

## Notice of Meeting

### Governance & Audit Committee

Councillor Allen (Chairman),  
Councillor Wade (Vice-Chairman),  
Councillors Gbadebo, Mrs Hayes MBE, Heydon, Leake, Neil and  
Tullett  
David St John Jones, Independent Member

Wednesday 24 June 2020, 7.30 - 9.30 pm



### Agenda

Item	Description	Page
1.	<b>Apologies for Absence</b>	
	To receive apologies for absence and to note the attendance of any substitute members. <b>Reporting:</b> Hannah Stevenson	
2.	<b>Election of Chairman</b>	
	Councillor Allen has been nominated Chairman for the 2020/21 municipal year. <b>Reporting:</b> Hannah Stevenson	
3.	<b>Appointment of Vice-Chairman</b>	
	Councillor Wade has been nominated Vice-Chairman for the 2020/21 municipal year. <b>Reporting:</b> Hannah Stevenson	
4.	<b>Appointment of Code of Conduct Panel</b>	
	To confirm the appointment of the following: <b>Code of Conduct Panel</b>  Any three councillors drawn from the membership of the Governance & Audit Committee 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): David St John Jones in his capacity as the independent Co-opted Member of Governance & Audit Committee Heather Quillish Khan Juna  Parish/Town Council Representatives (for complaints concerning Parish/Town Councillors): Cllr McKenzie-Boyle – Crowthorne Parish Council	

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	<p>Cllr Strudley – Warfield Parish Council</p> <p>Independent Persons: Dr Louis Lee Vacancy (reserve)</p> <p><b>Reporting:</b> Hannah Stevenson</p>	
5.	<b>Declarations of Interest</b>	
	<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> <p><b>Reporting:</b> ALL</p>	
6.	<b>Minutes - 29 January 2020</b>	5 - 10
	<p>To approve as a correct record the minutes of the meetings of the Committee held on 29 January 2020.</p> <p><b>Reporting:</b> ALL</p>	
7.	<b>Urgent Items of Business</b>	
	<p>Any other items which, pursuant to Section 100B(4)(b) of the Local Government Act 1972, the Chairman decides are urgent.</p> <p><b>Reporting:</b> Hannah Stevenson</p>	
8.	<b>Internal Audit Annual Assurance Report 2019-20</b>	11 - 42
	<p>To receive and consider the Head of Audit's annual internal audit opinion as required under the Public Sector Internal Audit Standards.</p> <p><b>Reporting:</b> Sally Hendrick</p>	
9.	<b>Annual Governance Statement</b>	43 - 64
	<p>To present the Committee with the Annual Governance Statement for 2019/20, update the Committee on progress against the Action Plan agreed in June 2019 and to make recommendations for further actions arising from the contents of this report.</p> <p><b>Reporting:</b> Sanjay Prashar</p>	

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10.	<b>Annual Standards Report</b>	65 - 72
	To consider the Council's Annual Standards Report and activity within its Standards framework from 1 April 2019 to 31 March 2020. <b>Reporting:</b> Sanjay Prashar	

Published: 16 June 2020

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**GOVERNANCE & AUDIT COMMITTEE**  
**29 JANUARY 2020**  
**7.30 - 9.20 PM**

**Present:**

Councillors Allen (Chairman), Wade (Vice-Chairman), Gbadebo, Mrs Hayes MBE, Heydon, Leake, Neil and Tullett  
David St John Jones, Independent Member

**Also Present:**

Councillor Green

**23. Declarations of Interest**

There were no declarations of interest.

**24. Minutes of previous meeting**

**RESOLVED** that the minutes of the meeting of the Committee held on the 18 September 2019 be approved as a correct record, and signed by the Chairman.

Arising from queries raised at the last meeting, an explanation of the policy and procedures around DBS checking for drivers engaged on home to school transport was given. No drivers were used by the Council unless they had a valid DBS check issued within the last three years. In circumstances where a driver was awaiting the issue of a new DBS check (because three years had elapsed) the school transport team would manage this risk by arranging a DBS checked person to travel as a passenger in the school transport vehicle. Should a driver be convicted of an offence after having obtained his/her DBS check, then the Council would receive notification so that any appropriate action could be taken. In addition, the Council was now licensed to carry out Children's barred list checks against a national database which was a fully maintained and up to date resource. The Committee was reassured by the information reported.

**25. Urgent Items of Business**

There were no urgent items of business.

**26. External Audit - Audit Results Report**

Andrew Brittain from Ernst & Young LLP, attended the Committee and presented the preliminary External Audit Results report. This was essentially the same report as submitted to the Committee at its meeting in July 2019, indicating that the Auditors expected to issue an unqualified audit opinion on the Authority's financial statements, subject to outstanding matters relating to the Berkshire Pension Scheme.

Despite a number of requests for the information, Ernst & Young had only recently received a response from Deloitte, the Berkshire Pension Fund auditors, which although providing the assurance required, did not include information on two

procedures that had been specifically requested. Mr Brittain, therefore, proposed that Ernst & Young would carry out the two outstanding pieces of work directly to enable the audit to be completed and signed off without further delay.

It was confirmed that the audit of the Berkshire Pension Fund had that pension fund assets had been overstated due to the valuation methods used and the net liability position of the fund needed to be increased. The proportion of the increase relating to Bracknell Forest amounted to £8.991m and the necessary adjustment had been made. It was suggested that the order of the bullet points in the Audit Differences section of the Executive Summary be reversed, to give emphasis to the reasons for the delayed conclusion of the Audit, which were outside the control of the Council. Mr Brittain agreed.

The Committee was concerned that the delay in completing the audit, caused by the protracted work by Deloitte on the Berkshire Pension Fund, should not re-occur for the 2019/20 audit. Although this was largely beyond the control of the Council, it was suggested that representations about it continue to be made through Councillor Leake as member representative on the Pension Advisory Panel, through the Director: Finance to RBWM as the Pension Fund administering body, and through Ernst & Young to Deloitte.

**RESOLVED** that the report of the Council's external auditor summarising the work carried out to discharge their statutory audit responsibilities be noted.

## 27. **Treasury Management Report 2020/21 and the 2019/20 Mid-Year Review**

The Committee considered the 2019/20 Mid-Year Review report and reviewed the 2020/21 Treasury Management Report. Calvin Orr, Head of Finance and Business Services presented the report and explained that the Mid-Year Review covered an economic update for the first nine months of 2019/20, a review of the Treasury Management Strategy Statement and Annual Investment Strategy, a review of the investment and debt portfolio, and a review of compliance with Treasury and Prudential limits.

The Council held £12.197m of investments as at 31 December 2019. These were running at higher level than normal owing the continued uncertainty around Brexit and a buoyant level of cash receipts. Investment portfolio yield over the first nine months of the year was 0.65%, comfortably exceeding the benchmark of 0.54%. £15m of short term debt had been repaid and the Council would move to a more balanced portfolio by mid February. All investment and borrowing was compliant with the set limits.

It was noted that the PWLB had raised interest rates for new borrowing. However, the capital programme for 2020/21 would be fully funded from receipts with no additional borrowing necessary. The Council would be required to invest in the proposed Joint Venture Company due to be set up in the summer and it remained to be seen whether any further borrowing would be required to support this investment. With regard to the Treasury Management report, this was largely in line with previous years and no changes were proposed to investment or borrowing limits.

Arising from questions and discussion, the following points were noted:

- The rise in PWLB rates would not affect the Council's existing borrowing since the higher rates would only apply to new loans.
- Until the details of the proposed Joint Venture Company were settled, and the extent of the investment required by the Council was finalised, it was not

possible to quantify the amount of any borrowing that may be required. Returns from the JV Company would more than outweigh the cost of any borrowing.

- With reference to future income to be derived from the Community Infrastructure Levy (CIL), estimates were based on agreements already in place. CIL did not become payable until a development commenced and payments were then phased over three years.
- Investments were concentrated in the top five money market funds that were triple A rated.
- Investment performance could be gauged by comparison with the benchmark, the LIBID rate. Investment performance was currently exceeding the benchmark by 20 base points.

After further consideration the Committee

**RESOLVED** that:

- 1) The Mid-Year Review report be received and circulated to all Members of the Council.
- 2) The appreciation of the Committee for the sound and prudent Treasury Management performance be recorded.
- 3) The Treasury Management Report for 2020/21 (marked Annex E) be endorsed and submitted to the Council for approval.

## 28. **Strategic Risk Update**

Sally Hendrick, Head of Audit and Risk Management, presented a report on the updated Strategic Risk Register in accordance with the Risk Management Strategy. Following a review of the Register by the Strategic Risk Management Group (SRMG) and Corporate Management Group (CMG), a number of changes had been proposed which the Committee was asked to review. Comments were invited on the completeness of risks and the appropriateness of risk scores, with particular reference to Risks 1 and 2 which had been subject to a 'deep dive' by senior officers on which further details were presented.

### Risk 1: Significant pressures on the Council's ability to balance its finances whilst maintaining satisfactory service standards

The Director: Finance set out the background to this risk where it was normal to expect risk to rise around quarter 2 and 3 in each year ahead of new challenges arising, but then recede as budgetary and mitigation planning developed in response. However, in the current year the Council was facing an unprecedented increase in demand in both Children's Services and Adult Social Care raising the likelihood of an overspend by year end. Officers were working hard to bring down this potential deficit looking at a number of options including possible use of the Public Health Grant currently in reserve. A second major challenge would arise in the 2021/22 budget where the Council faced a reduction in income of £4-5m owing to changes in the business rate system. This was fully factored into medium term planning and it was likely this could be substantially mitigated by the use of reserves.

Arising from questions and discussion, a number of points were noted:

- Bracknell Forest was one of a very few Authorities experiencing a significant increase in demand for both Children's Services and Adult Social Care.
- While the rise in demand for Adult Social Care was not unexpected and to some degree predictable, the increase in the cost of Children's Services was

wholly unpredictable. It seemed illogical that such an increase in demand could continue at such a rate.

- Children's Services was experiencing an increase in the number of looked after children as well as an increase in the cost of each child looked after. Some London Boroughs had placed children in care in Bracknell leading to extra costs falling on the Council.
- A continuing pressure on these services could be expected given the ongoing growth in population and people living longer.
- Current year income pressures included a lower than expected upturn in receipts following the building of the second chapel at the crematorium and lower car park income in the first half of the year although the December figures had been very good.
- Work was ongoing on the remaining Transformation Programme issues, including re-analysis of some projects, to realise further savings.
- Income from property would continue to rise gradually as rents increased but the Property Investment Strategy did not provide for any major acquisitions or investments to realise any significant revenue benefit. Greater emphasis was being placed on establishing the Joint Venture Company which would generate income for the future.
- The maximisation of the Council's income streams was kept under review but a more significant impact could be made if the number of children in residential care could be reduced.

Risk 2: Employment market pressures make it difficult to recruit permanent staff to some key posts.

The Head of Audit and Risk Management set out the background to this risk, which had been redefined, and referred to the priority need to introduce a comprehensive recruitment and retention strategy. There was a very competitive market, particularly among neighbouring authorities, to attract staff across a range of key posts. The contract with Matrix, the Council's agents, was being reviewed with a view obtaining better rates. Through the new Strategy the Council would need to increase the offer and attractiveness of working for Bracknell Forest, reviewing market premiums and other incentives that could be offered. The development and re-design of the HR-OD service could have a significant impact on the successful roll out of the new strategy.

Arising from questions and discussion, a number of points were noted:

- The Risk 2 definition made no mention of retention; it was proposed and agreed to insert the words "and retain" after "recruit" in the definition.
- The spike in risk at quarter 2 of 2018/19 occurred during the major restructuring changes where a number of experienced Chief Officers left the Council's employ which could not be quickly or easily replaced.
- The overall RAG rating for this risk as amber was queried. While it was acknowledged that some elements of the risk had been mitigated, there remained other elements requiring further work to effectively mitigate them. The Committee requested CMT to reconsider the RAG rating.
- The view was expressed that the risk chart did not adequately reflect the position as regards progress made on mitigation measures. It was requested that the chart be reviewed to see whether it could be made more intuitive.
- The target date for implementation of the new Recruitment and Retention Strategy was late summer 2020.
- Whilst there was a clear preference to achieve the highest level of permanent staffing, the need to maintain statutory compliance was a significant driver in the use of agency staff. Given the additional cost agency staff, it was suggested the new Strategy should have particular regard to trying to make permanent staff posts more attractive than agency contracts.



- A new bullet point under 'Potential Impact' was proposed relating to the loss of experienced permanent staff and replacement with less experienced agency personnel.

## **RESOLVED**

- 1) That subject to the matters referred to below, the completeness of risks and the appropriateness of risk scores be endorsed.
- 2) That the additional information and presentation on Risk 1 (Finance) and Risk 2 (Staffing) following the 'deep dive' by senior officer be received and noted subject to the comments above, in particular those relating to the amended definition for Risk 2 and the reconsideration of the RAG rating for Risk 2 by CMT.
- 3) To note that the term risk appetite had been replaced by target risk score.
- 4) To note that an external review of risk management arrangements had been undertaken and the outcome will be reported separately to the Committee.

## 29. **Interim Internal Audit Report**

The Head of Audit and Risk Management presented a report summarising Internal Audit activity during the period April to December 2019.

Appendix C to the report detailed the status and outcome of all audits, including those deferred from the original schedule because more resources had been devoted to address previously identified weaknesses. Staff turnover at Mazars, the main audit contractor had also led to delays in the delivery of some audit reports.

The Committee noted the four audits where high priority issues had been identified since the previous report:

### Council Wide

- Officers expenses
- Purchase cards

### Delivery

- Car parks
- Cyber security

No critical recommendations had been raised but all (except car parks – one priority recommendation) were subject to one or more major recommendation. All audits subject to high priority recommendations would be revisited in 2020/21 to confirm that all corrective action had been taken. With specific reference to purchase cards, it was noted that total activity amounted to no more than £225k but there were some basic weaknesses to be addressed.

**RESOLVED** that the report be noted.

**CHAIRMAN**

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**TO: GOVERNANCE AND AUDIT COMMITTEE**  
**24 June 2020**

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## **INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2019/20** **(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 2019/20.**

### **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 2019/20 summarising the results and conclusions of Internal Audit's work for 2019/20 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.

## **6. ADVICE 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

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### **Doc. Ref**

Accounts and Audit Regulations

Public Sector Internal Audit Standards

**BRACKNELL FOREST**

**HEAD OF AUDIT AND RISK  
MANAGEMENT'S ANNUAL REPORT**

**June 2020**

Sally Hendrick  
Head of Audit and Risk Management  
[Sally.hendrick@bracknell-forest.gov.uk](mailto: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 2019/20 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 for risk management and corporate governance.*

*There has been real improvement in the control environment during 2019/20 following the Corporate Management Team's clear focus on addressing issues highlighted in 2018/19. Significant weaknesses were found to exist in a much reduced number of audits in 2019/20 compared with 2018/19. However, where follow up 2018/19 limited assurance audit reports were able to be completed, the significant control issues identified in the previous year and reported in the Head of Audit and Risk Management's opinion for 2018/19 were still present in 50% of cases. In many areas, the audits established that considerable work had already been undertaken to identify and start implementing a strategy to address weaknesses which had resulted in good progress having been made. However, senior managers have acknowledged that these will take more time to resolve. In other cases, we noted that real progress was being made and the levels of exceptions and non-compliance were reducing although still unacceptably high.*

*Due to pressure from COVID-19, some service areas were unable to accommodate scheduled audits in the latter part of the final quarter. This was exacerbated by delays in delivery by the main contractor for internal audit services. Internal Audit was, as a result of these factors, unable to access three service areas and two schools scheduled in quarter 4 for follow up of 2018/19 limited assurance reports to establish if significant weaknesses previously found in these areas had been addressed. Towards the end of the final quarter, audits had to be carried out remotely and in two cases remote working arrangements also affected access to systems with the result that testing could not be carried out as planned.*

*While acknowledging that improvements have been made, the Head of Audit and Risk Management's overall conclusion is that due to the above factors, only **Limited Assurance** can be given that the framework of internal control was adequate during 2019/20. The direction of travel is positive and if this is sustained, she would expect to be in a position to give a more favourable opinion in 2020/21.*

#### CONFORMANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

Based on the independent external assessment undertaken in March 2016 and update of the internal assessment as set out in Section 6.1, the Head of Audit and Risk Management can confirm that Bracknell Forest internal audit 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 2019/20 with the exception of some access limitations noted in the Opinion section above.

## SUMMARY OF 2019/20 AUDIT OUTCOMES

2019/2020 ASSURANCE LEVELS	NUMBER OF AUDITS	% AGE CHANGE SINCE 2018/19		2018/19 ASSURANCE LEVELS	NUMBER OF AUDITS
Good	6	↑	100%	Significant	0
Adequate	28	↓	7%	Satisfactory	30
Partial	9	↓	47%	Limited	19
Inadequate	1			No Assurance	0
No assurance	0	↔	0%	<b>Total for Audits with an Opinion</b>	49
<b>Total for Audits with an Opinion</b>	44			Follow Up Memos with Priority 1 Recommendation and no Opinion	5
Memos and reports with Major Recommendation and no Opinion	6	↑	20%	Other Follow Up Memos/ Reports with no Opinion	1
Other Follow Up Memos/ Reports with no Opinion	9	↑	800%	<b>Total Audits</b>	55
<b>Total Audits</b>	59			Grant Certifications	5
Grant Certifications	4	↓	20%		

### 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.

We formerly categorised our audit opinion according to the following:

	Significant - there is a sound system of internal controls to meet the system objectives and manage risks and testing performed indicates that controls tested are consistently complied with
	Satisfactory - there is basically a sound system of internal controls to manage risk although there are some minor weaknesses in controls and/or there is evidence that the level of non-compliance may put some minor systems objectives at risk
	Limited - there are some weaknesses in the adequacy of the internal control system and management of risks which put the systems objectives at risk and/or the level of compliance or non-compliance puts some of the systems objectives at risk.
	No assurance - control is weak and management of risks is inadequate leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

We previously categorised our recommendations according to their level of priority as per the following.

	Priority 1- Fundamental weakness in the design of controls or consistent non-compliance with controls that puts the achievement of systems objectives at risk.
	Priority 2 - Weakness in the design of controls or inconsistency in compliance with controls puts the achievement of systems objectives at risk.
	Priority 3- Recommended best practice to improve overall control.

## 4. INTERNAL CONTROL

#### **4.1 Corporate Management Team Action to Address Significant Control Weaknesses**

The Corporate Management Team (CMT) reviewed in detail the 2018/19 audit reports with a limited assurance opinion and/ or priority 1 recommendations with the Head of Audit and Risk Management to identify any key, recurring common themes arising from these audit reviews for corporate focus. The common themes identified as requiring focus were:

- debt management;
- completion of statutory annual reviews /other internal reviews or visits;
- third party financial monitoring;
- contract management; and
- review and update of guidance/policies/procedures.

CMT revisited the 2019/20 Audit Plan specifically to confirm it addressed the common themes. The Director: Finance made presentations to the Senior Leadership Group and Managers' Forum meetings to ensure the findings of the Head of Audit's 2018/19 Annual Report were widely understood and being acted upon highlight the context for Internal Audit's work.

A number of specific actions were also agreed to address identified areas of weakness and bolster the resilience of Internal Audit arrangements, including;

- Appointment of a new Credit Controller to help manage debt across the Council
- Regular inclusion of Internal Audit progress updates on Departmental Management Team meeting agendas
- Appointment of an additional in-house Internal Audit resource, to reduce reliance on external contractors
- A working group to review actions already taken and identify other approaches that could help address continuing weaknesses in the area of expenses and purchase cards.

#### **4.2 Delivery of the Internal Audit Plan 2019/20**

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 2019/20 was considered and approved by the Governance and Audit Committee on 28<sup>th</sup> March 2019. The delivery of the individual audits in the Internal Audit Plan for 2019/20 was mainly undertaken by Mazars Public Sector Internal Audit Limited with five audits being undertaken jointly with the in-house team. Ten IT audit reviews were delivered by TIAA. Four grant claims were audited in house and 9 audits and 1 grant audit were undertaken by Wokingham Borough Council's Internal Audit teams under an agreement under S113 of the Local Government Act 1972 which permits local authorities to provide staffing resources to other authorities.

Some alterations were made to the original plan during the year in response to information gained during the year. These are clearly shown in Appendix 1.

### **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 2019/20:

	<b>2019/20 AUDITS IDENTIFYING SIGNIFICANT ISSUES</b>	<b>RATING</b>
<b>COUNCIL WIDE</b>		
<ul style="list-style-type: none"> <li>● Purchase Cards</li> </ul>	<p>Also limited in 2018/19. Four major recommendations were raised in respect of weaknesses in compliance with approval processes, inadequate processes to identify card holders in schools who have left school employment, lack of supporting information for transactions and splitting transactions to circumnavigate delegation limits. CMT has also agreed to set up a working group to review actions already taken and identify other approaches that could help address these continuing weaknesses, including supporting the Director: Finance to withdraw individual cards if agreed procedures are not being followed. It is intended that moving forward Internal Audit will carry out regular sample spot checks and report non-compliance to senior managers. The findings of the audit should be considered in the context of the level of purchase card expenditure for the Council which was £224k for the 12 months to December 2019.</p>	<b>INADEQUATE</b>
<ul style="list-style-type: none"> <li>● Officers Expenses</li> </ul>	<p>Also limited in 2018/19, 2017/18 and 2016/17). Two major recommendations were raised in respect of lack of explanation and/or receipts to support expenditure and system weaknesses in the treatment of VAT for expense transactions. It is intended that moving forward Internal Audit will carry out regular sample spot checks and report non-compliance to senior managers. CMT has also agreed to set up a working group to review actions already taken and identify other approaches that could help address these continuing weaknesses.</p>	<b>PARTIAL</b>

	2019/20 AUDITS IDENTIFYING SIGNIFICANT ISSUES	RATING
<b>COUNCIL WIDE</b>		
<ul style="list-style-type: none"> <li>Debt Management</li> </ul>	Also limited in 2018/19. The audit has identified that progress is being made since the appointment of a Credit Controller who has made considerable headway in raising the profile of debt management within service areas. However, service areas are still largely responsible for the actual pursuit of debts and hence the actual process of chasing debts is outside of her control and is dependent on the priority that service areas give to this. A review of arrangements in specific areas is being undertaken by the Director: Finance.	<b>PARTIAL</b>
<b>DELIVERY</b>		
<ul style="list-style-type: none"> <li>Car Parks</li> </ul>	Follow Up Memo. Also limited in 2017/18) One priority one recommendation on income reconciliations had not been addressed and a further major recommendation was raised.	<b>NO OPINION BUT MAJOR RECOMMENDATION(S) RAISED</b>
<ul style="list-style-type: none"> <li>ICT Continuity Management-Gap Analysis</li> </ul>	This has no opinion but 1 critical recommendation was raised around Portman Close access to the secondary server site together with 9 major recommendations.	<b>NO OPINION BUT CRITICAL AND MAJOR RECOMMENDATION(S) RAISED</b>
<ul style="list-style-type: none"> <li>Cyber Security</li> </ul>	Follow Up Memo. Also limited in 2018/19 One major recommendation was raised on documenting the recovery processes for the VOIP telephone system.	<b>NO OPINION BUT MAJOR RECOMMENDATION(S) RAISED</b>
<b>FINANCE</b>		
<ul style="list-style-type: none"> <li>Agresso IT System</li> </ul>	Two major recommendations were raised relating to the absence of a Data Protection Impact Assessment (DPIA) and overdue review of the support agreement. Audit have been advised that the support agreement has now been reviewed and is considered to be fit for purpose and a DPIA will now be produced. The opinion also reflects ongoing issues around the system covered by recommendations in previous creditors and officers' expenses' audit reports.	<b>PARTIAL</b>
<b>PLACE PLANNING AND REGENERATION</b>		

	2019/20 AUDITS IDENTIFYING SIGNIFICANT ISSUES	RATING
<b>COUNCIL WIDE</b>		
<ul style="list-style-type: none"> <li>● Ringway Street Lighting</li> </ul>	One major recommendation was raised around numerous issues found in the pain/gain calculations.	<b>PARTIAL</b>
<b>PEOPLE</b>		
<ul style="list-style-type: none"> <li>● Disabled Facilities Grants</li> </ul>	One major recommendation was raised due to procurement weaknesses. Audit have been advised that action is being taken to raise awareness with staff and undertake random supervisory checks on procurements.	<b>PARTIAL</b>
<ul style="list-style-type: none"> <li>● Forestcare</li> </ul>	Follow Up Memo. Also limited in 2018/19 and 2017/18) A major recommendation was raised to in respect of the ongoing review of the viability of contracts and determining and implementing the appropriate action in each case. It is now acknowledged that there is now a clear strategy and process in place to do this but it will take some time to progress this.	<b>NO OPINION BUT MAJOR RECOMMENDATION(S) RAISED</b>
<ul style="list-style-type: none"> <li>● Social Care Pathway</li> </ul>	Follow Up Memo. Also limited in 2017/18) A major recommendation was raised to address the number of outstanding statutory annual reviews which have been reduced considerably but still remain high.	<b>NO OPINION BUT MAJOR RECOMMENDATION(S) RAISED</b>
<ul style="list-style-type: none"> <li>● Public Health</li> </ul>	Discussions with the Public Health Consultant and Finance Business Partner confirmed that the unspent grant monies identified at the 2018/19 audits have still not been utilised and plans on how to spend the unspent monies have yet to be finalised.	<b>NO OPINION BUT MAJOR RECOMMENDATION OUTSTANDING RAISED</b>
<ul style="list-style-type: none"> <li>● Loans for Housing Rents and Deposits</li> </ul>	Also limited in 2018/19. The latest audit identified that there were still weaknesses in arrangements for pursuing and recovering debts from loan recipients. It should be noted that the number of loans given in the second half of 2019/20 reduced considerably and no new loans have been given in 2020/21 as assistance to avoid homelessness is now being through alternative means. However, there is still a need to identify debt on outstanding loan that is recoverable and improve controls to focus on pursuing this debt.	<b>PARTIAL</b>

	2019/20 AUDITS IDENTIFYING SIGNIFICANT ISSUES	RATING
<b>COUNCIL WIDE</b>		
<ul style="list-style-type: none"> <li>Deprivation of Liberties</li> </ul>	The audit identified significant levels of backlog in meeting the statutory 21 day deadline. An Adequate opinion would not normally be given with this level of exceptions but the audit established that Bracknell Forest's performance is in line with other authorities across the country with only 22% of cases nationally meeting the 21 day target in 2018/19 and hence an Adequate opinion was given.	<b>ADEQUATE</b>
<b>SCHOOL GOVERNING BODIES</b>		
<ul style="list-style-type: none"> <li>School C</li> </ul>	Two major recommendations were raised in relation DBS checks for governors and frequency of budget monitoring by governors.	<b>PARTIAL</b>
<ul style="list-style-type: none"> <li>School H</li> </ul>	Two major recommendations were raised in relation to expenditure authorisation procedures and delegation and the absence of insurance for third party hirers.	<b>PARTIAL</b>
<ul style="list-style-type: none"> <li>School J</li> </ul>	One major recommendation was raised in respect of controls over purchase cards.	<b>PARTIAL</b>

#### **4.4 Follow up of Previous Limited Assurance Opinions**

The Internal Audit procedure is for areas given a limited assurance opinion to be re-audited in the following year. The table below provides an update on the audit position on these:

AUDITS WHERE SIGNIFICANT ISSUES HAVE BEEN IDENTIFIED IN PREVIOUS YEARS	CURRENT AUDIT POSITION
<b>COUNCIL WIDE</b>	
<ul style="list-style-type: none"> <li>Officers Expenses</li> </ul>	Re-audited in quarter 3 and a <b>partial</b> assurance was concluded. <b>See 4.3.</b>
<ul style="list-style-type: none"> <li>Debt Management</li> </ul>	Re-audited in quarter 3 and a <b>partial</b> assurance was concluded. <b>See 4.3.</b>
<ul style="list-style-type: none"> <li>Purchase Cards</li> </ul>	Re-audited in quarter 3 and <b>inadequate</b> assurance was concluded. <b>See 4.3</b>

<ul style="list-style-type: none"> <li>● Absence Management</li> </ul>	Re-audited in quarter 4 and adequate assurance was concluded.
<ul style="list-style-type: none"> <li>● Social Media</li> </ul>	Follow up completed in quarter 3 and all recommendations had been implemented
<b>PEOPLE</b>	
<ul style="list-style-type: none"> <li>● Personal Education Plans (Follow Up Memo. Also limited in 2017/18)</li> </ul>	Followed up in quarter 3 and all recommendations had been implemented
<ul style="list-style-type: none"> <li>● Forestcare (Follow Up Memo. Also limited in 2017/18)</li> </ul>	Follow up completed in quarter 4 and a <b>major recommendation</b> was raised. <b>See 4.3.</b>
<ul style="list-style-type: none"> <li>● Adult Social Care Pathway (Qtr 4 2017/18 Audit)</li> </ul>	Follow up completed in quarter 4 and a <b>major recommendation</b> was raised. <b>See 4.3.</b>
<ul style="list-style-type: none"> <li>● Loans for Housing Rents and Deposits</li> </ul>	Re-audited in quarter 4 and a <b>partial</b> opinion has been given. <b>See 4.3.</b>
<ul style="list-style-type: none"> <li>● Adults Residential Care</li> </ul>	This was deferred to quarter 4 at the request of the service area and the follow up was to be included as part of the Contracts audit. Due to COVID-19 the service area was unable to accommodate the audit. A written update has been provided but it is <b>unclear if the key issues have been addressed.</b>
<ul style="list-style-type: none"> <li>● Direct Payments</li> </ul>	Followed up in quarter 3 and one low and two moderate recommendations were raised. Weaknesses were still identified in completion of annual reviews that were raised separately as responsibility for these rests outside of the Direct Payments Team.
<ul style="list-style-type: none"> <li>● Public Health</li> </ul>	Actions to address the significant weakness were discussed with officers and it was concluded that <b>progress had not been made to address the key issue</b> found at the 2018/19 audit. <b>See 4.3</b>
<ul style="list-style-type: none"> <li>● Domiciliary Care</li> </ul>	This was deferred to quarter 4 at the request of the service area and the follow up was to

	be included as part of the Contracts audit. The service area is no longer able to accommodate the audit at this time but a written update has been given. <b>It would appear that neither of the two priority 1 recommendations have been addressed</b> as yet but are expected to be part of future commissioning.
<b>DELIVERY</b>	
<ul style="list-style-type: none"> <li>● Car Parks</li> </ul>	Followed up in quarter 3 and a <b>major recommendation</b> was raised. <b>See 4.3</b>
<ul style="list-style-type: none"> <li>● Cyber Security (Also Limited Assurance in 2017/18)</li> </ul>	Followed up in quarter 3 and a <b>major recommendation</b> was raised. <b>See 4.3</b>
<ul style="list-style-type: none"> <li>● IT Asset Management (Also Limited Assurance in 2015/16)</li> </ul>	Follow up completed in quarter 3 and all recommendations had been implemented
<ul style="list-style-type: none"> <li>● Enterprise Agreement</li> </ul>	Follow up completed in quarter 3 and all recommendations had been implemented
<ul style="list-style-type: none"> <li>● Home to School Transport</li> </ul>	Followed up in quarter 1 and a major recommendation was raised. This was followed up again at the year end and evidence has now been obtained that this has now been addressed.
<b>FINANCE</b>	
<ul style="list-style-type: none"> <li>● Business Rates (Also Limited Assurance in 2017/18)</li> </ul>	The audit was delayed by the internal audit contractor and then a full audit could not be completed due to workloads in Revenues on BID, annual billing and subsequently COVID 19 grant payments. Evidence has been provided to demonstrate that the priority 1 recommendation on write off approval has been implemented but we were <b>unable to confirm that the priority 1 recommendation on inspections had been addressed.</b>
<ul style="list-style-type: none"> <li>● Council Tax (Also Limited Assurance in</li> </ul>	The audit was delayed by the internal audit contractor and



2017/18)	then a full audit could not be completed due to workloads in Revenues on BID, annual billing and subsequently COVID 19 grant payments. However, evidence has been provided to demonstrate that the priority 1 recommendation on write off approval has been implemented
<ul style="list-style-type: none"> <li>● Creditors System (Also limited in 2017/18, 2016/17, 2015/16 and 2014/15)</li> </ul>	Re-audited in quarter 4 and an adequate opinion was given and one moderate recommendation raised.
<b>PLACE, PLANNING AND REGENERATION/FINANCE</b>	
<ul style="list-style-type: none"> <li>● CIL/S106</li> </ul>	Followed up in quarter 3 and three recommendations relating to Finance, one of which was priority one, had only been partially implemented. Further recommendations have been raised which have now been followed up again in March 2020 and one moderate recommendation has been raised recommendation

<b>SCHOOL GOVERNING BODIES</b>	
<ul style="list-style-type: none"> <li>● School A (Also Limited Assurance in 2017/18)</li> </ul>	We have been <b>unable to proceed with this audits</b> which had been schedule for late quarter 4 due to the COVID-19 lockdown.
<ul style="list-style-type: none"> <li>● School L (Also Limited Assurance in 2017/18)</li> </ul>	We have been <b>unable to proceed with this audits</b> which had been schedule for late quarter 4 due to the COVID-19 lockdown.

#### **4.5 Follow up of Audit Recommendations**

Two further follow up exercises have been completed in November 2019 and May 2020 on audits where a satisfactory opinion was given to identify progress on implementation of agreed recommendations. This was based on management being asked to provide feedback on the status of recommendations and the outcome is set out in Appendix 2. This identified in November that for 2018/19 audits, out of 106 priority 2 recommendations, 58 were implemented and 39 were in progress and 25 out of 30 priority 3 recommendations were either implemented or in progress. For 2019/20 audits, the May update established that out of 27 moderate

recommendations and 26 low priority recommendations, 15 and 14 had been completed respectively.

## 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...”*

The external assessment of Bracknell Forest Council’s internal audit services was carried out in March 2016 when the conclusion was that internal audit at Bracknell Forest Council generally conforms with the Public Sector Internal Audit Standards with a high level of compliance. In addition, the Council’s main internal audit contractor, Mazars engaged consultants to carry out an external assessment of their own compliance with PSIAS in November 2016 which similarly identified a high level of compliance with the Standards.

An internal assessment which confirmed the Council’s continuing compliance with PSIAS was carried out by the by the Head of Audit and Risk Management in May 2020.

### **5.2 Summary of Internal Audit Performance**

	Client Questionnaires		Draft Report Produced within 15 Days of Exit meeting
	Received	Satisfactory	
<b>2018/19</b>	20	100%	70%
<b>2019/20</b>	24	92%	39%

### **5.3 Feedback from Client Quality Questionnaires**

The overall response from client questionnaires for 2019/20 was positive with only two auditees saying the audits were unsatisfactory. In one case the auditees gave an unsatisfactory assessment on the delays during the audit and in the second case the reasons given were delays on the audits and lack of understanding by the auditor. Action had already been taken to ensure that this auditor will not be working on any further Bracknell Forest audits.

#### **5.4 Performance Against Key Indicator**

Whilst giving a satisfactory assessment, a number of other auditees commented on the delays in receiving audit reports. This is consistent with internal audit providers meeting the key performance target to deliver the first draft report within 15 days of the exit meeting (in accordance with performance indicators set out in our contractual arrangements) in only 39% of cases. Up to 31 December, performance was moderately better and was met in 46% of cases. It should be noted that in quarter 4 by delays were exacerbated by the COVID-19 lockdown which added various complications to the audit process. A strategy has now been agreed to address poor delivery by contractors and improve performance.

### **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 2019/20 are as follows:

- **External Auditors' Annual Audit Letter 2018/19.** The Annual Audit Letter 2018/19 from Ernst and Young was presented to the Governance and Audit Committee on 29<sup>th</sup> January 2020. Ernst and Young issued an unqualified audit opinion for the year ended 31 March 2019. They also issued an unqualified opinion on whether the Council had put in place proper arrangements for securing economy, efficiency and effectiveness.
- **Care Quality Commission (CQC) Inspections.** CQC inspections of New Hope and Forestcare in May 2019 and February 2020 both resulted in overall ratings of "Good".
- **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. It is primarily a tool for governing bodies. The standard consists of 29 questions which governing bodies or management committees should formally discuss annually with the head teacher and senior staff. Schools are required to complete the checklist and arrange for this to be signed by the Chair of Governors by 31st March each year. During the COVID 19 lockdown presented a significant challenge to schools. However, Education Finance were able to confirm that all schools were able to provide a submission by 30<sup>th</sup> April.

## 7. RISK MANAGEMENT

During 2019/20 the Strategic Risk Register was updated and considered by the Strategic Risk Management Group on a quarterly basis and reviewed and approved three times by the Corporate Management Team which owns the Register. The Register was also reviewed three times by the Governance and Audit Committee and feedback provided. A further development during 2019/20 was to introduce deep dive reviews on individual risks in the Strategic Risk Register at CMT and the Governance and Audit Committee. Four risks were subject to deep dive review in September 2019 and January 2020. Actions to address strategic risks were updated and monitored during 2019/20. In addition to 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 and updated by the Corporate Management Team initially on a weekly basis.

Project managers are required to maintain separate risk registers for all major projects and programmes. 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. During 2019/20, the People directorate completed development of their risk register amalgamating the risks from the previous ASCHH and CYPL risk registers.

In January 2020, an independent external review of risk management arrangements was undertaken by a risk management consultant. This reviewed the Risk Management Strategy, arrangements for maintaining and monitoring the Strategic Risk Register and directorate risk registers and the Risk Management Toolkit. The independent consultant concluded that these were compliant with good practice and proportionate for the size of the organisation. The consultant noted that they would be signposting other authorities to templates developed at Bracknell Forest which they considered to be exemplary models of risk register templates and complimented the Council on identifying its risk appetite in the form of target scores for each risk as many councils have yet to do this. The deep dives on individual strategic risks were also seen as good practice.

During 2019/20, a review of the Council's business continuity arrangements was undertaken by external consultants as part of a wider review of arrangements across the authorities in the shared service for Emergency Planning hosted by West Berkshire Council. Following this, Business continuity leads were identified across the Council and a programme of actions for improvements were identified which are currently being implemented. This has been delayed as resources have been diverted due to COVID-19.

At the start of 2019/20, an internal audit of GDPR compliance highlighted the need for improvement in our information management arrangements. Considerable progress has been made during the year and a follow up audit concluded that the gaps in compliance had been addressed. The Information Management Group has been reframed to focus on the strategic direction for information management at the Council. A strategy has been agreed to decentralise much of the operational work of

the Information Security Officers whose function moving forward will be focused on g maintaining and updating policies, providing legal support and advice and collating management information for example on information security incidents investigated by information security champions within each area. A consensual inspection by the Information Commissioner took place at the end of May and will provide a valuable independent view of the Council's arrangements.

## 8. CORPORATE GOVERNANCE

During 2019/20, the Annual Governance Statement was produced by Legal Services and an action plan to address governance weaknesses was developed.

A number of audits carried out under the 2019/20 Audit Plan included elements of governance such as the audits of GDPR compliance, officers' expenses, ICT Continuity and alternative delivery models. In addition, an advisory gap analysis on governance under the revised structure was also completed in late 2018/19 and reported in 2019/20.

## 9. FRAUD AND IRREGULARITY

### **9.1 National Fraud Initiative (NFI)**

The NFI is a biennial data matching exercise first introduced in 1996 and conducted by the Audit Commission to assist in the prevention and detection of fraud and error in public bodies. Bracknell Forest Council is obliged to participate in this. The core mandatory data for submission in the autumn of 2018 is:

- payroll
- pensions
- trade creditors
- housing waiting lists
- housing benefits (provided by the DWP)
- council tax reduction scheme
- council tax (required annually)
- electoral register (required annually)
- private supported care home residents

- transport passes and permits (including residents' parking, blue badges and concessionary travel)
- licences – market trader/operator, taxi driver and personal licences to supply alcohol
- personal budget (direct payments)

NFI matches have generated £8,555.20 of overall savings. This value is made up of three cases:

- There was an overpayment of £2075.20 arising from a Housing Benefits to Student Loans match. This essentially means an individual was claiming Housing Benefits when their student loan eligibility means they are ineligible for the such benefits. This has resulted in a Housing Benefit and Council Tax Reduction (CRT) overpayment. The individual has been contacted and the overpayment is in the process of being recovered.
- The other two cases relate to the waiting list to Housing Benefits claimants match category which picks up individuals registered on our waiting list who are using a different address to the Housing Benefits system and this may suggest possibly undisclosed changes in this person's circumstances. In both these cases the correspondence was sent to the applicants querying the position but no responses were received. As a result, the housing register application has been closed for these two people. The value placed on this is £6,480 (£3,240 per applicant).

## **9.2 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 2019 to 31 March 2020 there were 59 referrals to SFIS. We have so far been notified of 1 administrative penalty relating to these cases. During the financial year 2018/19, 55 cases were referred and the Welfare Service have been notified of 6 administrative penalties by SFIS. Fraud investigations by DWP have been suspended since March due to COVID-19 and their staff being seconded to universal credit claim processing which will have contributed there being no further administration penalties or prosecutions for either this year or the previous year since the last update on benefits investigations in January 2020.

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 2019 and 31 March 2020 the service has applied 40 Civil Penalties. From April 2016 Bracknell Forest Council has applied penalties of £70 in respect of Council Tax. Between 1 April 2019 and 31 March 2020 the service has applied 6 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 2019 and 31 March 2020, 879 changes of circumstances to Housing Benefit were recorded as actioned due to VEP of which approximately 61.9% resulted in a decrease to Housing Benefit, and approximately 25.8% resulted in an increase to Housing Benefit.

### **9.3 Single Person Discount**

During Quarter 3, the Revenues Team engaged external consultants to carry out a data matching exercise to identify potential mis-claiming of Council Tax Single Person Discount (SPD). This is now complete. A total of 640 SPDs have been removed as a result of the review, comprising of 207 CTR cases and 433 Non-CTR cases generating additional revenue of £263k

### **9.4 Counter Fraud Training**

During 2019/20 three fraud awareness sessions were held which were open to all staff around the Council and one session focusing on schools was delivered for bursars. These sessions were delivered by Reading Borough Council's Corporate Investigation Team. Further sessions are planned for 2020/21.

### **9.5 Potential Irregularities**

During 2019/20, a small element of the Internal Audit budget was set aside for purchasing investigation services from Reading Borough Council's Corporate Investigation Team. This has been used to support the Housing and Welfare team to investigate potential cases of mis-claiming discretionary payments, benefits and housing applications. Through this work the Council has been able to identify abuse resulting in actions to stop ineligible discretionary payments, remove ineligible individuals from the housing list and work with one of the housing associations to investigate potential fraudulent occupation of one of their properties by a Bracknell resident.

A business case has now been agreed to pilot additional funding for this and other counter fraud investigation in 2020/21.

## 2018/19 AUDITS

\* Draft report produced within 15 working days of exit meeting to discuss audit findings

AUDIT	Start Date	Date of Draft Report	*Key Indicator Met	Assurance Level			Recommendations Priority			Status
				Significant	Satisfactory	Limited	1	2	3	
<b>COUNCIL WIDE</b> Governance Under the New Structure	29/3/19	27/6/19	X	N/A – Memo. No opinion given				10		Final

## 2019/20 AUDITS

AUDIT	Start Date	Date of Draft Report	*Key Indicator Met	Assurance Level				Recommendations Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
<b>COUNCIL WIDE</b> Officer Expenses (Ltd 2018/19)	10/6/19	12/8/19	✓			✓			2	5		Final
Debt Management Including the Accounts Receivable Team (Joint audit Ltd 2018/19)	3/2/20	o/s	X			✓			2	4	2	Draft Issued
Purchase Cards (Ltd 2018/19)	26/9/19	5/12/19	X				✓		4	3		Final
Absence Management – (Ltd 2018/19)	13/1/20	26/5/20	X		✓	8						Draft Issued
Procurement	1/8/19	6/1/20	X		✓				1	5	1	Final
Risk Management	12/12/19	29/1/20	✓	N/A- presentation to Strategic Risk Management Group and memo								Final
Revenue	7/10/19	22/1/20	X		✓					3	1	Final



AUDIT	Start Date	Date of Draft Report	*Key Indicator Met	Assurance Level				Recommendations Priority				Status	
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low		
Budgeting/Transformation savings													
Alternative Delivery Models Governance	22/10/19	16/12/19	X	N/A advisory review setting on best practice governance for alternative delivery models								Final	
<b>IT AUDIT</b> Social Media Follow Up (Ltd 2018/19)	12/11/19	22/11/19	✓	N/A Follow up with no opinion								"D". Final	
Cyber liability Follow Up (Ltd 18/19)	16/10/19	29/11/19	X	N/A Follow up with no opinion					1	4	1	Final	
IT asset management (Ltd 18/19)	26/9/19	24/10/19	✓	N/A Follow up with no opinion								Final	
Enterprise Agreement Follow Up (Ltd 18/19)	15/10/19	28/11/19	X	N/A Follow Up. Incorporated into the Enterprise Programme review report								Final	
Enterprise Programme (365 Project) Review	15/10/19	28/11/19	X		✓				Final		4	Final	
Remote Access VPN Solution	16/10/19	29/11/19	X		✓						2	4	D". Final
ICT Continuity Management	27/1/20	25/2/20	✓	N/A- Gap analysis report with no opinion				1	9	6		Draft issued	
GDPR	6/6/19	19/7/19	✓				✓ superseded		12	10	2	Final	
GDPR Follow Up			✓		✓				1			Draft issued	
Agresso IT system	13/5/19	19/7/19	✓			✓			2	4	1	Final	
Emergency Duty Service IT system												Deferred to 2020/21	
<b>GRANTS</b> Troubled Families - June	18/6/19	27/6/19	N/A – Grant certification									Certified	
Troubled Families - September	19/9/19	23/9/19	N/A – Grant certification									Certified	
Troubled Families – December												Cancelled by Early	

AUDIT	Start Date	Date of Draft Report	*Key Indicator Met	Assurance Level				Recommendations Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
												Years. To be merged into March claim
Troubled Families – March	1/3/20	3/4/20		N/A – Grant certification								Certified
Bus Operators Grant	2/7/19	3/7/19		N/A – Grant certification								Certified
Integrated Transport Grant	20/8/19	24/9/19		N/A – Grant certification								Certified
<b>FINANCE AUDIT</b> Main Accounting and Reconciliations	17/9/19	20/11/19	X		✓					6		Final
Treasury Management	15/5/19	10/7/19	X		✓					2		Final
Payroll	11/11/19	10/3/20	X		✓					6		Final
Cash Management	29/7/19	12/8/19	✓		✓					1		Final
Council Tax- Follow Up	9/12/19											Unable to progress as intended but evidence provided that the previous priority 1 issue had been addressed.
Business Rates- Follow Up	8/12/19											Unable to progress as intended but evidence provided that one of

AUDIT	Start Date	Date of Draft Report	*Key Indicator Met	Assurance Level				Recommendations Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
												the two previous priority 1 issues had been addressed.
Creditors	10/2/20	27/3/20	✓		✓					1		Final
CIL/S106 Follow Up (Ltd 2018/19)	15/7/19	28/10/19	X	N/A -follow up without an opinion superseded						3		Final
CIL/S106 Second Follow Up			✓	N/A -follow up without an opinion						1		Final
<b>PLACE, PLANNING, AND REGENERATION</b> Ringway contract – street lighting	30/11/20	3/3/20	X			✓			1	1	1	Final
Public Transport	15/7/19	25/9/19	X		✓					5		Final
The Look Out	30/9/19	6/1/20	X		✓					3	1	Final
Highways Network Management	8/7/19	2/8/19	✓		✓					3		Final
<b>ORGANISATIONAL DEVELOPMENT, TRANSFORMATION AND HUMAN RESOURCES</b> Pre-Employment Checks Including DBS	8/11/19		X	✓							!	Final
<b>DELIVERY</b> Libraries including use of volunteers –joint audit	3/12/19	27/3/20	X		✓					5		Final
Car Parks Follow Up (Ltd 2017/18)	4/11/19	26/11/19	✓	N/A – follow up memo. No opinion given					1	1		Final

AUDIT	Start Date	Date of Draft Report	*Key Indicator Met	Assurance Level				Recommendations Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Electoral Registration	21/10/19	13/11/19	✓	✓							4	Final
Registrars	8/7/19	22/8/19	✓	✓							2	Final
Members Expenses and Governance Declarations	2/12/19	27/1/20	✓	✓								Final
Waste Collection-management of Suez	16/9/19	31/10/19	X	✓							2	Final
Home to School Transport Follow Up (Ltd 16/18, 17/18, 18/19)	8/7/19	31/7/19	✓	N/A – follow up memo. No opinion given					1			Final
<b>PEOPLE</b> Contracts governance and monitoring in adults and children												Deferred to 2020/21 at service are request
Hospital Discharge and Reablement	5/8/19	21/10/19	X		✓					4	2	Final
Blue Badges	14/10/19	19/12/20	X		✓					1		Final
Continuing Care												Audit cancelled. To be audited in 2020/21
Deprivation of Liberties	27/1/20	9/3/20	✓		✓					3	1	Final
Social Care Pathway Follow up (Ltd 2017/18)	9/3/20	18/5/20	X		N/A – follow up memo. No opinion given					1	4	Draft issued
Domiciliary Care Follow up (Ltd 2018/19)												Unable to access due to COVID 19. Written

AUDIT	Start Date	Date of Draft Report	*Key Indicator Met	Assurance Level				Recommendations Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
												update provided.
ASC Residential care contracts Follow up (Ltd 2018/19)												Unable to access due to COVID 19. Written update provided.
Direct payments Follow up (Ltd 2018/19)	16/9/19	24/9/19	✓	N/A – follow up memo. No opinion given						2	1	Final
CSC Residential Contracts	24/6/19	11/7/19	✓		✓					2	1	Final
Parenting assessments under FSM												Audit cancelled. To be audited in 2020/21
Multi Agency Strategy Meetings	5/9/19	23/10/19	✓		✓					3	1	Final
Fostering reviews	2/3/20	13/5/20	X									Draft in for client-side review
Forestcare Follow Up (Ltd 2017/18 and 2018/19)	16/3/20	22/5/20	X	N/A – follow up memo. No opinion given					1	2	2	Final
Housing Benefit and Council Tax Reduction	20/1/20	2/4/20	X	✓							4	Final
Housing Rents and Deposits Re-Audit joint audit (Ltd 2018/19)	27/1/20	23/4/20	X			✓						Draft for discussion Issued and now

AUDIT	Start Date	Date of Draft Report	*Key Indicator Met	Assurance Level				Recommendations Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
												being redrafted
Homelessness												Audit cancelled. To be audited in 2020/21
Disabled Facilities Grants	22/7/19	9/8/19	✓			✓			1	2	1	Final Additional audit in lieu of above cancelled audit.
Nursery places	3/6/19	11/7/19	✓		✓					2	1	Final
Public Health Follow Up (Ltd 18/19)	5/5/20	5/5/20	N/A	N/A – follow up discussions. No opinion given								Final
SEN	23/9/19	19/12/19	X		✓					2		“D”. Final
PEP Follow up (Ltd 2017/18 and 2018/19)	July 2019	24/10/19	X	N/A – follow up memo. No opinion given								Final
Services to Schools												Audit cancelled. To be audited in 2020/21
<b>SCHOOLS</b> School A (follow up -Ltd 2017/18 and 2018/19)												Audit cancelled. To be audited in 2020/21
School B (School limited in 2016/17)	17/6/19	11/7/19	✓		✓					4	1	Final
School C (due 2018/19 but deferred)	5/6/19	7/8/19	X			✓			2	8	1	Final

AUDIT	Start Date	Date of Draft Report	*Key Indicator Met	Assurance Level				Recommendations Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
School D	1/7/19	7/8/19	X		✓					1	2	Final
School E	21/10/19	6/2/20	X		✓					6		Final
School F												Audit cancelled. To be audited in 2020/21
School G	12/11/19	3/2/20	X		✓					5	1	Final
School H	9/12/19	25/3/20	X			✓			2	4		Draft issued
School I	8/1/20	2/4/20	X		✓					5	1	Draft issued
School J	28/11/19	5/3/20	X			✓			1	6	1	Final
School K	20/11/19	11/2/20	X		✓					4		Final
School L (follow up -Ltd 2017/18 and 2018/19)												Audit cancelled. To be audited in 2020/21
<b>THEMED SCHOOL AUDITS</b> Safeguarding/Governance												Audit cancelled

## FOLLOW UP OF AUDITS WITH A SATISFACTORY/ADEQUATE OPINION

## 2018/19 AUDITS

AUDIT	Recommendations Priority			Outcome
	1	2	3	
<b>COUNCIL WIDE</b> Apprenticeships Levy	0	1	1	Implemented
<b>DELIVERY</b> Minor Capital Works	0	1	1	Priority 3 rec implemented. Priority 2 considered by management but not regarded as appropriate
Construction and Maintenance	0	2	0	Implemented
Leisure Contract Management	0	4	0	Implemented
<b>DELIVERY IT AUDIT</b> IT Helpdesk	0	3	2	Four implemented and one priority one rec ongoing
<b>PLACE, PLANNING AND REGENERATION</b> Concessionary Fares	0	7	2	All implemented except rec 4 (priority 2) which is likely to be addressed as part of a wider review.
Highways Adoptions	0	7	0	Four are implemented and three are in progress.
Development Controls	0	5	1	Priority three and three priority 2 recommendations implemented. Two priority 2 recommendations in progress.
Land charges	0	3	3	All implemented except for one priority 2 which is dependent on action by another team
<b>PEOPLE</b> Financial Assessments	0	8	2	All implemented except for a priority 2 rec on policies and procedures which is ongoing. These will be aligned with the procedures in Commissioning
Allowances for Fostering, Adoption and Special Guardianships	0	2	2	Implemented
The Rise	0	4	0	Two implemented and two in progress
<b>PEOPLE IT AUDITS</b> GIS system	0	3	8	One priority 3 and one priority 2 rec implemented. Two are not due yet. No action taken yet on the rest of the recommendations.
My Benefits	0	0	1	Not implemented. Now to be actioned
<b>SCHOOLS</b> School M-	0	10	0	No response on progress received
School N -	0	12	1	Eight priority 2 recs implemented and 4 in progress. Priority level 3 rec implemented
School O	1	3	0	Implemented
Total Followed Up	1	77	27	



## 2019/20 AUDITS

AUDIT	Critical	Major	Mod	Low	Outcome
<b>FINANCE</b> Treasury Management	0	0	2	0	Implemented
<b>PLACE PLANNING AND REGENERATION</b> Highways Network Management	0	0	3	0	The two agreed recommendations have been implemented
Public Transport	0	0	5	2	Three moderate and 1 low recommendations implemented The other 3 are on hold due to the transformation review
<b>DELIVERY</b> Waste Collection-	0	0	0	2	Implemented
Electoral Registration	0	0	0	4	Three implemented and 1 in progress
Registrars			0	4	Implemented
<b>DELIVERY- IT AUDITS</b> Remote Access VPN Solution			2	4	Two moderate and two low priority recommendations have been completed and two low priority recommendations are ongoing.
Enterprise Programme (365 Project)			0	4	One recommendation has been implemented, two will be actioned by the end of June and one is expected to be actioned by the end of August.
<b>PEOPLE</b> Direct payments			2	1	The low priority recommendations is completed and the two moderate recommendations are in progress
Nursery Places			2	1	Low priority recommendation implemented and the procedures have been developed which are now being implemented for the two moderate recommendations.
FSM Strategy Meetings			3	1	One moderate recommendation implemented. Three are ongoing..
Hospital Discharge and Reablement			4	2	Two moderate recommendations implemented and the rest are ongoing
<b>SCHOOLS</b> School B	0	0	4	1	Implemented
Total Followed Up	0	0	27	26	

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**TO: GOVERNANCE AND AUDIT COMMITTEE  
24 JUNE 2020**

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**ANNUAL GOVERNANCE STATEMENT  
Executive Director of Delivery– Legal**

**1 PURPOSE OF REPORT**

- 1.1 To present the Committee with the Annual Governance Statement for 2019/20, update the Committee on progress against the Action Plan agreed in June 2019 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 Birmingham, Northamptonshire, Doncaster, Tower Hamlets, Bristol , Rotherham and Derby 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 2019/20

### 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 2019 to 31 March 2020.

A summary of assurance is given for each of the seven principles on which the Statement is based.

An update on the 2018/19 Annual Governance Statement Actions is included as **(Appendix A)**

Work underway or planned to address any governance issues for 2020/21 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



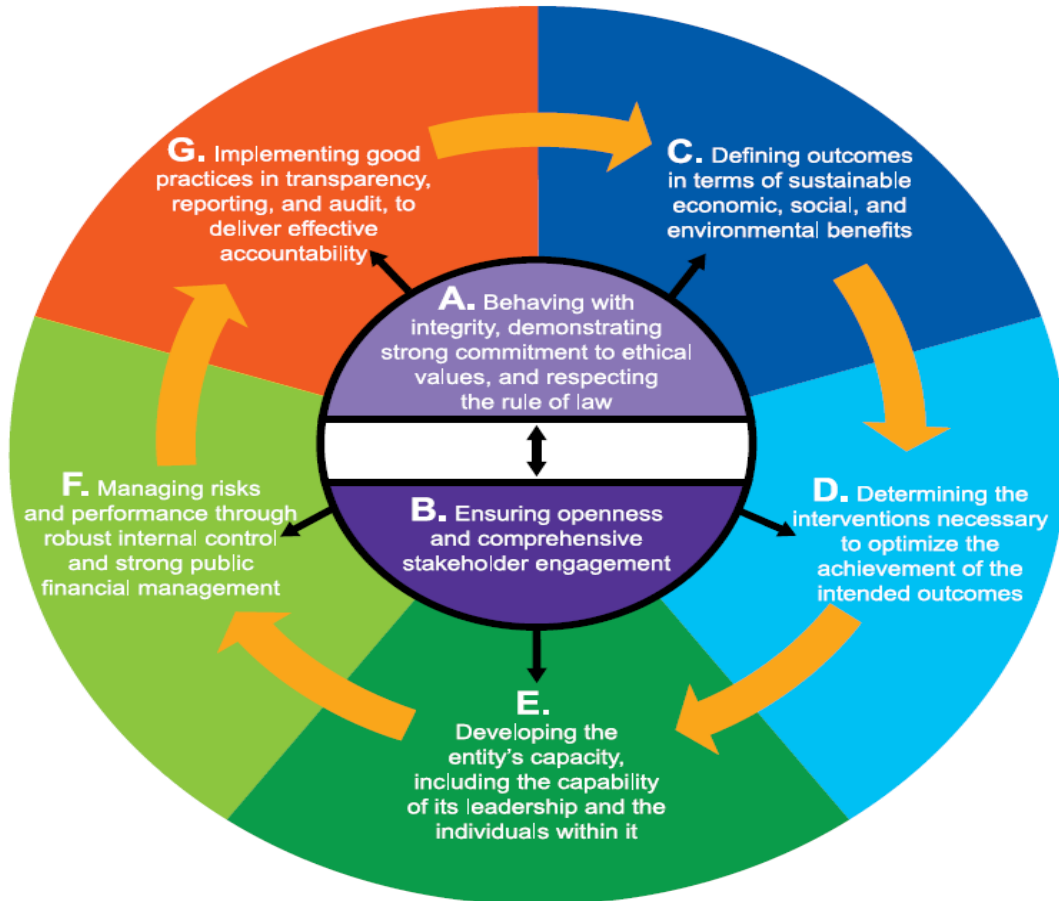
### **3. The CIPFA Governance Assurance Framework Principles**

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

**Diagram 2. -The seven CIPFA Principles of Good Governance**

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



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.

- 3.3 Effective arrangements are in place for the discharge of the Head of Paid Service, Monitoring Officer and Section 151 Officer functions. The Chief Executive (Head of Paid Service) and Director-Finance (Section 151 Officer) are members of the Corporate Management Team and the Borough Solicitor has access to the Corporate Management Team in his role as Monitoring Officer.
- 3.4 The Governance and Audit Committee is responsible for reinforcing effective governance, particularly through reviewing the activities of the external and internal auditors and the Council's risk management arrangements. It undertakes the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*. The Internal Audit Plan for 2020/21 was approved by the Director: Finance in March 2020 under Delegated Authority as the Audit Committee was unable to meet due to COVID 19. During 2019/20 the Committee received summary reports on progress on the delivery of the Internal Audit Plan and key outcomes on completed work.
- 3.5 As required by the Localism Act 2011, the Council has adopted a Code of Conduct for Members. This sets out the standards of behaviour expected of members and is published within the Constitution and on the Council's website. All members completed the register of interests upon taking office and they receive annual reminders about personal interest declarations. This is also a standing item on all meeting agendas.
- 3.6 The Councillor Code of Conduct introduced the concept of Affected Interests in 2012. This was in response to the statutory changes in the Standards regime which had reduced the range of scenarios in which Councillors could be prohibited from participating in decision making where they retained a financial interest and was intended to cover scenarios not covered under the new statutory framework relating to Disclosable Pecuniary Interests.
- 3.7 The overall adherence to good standards of conduct amongst members remains at a high level with only four Code of Conduct breaches being referred to the Monitoring Officer of which none were upheld. The Committee for Standards in Public Life carried out a review of how the Standards regime has operated nationally and published its findings and recommendations for government in January 2019. The government's response to the CSPL's report is awaited though in the meantime it has asked the Local Government Association to produce a Model Code for all authorities to consider adopting. The draft Code is due to be published in the summer for consultation. As the Council's current code was adopted in 2012 it is proposed in the Appendix to this report that it is reviewed



against the Model code in order that any examples of best practice set out in the Model Code can be incorporated if appropriate to local circumstances.

- 3.8 The Council determined in 2018 to no longer put forward nominations on the Boards of Voluntary Organisations in order to avoid the risk of conflicts of interests arising and to mitigate the risk of Members falling foul of rules relating to personal liability where such entities fall into financial difficulties.
- 3.9 The Council has also put in place other protocols relating to the way in which Members should conduct themselves in carrying out their work as Councillors, notably the Planning Protocol for Members and the Member and Officer Protocol.
- 3.10 The Council has an approved Code of Conduct for Employees together with a number of policies and procedures which regulate how Council officers should discharge their duties. Observance of such policies and procedures by Council employees is ensured through management overview and, if necessary, the disciplinary process. Across 2019/20 the disciplinary process was invoked on 18 occasions across the Council
- 3.11 The Council has an established whistleblowing policy to meet the legal requirements and ensure a route for challenges to processes or actions within the Council where complainants seek the protection of anonymity. Similarly it has a robust corporate complaints procedure in place and has throughout the year dealt with complaints promptly
- 3.12 During the year substantial progress was made around the Corporate Information Governance arrangements with the Membership, content and frequency of Information Management Group Meetings being enhanced and all policies and procedures being updated. An Audit of the Council's GDPR function resulted in an "adequate" opinion and a further consensual audit was undertaken in late May with its recommendations awaited. Progress against these recommendations (once received) have in reflected in the AGS Action Plan (Appendix B)and will be reviewed accordingly.

## **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. The processes were challenged towards the end of the financial year due to the Covid 19 crisis and steps were taken immediately to ensure continuity of decision making.

### Stakeholders

- 3.12 The Council establishes clear channels of communication with all sections of the community, other stakeholders and local partners, ensuring accountability and encouraging open consultation.

- 3.13 Formal consultation will generally only be undertaken where there is a statutory duty or legitimate expectation, and where there is a service or policy need to do so. Consultations are carried out in accordance with current national Consultation principles guidance . Individual services are required to maintain open channels of communications with relevant stakeholder groups and representative bodies where relevant to service planning.
- 3.14 During 2019/20 the Council continued to engage and consult with local communities and stakeholders in making decisions on changes to services it provides. To ensure access to residents and quality of consultations, the Council utilises an online consultation portal. Some of the key consultations carried out in the last year have been:
- Budget
  - Draft Bracknell Local Plan Revised Growth Strategy
  - Parks Survey (this is an ongoing survey)
  - School admission arrangements 2021/22
  - Crowthorne Neighbourhood Plan submission
  - Crime and Anti- Social Behaviour Survey
  - Public Space Protection Order Extension
- 3.15 The Council has approved Public Participation Schemes for its formal meetings. The schemes aim to enhance public engagement and give residents a further opportunity to inform Councillors about the things that concern them.
- 3.16 To increase transparency, make information more readily accessible to the citizen and to hold service providers to account the Council publishes information that it holds on its website. This includes the sets of information required by The Code of Recommended Practice for Local Authorities on Data Transparency (updated 2015).
- 3.17 The Council has a Petitions Scheme describing how petitions from residents will be dealt with by the Council. These enable a petitioner to speak with an Executive member or a committee, or to the Council if prescribed thresholds for signatures are reached. A response is made to each petition, explaining what the Council will or will not do in response.

#### Decision-making

- 3.18 The Council which meets monthly is the ultimate decision-making body and the principal forum for political debate. It takes decisions on the strategic aims that form the Policy Framework. It also determines the Council's budget following a process of member scrutiny. All Council meetings take place in public.
- 3.19 The Executive takes decisions on matters of Council policy and service delivery though much of the decision making is delegated to individual Executive Members and Senior Officers as described in the Scheme of Delegation. The non-executive responsibilities of the Council are discharged through its non-executive committees. As a result of the Covid 19 emergency arrangements were made for non Executive

powers residing in committees to be delegated to senior officers for a period of 3 months as at the time there were no legal powers to hold meetings remotely. Change in legislation during April combined with the Procurement of Microsoft Teams have subsequently helped overcome this issue with great success.

- 3.20 The work of the Executive is supported by the Overview and Scrutiny Commission and three Overview and Scrutiny Panels. The number of panels reduced in 2018 from four due to the Commission deciding to restructure its Panels and combine the Adult Social Care & Housing Panel with the Health Overview and Scrutiny Panel in order to develop a composite view across both areas. The Commission and Panels are comprised of non-Executive Members and review and scrutinise both Executive and non-Executive decisions. In addition to scrutinising such decisions working groups of the Panel conduct in-depth investigations into particular topic areas which result in reports setting out detailed recommendations.
- 3.21 The Council's decision-making processes operate within a framework which presumes and promotes openness. Formal meetings are held in public and executive decisions are published on the Council's website. Agendas and reports for Executive and committee meetings are published at least five clear working days in advance. The use of powers to exempt information from publication or allow a committee to meet in private is minimised, being used when necessary and only after senior officer authorisation.
- 3.22 The Forward Plan describes all significant (key) decisions planned to be taken in the following four months and is published and updated at least monthly. The Constitution also prescribes the rules and constraints around urgent decisions (not notified in the Forward Plan) and the form and content of decision reports.
- 3.23 Communication to the public is via the Council's website, in public meetings and through social media

**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.

- 3.24 During 2019-20 the Council developed a new Council Plan for 2019-23 which articulates a new narrative for the organisation to meet the challenges it faced. The Plan sets out six overarching strategic themes which form the vision for the Council. The strategic themes are each underpinned by annual priorities and key performance indicators which are reflected in each Directorate Service Plan. The main ways the strategic themes are communicated are via the Council's Public

website, Intranet, Town and Country magazine (the Councils newspaper for residents) and Chief Executive's Briefings.

- 3.25 The Council Plan was developed after extensive consultation with the community, residents, employees, strategic partners and local businesses in order for the priorities to be consistent with their needs and aspirations.
- 3.26 Measures of success and key actions are cascaded internally through service plans, team business plans and individual performance development reviews. Delivery is monitored through:
- Quarterly Service Reports reviewed by the Executive Members, Chief Executive and the Corporate Management Team.
  - Quarterly Council Plan Overview Reports considered by the Executive.
  - Quarterly Service reports together with the Quarterly Council Plan Overview Report are then considered by the Overview and Scrutiny Commission or by the relevant Overview and Scrutiny Panel for their area.
- 3.27 All these reports are available on the Council's website and In Phase performance reporting system which was procured by the Council in 2019.. The Council's performance reporting process measures quality of service for users, ensuring services are delivered in accordance with objectives and represent the best value for money.
- 3.28 Partnership groups have agreed joint targets that they monitor quarterly; for example, the Community Safety Partnership. Adult Social Care also produces an Annual Report referred to as the Local Account. Major partnership projects are monitored on a regular basis by the Corporate Management Team, the Executive and the Health and Wellbeing Board.
- 3.29 The Council needs to be confident that it has accurate, complete and timely performance information in order to plan and manage services to the public; ensure good decision-making and to effectively provide feedback and report on the quality of Council services to service users, residents, partners and Government. To ensure this, the Council has a Data Quality Statement, which is reviewed annually. The Data Quality Statement provides details on how the Council aims to achieve a consistently high level of data quality The Statement was updated in 2019/20

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

**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.

- 3.30 All Directorates establish maintain and monitor Service Plans which set out the actions required to meet the outcomes set by the Council's Plan and the targets measures and milestones used to manage their delivery.
- 3.31 The Performance Dashboard on IN-Phase provides details on progress against the Annual priorities and Key Performance indicators of the Council Plan.
- 3.32 Decision reports provide the record of all significant decisions to implement service plans and spend and are required to show the intended outcomes, the rationale for the proposal, implications for Council's resources, other options considered, and engagement or consultation undertaken.

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

**Assured** ✓

Officers are expected to have a clear sense of their purpose, roles and responsibilities in line with the Council's vision and the suite of policies and processes which support it. All officers are expected to have their performance monitored and their development needs identified and addressed through the Appraisal Framework within which specific elements exist for Leadership behaviours.

A Member Induction and continuing development system is in place to ensure that all elected members have a similar understanding of their roles and responsibilities when appointed or elected to particular positions within the Council. Officers and Members have access to information, guidance and training to enable them to discharge their roles.

- 3.33 The Council has a comprehensive induction and training process in place for both Members and officers joining the Council.
- 3.34 Its Member Development Programme offers a range of learning and development opportunities including workshops, briefing seminars on specific topics and attendance at conferences. Members will have the opportunity to take part in a feedback programme to support effective reflection and future development planning. Identifying the most appropriate approach will form part of the new member development strategy. In January 2020 the Council was recognised as continuing to meet the standards required for Charter plus accreditation. Charter plus provides a robust framework which ensures Members are supported throughout their time on the Council. Member development continues to be an embedded part of the Council's culture and courses and seminars continue to be well attended. SEE recognises Bracknell Forest as demonstrating high innovation with regards to member development.

3.35 All levels of management within the Council have a designated role profile and these profiles are accessible via the Council’s intranet (DORIS). Officers are given copies of their roles on appointment and are supported through induction training, their personal development review and supervision in understanding and developing their roles. Internally published HR procedures cover all aspects of performance and procedure to support managers. The Council’s appraisal framework sets out the values and behaviours that officers are expected to demonstrate. These are illustrated in the diagram below.

**Diagram 3 - Values and Behaviours**



3.36 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

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

**Assured** ✓

The Financial Regulations contained in the Constitution set out the rules to ensure robust internal control over the Council’s finances. The system and arrangements for performance management and budget monitoring demonstrate sound internal monitoring and control. The Council has consistently achieved a level of fiscal prudence in recent years notwithstanding the challenging financial climate. Risks have been identified around the Council’s wholly owned Housing Company which will need to be examined with a view to dissolution of the company to mitigate ongoing risks to the Directors.

- 3.37 The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures which comply with the CIPFA “Good Practice Guide for Financial Regulations in a modern English Council”. Control is maintained through regular management information, management supervision, and a structure of delegation and accountability. External audit of the Council’s accounts is robust and unqualified assurance has been given. The Council’s financial management arrangements conform to the governance requirements of the CIPFA ‘Statement on the Role of the Chief Financial Officer in Local Government 2010.’
- 3.38 As set out in section G below, Internal Audit identified areas for improvement and common areas of weakness during the 2018/19 audits. During 2019/20 progress has been made to address these areas of weakness and this is ongoing which is reflected in the Head of Audit and Risk Management’s annual opinion. The impact of COVID-19 has in some areas caused further delay in work to address these weaknesses and limited access to the auditors to undertake reviews to establish if these have been addressed.
- 3.39 The 2019/20 budget was set in a climate of rising demand for services. Throughout the year a process of monitoring the delivery of the necessary savings (transformation and efficiency) was in place, including regular reporting to the Transformation Board chaired by the Chief Executive and to the Executive on progress against savings targets. The Council continued to generate efficiency savings as well as through its transformation programme. It achieved a balanced budget but was dependant on an increase in Council tax and recourse to its reserves. It developed its commercial activities through acquisition of a property investment portfolio based on sound professional advice around appreciation of risk and reward. The Council was able to keep 75% of its business rate revenue for the second year running in 2019/20 under the Business rates pilot scheme.
- 3.40 Further projects are due for completion in 2020/21 as listed below which are designed in part to improve the Council’s financial health in the medium term as well as helping it to meet its social, economic and environmental aims as set out in the Council Plan. ;
- Procurement of Joint Venture to develop town centre sites
  - Procurement of Joint Venture Partner for Remediation and development of London Road landfill site
  - Development of new care facilities at the site of the former Heathlands Care Home
- 3.41 As the financial challenges the Council face continues it is essential that it strengthens its arrangements and continues to implement robust processes for identifying and monitoring savings targets in the immediate future.
- 3.42 The role of the S151 Officer is set out in the constitution with the statutory underpinning of the role emphasised in the scheme of delegation. The postholder has ensured robust oversight of financial propriety. They report directly to the Chief Executive and are involved in all major decision-making preparation through membership of the Corporate Leadership Team.

- 3.43 The officer scheme of delegation was reviewed to reflect changes in the senior leadership structure. It is kept under review by the Borough Solicitor. Senior Officers are required to confirm, and where necessary, revise the effectiveness of the scheme of officer onward delegation to ensure decisions are taken lawfully under the correct authority.
- 3.44 Decisions made by the Council are subject to risk assessments which are made in accordance with the organisation's risk management processes. The Risk Management Strategy was approved by the Governance and Audit Committee on 28 June 2017 and includes the Council's priorities for developing risk management arrangements. The strategy is reviewed every three years and will be updated and reviewed by the Strategic Risk Management Group (SMRG) before going to the Governance & Audit Committee for approval in September 2020.
- 3.45 The Strategic Risk Management Group (SRMG) chaired by the Director of Finance meets quarterly and oversees the strategic risk register and health and safety arrangements. Information security management arrangements are now overseen by the Information Management Group which meets six weekly. During 2019/20 the Strategic Risk Register was updated and considered by SRMG on a quarterly basis and reviewed and approved three times by the Corporate Management Team which owns the Register. It was also reviewed three times by the Governance and Audit Committee with feedback provided. A further development during 2019/20 was to introduce deep dive reviews on individual risks in the Strategic Risk Register at CMT and the Governance and Audit Committee. Four risks were subject to deep dive review in September 2019 and January 2020. Actions to address strategic risks were updated and monitored during 2019/20 and key changes to strategic risks were summarised in the quarterly Corporate Performance Overview Report. An overarching risk register was developed to highlight the issues arising from COVID-19 and the actions being taken to respond and mitigate this. This was initially monitored weekly by the Corporate Management Team with frequency of monitoring reducing as the residual risk after mitigation reduced.
- 3.46 Project managers are required to maintain separate risk registers for all major projects and programmes. 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.
- 3.47 In January 2020, an independent external review of risk management arrangements was undertaken by a risk management consultant. This reviewed the Risk Management Strategy, arrangements for maintaining and monitoring the Strategic Risk Register and directorate risk registers and the Risk Management Toolkit. The independent consultant concluded that these were compliant with good practice and proportionate for the size of the organisation. The consultant noted that they would be signposting other authorities to templates developed at Bracknell Forest which they considered to be exemplary models of risk register templates and complimented the Council on identifying its risk appetite in the form of target scores for each risk as many councils have yet to do this. The deep dives on individual strategic risks were also seen as good practice.
- 3.48 Members are engaged in the risk management process through the Governance and Audit Committee's review of the Strategic Risk Register and Member review of the Council Plan Overview Report.



- 3.49 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 control environment for 2019/20 was as follows:

*Based on internal audit work undertaken, the Head of Audit and Risk management is able to conclude there are **adequate** arrangements in place for risk management and corporate governance. There has been real improvement in the control environment during 2019/20 following the Corporate Management Team's clear focus on addressing issues highlighted in 2018/19. Significant weaknesses were found to exist in a much-reduced number of audits in 2019/20 compared with 2018/19. However, where follow up 2018/19 limited assurance audit reports were able to be completed, the significant control issues identified in the previous year and reported in the Head of Audit and Risk Management's opinion for 2018/19 were still present in 50% of cases. In many areas, the audits established that considerable work had already been undertaken to identify and start implementing a strategy to address weaknesses which had resulted in good progress having been made. However, senior managers have acknowledged that these will take more time to resolve. In other cases, we noted that real progress was being made and the levels of exceptions and non-compliance were reducing although still unacceptably high.*

*Due to pressure from COVID-19, some service areas were unable to accommodate scheduled audits in the latter part of the final quarter. This was exacerbated by delays in delivery by the main contractor for internal audit services. Internal Audit was, as a result of these factors, unable to access three service areas and two schools scheduled in quarter 4 for follow up of 2018/19 limited assurance reports to establish if significant weaknesses previously found in these areas had been addressed. Towards the end of the final quarter, audits had to be carried out remotely and in two cases remote working arrangements also affected access to systems with the result that testing could not be carried out as planned.*

*While acknowledging that improvements have been made, the Head of Audit and Risk Management's overall conclusion is that due to the above factors, only **Limited Assurance** can be given that the framework of internal control was adequate during 2019/20. The direction of travel is positive and if this is sustained, she would expect to be in a position to give a more favourable opinion in 2020/21.*

Notwithstanding this conclusion, an assured finding is given against Principle F to reflect the fact that governance around the Internal control environment remains reasonably robust with a positive trajectory identifiable around Audit outcomes.

- 3.50 In 2016 the Council made a significant investment in setting up Downshire Homes Limited. This is a company limited by shares with an objective of creating efficiencies for the Council by obviating the need to purchase expensive temporary bed and breakfast accommodation for the homeless. The Company has largely succeeded in this objective. However, concerns were identified in 2019 relating to Health and Safety Compliance issues in many of the properties owned by the Company and managed by the Council. The vast majority of remedial work has recently been undertaken on the housing stock under the Direction of the Assistant Director: Early Help and Communities though a few inspections have been delayed as a result of access issues arising from Covid 19. Whilst the company's operations have significantly reduced revenue spend for the Council in the area of emergency housing, the company is itself likely to post a loss of around £160,000 for the 2019/20 Financial year. The Executive is expected to review proposals from the Board for the dissolution of the Company in 2020/21 with the property stock transferring back to the Council. There are financial, legal and reputational risks around this which will need to be managed carefully. Prudent Council side oversight of the process is captured in the Action Plan appended to this report.

**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.

- 3.51 All meetings of the Council and of the committees which discharge executive, non-executive or scrutiny functions take place in public and have their reports and minutes published on the Council's website. Executive Member and Committee decisions, agendas and reports are published on the website and are available to the press and public. This is driven by the publication of the Forward Plan of key decisions. A limited number of reports are considered in private session only when the subject meets the criteria.
- 3.52 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 two external contractors 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.
- 3.53 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 two external contractors 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.
- 3.54 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

- 3.55 A proportion of the 2-19/20 internal audit budget was set aside for purchasing counter fraud awareness training and counter fraud investigation services from Reading Borough Council's Corporate Investigation Team under an agreement made under Section 113 of the Local Government Act 1972. This has been used to support the Housing and Welfare services in investigating potential fraudulent housing application and welfare claims. Savings achieved to date have exceeded costs incurred and a successful business case has now been made for ring fenced funding to pilot counter fraud services during 2020/21.
- 3.56 The Governance and Audit Committee is responsible for reinforcing effective governance, particularly through reviewing the activities of the internal auditors and the Council's risk management arrangements. During 2019/20, the Committee received summary reports on progress on the delivery of the Internal Audit Plan and key outcomes on completed work. The Internal Audit Plan for 2020/21 was approved by the Committee on 25 March 2020 although given the impact of the COVID-19 pandemic the scheduling of the audits is under review.
- 3.57 On 29<sup>th</sup> January 2020, the Council's external auditors issued an unqualified audit report on the Council's accounts for 2018/19.
- 3.58 The Annual Audit Letter for 2018/19 was presented to Governance and Audit Committee on 29<sup>th</sup> January 2020
- 3.59 The Key Findings set out in the Audit letter were as follows:-
- The Council's financial statements give a true and fair view of its financial position as at 31 March 2019 and of its expenditure and income for the year then ended.
  - Proper arrangements were in place to secure value for money in the Council's use of resources.
  - Other information published with the financial statements was consistent with the Annual Accounts.

**APPENDIX A**  
**2019/20 Annual Governance Statement Action Plan Update**

Item	Governance Point Raised in Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline	Update
1.	Post-election strategic planning to reflect manifesto of incoming administration	Refresh Council Plan and Directorate Service Plans	Corporate Management Team	Oct 19-Feb20	New Council Plan published February 2020
2.	Review Emergency Planning arrangements	Keep Corporate Business Continuity Management Plan updated And Communicate this cross Council	Keep Corporate Business Continuity Management Plan updated and Communicate this cross Council	31 Dec 19	Ongoing
3.	Align corporate risks with manifesto commitments of the new administration as well as key corporate objectives arising from the revised Council Plan.	Review Strategic Risk register		Dec 19	Completed Autumn 2019

Item	Governance Point Raised in Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline	Update
	Directorate risk registers aligned with the new structure are developed	Directorate risk registers to be put in place for all directorates reflecting new structure		Dec 19	Completed Autumn 2019
4	Whilst the Council has undertaken a review of information governance in 2018 to meet the requirements of GDPR, further work is required to update Information Governance policies and procedures and embed them into the business as usual culture of the Council	<p>Update Information Governance procedures</p> <p>Submit 2019/20 NHS Data Security and Protection Toolkit</p> <p>Cross Council Information Asset register and data retention/disposal schedules to be updated to improve records management regime</p>	<p>SIRO</p> <p>SIRO</p> <p>SIRO</p>	<p>May19-Mar 20</p> <p>31 March 20</p> <p>31 March 20</p>	<p>Updated March 20</p> <p>Submitted March 20</p> <p>Published March 20</p>
5	Member training	Ensure provision of induction training for new members	Head of Democratic & Registration Services	31 July 2020	Completed

Item	Governance Point Raised in Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline	Update
6.	Address common areas of weakness in internal control and ensure major weaknesses identified in audit reports are addressed	<p>Monitoring of actions to address common areas of weakness</p> <p>Monitoring of all limited assurance audit reports</p>	Corporate Management Team/DMTs	Ongoing	Follow up work has indicated that in 63% of cases where significant weaknesses reported in 2018/19 audits, the issues are still being addressed.

**APPENDIX B-**  
**2020/21 Annual Governance Statement Action Plan**

	Item	Proposed action	Owner	Implementation deadline
1.	Follow up work has indicated that in 63% of cases significant weaknesses reported in 2018/19 audits, the issues are still being addressed. Address common areas of weakness in internal control and ensure major weaknesses identified in audit reports are addressed.	Monitoring of actions to address common Areas of weakness.  Monitoring of all limited assurance audit reports.	Corporate Management Team  DMTs	Ongoing
2.	ICO Information Governance Audit	Adopt and implement recommendations arising from the May 2020 ICO Audit	Information Management Group	As soon as practicable following the Audit
3.	Review Emergency Planning arrangements	Update Corporate Business Continuity Plan in light of Covid 19 experience	Corporate Management Team	January 2021
4.	Covid 19 recovery work	Ensure objectives arising from Covid 19 Recovery plan are implemented	Corporate Management Team	From July 2020-onwards

5.	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	By 31 March 2021
6.	Councillor Code of Conduct	Review Code of Conduct in light of publication of new Model Code by LGA	Code of Conduct Working Group	By 31 March 2021

**Signed:**

**Paul Bettison**

**Timothy Wheadon**

**Leader of the Council  
June 2020**

**Chief Executive  
June 2020**



**TO: Governance and Audit Committee  
24 June 2020**

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## **STANDARDS ANNUAL REPORT (Executive Director - Delivery - Legal)**

### **1. PURPOSE OF REPORT**

- 1.1 The attached report (**APPENDIX A**) advises Council of activity within its Standards framework from 1 April 2019 to 31 March 2020

### **2. RECOMMENDATIONS**

That the Council **NOTES:**

- 2.1 The Standards outputs in 2019/20 as set out in (**APPENDIX B**) of this report
- 2.2 The update in respect of the work of the Local Government Association (LGA) in developing a new Model Code of Conduct further to one of the recommendations set out in the January 2019 Committee for Standards in Public Life report into Ethical Standards in Local Government

### **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 2019 to 31 March 2020.

### **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

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## APPENDIX A

### STANDARDS ANNUAL REPORT 2019/20

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 2019 and 31 March 2020 the Monitoring Officer received 7 complaints alleging breaches of Codes of Conduct for Members. The grounds of each complaint and its outcome are set out in the table attached **(Appendix B)**
5. The table reflects the growing trend of relatively low level complaints which do not warrant the time and expense of investigation under the Standards Framework .In each case where no action was taken this decision was preceded by consultation with the Independent Person (Dr Louis Lee) before being shared with the Complainant and subject member. In accordance with a protocol adopted in 2016, the Party whip was also notified.

#### Previous years data

<b>Year</b>	<b>No. of Complaints</b>	<b>Upheld</b>
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 the Ministry of Housing, Communities and Local Government to introduce further legislation.
7. As set out in last year's Annual Standards report the Committee for Standards in Public Life (CSPL) published a report in January 2019 relating to Standards of Councillor Conduct in Local Government since the introduction of a new national framework for Standards in 2012. The paper made a number of recommendations and identified best practice to improve ethical standards in local government. The recommendations were made to government and to specific groups of public office holders. These included a number of changes to primary legislation, which would be subject to Parliamentary timetabling, but also to secondary legislation and the Local Government Transparency Code, which the CSPL envisaged could be implemented more swiftly. The best practice recommendations for local authorities were presented as a benchmark of good ethical practice, which the CSPL expected that all local authorities can and should implement.
8. By way of background information, a link to the report is included below.  
  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/777315/6.4896\\_CO\\_CSPL\\_Command\\_Paper\\_on\\_Local\\_Government\\_Standards\\_v4\\_WEB.PDF](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/777315/6.4896_CO_CSPL_Command_Paper_on_Local_Government_Standards_v4_WEB.PDF)
9. The recommendations were considered by the Governance & Audit Committee on 26 June 2019. The Committee accepted that they broadly reflected current arrangements within the Bracknell Forest Council Standards Framework and that therefore no changes needed to be made to the Councillor Code of Conduct or the existing corporate arrangements for dealing with Standards Complaints
10. It will be noted that one of the CSPL recommendations 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."*
11. The Board of the LGA at its meeting on 11 September considered and agreed to commence work on a new Model Code ahead of central government's response to the recommendations of the CSPL report. This work is part of a wider programme of work on civility in public life and in response to rising local government concern about the increasing incidence of public, member-to-member and officer/member intimidation and abuse and overall behavioural standards and expectations in public debate, decision making and engagement. The LGA appointed consultants Hoey Ainscough through a competitive exercise to work with it to review the Code.
12. The LGA's Code drafting timetable envisaged a draft Code being released for a 6week consultation from 16 March 2020 with a final version being published at the launch of the LGA annual Conference in Harrogate on 30 June. However this work has been paused due to the impact of Covid 19 and it is anticipated that the publication of the final version of the Model Code will therefore be moved back. Once

it is published the Model Code will be brought before the Governance and Audit Committee for a discussion of whether to adopt it or to retain the Council's current Code.

**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 B**

	<b>Date of Complaint</b>	<b>Status of Complainant</b>	<b>Borough or Parish Councillor</b>	<b>Grounds of Complaint</b>	<b>Outcome</b>
1	23 April 2019	Resident	Town	Failing to treat complainant with respect	<b>No breach-No further action</b>
2	26 April 2019	Resident	Parish	Failing to treat complainant with respect  Bringing the Council or office of councillor into disrepute  Discriminating against me and/or others	<b>No breach-No further action</b>
3	31 July 2020	Resident	Borough	Bringing the council or the office of councillor into disrepute  Failing to treat complainant with respect	<b>No breach-No further action</b>
4	23 Nov 2019	Resident	Borough	Compromising or acting in a way likely to compromise the impartiality of those working for or on behalf of the Council.	<b>No breach-No further action</b>

5	3 February 2020	Resident	Borough	<p>Bullying complainant</p> <p>Compromising or acting in a way likely to compromise the impartiality of those working for or on behalf of the council.</p>	<b>No breach-No further action</b>
				<p>Discriminating against complainant.</p> <p>Failing to treat complainant with respect,</p> <p>Improperly disclosing confidential information.</p> <p>By improperly using their position to secure an advantage for themselves and/or others or to disadvantage another person.</p>	
6	28 February 2020	Resident	Borough	<p>Bullying complainant</p>	<b>Not referred to Monitoring Officer</b>
7	12 March 2020	Resident	Town	<p>Bullying complainant</p> <p>Failing to treat Complainant with respect</p>	<b>Code breachedInformal resolution</b>

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