Audit Committee to coincide with the scheduled Committee meetings.
Action Responsibility	Head of Audit and Risk Management
Deadline	July 2022
2. Make greater use of data analytical techniques (Advisory)	
Rationale	Agreed Action
Whilst the Head of Audit and Risk Management is aware of the need to make greater use of data analytics and has already started to train staff, mainly on the functionality in Excel at present, we feel there are opportunities to enhance this element of the services that Internal Audit provide by making use of specialist data interrogation and auditing tools, such as IDEA, ACL, Arbutous or similar applications.	A training session on Excel data analytics was attended by all members of the team in November 2022 but has not been applied to date and one of the team has since left. We are due to recruit replacement staff and will undertake further training once they are in post and look to apply this in practice.
Action Responsibility	Head of Audit and Risk Management
Deadline	March 2023

3. Consider employing trainee or apprentice auditors (Advisory)	
Rationale	Agreed Action
<p>Our second observation relates to the Service's ability to fill the vacant Senior Auditor posts that it has. Given that there is currently a national shortage of qualified and skilled internal auditors. Whilst there is no short-term solution to recruiting permanent staff, in the longer term the Head of Audit and Risk Management should consider alternative solutions to ensuring the Service has a sustainable in-house team. There are options that should be considered, including incorporating trainee or apprentice internal audit posts in the structure, and putting the post holders through relevant professional qualifications. Another option may be the use of internships where undergraduates from universities are given work placements in the Service, albeit on a short-term basis. Both are viable options and being considered by other internal audit services, although we acknowledge that these options require robust management and supervision processes if they are to be effective.</p>	<p>The option to take on an apprentice was considered in 2021 but was discounted at the time in favour of getting two qualified senior auditors as due to COVID we were working remotely and would not have been able to provide the face-to-face supervision and support an apprentice should have.</p> <p>Now that one of the senior auditor posts has become vacant, we have taken the decision to take on an apprentice and are working with Learning and Development to recruit an apprentice to start in September 2022.</p>
Action Responsibility	Head of Audit and Risk Management
Deadline	September 2022

TO: GOVERNANCE AND AUDIT COMMITTEE 22 JUNE 2022

ANNUAL GOVERNANCE STATEMENT Executive Director of Delivery– Legal

1 PURPOSE OF REPORT

- 1.1 To present the Committee with the Annual Governance Statement for 2021/22, update the Committee on progress against the Action Plan agreed in June 2021 and to make recommendations for further actions arising from the contents of this report.

2 RECOMMENDATIONS

- 2.1 **That the draft Annual Governance Statement (“AGS”) and Action plan appended to this report be approved.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure the Council complies with the statutory requirements to produce an Annual Governance Statement.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 It is a statutory requirement for the Council to approve an AGS and Action Plan and therefore no alternative options have been considered.

5 SUPPORTING INFORMATION

- 5.1 In England, the preparation and publication of an AGS is necessary to meet the statutory obligation set out in Regulation 4(3) of the Accounts and Audit Regulations 2011. This requires authorities to prepare a statement in accordance with “proper practices” and the guidance in the Framework recommending an AGS constitutes “proper practice”. The AGS will be signed by the Chief Executive and the Leader of the Council.
- 5.2 The CIPFA/SOLACE publication “Delivering Good Governance in Local Government: Framework 2016” recommends that authorities produce an AGS to report publicly on the key elements of the governance framework the authority has in place, to review the effectiveness of the governance framework and the steps which will be taken over the next year to enhance governance arrangements. The AGS and Action Plan were prepared in accordance with the revised CIPFA/SOLACE Guidance Note 2016 and subsequent addendum. These provide that the AGS should include a brief description of the key elements of the governance framework the authority has in place.
- 5.3 An Action Plan has been drawn up to address the issues highlighted in the AGS and this is attached as Appendix 2 to the AGS

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 Good governance is critical to the Authority achieving its objectives as set out in the Council Plan. High profile governance failures in Slough, Birmingham, Northamptonshire, Doncaster, Tower Hamlets, Bristol, Rotherham, Derby, Croydon and York in recent years have illustrated the need to ensure governance structures, and processes are fit for purpose and kept under constant review.

Borough Treasurer

- 6.2 The Annual Governance Statement is a statutory requirement under the Accounts and Audit Regulations 2011 and will be incorporated within the Council's annual Statement of Accounts.

Equalities Impact Assessment

- 6.3 Not applicable.

Strategic Risk Management Issues

- 6.4 Risk management is a key part of good governance as outlined in the draft AGS.

Other Officers

- 6.5 None.

7 CONSULTATION

7.1 Principal Groups Consulted

See Paragraph 5.4 above.

7.2 Method of Consultation

Completion of compliance assessments and consideration at Corporate Management Team

Contact for further information

Sanjay Prashar – 01344 355679

Annual Governance Statement 2022/23

Executive Summary

The Annual Governance Statement (AGS) provides an account of the processes and systems which give assurance for the effectiveness of the Council's discharge of its responsibilities. It covers the period 1 April 2021 to 31 March 2022.

A summary of assurance is given for each of the seven principles on which the Statement is based. Full assurances have been given against six of the seven CIPFA Principles with a partial assurance against the other.

2021/22 has seen a transition from remote to hybrid working in the office with the help of new technology. Formal meetings continued throughout the year using a process of advisory meetings and use of delegations. The Council has continued to manage its finances prudently and has recognised governance challenges around data protection and cyber security which it has sought to address through training of staff. The development and opening of Heathlands Dementia care centre, business continuity through the pandemic and a successful peer review represents notable successes. Conversely the efficacy of the Council's Special Educational Needs Provision was criticised following a joint OFSTED/CQC inspection leading to a remedial plan of action.

Moving forward Members will need to consider the style and direction of officer leadership in light of the impending departure of the current Head of Paid Service.

An update on the 2021/22 Annual Governance Statement Actions is included as **(Appendix A)**

Work underway or planned to address any governance issues for 2022/23 is set out in an Action Plan **(Appendix B)**

1 Scope of Responsibility

- 1.1 Bracknell Forest Borough Council ("The Council") is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 The Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This Statement explains how the Council has complied with the code and also meets the requirements of regulation 6 (1)) of the Accounts and Audit Regulations 2015 in relation to the preparation of a statement on internal control.

2 The Council's Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled. It underpins its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the appropriate delivery of services and value for money.

Diagram 1 Overview of Bracknell Forest Council Governance Framework

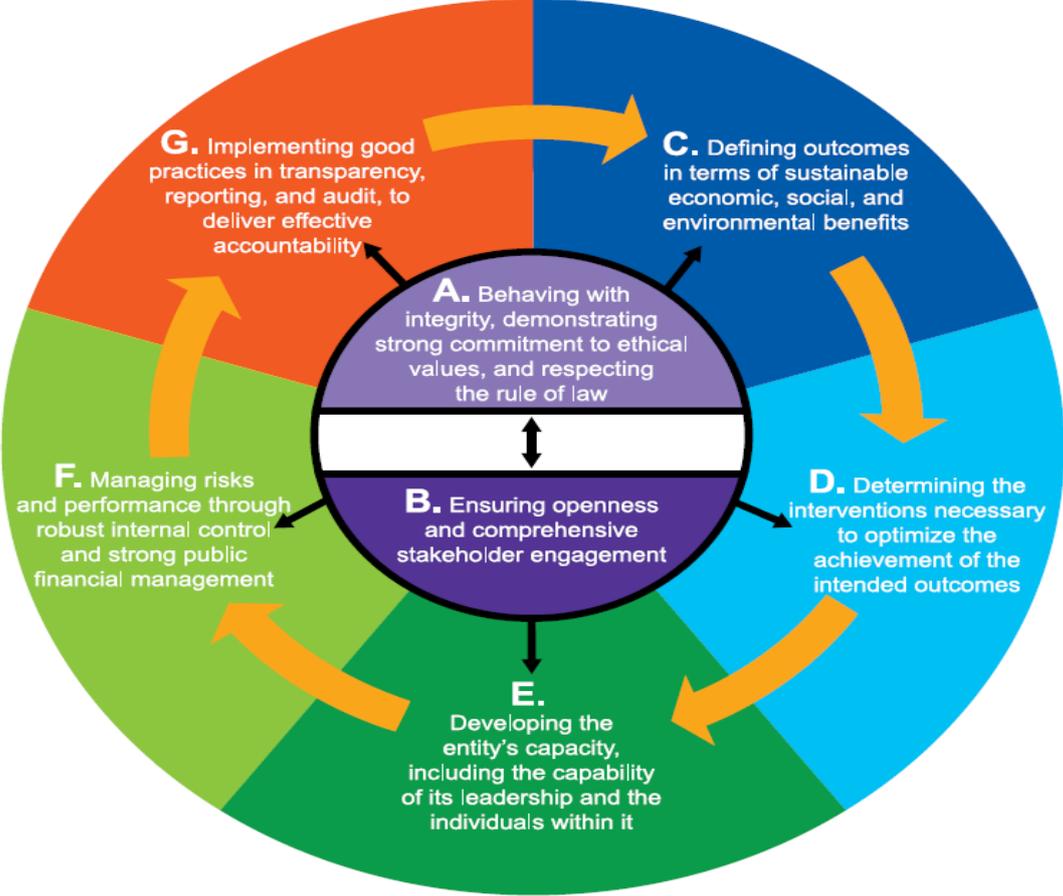


3. The CIPFA Governance Assurance Framework Principles

The CIPFA/SOLACE Framework 2016- Delivering Good Governance in Local Government suggests that this Annual Governance Statement should include a brief description of the key elements of the governance framework that the Council has in place.

3.1 There are seven principles and sub-principles of Corporate Governance incorporated

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**



within the CIPFA/SOLACE framework and as set out in Diagram 2 below.

Diagram 2. -The seven CIPFA Principles of Good Governance

3.2 Each element of the governance framework is considered in this Statement within the context of the seven CIPFA Principles of Good Governance. An opinion is provided below against each principle on the level of assurance that the governance arrangements can generate.

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

Assured ✓

The Council has adopted structures, systems and processes which reflect consistency with high ethical expectations of those in its service, including Members, Officers, and outside Partners. A culture of compliance is also embedded with Code breaches, disciplinary issues, data protection infringements and whistleblowing referrals being reviewed, investigated, and determined in accordance with defined processes. Over the year there were no complaints against serving Councillors compared to seven in the previous year. This may to some extent be the outcome of work undertaken by the cross-party Members Equality Group which sought to raise awareness on the impact of bullying behaviours whilst promoting equality and diversity. Awareness amongst Members of the rules relating to disclosure of interests remains high with Members consistently seeking the views of the Monitoring Officer when in doubt.

Inclusivity has now been imbedded as one of the Council's core values.

Examples of corresponding framework

- Councillor Code of Conduct
- Whistleblowing procedure
- Member/Officer protocol
- HR Procedures
- Protocol for Members in dealing with Planning matters
- Information management strategy

B. Ensuring openness and comprehensive stakeholder engagement

Assured ✓

The Council exists to serve its residents and works effectively in partnership with a wide range of stakeholders It has transparent decision-making processes in place. The Covid crisis led to the continued provision of remote meetings using MS Teams over the course of the year which enabled democratic decision making to continue in several instances increasing the rate of public access to meetings.

Overview and Scrutiny has established a structure that allows activity to better align with the themes of the Council Plan. The function has established and delivered against a work programme that supports the council objectives. The Commission has carried out research and made recommendations to support the Council's climate change targets and has scrutinised the budget and monitored the performance of all Council departments through the Council Plan Overview Report.

A number of significant consultations were undertaken via the Council's portal most notably relating to the Budget, Joint Minerals Waste Plan, Health and Well Being Strategy and Cycling and walking in the Borough.

Examples of corresponding framework

- Transparent decision making in line with statutory and constitutional provisions
- Executive Decisions on Forward Plan
- Exempt status of reports subject to Monitoring Officer scrutiny
- Public participation scheme
- Pay policy statement
- Contracts over £5000 on Data share

C Defining outcomes in terms of sustainable economic, social and environmental benefits

Assured ✓

The Council has in place clear arrangements to define outcomes and monitor performance. In setting policies and strategies, it has adopted a long-term view about outcomes. The Council Plan was adopted in February 2020 for the - period from - 2019-2023 and has strategic themes underpinned by social, economic and environmental objectives. During 2021/22 the Council developed a Covid renewal strategy to respond to pressures on service delivery triggered by the effects of the global pandemic.

The Council's creation of the Bracknell Forest Cambium Partnership as a joint venture with Countryside Properties is intended to help it fulfil its objective of ensuring Bracknell town centre remains a sustainable and popular retail and leisure destination as well as a home to increasing numbers of people. The Council's close working relationship with the Bracknell Regeneration Partnership, most notably in relation to progressing development of the Deck, shares these aims.

Following the Executive's approval in March 2019, work has now been completed to re-develop the former Heathlands care home into a combined Health facility and EMI dementia nursing home. The new facility opened its doors to service users in March 2022 and has helped alleviate pressures in the health system caused by the on-going Covid pandemic.

Bracknell Forest's food waste recycling service continues to grow, with approximately 90 per cent of the borough's households participating since the launch in March 2021. A year on from the first round of collections, over 6,300 tonnes of food waste has been collected and recycled.

Work continued throughout the year around the development of the Local Plan and despite notable public opposition in response to the Proposals relating to Jealotts Hill the draft Plan is currently being presented for Examination.

The Council received positive feedback following an LGA hosted Peer review in November 2021 including the following observations:

- *Councillors having a clear focus on good services*

- *there is effective managerial leadership and positive relationships between councillors and staff*
- *most residents are consistently happy with the council's work and the support they receive from the council, specifically during COVID-19*
- *the council's stability has brought success, including the town centre regeneration*

Recommendations from the review are reflected in the Action Plan annexed to this statement.

Examples of corresponding framework

- Council Plan
- Service Plans
- Quarterly Service reports and Quarterly Council Plan Overview reports
- Partnership working (e.g. Community Safety partnership, Cambium Partnership, Joint Waste Board, Public Protection Partnership)

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Partial Assured ✓

The Council takes decisions on interventions based on its published Council Plan setting outcomes for services and defining actions and targets for achieving them. Proposed interventions are recorded through Directorate Business Plans for ensuring the achievement of intended outcomes within set timescales. More significant interventions through service or organisational transformation are considered and overseen by the Transformation Board chaired by the Chief Executive.

The Council refreshed its Climate Change action plan and brought this to the level of a full strategy of the council. This follows this theme of work being identified in the Corporate Plan (theme 6). The strategy has now allowed this area of work to be added to the golden thread of service delivery. Service Plans for 2022-23 have had this objective baked into their service programmes. The decision-making templates have been revised to ensure that climate change mitigation is part of every decision that the council makes. Links have been made to the public health, "health in all policies" framework, ensuring that schemes like "Get Green and Active" deliver, in a holistic way, these corporate objectives

Areas of concern include:

- (i) the efficacy of the Council's Special Educational Needs provision which was criticised in a recent OFSTED/CQC inspection in November /December 2021 to judge the effectiveness of the area in implementing the special educational needs and/or disabilities (SEND) reforms as set out in the Children and

Families Act 2014. The subsequent report published in February 2022 identified nine significant areas of weakness which the Council is in the process of addressing through a written Statement of Action which was submitted to the Inspecting Authorities on 7 June.

- (ii) Progress with the Joint Venture development project the viability of which has in part been affected by global pressures on construction costs
- (iii) The Dissolution of Downshire Homes Limited partly due to the departure of the Assistant Director of Housing and the Finance Lead on the Board of Directors.

Each of these three areas will need appropriate Governance oversight over the next 12 months to ensure that the Council achieves its desired performance outcomes.

Examples of corresponding framework

- Council Plan
- Service Plans
- Quarterly Service reports and Quarterly Council Plan Overview reports
- Outbreak Control Plan

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Assured ✓

Member development continues to be an embedded part of the Council's culture and courses and seminars continue to be well attended. A broad internal training programme of courses is run each year for officers as well as specific professional training and this is supplemented by e-learning opportunities and also less formal learning such as mentoring and work shadowing schemes. Compliance with Continuing Professional Development requirements of staff is monitored by individual officers. The Council provides sufficient resources to fund this. As part of the performance appraisal process, each officer is required to identify their learning and development objectives.

The Council has responded extremely well during the Covid pandemic in terms of its service resilience, although there has inevitably been a change in focus towards immediate priorities at leadership level.

The commitment to workforce development is reflected in the Council's three year Learning and Development Strategy and Plan published in November 2021 and its Workforce and Organisational Development Strategy (Summer 2021). These aim to help the organisation in its journey to become more agile, open to learning and committed to embracing diversity and inclusion at all levels.

It will be important over the next few months and beyond to ensure that competing demands for organisational capacity do not hinder delivery of important change

programmes which are key to securing a financially sustainable organisation into the future. With the impending departure of the current Chief Executive in October and local elections next May the Council will inevitably need to undergo a structural and possibly strategic reset at Leadership level within both the senior officer and Member cohorts.

Examples of corresponding framework

- Induction programmes for Officers & Members
- Member Development Programme
- Behaviours
- Role profiles

F. Managing risks and performance through robust internal control and strong public financial Management

Assured ✓

The Council has continued to closely manage its financial position over the past year, adapting its normal budget monitoring approach to reflect the increased uncertainty around the level of costs and income which have been significantly affected by the Covid pandemic.

Bracknell Forest has a culture of financial prudence across the organisation, meaning that cautious worst-case scenario projections were identified, which fortunately did not materialise. Whilst this caution has helped lead to a situation where the year end out-turn will be well below the level of resources available, it is important that it is balanced by a realistic assessment of the likelihood of such worst-case events materialising, in order to assist future financial planning and avoid unnecessary spending reductions to be sought.

The level of reserves held by the Council remains strong, meaning that there is time to fully develop and deliver a medium-term financial plan, which can offer choice around the pace at which change needs to be delivered. It is important that this does not become confused with a view that spending controls can be relaxed since there is a healthy level of reserves.

The Head of Audit and Risk Management is required to conclude and report on the effectiveness of the internal control environment in her annual report. Her assessment of the internal control environment for 2021/22 (reported to the Governance & Audit Committee in June 2022) conferred a **partial** assurance whilst concluding that there are **adequate** arrangements in place at the Council for risk management and corporate governance. This is an improvement on the limited assurances conferred in the two previous years reflecting a positive trajectory of progress.

During 2021/22 the Strategic Risk Register was updated and considered by the Strategic Risk Management Group on a quarterly basis and reviewed twice by the Governance and Audit Committee with feedback provided. Actions to address strategic risks were updated and monitored during 2021/22 and key changes to strategic risks were summarised in the quarterly Corporate Performance Overview Report.

Information Governance and data protection have been areas of corporate focus. Each year the council minimises its risk of data breach by having a federated set of Information Governance leads in each division of the council. The leads have been effective in being the on the ground advisors to high-risk areas of the council. As the staff who lead breach investigations and reviewing Privacy Impact Assessments, an effective learning cycle has been established to ensure that the council has “double loop” learning from each incident.

Central resources have also been increased, with the Data Protection Officer (DPO) role being linked to the Head of IT role, bringing the data and systems controls under a single management team. The IG leads and DPO are now supported by more compliance officers, ensuring that the area is well resourced to carry out its task.

Performance is reported to the Information Management Group (IMG), a sub board of CMT, ensuring corporate ownership of the area of work and a forum for corporate agreement and assurance. The SIRO and DPO provide CMT with quarterly reports on performance and key issues, ensuring that corporate leaders have the tools necessary to ensure the control environment remains strong.

Annual GDPR training is monitored by CMT, with completion rates about 90%. This is supported by a suite of cyber security training and on-line guidance to support staff to maintain standards. This is also backed up by excellent internal communications, using Forest views and screen saver messaging to ensure that awareness and vigilance is maintained.

The Council has sought to raise awareness on the issue of Cyber Security. Cyber Security training is offered to Officers on its training portal and a training event was undertaken in March 2022 to help the Senior Leadership Group understand the extent of current risks and levels of resilience across the organisation.

Examples of corresponding framework

- Financial Regulations
- Annual Budget setting process
- S151 Officer role
- 2021/22 Audit programme
- Head of Audit and Risk Management’s annual opinion
- The Strategic Risk Management Group (SRMG)
- Risk Management Strategy
- Strategic Risk register

G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability

Assured ✓

The Council has transparent processes in place through publication of the Forward Plan of key decisions, of agendas and reports of its meetings and those of its committees and of its key decision reports on the website. It publicises its pay policy statement in line with legislation as well as expenditure on contracts in excess of £5000 in value and all other

expenditure in excess of £500. The Council has robust audit arrangements in place and there is regular audit reporting to the Council's Governance and Audit Committee.

Internal Audit provides an independent and objective annual appraisal of key financial systems through routine compliance testing and by undertaking a number of audit reviews within service departments in accordance with the Internal Audit Plan. The Head of Audit and Risk Management develops the Annual Internal Audit Plan which is then delivered by an external contractor and by Royal Borough of Windsor and Maidenhead and Wokingham joint internal audit team under an agreement made under Section 113 of the Local Government Act 1972.

The Head of Audit and Risk Management reports outcomes for all audits to the Corporate Management Team and the Governance and Audit Committee in quarterly progress reports. For audits where an inadequate or partial assurance opinion has been concluded, the Head of Audit and Risk Management reports details of the significant findings to the Corporate Management Team and the Governance and Audit Committee and follow-up audits should be carried out within 12 months to ensure that actions have been taken to address the areas of concern. For other audits, the Head of Audit and Risk Management obtains management updates on the progress on implementation of agreed recommendations and this information is also reported to the Corporate Management Team and the Governance and Audit Committee.

The judgements issued by the external auditor in relation to the year-end statutory accounts and the linked value for money assessment have always been very positive about the Council's work. However, the formal accounts sign off for 2020/21 was significantly delayed due to the on-going process of finalising the audit of the pension fund accounts managed by RBWM. This is a process over which neither the Council nor its external auditors have significant influence. Members have been kept up to speed with progress on this matter as well as receiving regular reports from the Head of Audit and Risk Management on internal audit work. The open approach to reporting the outcomes of audits to the Governance and Audit Committee has received positive feedback from Members and facilitated detailed Member scrutiny of the internal control environment and clear accountability.

Examples of corresponding framework

- Council Scheme of Delegation, Procedural rules, Standing Orders and Financial Regulations as set out in constitution
- Governance and Audit Committee terms of reference
- Executive Forward Plan
- Council Plan overview reports
- Scrutiny arrangements
- Information Governance Framework

2021/22 Annual Governance Statement Action Plan Update

Item	Governance Point Raised in Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline	Update
1.	Implement Covid 19 Recovery Plan	Facilitate return to office-based working where necessary and appropriate with emergent plans for Time Square	Corporate Management Team	1 st Sept 2021	Delayed due to further wave of pandemic. Hybrid working introduced from April 2022 with staff being encouraged to work from office at least once a week.
2.	Dissolve Downshire Homes Limited	Undertake all necessary shareholder actions to assist Downshire Homes Limited facilitate dissolution of company and ensure transfer of property assets to BFC. All Companies Act and HMRC obligations to be discharged.	Executive	1 Dec 2021	Held in abeyance due to proposals in government consultation on changes to MRP (Minimum Revenue Provision Rules) and potential impact on financial efficacy on dissolution.
3.	Councillor Code of Conduct	Review Code of Conduct following publication of new Model Code by LGA	Code of Conduct Working Group	30 Sept 2021	CCWG received Report from Borough Solicitor In January 2022. Agreed cursory Changes to current Code.
4.	Whistleblowing Policy	Review /Redraft to improve awareness & accessibility	Borough Solicitor	30 Sept 2021	Deferred pending outcome of Office of Whistle-blowers Bill introduced in Parliament during Summer 2021.
5.	Information Governance	Develop and implement Communication plan to ensure council wide awareness and ownership of Information Governance Framework emerging from recent activity	Executive Director Delivery & Information Governance Consultant	30 Sept 2021	Refresher IG training rolled out Council wide. Following successful Audit by ICO BFC has continued to consolidate its IG

Item	Governance Point Raised in Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline	Update
					Framework through the role of the Senior Information Risk Officer, Data Protection Officer, Information Management Group as well as via a programme of regular reporting of FOI, SAR and Security Breach Data to CMT.
6.	Contracts Monitoring	Development of Corporate Contracts Register	Strategic Procurement Group	30 Sept 2021	This has been delayed due to technical and resourcing factors. A new Procurement Pipeline has been developed, which will enable the Council to undertake a bulk upload of the contract details for existing and new requirements. This coupled with further awareness and understanding by commissioners of the need to fully utilise the functionality on the tendering portal and complete the Proc1 Form, is expected to result in implementation by September 2022.

APPENDIX B-
2022/23 Annual Governance Statement Action Plan

	Item	Proposed action	Owner	Implementation deadline
1.	Corporate Leadership	Ensure smooth transition/consolidation in strategic direction of Council with change in Head of Paid Service	CMT	October 22-April 23
2.	Dissolve Downshire Homes Limited (c/f from 2021/22)	Review position in light of prospective changes to MRP rules and if proposal remains to dissolve company to take all appropriate steps to achieve this.	Executive	31 December 2022
3.	SEN Written Statement of Action	Implement all agreed actions in response to Joint CQC/OFSTED inspection of SEN provision.	CMT	31 December 2022
4.	Whistleblowing Policy (C/F from 21/22)	Review /Redraft to improve awareness & accessibility.	Borough Solicitor	31 December 2022
5.	Contract Monitoring (c/f from 21/22)	Development of Corporate Contracts Register.	Strategic Procurement Board	31 December 2022
6.	Recruitment and Retention	Undertake review of recruitment and retention within BFC in light of challenging market conditions and propose strategy for improved outcomes	CMT	31 December 2022

Signed:

Paul Bettison

Timothy Wheadon

**Leader of the Council
June 2022**

**Chief Executive
June 2022**

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**TO: GOVERNANCE & AUDIT COMMITTEE 22 June 2022
COUNCIL 13 July 2022**

STANDARDS ANNUAL REPORT (Executive Director - Delivery - Legal)

1. PURPOSE OF REPORT

- 1.1 The attached report advises Council of activity within its Standards framework from 1 April 2021 to 31 March 2022

2. RECOMMENDATIONS

That the Council **NOTES:**

- 2.1 The Standards outputs in 2021/22 as set out in this report

3. REASONS FOR RECOMMENDATIONS

- 3.1 To keep Council apprised on an annual basis of activity relating to its Standards Regime

4. SUPPORTING INFORMATION

- 4.1 The Standards Framework comprises a number of elements including the code of conduct for Councillors, rules around disclosure of interests, procedure for dealing with complaints and sanctions for breach. Until its dissolution in November 2016 responsibility for oversight of the Standards Framework vested in the Standards Committee. Subsequently this has transferred to the Governance & Audit Committee.
- 4.2 The attached report appraises the Council of Standards related activity from 1 April 2021 to 31 March 2022.

5. ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 5.1 The Borough Solicitor is the author of this report.

Director :Finance

- 5.2 There are no financial implications arising.

6. STRATEGIC RISK MANAGEMENT ISSUES

- 6.1 None.

Background Papers None.

Contact for Further Information

Sanjay Prashar – Borough Solicitor – 01344 355679 Sanjay.Prashar@bracknell-forest.gov.uk

STANDARDS ANNUAL REPORT 2021/22

1. The Council's Standards Committee was dissolved in 2016 and its functions incorporated into the terms of reference of the Governance and Audit Committee.

Complaints

2. Under the current procedure for the handling of complaints alleging a breach of the Code of Conduct for Members, a complaint is first considered by the Monitoring Officer. The options available to the Monitoring Officer at that stage are:-
 - refer for investigation
 - refer for some other form of action ("other action")
 - determine that no further action is required. ("no action")
3. If a complaint is referred for investigation the ensuing report is considered by the statutory Independent Person and the Monitoring Officer. At that stage the options are:-
 - refer to a Code of Conduct Panel for consideration.
 - refer for resolution by some other form of action (e.g. if the investigation finds that there has been a breach and the Member agrees to apologise)
 - no further action required (investigation finds no breach which conclusion is agreed by the independent person and Monitoring Officer)
4. In the period between 1 April 2021 and 31 March 2022 the Monitoring Officer received **0** complaints alleging breaches of Codes of Conduct for Members. The grounds of each complaint and its outcome are set out in the table below.

Previous years data

Year	No. of Complaints	Upheld
2008/09	0	0
2009/10	6	2
2010/11	1	0
2011/12	2	0
2012/13	4	0
2013/14	6	0
2014/15	5	0
2015/16	2	0
2016/17	7	0
2017/18	6	0
2018/19	8	1

6. Whilst the adequacy of sanctions within the Standards regime continues to attract debate nationally there are currently no proposals flowing from Government to introduce further legislation.

7. It will be noted that one of the recommendations flowing from a report of the Committee for Standards in Public Life (CSPL) published in January 2019 was for the Local Government Association *“to create an updated model code of conduct, in consultation with representative bodies of councillors and officers of all tiers of local government.”*
8. The Governance & Audit Committee considered the Council’s existing Code in June 2019 pursuant to the recommendations of the CSPL and determined that no changes were necessary. A model Code was published by the LGA in late December 2020. It was left to individual Councils to determine whether to adopt it. The Council’s existing Code was therefore reviewed by the Code of Conduct Working Group in January 2022 in light of the publication of the Model Code. The Working Group determined that no substantive changes were required save for the following amendments.
 - The Code to be redrafted in the first person
 - The inclusion of reference to the Mayoral Charter (see below)
 - A link to the Model LGA Guidance to be referenced in the Code
9. The 2019 CSPL report also made a number of specific recommendations requiring legislation in order to be implemented at a local level. The government issued a belated response to the recommendations in early 2022. The response can be accessed via the following link. [Government response to the Committee on Standards in Public Life review of local government ethical standards \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/consultations/government-response-to-the-committee-on-standards-in-public-life-review-of-local-government-ethical-standards) It will be noted that there are no immediate plans to introduce legislation to enact any of the CSPL recommendations though the government have agreed to keep some aspects under review.
10. It is commendable that for the first time since the current Code was introduced in 2012 that there have been no complaints issued. This may be partly attributable to limited interactions during the Covid pandemic. However data received from West Berkshire and Windsor and Maidenhead Councils indicate 32 and 39 complaints respectively during a comparable 12-month period. An alternative factor may have been the work of the Member Equalities Working Group which culminated in the establishment of a Mayors Charter to complement the Code by introducing minimum standards of behaviour expected of all Councillors at all times in addition to a set of associated recommendations. **(Appendix A)**
11. The existing Independent Person for complaints, Dr Louis Lee resigned from his role in May 2022. The Council is currently advertising for a replacement. An Independent Person is a statutory role whom the Monitoring Officer is required by law to consult with prior to making a determination on whether or not to investigate a complaint.

Councillors are reminded of their duties both in respect of the rules relating to the registration and disclosure of Interests set out in the Code of Conduct and their behavioural obligations under the Code.

Appendix A

BFC Mayor's Charter

Statement of minimum standards of behaviour expected from all Councillors at all times.

The Seven Principles of Public Life (the Nolan Principles) - selflessness, integrity, objectivity, accountability, openness, honesty, and leadership - have long been the basis for ensuring high standards in public life. These are the basis for the behaviours this Council and all its Councillors will adopt.

Our Councillors will:

- encourage and foster constructive democratic debate and tolerance of other points of view
- promote and defend the dignity of others, treating all with courtesy and respect
- not engage in bullying, harassment, or victimisation, nor unlawfully discriminate against another member or group
- challenge unacceptable behaviour whenever it occurs.

Any behaviour that falls short of that included in the above statement will be dealt with under the Council's Standards and Code of Conduct processes. If any breach appears to break the criminal law, it will be referred to the police.

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