

## Agenda for a meeting of the Governance and Audit Committee to be held on Tuesday, 27 June 2017 at 10.00 am in Ernest Saville Room - City Hall, Bradford

### Members of the Committee – Councillors

CONSERVATIVE	LABOUR	THE LIBERAL DEMOCRAT AND INDEPENDENT GROUP
M Pollard	Johnson Thornton Swallow	Reid

### Alternates:

CONSERVATIVE	LABOUR	THE LIBERAL DEMOCRAT AND INDEPENDENT GROUP
Ellis	Farley Watson	J Sunderland

### Notes:

- This agenda can be made available in Braille, large print or tape format on request by contacting the Agenda contact shown below.
- The taking of photographs, filming and sound recording of the meeting is allowed except if Councillors vote to exclude the public to discuss confidential matters covered by Schedule 12A of the Local Government Act 1972. Recording activity should be respectful to the conduct of the meeting and behaviour that disrupts the meeting (such as oral commentary) will not be permitted. Anyone attending the meeting who wishes to record or film the meeting's proceedings is advised to liaise with the Agenda Contact who will provide guidance and ensure that any necessary arrangements are in place. Those present who are invited to make spoken contributions to the meeting should be aware that they may be filmed or sound recorded.
- If any further information is required about any item on this agenda, please contact the officer named at the foot of that agenda item.

### From:

Parveen Akhtar  
City Solicitor  
Agenda Contact: Fatima Butt  
Phone: 01274 432227  
E-Mail: fatima.butt@bradford.gov.uk

### To:



## **A. PROCEDURAL ITEMS**

### **1. ALTERNATE MEMBERS (Standing Order 34)**

The City Solicitor will report the names of alternate Members who are attending the meeting in place of appointed Members.

### **2. DISCLOSURES OF INTEREST**

(Members Code of Conduct - Part 4A of the Constitution)

To receive disclosures of interests from members and co-opted members on matters to be considered at the meeting. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

Notes:

- (1) Members may remain in the meeting and take part fully in discussion and voting unless the interest is a disclosable pecuniary interest or an interest which the Member feels would call into question their compliance with the wider principles set out in the Code of Conduct. Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.
- (2) Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations, and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.
- (3) Members are also welcome to disclose interests which are not disclosable pecuniary interests but which they consider should be made in the interest of clarity.
- (4) Officers must disclose interests in accordance with Council Standing Order 44.

### **3. MINUTES**

**Recommended –**

**That the minutes of the meeting held on 25 April 2017 be signed as a correct record (previously circulated).**

(Fatima Butt – 01274 432227)



#### **4. INSPECTION OF REPORTS AND BACKGROUND PAPERS**

(Access to Information Procedure Rules – Part 3B of the Constitution)

Reports and background papers for agenda items may be inspected by contacting the person shown after each agenda item. Certain reports and background papers may be restricted.

Any request to remove the restriction on a report or background paper should be made to the relevant Strategic Director or Assistant Director whose name is shown on the front page of the report.

If that request is refused, there is a right of appeal to this meeting.

Please contact the officer shown below in advance of the meeting if you wish to appeal.

(Fatima Butt - 01274 432227)

#### **B. BUSINESS ITEMS**

#### **5. MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) PENSION BOARD HELD ON 19 APRIL 2017**

The Council's Financial Regulations require the minutes of meetings of the WYPF be submitted to this Committee.

In accordance with the above the Director of West Yorkshire Pension Fund will submit **Document "A"** which reports on the minutes of the meeting of the WYPF Pension Board held on 19 April 2017.

**Recommended-**

**That the minutes of the WYPF Pension Board held on 19 April 2017 be considered.**

(Caroline Blackburn – 01274 434523)

#### **6. ROLE OF THE REGIONAL SCHOOLS COMMISSIONER AND THEIR RELATIONSHIP WITH THE LOCAL AUTHORITY**

This Committee at its meeting held on 26 February 2016 considered a report on Children's Services Governance and Audit (Document "AD") and resolved amongst other things, that a further report be presented to the Committee on the role of the Regional Schools Commissioner and their relationship with the Local Authority.



In accordance with the above the Strategic Director, Children's Services will submit **Document "B"** which provides the information requested by Members.

**Recommended-**

**That the report (Document "B") be received for information.**

(Judith Kirk – 01274 431078)

**7. CHILDREN'S SERVICES PLAN FOR THE EFFECTIVE SCRUTINY OF EXTERNAL BODIES AND PARTNERSHIPS RESPONSIBLE FOR SCHOOL IMPROVEMENT**

This Committee at its meeting held on 26 February 2016 considered a report on Children's Services Governance and Audit (Document "AD") and resolved amongst other things, that a further report be presented to the Committee on the plan for the effective scrutiny of external bodies and partnerships responsible for school improvement.

In accordance with the above the Strategic Director, Children's Services will submit **Document "C"** which provides the information requested by Members.

**Recommended-**

**That the report (Document "C") be received for information.**

(Judith Kirk – 01274 431078)

**8. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) - POLICY, USE AND ENFORCEMENT ACTIVITY - ANNUAL REVIEW**

The City Solicitor will submit **Document "D"** which provides information relating to:-

- The legal framework and how the Council's officers may deploy covert surveillance techniques authorised and approved under RIPA to investigate serious crime.
- The OSC (Office of Surveillance Commissioners) inspection October 2016.
- The Council's use and outcomes of authorised and approved covert surveillance operations for the last 3 years and overt enforcement activity.
- The role of the Council's Senior Responsible Officer (SRO), the Council RIPA Coordinator and Monitoring Officer and the annual review and internal audit May 2017.



- The Council's continued compliance with RIPA, use of close circuit television (CCTV), body cameras and covert internet Investigations.
- The 2017/18 annual training programme for officers.
- Contribution to the Council's priorities.

**Recommended-**

- (1) **That the duties placed on the Council under the Human Rights Act 1998 are considered in the context of the report and the Council's continued compliance with RIPA be noted.**
- (2) **That the implementation of the OSC (Office of Surveillance Commissioners) recommendations following the inspection in October 2016 is completed alongside those outstanding from the 2013 recommendations (paragraphs 3.3 and 3.4 detailed in Document "D")**
- (3) **That the 2017/18 programme of training of Officers (in order to update Strategic Directors to raise awareness) and enforcement officers under RIPA be noted.**
- (4) **That reports on use or none use of covert surveillance techniques be presented to the Committee quarterly.**

(Richard Winter – 01274 434292)

**9. EXTERNAL AUDIT PROGRESS REPORT FOR THE 2016/17  
AUDITS OF CITY OF BRADFORD METROPOLITAN DISTRICT  
COUNCIL AND WEST YORKSHIRE PENSION FUND**

The External Auditor will submit **Document "E"** which reports on the progress with the 2016/17 audits and highlights key emerging national issues which may be of interest to the Committee.

**Recommended-**

**That the External Audit progress report be considered.**

(Steve Appleton – 01274 432392)



**10. ANNUAL GOVERNANCE STATEMENT 2016-17**

The Strategic Director of Corporate Services will submit **Document “F”** which sets out the requirement to conduct the annual review of the effectiveness of the Council’s governance framework and system of internal control. It reports the conclusions of that review and produces the Annual Governance Statement for 2016-17 to accompany the Council’s Statement of Accounts.

**Recommended-**

**That the Leader of the Council and the Chief Executive be authorised to sign the Annual Governance Statement on behalf of the Council, to accompany the Statement of Accounts 2016-17.**

(Mark St Romaine – 01274 432888)

**11. INTERNAL AUDIT ANNUAL REPORT 2016/17**

The Strategic Director of Corporate Services will submit **Document “G”** which informs the Committee about the service Internal Audit has provided to the Council during the financial year 2016/17.

**Recommended-**

**That the work carried out by Internal Audit during 2016/17 be recognised and supported.**

(Mark St Romaine – 01274 432888)

THIS AGENDA AND ACCOMPANYING DOCUMENTS HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER



## Report of the Director West Yorkshire Pension Fund to the meeting of Governance and Audit Committee to be held on 27 June 2017.

---

### A

**Subject:**

Minutes of West Yorkshire Pension Fund (WYPF) Pension Board held on 19 April 2017.

**Summary statement:**

The role of the Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the LGPS.

City of Bradford Metropolitan District Council (the Council), as Scheme Manager, as defined under section 4 of the Public Service Pensions Act 2013, has delegated legal and strategic responsibility for West Yorkshire Pension Fund (WYPF) to the Governance and Audit Committee.

The minutes of the WYPF Pension Board meeting are to be submitted to this committee.

---

Rodney Barton  
WYPF Director

**Portfolio:**

**Leader of Council & Strategic Regeneration**

Report Contact: Caroline Blackburn  
Phone: (01274) 434523  
E-mail: [caroline.blackburn@wypf.gov.uk](mailto:caroline.blackburn@wypf.gov.uk)

**Overview & Scrutiny Area: Corporate**



**1. SUMMARY**

The minutes of the WYPF Pension Board meeting are to be submitted to this committee.

**2. Appendices**

Minutes of the WYPF Pension Board 19 April 2017.





# Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Wednesday, 19 April 2017 at Aldermanbury House, Godwin Street, Bradford BD1 2ST

---

Commenced      10.00 am  
Concluded        11.15 am

**Members of the Committee**

Employer Representatives	Member Representatives
<b>Councillor M Slater (Chair) – Bradford</b> <b>Councillor G Hyde – Leeds</b> <b>Mr J Morrison - Employer</b>	<b>Mr C Sykes – Unison</b> <b>Mr M Morris - Unite</b>

Apologies: Mick Binks, Councillor Margaret Isherwood and Gary Nesbitt (GMB)

**Councillor M Slater in the Chair**

**15. DISCLOSURES OF INTEREST**

All those present who were members or beneficiaries of the West Yorkshire Pension Fund disclosed, in the interests of transparency, an interest in all business under consideration.

**Action:**        *City Solicitor/Director, West Yorkshire Pension Fund*

**16. MINUTES**

**That the minutes of the meeting held on 8 October 2015 and 9 November 2016 be signed as a correct record.**

**17. INSPECTION OF REPORTS AND BACKGROUND PAPERS**

There were no appeals submitted by the public to review decisions to restrict documents



## 18. REVIEW OF PENSION BOARD POLICIES

Under the Public Service Pensions Act 2013 and the guidance that followed the Pension Board is required to produce and maintain a number of key policy documents. Those policy documents are brought to the Board every two years and the last review of those policies was in September 2015. The report of the Director, West Yorkshire Pension Fund (Document “J”) presented the latest version of those policies for them to be formally endorsed by the Board.

In relation to the Terms of Reference for the Board it was noted that upon initial establishment of the Board, to ensure that some of the expertise developed by the new members was retained, 50% of the membership, comprising of two member representatives and two employer representatives, shall be appointed for a term of two years only. That two year membership would end before the next Board meeting and those members, John Morrison, Councillor Isherwood, Colin Sykes and Mark Morris, were asked to inform Caroline Blackburn if they intended to stand again. Those nominations would be for a four year term to ensure there was a rolling programme of membership as those members initially appointed for a four year programme would be reselected in two years time. Following discussions it was noted that John Morrison, Employer Representative would be retiring before the next appointments.

Members attention was drawn to Appendix D to Document “J” and members were asked to be aware of CIPFA’s requirements that members be aware of that framework.

Members questioned the numbering of paragraphs in the Terms of Reference contained in Appendix A and it was acknowledged that the numbering sequence was distorted and the document would be amended and recirculated. The document referred to the appointment of Employer Representatives and it was confirmed that the appointments were at the discretion of Bradford Council as the administering authority although an election would be held.

**Resolved –**

**That the policies contained in Appendices A, B, C and D to Document “J” be agreed and that the report be noted.**

***ACTION: Director, West Yorkshire Pension Fund***

## 19. WEST YORKSHIRE PENSION FUND (WYPF) JOINT ADVISORY GROUP MINUTES 26 JANUARY 2017

A summary of the minutes presented by the Director, West Yorkshire Pension Fund, reminded members that the estimates reported in Minute 22 confirmed that the fund remained one of the best administrating authorities and as it was 94% funded it was expected that it would be in a very good position nationally.



Progress on investment pooling was reported and included that the Minister had welcomed the commitment to investment in infrastructure and the intention for the GLIL joint venture to become regulated to allow other pools to join in.

In response to a request for members to attend a Joint Advisory Group members confirmed that they had found those visits, and the opportunity to see how the WYPF Joint Advisory Group worked in practice, very useful.

Members requested that CIPFA benchmarking reports be circulated and it was agreed that, as the majority of the documents, were publicly available, they would be circulated.

The report of the Director, West Yorkshire Pension Fund, (**Document “K”**) reminds Members that the role of The Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 was to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS; securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and any other such matters as the LGPS regulations may specify.

The Minutes of meeting of WYPF Joint Advisory Group were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

**Resolved –**

**That the minutes of the meeting of the West Yorkshire Pension Fund Joint Advisory Group meeting held on 26 January 2017 be noted.**

***ACTION: Director, West Yorkshire Pension Fund***

## 20. **PENSIONS REGULATOR'S CODE OF PRACTICE AND REGISTER OF BREACHES OF THE LAW**

The Director, West Yorkshire Pension Fund, presented **Document “L”** which reported that in accordance with the Public Service Pensions Act 2013, from April 2015 all Public Service Pension Schemes came under the remit of the Pensions Regulator.

The Pension Regulator had issued Code of Practice No. 14 – Governance and administration of public service pension schemes in April 2015. An initial review of WYPF compliance with the Pensions Regulator code of practice was undertaken by the Funds actuary, Aon Hewitt, in 2016.



A requirement of the Pension Regulator was that each pension fund should have a Breaches Procedure. In accordance with WYPF's Breaches Procedure a Register of Breaches was maintained. That register was contained at Appendix C to Document "L"

There were two entries in that register Since April 2016 related to failure to issue 100% of annual benefit statements by 31 August 2016 and late payment of employer contributions which were due to be paid to WYPF by the 19<sup>th</sup> day of the following month.

In relation to the annual benefits statement issue it was explained that the requirements were very specific and it would not be possible to achieve 100% compliance for the distribution of Annual Benefit Statements by 31 August 2017 due to members not advising the fund of all changes in personal circumstances by that date. It was noted, however, that 99.2% of those statements had been distributed.

The procedure to deal with employers late payments was outlined and it was reported that figure was reducing. None of the late payments were deemed to be of material significance and were therefore not reported to the Pension Regulator. A suggestion that a "three strike" policy be implemented for those employers whose payments were late within 3 days in a 12 month period be reported to the Pension Regulator, employers who were more than one week late but less than two weeks late be given a two strikes policy and any payments over two weeks be reported immediately was noted. It was acknowledged that employers be allowed a settling in period and that from April 2018 the policy be implemented.

It was acknowledged that the work of officers had been effective in reducing late payments and agreed that the new "three strikes" policy be communicated to all employers. In response it was confirmed that all employers had been consulted on the administration strategy and the 19<sup>th</sup> day as the payment day had been stipulated in that communication. The WYPF did have regular communications with employers and members were assured that the new policy would be included in those communications.

#### **Resolved –**

- 1. That the summary of results of WYPF compliance against the Pensions Regulator's Code of Practice, contained in Document "L" be noted.**
- 2. That all entries and actions taken as shown on the Register of Breaches contained in Document "L" be noted**

***ACTION: Director, West Yorkshire Pension Fund***



## 21. ACTUARIAL VALUATION 2016

The report of the Director, West Yorkshire Pension Fund, (**Document “M”**) advised Members that the triennial actuarial valuation of the West Yorkshire Pension Fund (WYPF) had been prepared based on the situation at 31 March 2016, and had determined the level of employers’ contributions for the period 1 April 2017 to 31 March 2020.

The results of the valuation were that WYPF was 94% funded, compared to the situation at 31 March 2013 when it was 96% funded.

As a result each of the five District Councils would see an increase in the total of their primary and secondary (deficit) contributions of less than 2% (based on the theoretical contributions 17/18).

The report revealed that the current Actuarial contract with Aon was due to end on 30 June 2017 and the appointed contractor would be known by mid June 2017. In response to questions it was confirmed that Mercers had been the contractor previous to Aon.

It was questioned if the Fund utilised Aon or their own assumptions and it was explained that an approach would be agreed jointly and required the approval of the external auditors.

The WYPF was thanked by the employer representative from Wakefield District Housing who believed that it had taken a reasonable and long term approach to the valuation.

**Resolved –**

**That the report be noted.**

***ACTION: Director, West Yorkshire Pension Fund***

## 22. UPDATE ON THE GUARANTEED MINIMUM PENSION (GMP) RECONCILIATION EXERCISE

The report of the Director, West Yorkshire Pension Fund, (**Document “N”**) advised Members that the Guaranteed Minimum Pension (GMP) Reconciliation Exercise, was to wind up the contracted out element link between the LGPS (Local Government Pension Scheme) and the SERPs (State Earnings Related Pension Scheme) which affected members with service between 6 April 1978 and 5 April 1997.

The reconciliation process was designed to allocate all GMP liabilities to the correct Fund before the deadline in 2018, after which, the relevant Fund that held the record would be liable for pension inflation increases.



The amount of the GMP would contribute towards the calculation of the members' benefits in the New State Pension system and this had begun on 6 April 2016.

It was confirmed that officers had begun to build up the match criteria against their records and the results were a positive match of 83.9% of the fund membership.

**Resolved –**

**That the update in Document “N” be noted and the potential additional workloads anticipated from this exercise be acknowledged.**

***ACTION: Director, West Yorkshire Pension Fund***

**23. WEST YORKSHIRE PENSION FUND FIVE YEAR INTERNAL AUDIT PLAN 2017/18 to 2021/22**

The report of the Director, West Yorkshire Pension Fund (WYPF) (**Document “O”**) presented the WYPF five year internal audit plan 2017/18 to 2021/22. The internal audit plan was updated annually, using a five year planning horizon. Regular meetings were held with CBMDC Internal Audit Team to plan every year. Officers also met before each audit to review audit scope, business and operational risks, and post audit to agree internal audit recommendations, and provide updates on implementation of recommendations.

**Resolved –**

**That the five year internal audit plan be noted by the Local Pension Board.**

***ACTION: Director, West Yorkshire Pension Fund***

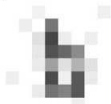
**24. TRAINING, CONFERENCES AND SEMINARS**

The Director, West Yorkshire Pension Fund, presented a report (Document “P”) which informed Members that their training to understand their responsibilities and the issues they would be dealing with was a very high priority. Details of training courses, conferences and seminars listed could assist Board Members.

In addition to external training available members requested that internal training be provided by the WYPF every six months.

To aid members understanding of how the fund operated future topics for those sessions were suggested on Life certificates/oversees pensioners; Internal Dispute Resolution procedure and Risk Management.

It was agreed that those sessions would be held in summer 2017 and discussions would be held following implementation to monitor the success and usefulness of those events.



The Pension Director, WYPF, recommended attendance at the LGA Fundamentals training in Leeds. It was agreed to circulate information on that training and members were asked to contact Caroline Blackburn if they wished to attend.

The timetable for future WYPF Pension Board meetings was agreed as October/November 2017 and April 2018.

**Resolved –**

***That the introduction of twice yearly Member training sessions be approved and additional training events, contained in Document “P” be noted.***

***ACTION: Director, West Yorkshire Pension Fund***

**25. EXCLUSION OF THE PUBLIC**

**Resolved –**

**That the public be excluded from the meeting during the consideration of the item relating to minutes of the West Yorkshire Pension Fund Investment Advisory Panel meetings held on 3 November 2016 and 26 January 2017 because information would be disclosed which is considered to be exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972 (as amended).**

**It was considered that, in all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information as it was in the overriding interest of proper administration that Members were made aware of the financial implications of any decision without prejudicing the financial position of the West Yorkshire Pension Fund.**

**26. MINUTES OF THE WEST YORKSHIRE PENSION FUND (WYPF) INVESTMENT ADVISORY PANEL HELD ON 3 NOVEMBER 2016 AND 26 JANUARY 2017**

**Resolved –**

**That the Not for Publication minutes appended to NFP Document “Q” be noted.**

***ACTION: Director, West Yorkshire Pension Fund***

Chair

**Note: These minutes are subject to approval as a correct record at the next meeting of the West Yorkshire Pension Fund Pension Board.**

THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER



This page is intentionally left blank



## Report of the Strategic Director of Children's Services to the meeting of Governance and Audit Committee to be held on 27 June 2017.

---

**B**

### Subject:

**Report on the Role of the Regional Schools Commissioner and their relationship with the Local Authority**

### Summary statement:

The Regional Schools Commissioner (RSC) is a role which has been implemented to monitor performance and intervene to ensure that underperforming academies improve. The function is also to decide on the creation of new academies and ensure that the sponsor market meets local need. The RSC is advised by a Headteacher Board and works closely with a range of different partners including local authorities.

RSCs act in the name of the Secretary of State for Education, and are accountable to her and to the National Schools Commissioner.

---

Michael Jameson  
Strategic Director Children's Services

### Portfolio:

**Education, Employment and Skills**

Report Contact: Judith Kirk  
Phone: (01274) 431078  
E-mail: [Judith.kirk@bradford.gov.uk](mailto:Judith.kirk@bradford.gov.uk)

### Overview & Scrutiny Area:

**Children's Services**



## 1. SUMMARY

The Regional Schools Commissioner (RSC) is a role which has been implemented to monitor performance and intervene to ensure that underperforming academies improve. The function is also to decide on the creation of new academies and ensure that the sponsor market meets local need. The RSC is advised by a Headteacher Board and works closely with a range of different partners including local authorities.

RSCs act in the name of the Secretary of State for Education, and are accountable to her and to the National Schools Commissioner.

## 2. BACKGROUND

2.1 The establishment of Regional Schools Commissioners (RSCs) has shifted operational decision-making from DfE ministers and officials providing an infrastructure for leaders to play a wider role across the system.

2.2 Within an increasingly school-led system, the responsibility for taking action to improve outcomes lies with the governing board or academy trust. When an academy trust is failing to improve a school that has been identified as failing or coasting, it is important that Regional Schools Commissioners are able to take action. RSCs act in the name of the Secretary of State for Education, and are accountable to her and to the National Schools Commissioner.

2.3 Ministers receive regular reports from the RSCs in order to maintain oversight of the programmes and stay informed about significant operational matters across the regions.

RSCs escalate decisions to the National Schools Commissioner or the relevant minister that are: sensitive; raise issues of interpretation of government policy; relate to urgent safeguarding or extremism concerns

2.4 The RSCs are supported and held to account by a board of outstanding academy headteachers and sector leaders, many of whom are directly elected by the sector. Working with their Headteacher Board (HTB), RSCs are well placed, to identify and commission the most appropriate support and interventions for an underperforming school or academy. RSCs have tight parameters over when intervention is permitted. Academies will not be subject to intervention if their educational performance, financial management and governance are of a high standard.

2.5 The RSC has a number of core functions:

1. Intervening with under-performing academies and free schools to ensure that high quality support is commissioned to improve them quickly through:

Tackling educational underperformance in academies and free schools  
Intervening in academies where governance is inadequate  
Taking action against poorly performing sponsors and multi-academy trusts



2. Tackling underperformance in maintained schools by providing them with support from a strong sponsor through:
  3. Working with the regional Headteacher Boards to approve the conversion of new academies
  4. Approving new sponsors and the creation of multi-academy trusts by:
    - Considering applications from sponsors to operate in a region or regions
    - Taking decisions on the creation and growth of multi-academy trusts
  5. Ensuring that the pipeline of outstanding free school proposers is secure and capable of delivering new schools by:
    - Advising on free school applications
    - Proposals for new free schools under the LA free school presumption arrangements
  6. Taking decisions on changes to academies and free schools by:
    - Deciding changes to admission arrangements
    - Considering exemptions from providing Christian collective worship
- 2.6 As a Local Authority we work very closely with the RSC and her officers specifically with regard to improving standards in all Bradford schools and new sponsors. The relationship is positive and essential in order to promote improved outcomes for young people across the District. The RSC is also a member of the Education Improvement Strategic Board for the District.

**3. OTHER CONSIDERATIONS**

None

**4. FINANCIAL & RESOURCE APPRAISAL**

None

**5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

None

**6. LEGAL APPRAISAL**

None

**7. OTHER IMPLICATIONS**



**7.1 EQUALITY & DIVERSITY**

None

**7.2 SUSTAINABILITY IMPLICATIONS**

None

**7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

None

**7.4 COMMUNITY SAFETY IMPLICATIONS**

None

**7.5 HUMAN RIGHTS ACT**

None

**7.6 TRADE UNION**

None

**7.7 WARD IMPLICATIONS**

None

**7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS  
(for reports to Area Committees only)**

None

**8. NOT FOR PUBLICATION DOCUMENTS**

None

**9. OPTIONS**

None

**10. RECOMMENDATIONS**

It is recommended that the Governance and Audit Committee receive this report for information.



**11. APPENDICES**

None

**12. BACKGROUND DOCUMENTS**

None



This page is intentionally left blank

## Report of the Strategic Director of Children's Services to the meeting of Governance and Audit Committee to be held on 27 June 2017

---

### C

**Subject:**

Children's Services plan for the effective scrutiny of external bodies and partnerships responsible for school improvement.

**Summary statement:**

This report informs the Governance and Audit Committee about the Children's Services plan for the effective scrutiny of external bodies and partnerships responsible for school improvement.

Michael Jameson  
Strategic Director  
Phone: (01274) 431266  
E-mail:  
[michael.jameson@bradford.gov.uk](mailto:michael.jameson@bradford.gov.uk)

Report Contact:  
Judith Kirk  
Deputy Director  
Phone: (01274) 439255  
E-mail: [judith.kirk@bradford.gov.uk](mailto:judith.kirk@bradford.gov.uk)

**Portfolio:**

**Education, Employment and Skills**

**Overview & Scrutiny Area:**

**Children's Services**

## 1. SUMMARY

This report informs the Governance and Audit Committee about the Children's Services plan for the effective scrutiny of external bodies and partnerships responsible for school improvement.

## 2. BACKGROUND

- 2.1 The Strategic Director of Children's Services (DCS) has a professional responsibility for the leadership, strategy and effectiveness of local authority (LA) children's services and is responsible for securing the provision of services that address the needs of all children and young people including the most disadvantaged and vulnerable and their families and carers. The DCS works closely with other local partners to improve outcomes and well-being of children and young people. The DCS is responsible for the performance of local authority functions relating to education and social care of children and young people. It is essential that the authority fulfils its statutory duties effectively.
- 2.2 The Lead Member for Children's Services (LMCS) has political responsibility for the leadership, strategy and effectiveness of local authority children's services. The LMCS is also democratically accountable to local communities and has a key role in defining the local vision and setting political priorities for children's services within the broader political context of the Council.
- 2.3 The LMCS is responsible for ensuring that the needs of all children and young people, including the most disadvantaged and vulnerable, and their families and carers, are addressed. The LMCS will work closely with other local partners to improve the outcomes and well-being of children and young people. The LMCS should have regard to the United Nations Convention on the Rights of the Child (UNCRC) and ensure that children and young people are involved in the development and delivery of local services. LMCSs should not be responsible for detailed day-to-day operational management of education and children's services. They should provide strong, strategic leadership and support and challenge to the SDCS and relevant members of their senior team as appropriate.
- 2.4 Bradford has a Lead Member for Education, Employment and Skills and a Lead Member for Health and Well Being, both hold key responsibilities for children.
- 2.5 The LA has well established robust performance frameworks and associated improvement action plans which are monitored on a regular basis through key strategic partnerships. The local authority is also involved in a regional DCS group where a full self-evaluation of LA key performance indicators (KPIs) occurs annually. Regional LAs meet to consider the strengths and areas for development across the region and enter into peer challenge and reviews to assist with improvement.
- 2.6 Externally the LAs performance is also scrutinised by a variety of Inspection regimes.



### **3 Plan for scrutiny of external providers of school improvement**

- 3.1 The DCS and the Deputy Director (DD) present school performance data and outcomes of Ofsted inspections at the half-termly Education Improvement Strategy Board (EISB) meetings. The Regional Schools Commissioner (RSC) is a member of the EISB and some of the headteachers who attend the meetings are also members of the Teaching School Alliances (TSA). Members of the Board asked searching questions about the quality provision from both the Local Authority (LA) and external providers such as the TSA and Multi Academy Trusts (MATs).
- 3.2 The DCS and DD meet with the regional Ofsted inspector and the RSC on a termly basis to discuss concerns and successes and the strategies in place for school improvement.
- 3.3 The DD and her management team have regular conversations with the TSAs as and when required and challenge the support being provided when there is clear evidence that impact is limited or progress is slow.
- 3.4 The DD has a monthly telephone conversation with the DFE representative about the progress of the LA maintained schools and academies causing concerns..
- 3.5 The DD meets with the Chief Executive Officers (CEOs) of the MATs serving the district on a termly basis to share the LA's strategic vision and discuss capacity as well as raise any concerns that have been brought to the LA's attention.
- 3.6 The DD and the Primary Strategy Manager hold termly meetings with the Diocesan representatives to share the LA's strategic vision as well as raise any concerns that have been brought to the LA's attention.
- 3.7 It is important to note that the LA has no influence on the quality of the school improvement support brokered and delivered by the TSAs and MATs. This scrutiny role is undertaken by the RSC,

### **4. OTHER CONSIDERATIONS**

N/A

### **5. FINANCIAL & RESOURCE APPRAISAL**

N/A

### **6. RISK MANAGEMENT AND GOVERNANCE ISSUES**

Risk Registers and Issues logs are maintained across key areas of development.

### **7. LEGAL APPRAISAL**

The legal framework is the statutory functions of the LA, Children's Services and those associated with the inspections.

## **8. EQUALITY & DIVERSITY**

Under the Equality Act 2010 there is a public sector equality duty which requires local authorities, in the exercise of their functions, including when making decisions, to have due regard to the need to;

- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- Foster good relations between people who share a protected characteristic and people who do not share it.
- The “protected characteristics” are age, disability, gender reassignment, pregnancy and maternity, marital or civil partnership status, race, religion or belief, sex, and sexual orientation.
- All partnerships and improvement plans consider equality and diversity issues.

## **9.1 SUSTAINABILITY IMPLICATIONS**

The governance of Children’s Services will remain to support improvement across the KPIs for children, young people and their families. However it will remain responsive to change in local needs, government policy, inspection and funding constraints.

## **9.2 GREENHOUSE GAS EMISSIONS IMPACTS**

N/A

## **9.3 COMMUNITY SAFETY IMPLICATIONS**

Community Safety is an integral part of Children’s Services work.

## **9.4 HUMAN RIGHTS ACT**

The United Nations Convention on the Rights of the Child is central to the work of Children’s Services.

## **9.5 TRADE UNION**

N/A

## **9.6 WARD IMPLICATIONS**

N/A

## **9.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)**

N/A

## **10. NOT FOR PUBLICATION DOCUMENTS**

None.

## **11. RECOMMENDATIONS**

It is recommended that the Governance and Audit Committee receive this report for information.

**12. APPENDICES**

Appendix 1 – Diagrammatic representation of Scrutiny

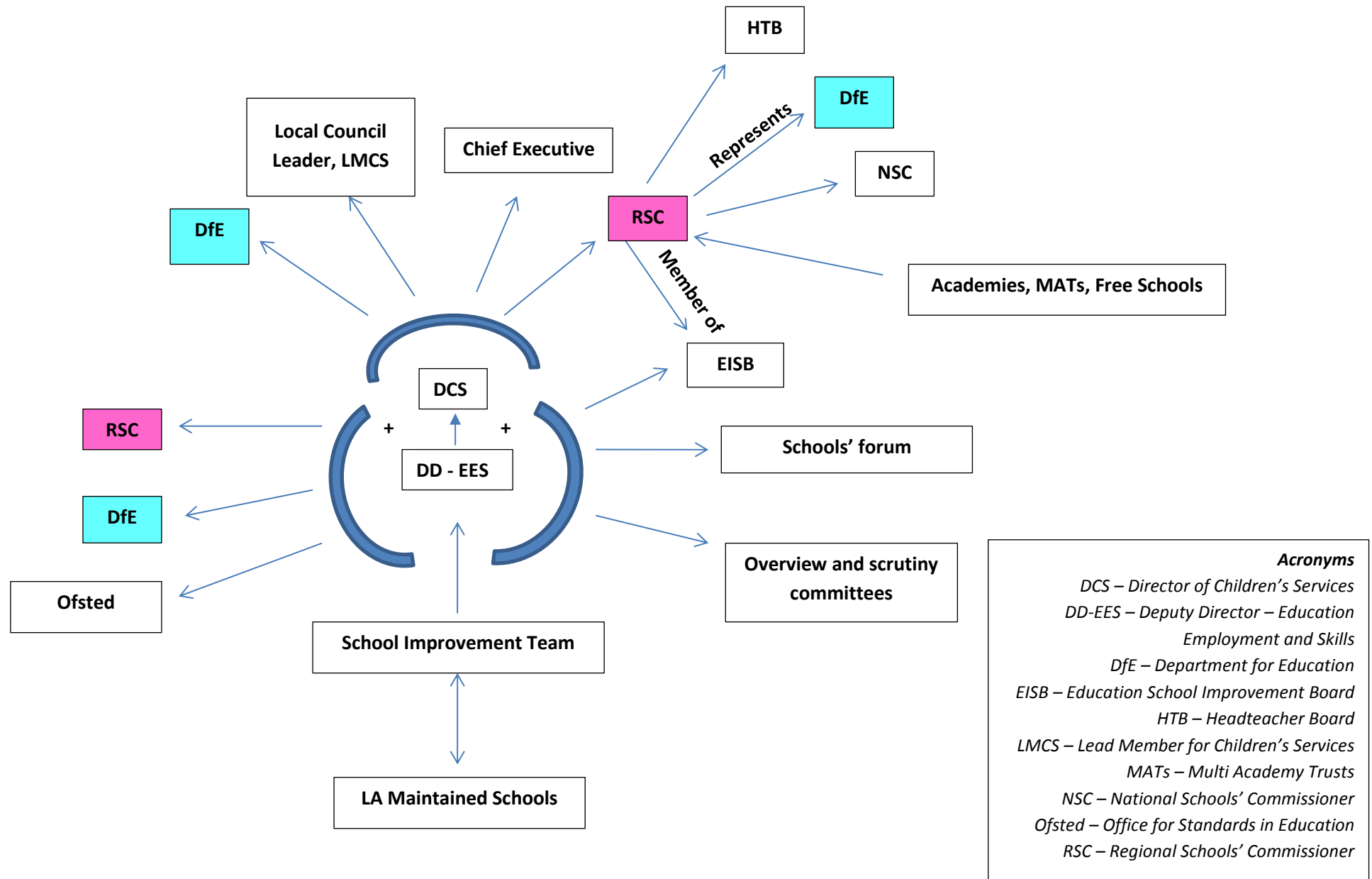
**13. BACKGROUND DOCUMENTS**

N/A

This page is intentionally left blank

Appendix 1

Diagrammatic representation of Scrutiny



This page is intentionally left blank

**Report of the City Solicitor to the meeting of the Governance and Audit Committee to be held on Tuesday 27<sup>th</sup> June 2017.**

---

**D**

**Subject: Regulation of Investigatory Powers Act 2000 (RIPA) – Policy, use and enforcement activity – Annual Review**

**Decision of the Governance and Audit Committee held on 28<sup>th</sup> June 2016:**

**REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) – POLICY, USE AND ENFORCEMENT ACTIVITY – ANNUAL REVIEW**

**Resolved -**

**Resolved-**

- (1) That the duties placed on the Council under the Human Rights Act 1998 were considered in the context of this report.**
- (2) That the Council’s continued compliance with RIPA and the completion of OSC (Office of Surveillance Commissioners) recommended training following the inspection in July 2013 be noted.**
- (3) That the OSC inspection scheduled for the 13<sup>th</sup> October 2016 be noted and a report relating to the outcome of the inspection be presented to the Committee in April 2017.**
- (4) That the 2016 programme of training of Officers (in order to continue to raise awareness) and enforcement officers under RIPA be noted.**
- (5) That the guidance at Appendix 3 attached to Document “B” (regarding Internet investigations and the communication to all Assistant Directors and Enforcement team Managers in order to raise awareness of the risks of such investigations) be approved as Council Policy.**

**Action: City Solicitor**

---

City Solicitor  
Parveen Ahktar  
Report Contact: R J Winter – Senior Lawyer  
Interim Team Leader Property Commercial and  
Development  
RIPA Coordinator and Monitoring Officer (RICMO)  
Phone: 01274 434292  
Email: [richard.winter@bradford.gov.uk](mailto:richard.winter@bradford.gov.uk)



## 1. Summary

This report is prepared to provide information relating to:-

- The legal framework and how the Council's officers may deploy covert surveillance techniques authorised and approved under RIPA to investigate serious crime.
- The OSC inspection October 2016.
- The Council's use and outcomes of authorised and approved covert surveillance operations for the last 3 years and overt enforcement activity.
- The role of the Council's Senior Responsible Officer (SRO), the Council RIPA Coordinator and Monitoring Officer and the annual review and internal audit May 2017
- The Council's continued compliance with RIPA, use of close circuit television (CCTV), body cameras and covert internet Investigations.
- The 2017/18 annual training programme for officers.
- Contribution to the Council's priorities.

NB Please see Glossary at APPENDIX 5

## 2. The Legal Framework and how the Council's officers use RIPA.

- 2.1 As members are aware RIPA provides a legal framework for the control and regulation of covert ("covert" is defined as being calculated in a manner to make sure that the person subject to the surveillance is not aware it is being carried on) surveillance and information gathering techniques.
- 2.2 Given the highly technical nature of the legislation, codes of practice and guidance a glossary of terms is set out at appendix 5 of this report to assist members and officers of the Council.
- 2.3 Covert surveillance techniques may be used by officers of public bodies (including officers of the Council when investigating "serious crime" (by definition offences which carry a term of imprisonment of six months or more) and where there are no overt means of obtaining the evidence but conditional on it being necessary and proportionate to what it seeks to achieve. The Council's stated policy has for many years restricted covert surveillance to serious crime. The Council's historical stated policy of limiting the use of covert surveillance techniques to serious crime became mandatory by statute following amendments to RIPA which took effect from the 1<sup>st</sup> November 2012.
- 2.4 There are three types of covert techniques (with the objective of obtaining evidence to prove serious crime) available for use by the Council's investigating officers namely by definition "directed surveillance" (DS), "a covert human intelligence source" (CHIS) and "data communications" (DC) investigation.
- 2.5 Surveillance includes monitoring, observing or listening to persons, their movements, conversations or other activities and communications. It may be conducted with or without assistance of a surveillance device and includes the recording of any information.
- 2.6 A fourth covert surveillance technique defined as "intrusive surveillance" (IS) is surveillance that is carried out in relation to anything taking place on residential premises or in a private vehicle and involves the presence of a person or device in the premises or vehicle or the use of a surveillance device. NB This type of surveillance can only be undertaken by the Police and Intelligence Services and not local authority investigators.
- 2.7 Directed surveillance is covert, but not intrusive, surveillance that is conducted for the purposes of a specific investigation or operation that is likely to result in the obtaining of private information about a person and is conducted otherwise than as an immediate





- response to events or circumstances of such a nature that it would not be reasonably practicable for an authorisation to be sought.
- 2.8 A covert human intelligence source is someone who establishes or maintains a personal or other relationship with a person for the covert purpose of obtaining, disclosing or providing access to private information. This includes public informants who work for the Police and Security services the Council's criminal investigators who make test purchases or act as secret passengers in taxi investigations in certain limited circumstances.
- 2.9 Data Communications (DC) with the covert purpose of obtaining of private information can include the post, phone calls and text messages to and from a person. The obtaining of DC by an investigator can only include information regarding the 'who', 'when' and 'where' of a communication e.g. Letters from and to a named person, telephone numbers of calls made to and by a named person (subscriber) and text messages and emails made to and from a defined number of a subscriber. DC investigations can not include the 'what' (i.e. the content of what was said or written in a telephone call text message email or letter. RIPA groups DC into three types: 'traffic data' (which includes information about where the communications are made or received); 'service use information' (such as the type of communication, time sent and its duration); and 'subscriber information' (which includes billing information such as the name, address and bank details of the subscriber of telephone or internet services). This information can only be obtained via a service provider such as the Post Office, British Telecomm, Orange, AOL and Yahoo etc.
- 2.10 The need for regulatory control and careful control by RIPA arose following the enactment of the Human Rights Act 1998 (HRA) which embodied in English Law (amongst other rights) Article 6 (Right to a fair trial) and Article 8 (Right to respect for a private and family life) of the 1950 European Convention of Human Rights (ECHR1950). It was not specifically enacted to address terrorism although undoubtedly this forms part of its remit in the context of the investigation and detection of exceptionally serious crime by the Police and Security Forces.
- 2.11 If a Council investigator uses a covert investigation technique without proper authorisation then the Council is liable in damages to the person subject to the investigation for breach of their Human Right to a private and family life and can seek damages against the Council from the civil courts. Such action is contrary to the Council's policy on the use of covert surveillance and is a breach of its disciplinary code see Para 6.9 at appendix 1.
- 2.12 The Council has a number of teams of enforcement officers based in the Council's Environmental Health Service, the Housing Standards Service, the Planning and Building Control Service, the Corporate Fraud Team. the Licensing (liquor licensing and taxi licensing) service, the Council's Joint West Yorkshire Trading Standards Service (WYTSS), the antisocial behaviour team and Youth offending Team.
- 2.13 As stated above since November 2012 directed surveillance authorised by RIPA must relate to "serious offence " by definition i.e. carry a penalty of at least six months in prison. It is worthy of note "the serious offence test" is satisfied for example in respect of offences investigated under the Food Safety Act 1990, the Environmental Protection Act 1990, the Social Security Administration Act 1992, the Fraud Act 2006 and the Trade Marks Act 1968. Also the sale of alcohol (Licensing Act 2003) or cigarettes (Children's and Young Persons Act 1933) to a person under the age of 18 is also regarded as a serious offence even though the penalty is £5000.00 and £2500.00 respectively.
- 2.14 The Council's enforcement teams are very much more often than not able to gather sufficient evidence of the criminal offences which connect with the Council's investigatory powers by overt means.
- 2.15 In exceptional circumstances investigators may need to use a covert investigative technique mentioned above authorised and approved under RIPA to prove the offence under investigation.
- 2.16 Authorisations under RIPA when required must be sought by the Council's investigating officers from the Council's Chief Executive (or in her absence the nominated Strategic



- Director), the City Solicitor or the Assistant City Solicitor and are limited to the ground of the prevention or detection of serious crime.
- 2.17 If and when an authorisation is granted for covert surveillance before the authorisation can be acted upon the Court must be invited to scrutinise the authorisation and approve it.
- 2.18 Only where covert surveillance is considered to be necessary and proportionate can an authorisation be granted and approved by the Councils authorised officers and the Court respectively.
- 2.19 During covert investigations some private information about the suspect and non suspects e.g. members of the public visiting the suspect's home or work place could be potentially included in the covert evidence gathering. This evidence must not be recorded or used in respect of none suspects. Evidence not relevant to offences is destroyed or not recorded at all. This reduces what is described in RIPA as 'collateral intrusion'.
- 2.20 The investigating officer's approved authorisation is also limited by its duration. The evidence recorded is limited to evidence which can support the criminal offence being investigated.
- 2.21 RIPA also contemplates and defines confidential information which is information of a type which if obtained is more holds a greater level privacy than other " private information " .
- 2.22 Confidential information is defined as "medical or religious information". No such information has ever been authorised to be sought by the Council's enforcement officers, as it is highly unlikely to be relevant to the commission of any criminal offence investigated by a local authority. Care should be taken in the investigation of the breaches of local government regulatory law not to seek or record confidential information. If confidential information is to be sought then the authorisation can only be granted by the Council's Chief Executive as Head of the Council's Paid Service.
- 2.23 RIPA and associated Regulatory Codes of practice and guidance define Covert Human Intelligence Source (CHIS).
- 2.24 Since 2000 RIPA has not been used by the Council's officers to investigate none serious crime i.e. breaches of schools' admission policies, dog fouling or littering. Investigation of this type i.e. of less serious criminal offending has historically been widely criticised in the press and advised against by the Local Government Association. Indeed some years ago the Council's admissions policy has been amended to make it clear only overt investigations relating to such breaches of the policy are used by the Council.
- 2.25 The Council other than through the West Yorkshire Trading Standards Joint Service (WYTSJS) has not needed to obtain evidence of criminal offences by the acquisition of ' Data communications ' under RIPA i.e. interception of mail, details of the use of telephone either mobile or land lines or use of the internet.
- 2.26 The Council is periodically audited by an appointed inspector of the Office of the Surveillance Commissioner (OSC). The OSC audited the Council compliance with RIPA in 2002, 2004, 2006, 2010, 2013 and 2016 commendations and recommendations followed each inspection.
- 2.27 The Council is also externally audited by the Office of the Interception of Communications Commissioner. (OICC) An inspection was undertaken by the inspector of the OICC in September 2012 and the report was entirely satisfactory.
- 2.28 The Council was recommended to use officers of the local government national anti fraud network (NAFN) if data communication authorisation is required. Those officers are based at Tameside and Brighton Councils. To date no such authorisation has been required.

### **3. External inspection by the OSC October 2016.**

- 3.1 In October 2016 the Council was inspected by His Honour Judge Norman Jones QC as Deputy Surveillance Commissioner from the Office of the Surveillance Commissioner. The conclusions and recommendations can be seen below.



3.2 **Conclusions** ( including a summary of those relating to the West Yorkshire Trading Standards Service arising from the inspection at Wakefield Council on 20<sup>th</sup> July 2016 )

- a) Bradford MDC has continued to reduce its resort to covert surveillance until it now does not undertake such activity. Nevertheless it maintains a highly effective *RIPA* process supported by excellent officers and comprehensive guidance. Whilst it is not possible to assess the quality of authorisation those applications which were refused were of a good standard. A good training programme is in existence which could perhaps be supplemented periodically by external professional training and more regularly by e-learning.
- b) It was somewhat disappointing to note that some of the recommendations of the last inspection were not fully discharged. Undoubtedly Mr Winter will pay attention to ensuring that they are now discharged alongside those few recommendations of this report.
- c) West Yorkshire Trading Standards Services .The WYTSS is a joint services body which forms part of West Yorkshire Joint Services which holds devolved powers from each of the five West Yorkshire local authorities (Bradford, Calderdale, Kirklees, Leeds and Wakefield) in relation to a number of functions including trading standards. WYTSS acts as the trading standards authority for each Council. Wakefield MBC is the lead Council collecting contributions from each of its sister councils and being responsible for the resulting resources being applied to the Service.
- d) Mr David Strover, Trading Standards Manager at the WYTSS, IS the Senior Responsible Officer appointed by the Service and attended at the inspection conducted at Wakefield Council on 20 July when general trading standards issues and those pertinent to each individual authority were 'discussed. Consequently a substantial portion of this section of this report is common to each of the five West Yorkshire authorities inspected in this round of inspections and will appear in each such report.
- e) The WYTSS now rarely resorts to covert surveillance. Whilst it continues its juvenile test purchasing activities it does not utilise video recording equipment and a protection officer in the shop at the time of a purchase is instructed to confine his/her observations to the transaction taking place. The view is taken that no private information is likely to be obtained and no relationship requiring *CHIS* authorisation takes place. Hence *R/PA* is not engaged for these purposes. The service has only undertaken two authorisations since the last inspection one in Leeds and the other in Kirklees.
- f) The lack of authorisation was considered with Mr Strover and three principal reasons were advanced.
- it has been found in almost all circumstances that satisfactory overt processes were available for the gathering of information;
  - staffing levels have been substantially reduced thus curtailing the range of activities that can be undertaken;
  - there has been a reduction in prosecution with more emphasis laid on advisory procedures.
- g) No authorisation has been granted for WYTSS by Bradford MDC since the last inspection.
- h) WYTSS does not engage in covert surveillance thus reflecting an ethos of openness which permeates all of the West Yorkshire local authorities. Were it to be felt to be required' the Service is trained and competent to undertake such activity and on rare occasions does so. The applications reviewed during these inspections are of a high quality and it is anticipated future applications will reflect that good performance.



### 3.3 Recommendations to the City of Bradford MDC and the WYTSS.

- a) Amend the Central Record of Authorisations. (Paragraph 9 The Central Record of Authorisations is contained within separate spreadsheet records with a separate record for each Directorate. The Central Record is maintained by Mr. Winter and is compliant with the *Codes of Practice* requirements save that it continues, as at the time of the last inspection, to require a column to reflect self authorisation. A prompt is activated to remind the *RIPA Co-coordinating Officer* when an authorisation is approaching its expiry date. It is noted that following the advice tendered at the time of the last inspection the record now contains refusals as well as grounds of authorisation. Three such refusals have been recorded since the last inspection. Consideration should be given to combining the separate records into one central record spreadsheet document covering all Directorates.
- b) Raise *RIPA* awareness throughout the Council. (Paragraph 19 the level of *RIPA* awareness throughout the Council was discussed and it was conceded that more required to be done. It is appreciated by the officers that the greatest risk of unauthorised surveillance lies with it being undertaken by officers who are ignorant of the requirements for consideration of *RIPA* authorisation whenever covert surveillance is contemplated. The problem was addressed some 'four years ago by a *RIPA* article being placed in the internal newsletter but the exercise has not been repeated. Reliance is placed on the raising of the issue at top-level management meetings with the hope that the information can be cascaded down to officers within departments. Again it was conceded that the cascade is likely to become a small trickle by the time the information reaches the lower levels of the staff where the risk of unauthorised surveillance is greatest. It was agreed that the *RIPA Co-coordinating Officer* should be more proactive in this role in the insertion of articles within the Council's intranet information channels to ensure it reaches all staff.).
- c) Amend the *RIPA policy, guidance and procedures document*. (Paragraph 26 The Council's policy and guidance on *RIPA* is to be found in its *RIPA Policy, Guidance and Procedure Document* which was last reviewed in January 2016 and again updated in September. It has been described in the previous three inspections reports as being of high quality, and it remains so. Only one amendment is required which was raised at the time of the last inspection but not undertaken. That is to remove references to the urgency procedures which are no longer available to local authorities.)
- d) Ensure regular reports are given to Elected Members which include information relating to *RIPA* activity or inactivity. (Paragraph 27 An annual report is made to the Audit and Governance Committee of the Council accompanied by a copy of the annual *RIPA* audit undertaken by Mr. McKinnon-Evans. A report is given to the Leader of the Council whenever an authorisation is undertaken. Care must be taken to ensure that this is a report and that the Leader does not become personally involved in any element of the determination of the authorisation. Currently there are no further regular reports given to councillors on *RIPA* activity or inactivity. This practice does not fully address the requirements of the *Code of Practice for Covert Surveillance and Property Interference*, 3.35 which requires that "(elected members) should also consider internal reports on the use of the 2000 act on a regular basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose". This may be achieved by a more regular reporting process to a committee of the Council or by direct information being given to Councillors through other regular communications).



- e) Reinstate the equipment record and make it a subject of the internal *R/PA* audit. (Paragraph 28 it is a requirement of the *Policy, Guidance and Procedures Document* that a schedule is maintained of all equipment that may be used for covert surveillance purposes. Mr. Winter was of the opinion that such a schedule was maintained up to a few years ago but that it had fallen into abeyance. It was advised that it should be reinstated and that its contents should be subject to the annual *RIPA* audit).
- f) Amend the WYTSS policy and procedures document. (Paragraph 40 The Service has its own individual policy and procedures document which was made available at the Wakefield inspection. I have had the opportunity subsequently to review it. Whilst it is succinct and easily read and provides the ground work basis for an application it does not purport to be a comprehensive guide to *RIPA*. Further reference to the Codes of *Practice* is required and, following its publication in July 2016, reference to the current edition of the *OSC Procedures and Guidance* should be afforded. Following an internal audit of the Service in July 2016 a report was produced by Wakefield Council indicating overall satisfaction with the arrangements for *RIPA* authorisation but remarked upon the lack of any guidance relating to the use of social media sites, a view endorsed by this report. The following amendments should be undertaken:
- A section should be introduced dealing with the noticeable omission of social media guidance. For further guidance see **CHIS and Social Media** above and the *OSC Procedures and Guidance 2016, paragraph 289*.
  - The guidance document should provide reference to the fact that the penal threshold introduced by the *RIP (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012, SI 1500*, is only applicable for *directed Surveillance* and does not apply to *CHIS*.
  - It should be made clear that the duration period of an authorisation commences with the magistrate's approval.
  - All documents and flowcharts should distinguish between authorisation which is granted by a Council authorising officer and approval which is granted by a magistrate.

#### 3.4 The four recommendations made in the 2013 IOSC report were as follows.

- t. Embrace the CEO, and whoever may deputise for him in his absence, within the RIPA training programme and ensure they receive training to enable them to authorise in the event of being required to do so.*

Mr. Winter has provided training on one occasion to the CEO on a one-to-one basis in April 2016. This recommendation has been partially discharged.

- ii. Officers should be trained to manage CHIS.*

Three officers, including one from the fraud team, together with Mr. Winter, attended in July 2013 training organised by Wakefield MDC but delivered by officers from the West Yorkshire police which included specific training directed to the management of *CHIS*. This recommendation has been discharged.

- iii. Amend the Policy Guidance and Procedure.*

This related to the removal of a section concerning urgency procedures which are no longer available to local authorities following the *Protection of Freedoms Act 2012*. These have not been removed and consequently this recommendation has not been discharged.



**iv. (West Yorkshire Trading Standards Service)**

Ensure that officers are equipped to undertake and manage social networking site investigations in accordance with RIPA requirements if and when authorisation for such is obtained. The training delivered by West Yorkshire police in July 2013 was attended by officers WYTSS. This covered detail practices which were appropriate for those engaged in social media investigation. This recommendation has been discharged

**4. The Council's use and outcomes of authorised and approved covert surveillance operations for the last 3 years and overt enforcement activity generally.**

4.1 The figures for authorisations for the last 3 years are set out below. The figures relate to each department that could have used covert surveillance authorised under RIPA prior to November 2012 i.e. Environmental Health Service (EHS), Corporate Fraud Team (CFT), Planning and Building control service, Hackney Carriages and Private Hire (Taxi Licensing) service, Liquor Licensing service, the Housing standards service, the Antisocial behaviour team (ASBT), the West Yorkshire Trading Standards service (WYTSS) and the Youth offending team (YOT). Since November 2012 there are no longer any offences which meet the definition of the "serious offence test" which are investigated by the Council's Housing Standards service, the ASBT, the YOT, the Planning and Building Control service and the Councils Licensing services. This gives in an explanation as to why the numbers of authorisations appear as "not applicable" for each of the last 3 years in those enforcement services. In any event in the author's opinion the investigation of the types of offences in those service areas (see below) do not require the use of a covert investigative technique.

Year	EHS/	WYTSS	CFT	Planning Service & Building Control	Housing Standard service	ASBT and YOT	Licensing Services	Refusals /withdrawn	Authorisations/Approvals
2014/15	0	0	0	n/a	n/a	n/a	n/a	0	0
2015/16	0	0	1	n/a	n/a	n/a	n/a	1	0
2016/17	1	0	1	n/a	n/a	n/a	n/a	2	0

4.2 It can be seen from the above list in those service areas which can still seek authorisation of directed covert surveillance under RIPA i.e. investigate offences which carry a term of imprisonment of six months or more, by comparison of the last 3 years the number of authorisations to NIL as overt means of obtaining evidence have been found e.g. data sharing by public bodies e.g. between the CFT and the DWP and additional powers to obtain information for example from banks and interview techniques bring a greater focus on overt means ( see table below). In the last year the authorisations have fallen to zero across all departments as overt means have been used to investigate all criminal offending investigated by the Council and one application was refused on the basis of R v Police 2006 and to await the outcome of the RIPA inspection.



4.3 Set out below is the number of prosecutions for each of the last 3 years which gives an indication of the number of investigations which led to convictions and which relied on overt means of obtaining the evidence.

Year	EHS	WYJS	CFT	Planning Service & Building control	Housing standard service	Liquor Lic. Service	Hackney Carriage & Private Hire Licensing Service	ASBO & YOT
2014/15	58	12	65	11	8	2	10	16
2015/16	46	8	17	7	5	0	4	9
2016/17								

4.4 **The Environmental Health Service (EHS).**

Members may be interested to know the type of offences the Council's EHS investigate. The services investigates offences of food safety, food hygiene, and fly tipping of controlled waste, prohibition of smoking in public places, littering and dog fouling amongst others. The offences arise under the Environmental Protection Act 1990, the Food Safety Act 1990, the Food Hygiene Regulations 2013, the Health Act 2006 and the Council's Dog control orders made under the Clean Neighbourhoods and Environment Act 2005.

4.5 **The Council's West Yorkshire Trading Standards Service (WYTSS)**

The WYJS investigates many consumer protection offences for example trade marks offences relating to counterfeit good, sale of cigarettes and alcohol to children, and weights and measures offences. These offences are all serious offences under the Consumer Protection Act 1998, the Trade Marks Act 1998, The Licensing Act 2003 and the Children's and Young Persons Act. The investigation of these offences could where necessary and proportionate be carried out covertly and be authorised under RIPA.

4.6 **The Council's Counter Fraud Team (Finance) (CFT)**

The CFT role in investigating benefit fraud along side the Department of Work and Pensions (DWP's) investigators under the Social Security Administration Act 1992 has recently changed and these matters are now prosecuted by the DWP's solicitors alone. The CFT continues to investigate serious criminal offences of internal fraud (e.g. social care direct payments) under the Fraud Act 2006; the Proceeds of Crime Act 2002 (money laundering) related mortgage fraud and fraud by abuse of position. All fraud offences are serious by definition and carry terms of imprisonment of six months or more and could use covert surveillance if necessary and proportionate and be authorised and approved under RIPA. The team also investigates less serious summary offences of misuse of blue badges.

4.7 **The Council's Planning and Building Control Service.**

This service investigate breaches of planning development control under the Town and Country Planning Act 1990 breaches of building regulations under the Building Regulations 2010, and listing building offences under the Town and Country Planning (Listed Buildings and conservation Areas) Act 1990. None of the offences investigated can be authorised as covert under RIPA as they carry penalties of less than six months in prison.



#### 4.8 **The Council's licensing services (Liquor and Taxis)**

These services investigate criminal offences under the Licensing Act 2003 and the Local Government (Misc. Provisions) Act 1976. The taxi licensing service is continues to be closely involved with the Police in investigating and disrupting issues of Child sexual exploitation. The hackney carriage and private hire licensing service has in the past used covert means to investigate plying for hire but the offences do not carry penalties of more than six months in prison and thus cannot since November 2012 be authorised under RIPA.

#### 4.9 **The Council's Housing Standards Service.**

This service investigates breach of standards of residential housing in the private sector and criminal offences arise under the Housing Act 2004. All the offences are summary offences which do not carry a sentence of six months or more in prison. This team has never found it necessary or proportionate to investigate the offences covertly.

#### 4.10 **The Council's Anti-Social Behaviour Team (ASBT) and Youth offending team (YOT).**

The ASBT investigates matters of anti-social behaviour and seek injunctions to stop it under the Anti-Social Behaviour Crime and Policing Act 2014.

The Youth Offending team provided the supervision of young persons who have committed criminal offences. Those young people are under the age of 18 and will have been prosecuted by the Police for serious offences and then for example for breaches of supervision orders or Youth rehabilitation orders. Neither team has ever used covert surveillance for such investigations as it is not necessary or proportionate.

### 5. **Year on Year Compliance with RIPA**

- 5.1 Before officers consider deploying any of the 3 investigative techniques e.g. DS CHIS or DC officers must comply with RIPA or leave the Council open to criticism from the OSC and sanctions imposed by the Courts.
- 5.2 Compliance with RIPA and properly authorised and approved covert surveillance investigations give the Council an absolute defence under s 27 RIPA to a claim of damages for breach of the Human Rights Act through the use of covert surveillance i.e. breaching a person's right to privacy under the Human Rights Act 1998.
- 5.3 Compliance with RIPA by the granting of duly authorised and approved covert investigations avoid the exclusion of evidence before the Court/tribunal should a criminal prosecution or an employee disciplinary sanction follows the covert investigation.
- 5.4 The Council has the option to allow its authorised officers to be any director, head of service, service manager or equivalent.
- 5.5 However following a resolution of the Executive from the 1<sup>st</sup> September 2011 all authorisations are granted by either the Council's Chief Executive, or its City Solicitor (or in absence their nominated deputies) in consultation with the Leader of the Council. Each application for authorisation is also subject to legal advice from the Council's RIPA coordinator and monitoring officer. Prior to that time all Strategic Directors and their Assistant Directors were authorised officers.
- 5.6 Until the 1<sup>st</sup> November 2012 local authorities had the option to authorise covert investigation of less serious crime e.g. littering dog fouling and schools admissions. This power has now been removed by the "serious offence test" which states directed surveillance can only be used for offences which are subject to imprisonment of six months or more.





5.7 Consideration has been given by the Council's SRO and RIPA coordinator and Monitoring officer as to whether or not covert surveillance outside the authorisation and approval mechanism of RIPA be approved by the Council's policy and such a course of action for refused by C&AC in 2015.

5.8 **The Council's CCTV system and use of it for covert surveillance by the Police.**

- a) The Council owns a substantial CCTV system which assists in the prevention and detection of crime within the City Centre.
- b) From time to time the Council is asked to direct the use of its cameras specifically for the surveillance of criminal activities. This requires authorisation under RIPA and such authorisation is provided by the Police to the Council's CCTV manager Mr Philip Holmes.
- c) The Council's CCTV system has been considered in inspections by the OSC. In October 2016 the OSC Assistant Surveillance Commissioner advised that the Council through its CCTV manager needed to make sure that those public authorities e.g. the Police and Department of Work and Pensions DWP who request to make use of the CCTV system to detect crime provide sufficient detail of authority to undertake covert surveillance of the suspected crime being investigated prior to the Councils system being used. It can be noted that in fact in 2014/15 2 refusals were made by the Council's CCTV manager. A West Yorkshire local authorities and Police protocol was reviewed and implemented in early 2017 to address this concern.
- d) This arrangement continues to be managed by Mr. Holmes and over the last year the Council has permitted the use of the Council's CCTV system for covert surveillance on 18 occasions over 8 separate operations. Of those applications all came from the police. None were requested by the Council's investigative services or the DWP.
- e) The table below shows comparative figures for the last 3 years.

Year	Police	DWP	Refusals	Accepted	Total Operations
2014/15	26	1	2	27	12
2015/16	22	1	0	23	8
2016/17	19	0	0	19	8

5.9 **The Council's warden service and the use of body cameras.**

- a) Body worn cameras are deployed the Council as an overt tool for frontline uniformed Council Wardens. Any video recordings and images captured by the cameras are the property the Council and will be retained in accordance with this policy.
- b) In accordance with Section 29 of the Data Protection Act 1998 the Council share any recordings with the Police to support ongoing Police investigations into offences committed against Council Wardens. The Council has a "Retention Policy relating to body worn camera footage set out at Appendix 2 of this report.
- c) The Council's warden service have been advised that if the body cameras were to be used in a covert way then authorisation and court approval should be carefully considered.



## 5.10 **The monitoring of social media websites for evidence of criminal activities.**

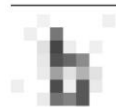
- (a) It was noted at the last OSC inspection in 2013 that the WYTSS uses internet monitoring to obtain evidence of the sale of counterfeit goods. However the WYTSS only examines public page sites and uses information gained as a basis for investigation. The WYTSS does not have a ghost website or a covert Face book account. It does have an overt Face book account and information gleaned from it or from websites normally stimulates a warning letter being sent to the account holder. Any information requiring a deeper investigation would be reported to the Regional Trading Standards Service. WYTSS staff is aware of the pitfalls involved in the investigation of Social Network Sites (SNS) covertly and having entered pages through privacy controls.
- (b) However all Council staff need to be aware that covert investigation on public social media websites and the creation of covert relationships with members of the public in their investigations would require approval under RIPA.
- (c) The Council's RIPA coordinator and Monitoring officer and the Council's SRO have a concern as to whether there is a full appreciation by enforcement officers and their managers of the use of internet investigations and the approval required under RIPA. Thus specific training was provided In April 2015 by the west Yorkshire police and in September 2016 in house by RiCMO to deal with Internet investigation even though not obviously covert (entry through privacy controls) may in any event require a *directed surveillance* authorisation AND where covert relationships are formed a *CHIS* authorisation is granted then the *CHIS* will need to be managed in accordance with *RIPA* requirements, namely by a controller and a handler with a full record being maintained.
- (d) Appendix 3 to this report sets out the policy a document which has been circulated by the Council RiCMO which was resolved to be adopted in June 2016.

## 6. **The role of the Councils Senior Responsible Officer and the annual review and training programme.**

- 6.1 The Council's Senior Responsible Officer (SRO) role is an internal auditing role with regard to the Council's departmental use and compliance with RIPA in accordance with the relevant regulations, codes of practice and guidance.
- 6.2 The SRO undertakes an audit of the Council's compliance with RIPA each year and a reference to that audit is referred to at APPENDIX 4 of this report.
- 6.3 The recommendations are to implement the OSC inspectors' recommendations and the Council's RIPA Coordinator and Monitoring Officer to continue to monitor comply with RIPA and continue annual training.
- 6.4 Annual training for authorising officers and investigators has been arranged.

## 7. **FINANCIAL & RESOURCE APPRAISAL**

7.1 There are no financial implications arising from a resolution adopting the recommendations of this report.



7.2 The training planned for 2017 is to be provided by an external provider.

## **8. RISK MANAGEMENT AND GOVERNANCE ISSUES**

Recommendation 5 is intended to avoid risks of unauthorised covert surveillance by officers of the Council using internet investigation which authorisation would be unlawful.

## **9. EQUALITY & DIVERSITY**

There are no equality impact or diversity implications as a result of a resolution adopting the recommendations of this report

## **10. SUSTAINABILITY IMPLICATIONS**

There are no sustainability implications as a result of a resolution adopting the recommendations of this report.

## **11. GREENHOUSE GAS EMISSIONS IMPACTS**

There are no greenhouse gas emission impacts as a result of a resolution adopting the recommendations of this report

## **12. COMMUNITY SAFETY IMPLICATIONS**

There is no community safety implications as a result of a resolution adopting the recommendations of this report as investigation into crime in the Councils district will continue by the police. The Councils Enforcement teams will continue to undertake investigations of criminal offences overtly.

## **13. TRADE UNION**

There are no trade union implications as a result of a resolution adopting the recommendations of this report

## **14. WARD IMPLICATIONS**

There are no ward implications as a result of a resolution adopting the recommendations of this report

## **15. RECOMMENDATIONS**

**15.1.1 The duties placed on the Council under the Human Rights Act 1998 are considered in the context of this report and the Council's continued compliance with RIPA is noted.**

**15.1.2 The implementation of the OSC recommendations following the inspection in October 2016 is completed alongside those outstanding from the 2013 recommendations (see paragraphs 3.3 and 3.4 of the report).**

**15.1.3 The 2017/18 programme of training of Officers (in order to update SD's to raise awareness) and enforcement officers under RIPA is noted.**



**15.1.4 Reports of use or none use of covert surveillance techniques be presented to the Governance and Audit Committee quarterly.**

**16. Background documents**

16.1.1 The Council's RIPA guidance document was last updated January 2017 (approx 120 pages) and is available on request from the author of the report and has been circulated to all enforcement managers.

16.1.2 The December 2015 updated RIPA Codes of Practice and Guidance on RIPA from the OSC.

**17. Not for publication documents**

17.1 None.



## APPENDIX 1 the Council's policy on RIPA (implemented 2002).

### Policy statement

1. **Purpose** – The Council's officers in the course of investigating frauds, breaches of legislation or regulation and in the interest of the safety and well being of the district may be required to undertake covert monitoring operations to gather evidence to present to a court. In doing so those Officers must comply with the relevant legislation i.e. RIPA and the associated regulations and codes of practice. Evidence collected without complying with the statutory procedures may become inadmissible before the Courts and prejudice the outcome of an investigation.
2. **Scope** – The policy covers the use of covert CCTV, monitoring equipment such as audio recording, cameras, video cameras, binoculars and covert human intelligence sources (CHIS). RIPA also covers the monitoring of Internet use, telephone use, or postal use where the individual whose actions are being monitored is unaware of the operation. The Council's policy does not contemplate the monitoring of Internet use, telephone use or postal use other than in exceptional circumstances as this is unlikely to be unnecessary and disproportionate in most if not all local authority criminal investigations.
3. **Exclusions** – City centre CCTV operating within defined boundaries and brought to the attention of the public by the use of signs is not covered by this policy.
4. **The procedure** – when a Council officer considers that covert operations are the only method of collecting the evidence required s/he should obtain authorisation and court approval for such activity in advance and follow the guidance in the Council's RIPA guidance document as issued by the Council's RIPA coordinator and monitoring officer. The Council's RIPA coordinator is available to advise on procedure and maintains a central register of all authorisations.
5. **Review of the policy** - the policy and guidance document is reviewed annually by the Corporate Governance and Audits Committee through changes where required by the Council's RIPA Coordinator.
6. **Guiding Principles**
  - 6.1 Surveillance is an intrusion into the privacy of the citizen. The Council's officers will not undertake surveillance unless it is necessary and proportionate to the alleged offence and properly authorised and approved. Where there is an alternative legal means of obtaining the information that is less intrusive on the rights of the citizen, the Council will always take that alternative course rather than undertake surveillance.
  - 6.2 Surveillance by covert human intelligence source (CHIS) will not be authorised by the Council other than in exceptional cases due to the adverse risk to the health and safety of the officers and such will usually only be authorised when working alongside the police and after a risk assessment has been approved by the City solicitor.
  - 6.3 Covert surveillance will be conducted within the constraints of the authorisation. It will cease when the evidence sought has been obtained or when it becomes clear that the evidence is not going to be obtained by further surveillance. At that point the authorisation should be cancelled.
  - 6.4 In every instance where surveillance is authorised the officer who conducts surveillance will consider and make plans to reduce the level of collateral intrusion into the privacy of third



- parties.
- 6.5 All outstanding surveillance authorisations should be reviewed at least monthly and cancelled where there is no further need for surveillance.
- 6.6 All officers involved in applying for, authorising or undertaking surveillance will understand the legal requirements set out in RIPA and the codes of practice. They will personally take responsibility for ensuring the propriety of their involvement.
- 6.7 All authorisations, notebooks, surveillance logs and other ancillary documentation that relates to surveillance will be maintained to the required standards and retained for **three years**. All documentation will be volunteered for any management or regulatory inspection on demand.
- 6.8 Any failure of any part of the process will be brought to the attention of the investigation manager. S/he will consult the Council's RIPA coordinator to determine what action should be taken.
- 6.9 Wilful disregard of any part of RIPA, codes of practice or of internal procedures shall be a breach of discipline and subject to the Council's disciplinary code.
- 6.10 **Surveillance equipment.**
- (i) The Council have a considerable amount of technical equipment which can carry out covert surveillance of operations e.g. Cameras, video cameras , binoculars, zoom lenses CCTV and noise tape recording equipment.
  - (ii) Bearing in mind that such equipment can be used by officers without supervision once authorisation has been granted continued monitoring and thus a record of the use of such equipment requires to be maintained i.e. its return to storage immediately once the covert surveillance has been undertaken.
  - (iii) Schedules of equipment are kept and updated by authorized officers for each Council department which undertakes surveillance either covert or otherwise. This is reviewed annually by the Council's RIPA coordinator and Monitoring Officer.
  - (iv) In order to effectively monitor the use of the equipment each separate piece of equipment is listed with its reference/serial number and its whereabouts.
  - (v) The responsibility to monitor the day to day use of such equipment by Council Enforcement officers is primarily that of each and every authorised officer (AO's) of the relevant Council Department. See schedule of AO's below
  - (vi) Included in this guidance are those departments that use surveillance equipment but such surveillance is deemed to be an exception to RIPA2000 e.g. Environmental services (noise monitoring where the person investigated is on written notice the noise is to be monitored and parks and landscapes who use of publicised motor bike mounted video camera for surveillance over general hot spots for crime rather than individual known suspects.
- 6.11 Wilful disregard of any part of RIPA, codes of practice or of internal procedures shall be a breach of discipline and subject to the Council's disciplinary codes.



## 7. Serious crime restrictions and magistrates court approval ( 1st November 2012)

- a) It is noted from the 1<sup>st</sup> November 2012 due to statutory regulation all authorisations under RIPA 2000 for Directed Surveillance and Communications Data may only be granted in respect of "serious crime" as defined i.e. carrying a penalty of 6 months or more imprisonment.
- b) Also from the 1<sup>st</sup> November 2012 all authorisations granted by the Council's authorised and designated officers of which are the Council's Chief Executive and the Council's City Solicitor (in consultation with the Leader of the Council) do not take effect until they have been approved by a magistrates upon application by the Council.
- c) The procedure to be followed is similar to applying for a warrant to enter premises under relevant statutory powers.
- d) The application to the Magistrates Court will be made in person usually by a Council solicitor advocate together with the applicant for the authorisation.
- e) The existing authorisation for which approval is required will be submitted to the court in writing and with the approval application form completed under cover of a letter before the application for approval is heard formally before the court.
- f) This statutory restriction was effectively part of the Council's existing policy in the context of making use of RIPA.
- g) The policy already acknowledges RIPA is not to be used for none serious crime e.g. dog fouling , schools admissions and littering offences as has been so severely criticised in the press and by the court



### **Retention Policy relating to body worn camera footage**

Body worn cameras are deployed by Bradford Council as an overt tool for frontline uniformed Council Wardens. Any video recordings and images captured by the cameras are the property of Bradford Council and will be retained in accordance with this policy.

In accordance with Section 29 of the Data Protection Act 1998 Bradford Council will share any recordings with the Police to support ongoing Police investigations into offences committed against Council Wardens.

All footage shall be reviewed and deleted within 24 hours of recording. The only exception to this is where the footage is being used as evidence in an ongoing Police investigation. Accordingly, any footage forming part of an ongoing Police investigation would only be disclosed by the Police as part of their investigation. Bradford Council would not be able to provide a copy on these occasions.

Any person who has been recorded on a body camera can make a request for a copy of the footage provided the request has been made within 24 hours of the recording. Proof of identity must be verified for such requests.

Requests for footage that is not in the public arena and contains recording of other individuals will be sent to a specialist contractor so that the identities of those individuals captured on the footage can be disguised prior to despatch.

#### **Subject Access Rights**

In accordance with the Data Protection Act 1998 if a recording of a member of the public has been made on a body camera that person is entitled to a copy of the recording provided the request has been made within 24 hours of the recording. The exception to this is where the recording is part of an on-going Police investigation.

In accordance with the Retention Policy

*Delete as appropriate:*

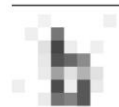
\* As the footage requested occurred on (input date) this footage has been deleted and no longer exists.

\* The footage forms part of an ongoing Police investigation and the Council will not be providing copies.

\* The footage exists and a copy will be provided once it has proof of the person's identity so that the Council can satisfactorily establish the subject access rights. The person will need to provide a copy of any one of the following documents preferably by email to ([name.name@bradford.gov.uk](mailto:name.name@bradford.gov.uk)) or by post to: (input full office address)

- Your Council Tax reference number
- Copy of current passport
- Copy of a current benefits payment book
- Copy of current driving licence

Any copy of footage provided can be collected personally upon production of proof of identity, or, delivered securely to an address nominated by the subject.





## **The Use of Social Networks in Investigations**

### **1. Use of this Guidance**

This document provides guidance to Council officers who use “open source” social networks to gather information about individuals or groups of individuals in support of any investigation carried out on behalf of the Council, including criminal, civil, child protection and employment investigations. “Open source” means that the information available is not protected by privacy settings and is openly available to anyone that wishes to view it. This guidance does not facilitate the viewing or gathering of information from sources or profiles that are not “open source” and are protected by privacy settings. For example, a Face book profile where a friend request must be accepted before a profile can be viewed would not be an “open source” profile. Access to such information and the gathering of such information requires particular consideration under the Data Protection Act (DPA) 1998, Human Rights Act (HRA) 1998 and the Regulation of Investigatory Powers Act (RIPA) 2000. If such activity is proposed legal advice should always be sought in advance. The guidance supplements the Council’s Data Protection Policy which supports the delivery of the Information Governance Framework. The guidance should be read alongside the Council’s RIPA Policy Guidance and Procedure.

### **2. Use of “Open Source” Social Networks**

“Open source” social networks have become a large accessible source of information about individuals. The information placed on these networks has the potential to be accessed, acquired, used and retained by council officers on behalf of the Council, in particular by investigators seeking evidence to support criminal and civil investigations, defend actions brought against the Council, assist in child protection matters or support employee disciplinary matters.

In his latest annual report the Chief Surveillance Commissioner has stated his view that just because such material is out in the open, does not render it fair game. The Surveillance Commissioners have provided guidance that certain activities will require authorisation under RIPA.

Whilst the viewing only of publicly available information, without gathering, storing or processing material or establishing a relationship with the individual is unlikely to engage an individual’s right to privacy under the European Convention on Human Rights , where activities involve officers creating a record of personal data or private information, this activity must be justified with reference to the DPA and HRA to ensure that the rights of the individual have been respected and to ensure that ensuing proceedings are based upon admissible evidence.

### **3. RIPA, Covert Human Intelligence Sources & Directed Surveillance**

#### **3.1 Covert Human Intelligence Source (CHIS)**

There may be circumstances where activity on social networking sites amounts to the use



of a CHIS which would require an authorisation under RIPA. The term CHIS is used to describe people who are more commonly known as informants. The use or conduct of CHIS would include work by officers working “undercover” whereby a covert relationship is established with another person. Such activity may arise if investigators are seeking to form covert relationships on social networking sites to circumvent privacy settings that have been put in place.

Many sources volunteer or provide information that is within their personal knowledge, without being induced, asked, or tasked by the council. For example a member of the public volunteering information about something they have viewed on a social network, where a relationship will not have been established or maintained for a covert purpose, will not amount to CHIS activity. This information may be processed by the Council in accordance with the DPA.

Further information about the use of CHIS can be found in the Council’s RIPA Policy, Guidance and Procedure. If officers believe that proposed use of social networks may involve the use of CHIS, legal advice should be sought and any CHIS activity must be authorised in accordance with the Council’s RIPA policy.

### 3.2 Directed Surveillance

The Chief Surveillance Commissioner has expressed the view that the repeated viewing of open source sites for the purpose of intelligence gathering and data collation or a single trawl through large amounts of data (“data mining”) could amount to activity for which a RIPA authorisation for Directed Surveillance should be sought, where the serious crime threshold is met.

Where private information is being gathered by officers from social networks to support a criminal investigation for an offence that attracts a maximum sentence of 6 months or more and the proposed use of the social network meets the definition of Directed Surveillance, authorisation must be sought in accordance with the Council’s RIPA policy. Officers are advised to seek legal advice on such proposed activity.

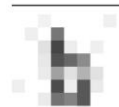
Where information is gathered by officers from open source sites that would require a RIPA Authorisation for Direction Surveillance if it were not for the serious crime threshold then a Human Rights Audit should be completed in accordance with the Council’s RIPA Policy, Guidance and Procedure.

Where individuals volunteer or provide information that is within their personal knowledge, without being induced, asked, or tasked by the council, this activity will not amount to Directed Surveillance and the information may be processed by the council in accordance with the DPA.

### 3.3 Surveillance of Employees

Covert surveillance of an employee as part of a disciplinary process does not amount to Directed Surveillance for the purposes of RIPA as this is an “ordinary function” of the council rather than a “specific public function”.

Where online covert surveillance involves employees then the [Information Commissioner’s Office’s \(ICO\) Employment Practices Code \(part 3\)](#) will apply. This requires an impact assessment to be done before the surveillance is undertaken to consider, amongst other things, necessity, proportionality and collateral intrusion. Whilst the code is not law, it will be taken into account by the ICO and the courts when deciding whether the DPA has been complied with (see section 3 below).



Where individuals volunteer or provide information that is within their personal knowledge, without being induced, asked, or tasked by the council, this activity will not amount to covert surveillance and the information may be processed by the council in accordance with DPA.

#### **4. Data Protection Act 1998**

The provisions of the DPA apply to all personal data processed by the Council, including personal data acquired from open source social network sites. Personal data must only be processed in accordance with the DPA and the Council's DP policy.

All personal data must be processed fairly and lawfully and the processing of personal and sensitive personal data must be justified fewer than one or more of the fair processing conditions set out in Schedules 2 and 3 of the DPA.

The Council strives to adopt the least intrusive approach to the delivery of council services and any processing must be necessary and proportionate in order to be justified less than one of the fair processing conditions. "Necessary" means more than simply convenient or desirable for the Council, where processing corresponds to a "pressing social need".

"Proportionate" means that the Council needs to try and strike a fair balance between the rights of the data subjects, and the legitimate aims of the Council. This means the data collected to support investigations must not be excessive and must take account of the particular circumstances of the data subject.

Officers must also consider whether the use of open source social networks as part of an investigation is likely to result in collateral intrusion and the personal data of uninvolved third parties being processed by the Council. The processing of third party data must also be justified under the DPA with reference to the fair processing conditions.

If officers are unsure as to whether processing is justified under the DPA, advice can be sought from the Directorate Data Practitioner, the Corporate Information Governance Team or Legal Services.

#### **5. Human Rights Act 1998**

Article 8 of the European Convention on Human Rights (ECHR) which was brought into force by the HRA provides that an individual's rights to family and private life may only be interfered with where the interference is in accordance with the law and necessary for one of a number of legitimate purposes including public safety, the prevention of crime or disorder, the protection of health and morals, or the protection of the rights and freedoms of others. In order to meet the requirement of necessity the interference must be proportionate to the legitimate purpose.

The case law recognises that the concept of "private life" is wide ranging. The test to be applied in determining whether Article 8 rights are engaged is whether there is a "reasonable expectation of privacy". This is a broad question that must take into account all the circumstances of the case. The creation of a permanent record from information currently in the public domain or the systematic retention of information may engage an individual's Article 8 rights. The Supreme Court has now confirmed that the state's systematic collection and storage in retrievable form even of "public" information about an individual is an interference with private life. Therefore the requirements of lawfulness,



necessity and proportionality should be considered by officers whenever information about individuals from social networks is acquired, used, or retained.

Given the need to consider issues of lawfulness, necessity and proportionality in order to justify the processing of personal data under the DPA, where the processing of personal data from open source social networks is justified under the DPA, any interference with the individual's right to privacy under Article 8 through the processing of that data will also be justified.

In order to comply with Article 8 consideration must also be given to any collateral intrusion that might occur and result in private information being obtained about uninvolved third parties, whether this intrusion is lawful, necessary and proportionate and how it can be avoided, minimised or mitigated.

## **6. Use of Corporate Accounts**

Investigations using social networks should only be conducted using Corporate Accounts created for the purpose of carrying out such investigations. Accounts must be approved by your line manager and by your service area digital champion. You can find out who your digital champion is in the related documents section and more about the process of applying for an account in the 'general' toolkit guidance.

## **7. Case Study Examples**

### Case Study No.1

An officer in Children's Services wish to search Facebook to try and locate a child who is missing from care; the search is only carried out for the purpose of trying to locate the child when other investigative methods have failed.

Yes –Children's Services have a statutory duty to safeguard and promote the welfare of children, providing the use made of Facebook and any information retained by Children's Service is necessary and proportionate in the circumstances. This use of social Facebook in these circumstances is likely to be lawful however care should be taken not to gather information on third parties unless this is justified in the circumstances.

### Case Study No. 2

Environment and Housing receive reports from a neighbour that a tenant has abandoned their property. The housing officer believes it would be quicker to search Facebook to find evidence of the tenant living elsewhere than it would to visit the property and make enquiries with the neighbours and family members.

No – the use of Facebook and subsequent gathering of evidence would not be necessary or proportionate in these circumstances. Online investigations should not replace traditional less intrusive investigative methods simply because it is convenient to do so. This use of Facebook information is likely to breach both the DPA and Article 8 ECHR.

### Case Study No.3

A manager has suspicions that members of the team are abusing the sickness absence policy and routinely carries out checks on Facebook to monitor the activities of staff that



are off work on sick leave, gathering evidence that they believe demonstrates abuse of the policy.

No – routinely using Facebook to monitor staff absences and gather information about staff members would not be necessary or proportionate and is likely to breach both the DPA and Article 8 ECHR.

#### Case Study No.4

Enforcement Officers believe that an individual suspected of fly-tipping is advertising his services to friends through Facebook. Privacy settings prevent the Enforcement Officers from accessing his Facebook profile and they want to create a fake profile to befriend him to gain access to his posts.

No - using Facebook to establish a relationship with somebody to covertly gather information about them would be the use of Covert Human Intelligence source (CHIS) which requires authorisation under RIPA. This use of Facebook is likely to breach Article 8 ECHR

#### Case Study No 5.

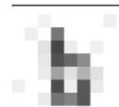
Council officers investigating a tenancy fraud want to monitor a tenant's Facebook page constantly for a week to see if the tenant posts any information that could be used to support the investigation. They intend to take screen shots of posts as they are made to preserve the evidence in case the tenant later deletes the posts.

No - the monitoring in real time of a person's Facebook profile to try and obtain evidence to support a prosecution is likely to amount to Directed Surveillance and require authorisation under RIPA. This use of Facebook is likely to breach Article 8 ECHR.

#### Case Study No.6

A member of the public makes a complaint that an employee of Leeds City Council has been stealing council equipment and selling it on Facebook, they voluntarily provide a screen shot of the employee's Facebook page showing council equipment for sale.

Yes – a member of public volunteering information that is accessible to them does not amount to CHIS activity and use of the evidence provided would be necessary in order for the council to investigate and address the allegations made. However the complainant should not be asked to continue to covertly gather information on behalf of the council as this would be intrusive and likely to breach Article 8 ECHR. The information should be retained in accordance with the council's retention rules.



**31<sup>st</sup> May 2017 City of Bradford M.D.C (the Council)**

**Internal audit undertaken by the Council’s Senior Responsible Officer Stuart McKinnon- Evans (SRO & CFO) with Richard Winter RIPA coordinator and monitoring officer (RiCMO) (Period 1<sup>st</sup> April 2016- 31<sup>st</sup> March 2017) in respect of the Councils use of covert surveillance techniques e.g. directed surveillance and covert human intelligence sources.**

Audit check	Yes/No/Not applicable
<b>SRO and Authorised officers and training</b>	
<ul style="list-style-type: none"> <li>a) The nominated authorised officer for obtaining ‘private information’ covertly.</li> <li>b) The nominated deputy authorised officer for the obtaining of ‘private information’ covertly.</li> <li>c) The nominated authorised officer for obtaining ‘confidential information’ covertly</li> <li>d) The deputy nominated authorised officer for obtaining ‘confidential information’ covertly</li> <li>e) The Councils RIPA coordinator and monitoring officer (RiCMO)</li> <li>f) Senior responsible Officer</li> </ul>	<ul style="list-style-type: none"> <li>a) City Solicitor – PA yes Sept 2016</li> <li>b) Assistant City solicitor.- MB yes Nov. 2016</li> <li>c) The Chief Executive (CEX) (Head of the paid service) KE yes Aug 2016.2016</li> <li>d) The nominated Strategic Director authorised by the CEX to deputise in her/his absence. (SH etc ) NO</li> <li>e) RW solicitor ( with expertise of criminal investigations and prosecutions) yes</li> <li>f) Strategic Director Corporate Services (SMcE) yes August 2016</li> </ul>
<b>Necessity and proportionality</b>	
(i) Where the Council has authorised the use of covert surveillance are those authorisations necessary and proportionate?	Not applicable- all investigations have been undertaken overtly without the use of covert surveillance.
<b>Approval by a Justice of the Peace</b>	
(ii) Were all authorisations approved by a justice of the Peace? If not why not and what can be learnt from this?	Not applicable- all investigations have been undertaken overtly without the use of covert surveillance.
<b>Refusal of authorisation/approval</b>	
(iii) Have any applications for authorisation/approval been refused/put on hold? If so why?	<p>There have been no covert surveillance either directed surveillance or CHIS authorised by the Council since 2013.</p> <p>However there has been one application for directed covert surveillance in 2015/16.</p> <p>The application was made towards the end of 2015 carrying RIPA unique Reference number URN CFT No 1 of 2015/16.</p> <p>This application was refused by the Council’s Interim City Solicitor and Deputy Assistant City Solicitor in consultation with the Councils RiCMO.</p> <p>The application related to an investigation of a complaint from management at the Alhambra theatre in Bradford regarding the theft of coins from the machines used to make opera glasses available to the public at a small fee. The glasses are available at theatre goers’</p>



Audit check	Yes/No/Not applicable
	<p>seats whilst watching performances. It was believed by the senior investigator and manager of the Corporate Fraud Team that the thefts were likely to have been committed by cleaners. It was proposed to use hidden cameras to detect the person(s) who committed offences under the Theft Act 1968 and if detected report the matter to the police for prosecution. However given the case of R v Police 2004 and the refusal of a similar application in June 2013 by the magistrates court it was concluded that the approval should not be given. The case of R v Police 2004 states that RIPA does not apply to investigation of crime which do not form part of the "core business" of the investigating authority. In R v The Police the appellant a police officer had been investigated by the police for breaches of the disciplinary code. He had been investigated covertly. His lawyers attempted at his disciplinary hearing to have the evidence excluded. The appeal court held as the authorisation investigation was not the "core business" of the police a RIPA was not required and thus the evidence obtained without authorisation was admissible.</p> <p>Given that alleged offences of theft under the Theft Act 1968 are the core business of the police rather than the Council the Alhambra application was refused. Legal advice was provided to the investigating department i.e. Corporate Fraud Team by the Councils Interim City Solicitor and RiCMO that the complaint should be referred to the police for investigation.</p> <p>I have been referred by way of reminder of the refusal by the magistrate's court to approve the 2013/14 application which related to the theft of large scale council catering equipment by a Council employee and later sale on EBay. The magistrates suggested the investigation be passed to the police.</p> <p>However at the inspection in October 2016 His Honour Judge Norman Jones QC advised this authorisation could have been granted for the reasons as set out in the report i.e. that the matter was to be reported to the police were evidence detected by the use of covert CCTV.</p> <p>A second application for the deployment of covert CCTV was effectively refused as overt means were found i.e. by signposting the use of the CCTV at the fly tipping location in question.</p>



Audit check	Yes/No/Not applicable
<b>Central Register of authorisations</b>	
(iv) Is the management and upkeep of the Council's central record and register of authorisations satisfactory and in accordance with current legislation, Home Office and OSC guidance and recommendations arising from past inspections?	<p>Yes I believe so. The self authorisation reference as advised at the October 2016 inspection to be inserted into the central register has been actioned.</p> <p>I have been referred to the 4 parts of the register which I believe all show a NIL return. The register is made up of separate parts for the Council's services e.g. Environmental Health Service, Corporate Fraud Team, The Planning Service, The Licensing services (taxis and liquor licensing) and the Housing standards service.</p> <p>The WY Trading standards service keeps its own central register and I mainframe this is up-to-date.</p>
<b>The quality of the completed applications and authorisations</b>	
(v) Is the quality of the completed application and authorisations, reviews, renewals and cancellations documentation satisfactory?	<p>Not applicable- all investigations have been undertaken overtly without the use of covert surveillance</p> <p>NB I am informed by RiCMO the 3 applications refused was of an acceptable quality ( see below)</p>
<b>Review of the continuation and implementation of the Conclusions and Recommendations of the OSC Inspection October 2016.</b>	
<p>Deputy Surveillance Commissioner HH Judge Norman Jones QC October 2016</p> <p><i>Recommendations</i></p> <ol style="list-style-type: none"> <li>1. Amend the Central Record of Authorizations. (Paragraph 9).</li> <li>2. Raise <i>RIPA</i> awareness throughout the Council. (Paragraph 19).</li> <li>3. Amend the <i>RIPA policy, guidance and procedures document.</i> (Paragraph 26)</li> <li>4. Ensure regular reports are given to Elected Members</li> </ol>	<p>Noted</p> <ol style="list-style-type: none"> <li>1. Done by RiCMO</li> <li>2. RiCMO to produce a short advice note to be distributed by SRO to all SD's and AD, s and SRO to raise awareness by cascading the information at CMT.</li> <li>3. Done by RiCMO</li> <li>4. RiCMO to present 3 short reports in Jan, April, July and October each year.</li> </ol>





Audit check	Yes/No/Not applicable
<p>which include information relating to <i>R/PA</i> activity or inactivity. (Paragraph 27).</p> <p>5. Reinstate the equipment record and make it a subject of the internal <i>R/PA</i> audit. (Paragraph 28).</p> <p>6. Amend the WYTSS policy and procedures document. (Paragraph 40).</p>	<p>5. RiCMO to action in consultation with senior Managers of EHS, Corporate Fraud Team and Waste Enforcement.</p> <p>6. RiCMO to action in consultation with David Lodge Head of WYTSS.</p>
<p><b>The Annual review of the Council's Policy and guidance document</b></p>	
<p>(vi) Is the Council's stated policy and guidance document for officers up to date bearing in mind current OSC guidance (last updated December 2014) Home office Codes of Practice (Last revised December 2014 ) and current legislation?</p> <p>(vii) Is the Councils current in house training material up to date?</p>	<p>Yes last updated January 2016 by RiCMO</p> <p>Next update Jan 2017 unless legislative changes are made before then.</p> <p>I have had sight of the updated document.</p> <p>Yes last updated September 2016 by the Councils RiCMO</p>
<p><b>Annual training programme</b></p>	
<p>(viii) Has the required annual training of all relevant officers been completed and a next years programme arranged?</p>	<p>I. The CEX has been in post since September 2015 and was trained in August 2016 with SRO. Further training of the Councils Strategic Directors (namely Parveen Akhtar was undertaken in September 2016. Strategic Directors Steve Hartley et al have yet to be trained.</p> <p>II Relevant 4<sup>th</sup> tier managers were trained on CHIS and internet investigation by the West Yorkshire Police in April and June 2015 and internally by Richard Winter in September 2016</p> <p>III. Officers of the WYTSS attended the WYP training in April and June 2015 and hold counsels advice on this issue. I am satisfied as to the level of training provided in 2015 and 2016 by the WYP and RiCMO.</p> <p>IV. I am aware of the training recommendations made by the OSC in general terms i.e. annually.</p> <p>V. As there have been no authorisations granted in the last 2 years and I conclude the training of SD's and AD's can be by memorandum.</p> <p>VI. Training of enforcement officers and 4<sup>th</sup> tier</p>



Audit check	Yes/No/Not applicable
	managers should be undertaken by webinars or by an external provider namely Ibrahim Hasan of Act Now training or some other suitable trainer.
(viii) CTTV use and authorised under RIPA for covert surveillance by the police and DWP.(obtained from Councils CCTV manager)	(viii) Evidence of RIPA authorisations granted by the external investigative agencies e.g. the WYP and the DWP (see figures to be inserted into committee report).
<b>Conclusions &amp; Recommendations by SRO</b>	<ol style="list-style-type: none"> <li>1. Arrange 2017 training as above.</li> <li>2. Continue to make sure the Council's officers comply with RIPA and raise awareness as set out above.</li> <li>3. Continue disapproval of the use of covert surveillance when not authorised and approved under RIPA.</li> <li>4. RiCMO and SRO to raise awareness as stated above.</li> </ol>

Prepared by Richard Winter RiCMO

Dated 31st May 2017

Signed by Stuart McKinnon Evans SRO

Dated 31<sup>st</sup> May 2017

G:\Legal Services\Property Commercial & Development Law\Richard Winter (RJW) PCD\Local Government advice files\RIPA2000 coordination\Senior Responsible officer\Finalinternalaudi310517rw.doc



APPENDIX 5 Glossary of terms and abbreviations (in the order they appear in the report)

Abbreviation	title/term	Background/definition
RIPA 2000	Regulation of Investigatory Powers Act	Regulates the use of covert surveillance and data communication in respect of private persons.
SRO	Senior Responsible officer	Required to take an overview of the Councils use of covert surveillance and compliance with RIPA
CCTV	Close circuit television	Used for safety and security purposes within Council buildings and the city centre
CS	Covert surveillance	Surveillance which is carried out in a manner calculated to ensure that the persons subject to the surveillance are unaware that it is or may be taking place.
DS	Directed surveillance	Surveillance which is covert, but not intrusive, and undertaken: <ul style="list-style-type: none"> <li>a) for the purpose of a specific investigation or operation;</li> <li>b) in such a manner as is likely to result in the obtaining of private information about a person (whether or not that person is the target of the investigation or operation); and</li> <li>c) In a planned manner and not by way of an immediate response whereby it would not be reasonably practicable to obtain an authorisation prior to the surveillance being carried out.</li> </ul>
CHIS	Covert human intelligence source	A person is a CHIS if: <ul style="list-style-type: none"> <li>(a) s/he establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph (b) or (c);</li> <li>(b) s/he covertly uses such a relationship to obtain information or to provide access to any information to another person; or</li> <li>(c) S/he covertly discloses information obtained by the use of such a relationship, or as a consequence of the existence of such a relationship.</li> </ul>
IS	Intrusive surveillance	<b>Intrusive surveillance is defined as covert surveillance that:</b> <ul style="list-style-type: none"> <li>a) is carried out in relation to anything taking</li> </ul>



		<p>place on any residential premises or in any private vehicle; and</p> <p>b) Involves the presence of any individual on the premises or in the vehicle or is carried out by means of a surveillance device.</p> <p><b>If the device is not located on the premises or in the vehicle, it is not intrusive surveillance unless the device consistently provides information of the same quality and detail as could be expected to be obtained from a device actually present on the premises or in the vehicle.</b></p>
	Private information	<p>Includes any information relating to a person's private or family life.</p> <p>Private life also includes activities of a professional or business nature (<i>Amann v Switzerland</i> (2000) 30 ECHR 843).</p> <p>"Person" also includes any organisation and any association or combination of persons.</p>
	Confidential material	<p><i>Includes:</i></p> <ul style="list-style-type: none"> <li>▪ matters subject to legal privilege;</li> <li>▪ confidential personal information;</li> <li>▪ Confidential journalistic material.</li> </ul>
HRA 1998	Human Rights Act	Enacts ECHR into English Law i.e. absolute and conditional human rights
ECHR 1950	European Convention of Human Rights	Sets out absolute and conditional Human Rights across Europe
OSC	Office of the surveillance commissioner	Appointed by the government to oversee the police and other public bodies use of covert surveillance techniques.
OICC	Office of the Interception of Communications commissioner	Appointed by the government to oversee the police and other public bodies interception of data communications
NAFN	National antifraud Network	Joint local authority network for dealing with fraud of which the Council is a member
RiCMO	RIPA Coordinator and Monitoring Officer	Lead Officer on RIPA - Advises enforcement managers and officers of the RIPA process and procedure. Annually reviews and updates all relevant Policy and Guidance material and reports to CGAC
SNS	Social network sites	E.g. Facebook and Twitter



## **Report of the External Auditor to the meeting of Governance and Audit Committee to be held on 27 June 2017.**

---

**Subject:**

**E**

**External audit progress report for the 2016/17 audits of City of Bradford Metropolitan District Council and West Yorkshire Pension Fund**

**Summary statement:**

**The report updates the Committee on progress with the 2016/17 audits and highlights key emerging national issues which may be of interest.**

---

Mark Kirkham  
Partner  
Mazars LLP  
Report Contact: Steve Appleton  
Phone: (01274) 432392  
E-mail: [steve.appleton@mazars.co.uk](mailto:steve.appleton@mazars.co.uk)

## **1. SUMMARY**

We have completed our planning and risk assessment for both the 2016/17 audits of City of Bradford MDC and West Yorkshire Pension Fund.

We will start the next phase of our audits on receipt of the financial statements during this month.

Our progress report advises the Committee of proposed audit fees for 2017/18 as set by Public Sector Audit Appointments Limited.

We have also highlighted some matters of governance interest.

## **2. BACKGROUND**

Not applicable.

## **3. OTHER CONSIDERATIONS**

None.

## **4. OPTIONS**

Not applicable.

## **5. FINANCIAL & RESOURCE APPRAISAL**

Not applicable.

## **6. RISK MANAGEMENT AND GOVERNANCE ISSUES**

None.

## **7. LEGAL APPRAISAL**

Not applicable.

## **8. OTHER IMPLICATIONS**

### **8.1 EQUALITY & DIVERSITY**

Not applicable.

### **8.2 SUSTAINABILITY IMPLICATIONS**

Not applicable.

### **8.3 GREENHOUSE GAS EMISSIONS IMPACTS**

Not applicable.

#### **8.4 COMMUNITY SAFETY IMPLICATIONS**

Not applicable.

#### **8.5 HUMAN RIGHTS ACT**

Not applicable.

#### **8.6 TRADE UNION**

Not applicable.

#### **8.7 WARD IMPLICATIONS**

Not applicable.

#### **9. NOT FOR PUBLICATION DOCUMENTS**

None.

#### **10. RECOMMENDATION**

That the Governance and Audit Committee considers the external audit progress report.

#### **11. APPENDICES**

External audit progress report

#### **12. BACKGROUND DOCUMENTS**

None.

This page is intentionally left blank



# External Audit Progress Report

City of Bradford Metropolitan District Council

June 2017



# Contents

Audit progress.....	3
National publications and other updates .....	5
Contact details .....	7

*Our reports are prepared in the context of Public Sector Audit Appointments Limited’s ‘Statement of responsibilities of auditors and audited bodies’. Reports and letters prepared by appointed auditors and addressed to members or employees of City of Bradford Metropolitan District Council are prepared for the sole use of the Council. We take no responsibility to any member or employee in their individual capacity or to any third party.*

*Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.*

# Audit progress

## Audit 2016/17

City of Bradford Metropolitan District Council

We presented our Audit Strategy Memorandum, which sets out risk assessment and the associated programme of work to address the significant risks, to the April meeting of the Governance and Audit Committee.

Based on our work to date, including walkthroughs of the key financial systems, we have no significant matters arising to report to you and there are no changes to our initial assessment of significant risks (opinion and VFM) as set out in our Audit Strategy Memorandum.

We are shortly due to start the audit of the draft financial statements which we expect to receive mid-June. This is earlier than previous years as we are working with the Council's finance team to bring forward accounts preparation and audit to prepare for the new deadlines that will apply for 2017/18. Next year the draft financial statements require certification by end of May and audit completion by the end of July.

West Yorkshire Pension Fund

We presented our Audit Strategy Memorandum at the March meeting of the Governance and Audit Committee. We have no significant matters arising to date to report to you and there are no changes to our initial assessment of significant risks or planned programme of work.

We received the draft financial statements at the start of June and have commenced our planned programme of work.

## Audit 2017/18 – audit fees

Public Sector Audit Appointments Limited (PSAA) oversees the audit contracts originally let by the Audit Commission until the completion of the 2017/18 audits for local government bodies. PSAA's responsibilities include appointing auditors, setting audit fees and monitoring the quality of auditors' work.

PSAA has concluded its consultation on its 2017/18 proposed work programme and scales of fees. There are no changes to the work programme for principal bodies for 2017/18. PSAA has set scale fees for the main audit at the same level as the fees for 2016/17.

The table below outlines our proposed fees for completion of our Code audit work for City of Bradford Metropolitan District Council.

Area of work	2017/18 proposed fee	2016/17 provisional fee
Code audit work	£185,317 plus VAT	£185,317 plus VAT
Housing Benefit Subsidy certification	£19,733 plus VAT	£19,733 plus VAT

PSAA's scale fee assumes that the Council provides us with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes.

### **Outline of work programme**

For 2017/18 we are required to meet the requirements of the National Audit Office's Code of Audit Practice and the Local Audit and Accountability Act 2014. The programme of work we are required to carry out in respect of the Code remains unchanged. From last year. Our proposed fee for Code audit work includes:

- the audit of your financial statements;
- our work to conclude on your arrangements to secure value for money in your use of resources; and
- a programme of work specified by the National Audit Office in respect of your Whole of Government Accounts submission.

In addition, we will address any legal challenge work prompted by local electors at the rate prescribed by PSAA.

### **West Yorkshire Pension Fund**

PSAA has concluded that fees for pension fund audits at local authorities will also remain unchanged from 2016/17. The proposed fee for the Code audit for 2017/18 is £48,546 plus VAT.

# National publications and other updates

## National publications and other updates

1. Local Audit (Public Access to Documents) Act 2017
2. Integrating health and social care, Public Accounts Committee, April 2017
3. Planning for 100% local retention of business rates, National Audit Office, March 2017
4. Oversight of audit quality: quarterly compliance reports 2016/17, Public Sector Audit Appointments Ltd

### 1. Local Audit (Public Access to Documents) Act 2017

The Local Audit (Public Access to Documents) Act 2017 (the Act) received royal assent on 27 April 2017. The Act extends rights of inspection under section 26 of the Local Audit and Accountability Act 2017 to include journalists and citizen journalists. The Act defines a journalist as *'any person who produces for publication journalistic material (whether paid to do so or otherwise).'*

While the Act extends rights of inspection, there are no changes in respect of auditors' additional powers and duties; the rights under the Local Audit and Accountability Act 2014 to ask the auditor questions about the accounts, and to make an objection at audit, continue to be restricted to local government electors only.

### 2. Integrating health and social care, Public Accounts Committee, April 2017

Further to a National Audit Report on the Better Care Fund and various hearings, the Public Accounts Committee published a report on integrating health and social care.

The conclusions and recommendations are summarised below:

- The Departments do not know the most effective balance of limited funding across health and social care. The Department and NHS England should assess the impact that financial pressure in social care is having on the NHS, so that it can better understand the nature of the problem and how it can be managed.
- The Departments and NHS England should reassess whether the Better Care Fund in its current form is still necessary and should identify what has worked well so this can be brought into sustainability and transformation planning.
- NHS England and the Local Government Association should encourage and support the full involvement of local government in the sustainability and transformation planning process. Working with their local authority partners, local health bodies should improve the involvement of local populations in the planning process.

- The Departments, NHS England and the Local Government Association must take responsibility for the performance of their programmes, including the Better Care Fund while it continues. We expect greater accountability and more realistic objectives, which the Departments and partners will stand by.

<https://www.publications.parliament.uk/pa/cm201617/cmselect/cmpublicacc/959/95902.htm>

### **3. Planning for 100% local retention of business rates, National Audit Office (NAO), March 2017**

The NAO conclude that the Department for Communities and Local Government has made progress in designing the scheme for 100% retention of business rates by local authorities, but the scale of the remaining challenges presents clear risks both to the timely delivery of the initiative and to the achievement of its overall objectives.

By allowing local authorities to retain 100% of business rates, the Department hopes that this will incentivise them to grow their tax bases by adopting pro-development planning practices which in turn will support economic growth. However, tax base growth does not necessarily mean economic growth: new developments might lead to the relocation of existing economic activities rather than the creation of new ones, for instance. The Department needs to understand the link between business rates and economic growth to ensure that the scheme is configured to maximise economic growth rather than just growth in the tax base.

<https://www.nao.org.uk/report/planning-for-100-local-retention-of-business-rates/>

### **4. Oversight of audit quality: quarterly compliance reports 2016/17, Public Sector Audit Appointments Ltd**

The latest 2016/17 monitoring report highlights full compliance with the Regulator's standards for Mazars LLP.

<http://www.psaa.co.uk/audit-quality/principal-audits/mazars-audit-quality/>

# Contact details

Please let us know if you would like further information on any items in this report.

Mark Kirkham  
Partner  
0113 387 8850

[mark.kirkham@mazars.co.uk](mailto:mark.kirkham@mazars.co.uk)

Steve Appleton  
Senior Manager  
07881 283340

[steve.appleton@mazars.co.uk](mailto:steve.appleton@mazars.co.uk)

Mazars LLP  
Mazars House  
Gelder Road  
Leeds  
LS27 7JN

[www.mazars.co.uk](http://www.mazars.co.uk)

This page is intentionally left blank



Report of the Director of Finance to the meeting of the Governance and Audit Committee on 27<sup>th</sup> June 2017

---

# F

**Subject: Annual Governance Statement 2016-17**

**Summary statement:**

This report sets out the requirement to conduct the annual review of the effectiveness of the Council's governance framework and system of internal control. It reports the conclusions of that review and produces the Annual Governance Statement for 2016-17 to accompany the Council's Statement of Accounts.

---

**Stuart McKinnon-Evans**  
**Strategic Director – Corporate Services**

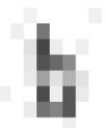
Report Contact: Mark St.Romaine  
Phone: (01274) 432888  
E-mail: [stuart.mckinnon-evans@bradford.gov.uk](mailto:stuart.mckinnon-evans@bradford.gov.uk)

**Portfolio:**

**Corporate**

**Overview and Scrutiny Area:**

**Corporate**



---

## 1.0 Summary

- 1.1 This report sets out the requirement to conduct the annual review of the effectiveness of the Council's governance framework and system of internal control. It reports the conclusions of that review and produces the Annual Governance Statement for 2016-17 to accompany the Council's Statement of Accounts.

## 2.0 Background

- 2.1 In order to meet the statutory requirements set out in the Accounts and Audit Regulations 2015 the Council must prepare an annual governance statement which must be approved either by a committee or by members of the authority meeting as a whole. In Bradford the Annual Governance Statement is approved by the Governance and Audit Committee in accordance with the guidance contained in the CIPFA/Solace framework 'Delivering Good Governance in Local Government'.
- 2.2 CIPFA/SOLACE issued a revised framework and guidance in April 2016 for the assessment of governance arrangements. The new guidance is applicable to annual governance statements prepared for the financial year 2016/17.
- 2.3 The Statement must be approved by Members and signed by the Chief Executive and a Leading Member.
- 2.4 The Annual Governance Statement includes an annual review of the Council's internal control environment.
- 2.5 The Annual Governance Statement is not part of the Statement of Accounts but "accompanies" the Accounts, although in practice Authorities have discretion to publish the documents separately or together.

## 3.0 The Annual Review

- 3.1 The Annual Review is undertaken against the principles contained in the CIPFA/Solace framework – Delivering Good Governance in Local Government. The Council is required to consider the effectiveness of its current arrangements and:
- Assess the extent to which it complies with the principles and requirements of good governance
  - Identify systems, processes and documentation that provide evidence of compliance
  - Identify and ensure individuals and committees hold responsibility for governance arrangements and their continuing application and effectiveness
  - Identify issues that have not been addressed adequately and any planned changes required in the future
  - Prepare an action plan, identifying any individuals responsible for taking any changes forward
- 3.2 The Annual Review is undertaken by the Strategic Director – Corporate Services as S151 Officer. In conducting the review, reliance is placed upon six main sources of evidence:
- The Constitution of the Council
  - The adequacy of management actions in relation to key risks as identified in the corporate risk register
  - Evidence from the regular monitoring and reporting to the Executive and Scrutiny Committees on performance, risk and finance issues

- Key Control and fraud risk self assessments supporting written confirmation from Strategic Directors that all reasonable steps have been taken to ensure compliance with established policies, procedures, laws and regulations.
- The reports of Internal Audit
- External Audit and other external inspection agencies.

External Audit in particular provides the Council with an independent assessment of the way in which the Council conducts its business, safeguards and properly accounts for public money. It reports regularly to Members of the Governance and Audit Committee.

#### **4.0 Conclusion of the Annual Review for 2016-17**

- 4.1 The Annual Review has confirmed that the Council has arrangements in place that provide a sound governance framework and system of internal control.
- 4.2 The overall governance arrangements are represented by the Constitution of the Council, associated detailed procedures and codes of practice which are annually reviewed by the Governance and Audit Committee.
- 4.3 The overall adequacy and effectiveness of the Council's internal control environment is reviewed on a continual basis by Internal Audit. Monitoring reports throughout the year have examined the controls in operation and whether they are working effectively in any year. A number of operational internal control issues are identified. These are addressed through a series of recommendations agreed by senior management and subsequently implemented.
- 4.4 External Audit undertake a programme of work during the year covering areas such as value for money and internal control. Details are contained within the Audit Strategy Memorandum, regular progress reports and the publication of the Audit Completion Report. The results of this work have been taken into account when determining the measure of risk to the Council.
- 4.5 Action plans for improvement are devised and implemented in response to External Audit recommendations.
- 4.6 The Council adopts a process of risk management and departmental and corporate risk registers are maintained.

#### **5. 2016-17 Specific Governance Issues**

- 5.1 A number of governance challenges previously recognised by the Council have been resolved or progressed during the year. These are explored in greater depth in the accompanying Annual Governance Statement, presented in full at Appendix 1.

#### **6. The following new or continuing governance challenges have been identified from the annual review -**

- 6.1 The Council reviews the governance arrangements of its major risks through reports either to Council, the Executive, Governance and Audit Committee, Standards Committee and Scrutiny arrangements. This occurs on a continuing basis. The Council will focus on the following risks in 2017/18, a number of which have been identified in the forward plans and work objectives of the respective committees
- 6.2 There are three new areas for further review in 2017/18
- Compliance levels with the Council's procurement rules
  - The organisational capacity to maintain the Council's core management systems including risk management.

- Properly handling objections to the implementation of decisions.

## **7.0 Arrangements with the West Yorkshire Pension Fund**

7.1 The Council is also responsible for the financial and management arrangements of the West Yorkshire Pension Fund and a separate assessment of the adequacy of these arrangements is also required. The following internal arrangements are in place to provide the Council with the necessary assurance.

- The West Yorkshire Pension Fund has adopted the Council approved approach to risk management
- Risk registers are maintained and management action plans (MAPs) are in place for risks assessed as requiring active management
- Risks are monitored and MAPs reassessed regularly
- Risk management is reviewed quarterly
- A risk management report is submitted annually to the WYPF Joint Advisory Group.

There are not expected to be any issues arising from the annual report and review to be submitted to the Joint Advisory Group meeting in July 2017.

## **8.0 Financial and Resources appraisal**

8.1 There are no direct financial implications arising from this report. However, any governance issues arising now or in the future which need further strengthening will require appropriate action to be taken. Officer time will be required to formulate action plans and put into place the appropriate corrective arrangements to strengthen the governance framework.

## **9.0 Risk Management**

9.1 Risk management issues are referred to in the report and annual governance statement where appropriate.

## **10.0 Legal appraisal**

10.1 With effect from 2007/08 the CIPFA/Solace framework 'Delivering Good Governance in Local Government', revised in 2016, defines proper practices for the production of a governance statement that meets the requirements of the Accounts and Audit Regulations 2015. The annual governance statement presented in Appendix 1 follows the revised framework and guidance. However, the new framework has not yet been formally incorporated into the Council's Code of Corporate Governance.

The Annual Governance Statement must be signed by the Chief Executive and a leading member.

## **11.0 Other Implications**

### **11.1 Equal rights Implications**

There are no direct equal rights implications

### **11.2 Sustainability Implications**

There are no direct sustainability implications

### **11.3 Community Safety Implications**

There are no direct community safety implications

**11.4 Human Rights Act**

There are no direct human rights implications.

**11.5 Trade Union**

There are no direct trade union implications

**11.6 Greenhouse Gas Emissions Impacts**

None

**11.7 Ward Implications**

None

**12.0 Not for publication documents - None****13.0 Recommendations**

13.1 That the Governance and Audit Committee authorise the Leader of the Council and the Chief Executive to sign the document, on behalf of the Council, to accompany the Statement of Accounts 2016-17.

**14.0 Appendix 1: Annual Governance Statement 2016-17****15.0 Background documents**

Accounts and Audit Regulations 2015

CIPFA/Solace Delivering Good Governance in Local Government Framework 2016

Statement of Accounts

Report of the Strategic Director, Corporate Services to the meeting of the Governance and Audit Committee - 24 January 2017

---

## ANNUAL GOVERNANCE STATEMENT 2016-17

### 1. Scope and Purpose

#### 1.1 Scope of Responsibility

The City of Bradford Metropolitan District 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. It 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.

In discharging its overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, as well as arrangements for the management of risk.

#### 1.2 The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Council and its partners are directed and controlled and those activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The framework has continued in place at the Council for the year ended 31 March 2017 and up to the date of approval of the Statement of Accounts. Whilst supporting the Council's arrangements for risk management, it cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

### 2. The Governance Framework.

The systems and processes that comprise the Council's governance comprise the following key elements:

#### 2.1 Code of Corporate Governance.

The Council's governance structure will be based on the seven core principles of the new CIPFA/SOLACE framework "Delivering Good Governance in Local Government" –

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability

#### 2.2 The Constitution of the Council

The Constitution, reviewed at Annual Council, provides the framework within which the Executive takes decisions in discharge of the Council's functions, subject to the examination of a number of Overview and Scrutiny Committees. The Executive is collectively responsible for the decisions it makes and its decision making arrangements are designed to be open, transparent and accountable to local people.

## **2.3 Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

### **Behaving with integrity**

- The Council fosters a culture of behaviour based on shared values, ethical principles and good conduct.
- The Council is committed to maintaining its values and integrity. It has a whistle blowing policy embodied in the Confidential Reporting Code for Employees which can be accessed on the Council's web site.

### **Demonstrating strong commitment to ethical values**

- The Council has approved a Code of Conduct for Elected Members and a procedure for dealing with complaints.
- The Standards Committee's role was retained to have responsibility for overseeing the operation of the Code and for promoting high standards of conduct.

In addition, the Council's Constitution establishes:-

- A protocol on member-officer relations providing rules and guidance for members, co-opted members and officers in their working relations.
- Protocols for members on gifts and hospitality and members' use of Council resources including the use of email and the internet.
- Members and officers have been provided with guidance on the framework within which they are required to undertake their different roles
- Employees are expected to comply with the Council's Code of Conduct for Employees.

### **Respecting the rule of law**

- The Council's Monitoring Officer is required to maintain an up to date version of the Constitution and to make amendments and/or improvements as necessary to take account of changes in legislation, guidance, Council policy, decisions of the Council and the Executive.
- The Monitoring Officer, following consultation with the Chief Executive and the Section 151 Officer, is required to report to the Executive if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. To assist the Monitoring Officer in this role, Legal Services monitor new legislation and disseminate this information to service departments.
- The Section 151 Officer is similarly required to report to the Executive and the Council's External Auditor if he considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is likely to cause a loss or deficit.
- Each Strategic Director and the Chief Executive are required to confirm in an annual letter to the Section 151 officer that they have taken reasonable steps to ensure compliance with established policies, procedures, laws and regulations, including how risk management is embedded in the Departments. This is underpinned by performing the key control and fraud risk self assessments and levels of non compliance are duly considered.
- The Council has a Counter Fraud Policy and Strategy to protect public funds by actively seeking to deter and prevent fraud, corruption and theft and ensure that all possible risks are minimised.
- The reports of Internal and External auditors consider and inform compliance with regulations, policies and procedures.
- The Council has established internal control procedures designed to support compliance with established policies, practices, laws and regulations and to safeguard the Council's assets and interests from loss
- All reports to Executive must be cleared by a member of the Council's Management Team, the Monitoring Officer and the s151 Officer.

## **2.4 Ensuring openness and comprehensive stakeholder engagement.**

### **Openness**

- The Council has five Area committees to encourage community engagement and participation.
- A principal form of securing dialogue with communities is by establishing and operating neighbourhood and ward forums.

- The Council supports a process of engagement with the District's communities of interests that complements our place based structures.
- Overview and scrutiny arrangements provide for meetings to be open to the public, except where confidential information or exempt information is likely to be disclosed.
- The Annual Statement of Accounts provides a report on the Council's financial activities for the year.
- Financial information, including details of efficiency savings, is reported regularly during the year.
- The Council has published a contracts register (which will be updated quarterly) and a grants register (which will be updated annually) in accordance with the Local Government Transparency Code.

#### **Engaging comprehensively with institutional stakeholders**

- The role of the Governance and Audit Committee includes maintaining an overview of the Council's partnership arrangements and overseeing any action plans for improvement arising, for example, from inspection reports.
- The Council has an agreed approach to collective bargaining with the recognised Trade Unions. This is undertaken through consultation and negotiation and is enshrined within the Council's Industrial Relations Framework. The Council takes a partnership approach to Industrial Relations, using the Industrial Relations Framework. This includes regular informal discussions between trade unions and management & formal OJC meetings at all levels across the Council - L1 (Corporate), L2 (Departmental) & L3 (Service).
- Bradford District Partnership (BDP), as the Local Strategic Partner for the area, ensures that the governance arrangements of the family of partnerships function well, in order to support the delivery of the Bradford District Strategy. The BDP reports to the Governance & Audit Committee on governance and functional business matters and to Overview and Scrutiny Committees on topic based performance and delivery.
- The Schools Forum is effective as the place where resource allocation decisions are made between the Council and the District's schools
- To support the Health and Wellbeing Board, governance arrangements for senior leaders and managers in the health and social care economy have been established to oversee the development of integrated health and social care models, and to ensure oversight of the whole system of public and personal health and social care

#### **Engaging with individual citizens and service users effectively**

- An extensive programme of consultation on the annual budget generated considerable engagement and input into the establishment of the Council's budget priorities. The consultation raised awareness of the financial and demand challenges facing the district, confirming what matters most to local people and exploring public expectations and aspirations for involvement in future delivery.
- Bradford Council's Citizen Panel was launched in November 2016. The panel consists of approximately 1800 Bradford citizens who fit the demographic profile of the district. Panel members have agreed to complete up to 10 surveys a year that will be electronically distributed through the Council's Snap survey system. The surveys will be designed to capture information on a whole range of different issues that the Council wishes to engage on and the outcome will help to shape local services. The panel has been set up to give people the chance to tell us about the area that they live in, what they think of the services we provide and whether they think we are doing a good job. It will also help us to find out what people think of lots of different projects, strategies and other things that we have planned.
- Publications, media, including social media, the Council's website, App and other publicity arrangements provide communication channels with the district's citizens.
- The Council's website and App provide a communication and wide ranging information link.
- Centres provide easy access to Council services and information.

## **2.6 Defining outcomes in terms of sustainable economic, social, and environmental benefits**

### **Defining outcomes**

- The District Plan has been developed with key partners and partnerships, and builds on the BDP governance review, giving a clear responsibility for each outcome to a specific strategic partnership. The development of the plan also involved overview and scrutiny committee and area committee input.



- The final District Plan was agreed by Bradford District Partnership Board on 22 April 2016. Building on the outcomes and principles established via the Council's New Deal approach it sets out a clear vision and agreed actions over the next four years to 2020.
- A plan for communicating and engaging around the key messages of the plan, and promoting its delivery has been developed after Executive and Full Council sign off in June and July 2016.
- A Council Plan was approved in October 2016 which identifies how the Council will deliver the commitments established in the District Plan.
- A review of Bradford District Partnership arrangements established a clear lead partnership for each of the agreed outcomes that form the Council and District's vision. Each partnership is responsible for a "chapter" of the District Plan.

#### **Sustainable economic, social, and environmental benefits**

- The Council is committed to considering the combined economic, social and environmental implications of its decisions through robust data analysis and consultation with affected parties so that its decisions promote the achievement of its vision for the district.
- Reports requiring decisions from Council, Executive and other committees must include a resources appraisal and reference, where applicable, to equality, sustainability and community safety implications.

## **2.6 Determining the interventions necessary to optimise the achievement of the intended outcomes**

#### **Determining interventions**

- Decision makers receive accurate, relevant and timely intelligence and performance information to support them with objective and rigorous analysis of options covering intended outcomes, financial impact and associated risks.
- The Council is committed to seeking continuous feedback from citizens and service users in planning changes to service delivery.

#### **Planning interventions**

- The Council plans its activity at a strategic level through its budget and business planning cycle. It does so in consultation with internal and external stakeholders.

#### **Optimising achievement of intended outcomes**

- The Medium Term Financial Strategy forms part of the Council's planning and performance framework, and provides the context for the more detailed budgeting process.
- The MTFS is refreshed each year, to give a rolling three-year assessment of the fiscal environment, after the close of the previous year, and before the budgeting round commences.
- It sets out key messages for efficient and effective management of the available resources. It aims to provide citizens and stakeholders with an insight into the financial environment the Council operates in.

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

#### **Developing the entity's capacity**

- The Council monitors its governance and staffing structures to support the delivery of planned services.
- Through its budget process the Council ensures that services are prioritised to ensure that resources are directed to those activities that will make the greatest contribution to its vision for the district.
- The Council explores alternative delivery methods such as the establishment of partnerships or other types of collaborative working where it would lead to improved value for money.

#### **Developing the capability of the entity's leadership and other individuals.**

- A clear statement of the respective roles and responsibilities of the Executive, the members and senior officers including delegation arrangements and protocols for effective communication of committee decisions, can be found in the Council's constitution.
- Role Profiles for all senior officers detail their key responsibilities

- The Council is committed to supporting members in undertaking their varied and evolving roles and responsibilities. A Member Learning and Development Strategy is in place supported by a Member Development Programme which is run on a quarterly basis by the Human Resources Department.
- The Strategy introduces the key learning and development aims and objectives. It also identifies actions that will be taken to ensure all councillors have access to learning and development opportunities appropriate to their needs. The aim of this is to help councillors carry out their roles efficiently and effectively.
- The Council recognises that alongside members, employees are an important resource - the development of the two goes hand in hand. The Council's workforce development programme provides a focus on effective workforce planning and development, embracing leadership and skills training for all staff.
- During the year a series of management conferences ensured that the Council's senior and middle leadership cadres considered the key challenges ahead.

## **2.8 Managing risks and performance through robust internal control and strong public financial management**

### **Managing risk**

- The Council has adopted a Risk Management Strategy and maintains both corporate and service risk registers which identify actions required to mitigate any risks identified. The registers should be regularly maintained, reviewed and updated. In 2016-17 further work on risk management was required to establish the appropriate reporting structure.
- Risk management training is standard within project management and at particular key stages of project implementation.
- Each Strategic Director and the Chief Executive are required to confirm in an annual letter to the Section 151 officer that they have taken reasonable steps to ensure compliance with established policies, procedures, laws and regulations, including how risk management is embedded in the Departments. This is underpinned by performing the key control and fraud risk self assessments and levels of non compliance are duly considered.
- The Council has a Counter Fraud Policy and Strategy to protect public funds by actively seeking to deter and prevent fraud, corruption and theft and ensure that all possible risks are minimised.
- The Council is committed to providing for business continuity, as detailed in the Civil Contingencies Act 2004, to ensure it can provide all its key functions in the event of an emergency or disruption, so far as is practicable. Assistant Directors lead on business continuity planning within their service areas. The Emergency Management Team has put in place processes that set out the Council's approach to business continuity management.

### **Managing performance**

- The Council uses corporate and departmental service level performance measures to report and manage service delivery.
- The Annual and Mid-year Finance and Outturn Performance Reports, and Quarterly Financial Monitoring Reports, present to the Executive and Corporate Overview & Scrutiny the current and forecast position on performance and finance in relation to the Council's activities. The report sets out the key areas of progress, the key issues, areas for continued attention in relation to the Council's corporate priorities and actions to address any areas of underperformance.
- The Council now has a well established way of measuring productivity and financial activity data to ensure that it is using its resources efficiently and providing value for money.
- A set of Corporate Indicators is in place that focuses on key Council priorities. The Corporate Performance Framework is revised in line with the changes to our performance arrangements. Performance will continue to be monitored through Departmental Management Teams, CMT, Council's Policy Programmes and Change Service within the Chief Executive's department, Executive and Overview & Scrutiny Committees.
- There are service specific customer feedback and user engagement mechanisms in place, and user-specific engagement methodologies such as Learning Disabilities Partnership and Easier Access events that allow the Council systematically to gather customer insight.

**Robust internal control**

- Under the Articles of the Constitution, the Governance and Audit Committee has a function to consider the effectiveness of the control environment and associated anti-fraud and anti-corruption arrangements.
- The Section 151 Officer has dedicated resources to undertake independent investigations and report on allegations of impropriety.
- The Council has a formal 'Comments, Complaints and Compliments' procedure on the "Contact us" section of the Council's website. All members of the public have the right to complain to the Council in writing, by telephone or by speaking to a member of staff.

**Managing data**

- A separate and independent information security team supports the Senior Information Risk Owner (SIRO) to discharge his responsibilities in championing an information security culture, establishing policy, practice, process, training, knowledge and technology, and assessing the effectiveness of those arrangements.
- The SIRO is supported by a distributed network of Information Asset Owners (at Assistant Director level) who in turn are supported by department and or system-specific information security managers
- The Bradford team liaises closely with peer function in other public bodies in West Yorkshire and beyond, and with the Information Commissioner's Office (ICO)
- The Council underwent a voluntary audit by the ICO on the procedures supporting subject access requests, training and development and data sharing agreements

**Strong public financial management**

- The Council's financial management arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government 2010"
- The Council has effective, robust, financial control governance in place which ensures that budget holders have clear financial accountability, are supported by professional finance advisors, and provided with financial information to plan and control spending, all underpinned to effective financial systems. These arrangements include well-established financial regulations and standing orders. Elected members are appropriately involved in financial governance. In addition, project management disciplines are applied to the planning, monitoring and implementation of each individual budget saving approved by the annual Budget Council. This provides a mechanism by which risks of failure to implement changes and/or deliver savings can be identified and mitigated early in the financial year. These arrangements have ensured that the Council has delivered its annual budget target in the very challenging financial climate of austerity.

**2.9 Implementing good practices in transparency, reporting, and audit to deliver effective accountability****Implementing good practices in transparency**

- The Council is committed to publishing information, including reports, in a manner which is accessible to citizens and other stakeholders.
- Information is produced in an open and understandable style appropriate to the intended users and method of communication, including web-based and social media.

**Implementing good practices in reporting**

- The Council seeks to demonstrate to its stakeholders that it has delivered on its commitments and goals and has used public resources effectively in doing so.
- The Finance and Performance Outturn report provides a detailed commentary on the financial and service performance of all Council services.
- The Council has a legal responsibility to conduct, at least annually, a review of the effectiveness of its governance framework including its system of internal control and report the findings in an Annual Governance Report.

**Assurance and effective accountability**

- Council standing orders for contracts and financial regulations are contained in the Constitution of the Council. They are subject to annual review by officers before approval at the Governance and Audit Committee and adoption by full Council at the annual meeting.

- Key control booklets are maintained by Internal Audit, updated as required and placed on the Council's intranet.
- The Council has 5 Overview and Scrutiny Committees which are required to contribute to the better decision making of the Council, and secure continuous improvement in service delivery.
- Area Committees enable local communities to participate in Council activities.
- Bradford District Partnership board are currently considering how they ensure greater accountability from the partnerships to the Board, via regular reporting on progress at future Board meetings.

### **3. Review of Effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment. Confirmations have been obtained from Strategic Directors and the Chief Executive that reasonable steps have been taken to ensure compliance with established policies, procedures, laws and regulations. They have been asked to confirm that risk management is embedded in their departments, provide a fraud risk assessment and to report, on a three year rolling programme, the level of compliance with key controls that are set out in the Key Control Booklets.

The Council has in place a Governance and Audit Committee, independent of the Executive, to strengthen and consolidate its governance arrangements and provide the core functions as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities".

The review is informed also by the work of the Internal Audit section which covers both the Council and the West Yorkshire Pension Fund. The key areas of assurance relate to the work detailed in their monitoring reports on the Council's control environment which are reported at regular intervals to Governance and Audit Committee. The Head of Internal Audit is required to deliver an annual Internal Audit Opinion and report regularly to the Governance and Audit Committee as prescribed by Public Sector Internal Audit standards. A number of operational control issues have been identified from this and action is being taken to put improvements in place.

Action plans for improvement are devised and implemented in response to recommendations from External Audit and other statutory agencies and inspectors.

The Council liaises fully and promptly with the Local Government Ombudsman's enquiries into complaints against the Council.

The Council liaises closely with the Information Commissioner's Office in reporting and closing information security risks and incidents, and to ensure it discharges fully its duties under Data Protection legislation and policies.

### **4. Significant governance issues**

The annual review has established that the Council has arrangements in place which provide a sound governance framework and system of internal control.

However the Council is not complacent and seeks to continually improve the arrangements it has in place. Whilst recognising improvements to date, the emphasis going forward is to address identified issues and put in place an improvement plan to address known areas of concern. The Governance and Audit Committee will be kept informed of progress.

In the 2015/16 Annual Governance Statement a number of specific risks were identified that have been monitored through the year. Progress on these was reported to the Governance and Audit Committee in a detailed public report on the 24th January 2017. The following sections give a brief update on these risks. Whilst some of these risks have been mitigated during the 2016/17 financial year a number of risks are continuing to be monitored and remain high profile in 2017/18.

---

## **5. Governance challenges previously recognised which require continuing review in 2017/18**

### **5.1 Safeguarding Vulnerable Children**

A permanent manager has now been recruited to the Safeguarding Children Board and a new board sub group structure put in place that is more fit for purpose moving forward. Robust arrangements at the front door have been reviewed through Joint Area Inspection and found to be good. Progress on CSE has been subject to extensive public and political scrutiny. However a large and growing youth population and rising numbers of vulnerable young people coming into the system, including from outside of the area, mean that safeguarding children remains a challenge

### **5.2 Establishing sound governance structures pertaining to the West Yorkshire Combined Authority ensuring democratic accountability at the local level.**

WYCA continues to develop through its Corporate Plan, governance, investments and core activities. Further governance and organisational changes are expected to be brought forward and adopted at the WYCA AGM 29<sup>th</sup> June 2017. These include those instructed by Government and legislation and additional matters including strengthening the working arrangements of the Local Enterprise Partnership, business involvement and Combined Authority governance and business management. Member involvement is through key nomination and appointment processes, confirmed at the Council's AGM. Members are also kept informed through WYCA and Council core communications and business activities. O&S & Governance and Audit updates are being put in place for 2017-18.

### **5.3 Impact on governance structures arising from developing policies for the delivery of regional devolution.**

Mayoral Combined Authorities came into being following the Mayoral Elections on 4<sup>th</sup> May 2017. These will bring changes to local government and sub-national governance in the six areas (Greater Manchester, Liverpool City Region, West Midlands, Tees Valley, West of England and Cambridgeshire and Peterborough) alongside existing London arrangements. Bradford Council in cooperation with WY and Leeds City region remain in negotiation with Government on devolution and further powers and resources for place-based prosperity. DCLG have signalled they wish to see agreement reached by the end of 2017. Ensuring the effective voice and profile for Bradford Council, District and the City Region remains a priority, with specific ambitions and concerns to progress. This will also be shaped by the General election, the nature of the new Government and their policy/resource choices in urban and sub-national matters.

### **5.4 Ensuring an effective, integrated system of health and social care**

Accountable Care Boards have been established to govern the development of the two Accountable Care Systems across Bradford District. The Health and Wellbeing Board will oversee the implementation of the Bradford Sustainability and Transformation Plan.

In Bradford it has been agreed that the Council will lead a feasibility study into the legal options for the legal entity to form the Accountable Care System.

Discussions are still ongoing regarding the form in the Airedale, Wharfedale and Craven area.

Providers of services, which include the Council are working together within an agreed memorandum of understanding in Bradford.

### **5.5 Implications of the European Union referendum**

Although Article 50 has now been triggered, the likely terms of the UK's exit deal with the EU are not known. Therefore there is still uncertainty and lack of clarity on future arrangements in respect of trade, migration/movement of citizens, and replacement funding streams. Clarity on the UK's negotiating position is further complicated by the snap General Election held in June 2017. We have ensured that Bradford's Brexit concerns have been heard through different channels in order to support effective lobbying, including at a City Region level, via the LGA and also through the Key Cities network. Officers across the organisation are continuing to monitor risks and opportunities as things develop and we have

a continuing dialogue with external partners to understand wider impacts. A report will be taken to Corporate Overview and Scrutiny at such a time when detail on Bradford impacts and opportunities are more developed, as negotiations progress.

## 6. 2017/18 Governance Challenges

The risks detailed below will be reviewed through the 2017/18 financial year and progress against them will be reported to the Governance and Audit Committee.

- 6.1 A number of procurement issues occurred through the year which had to be investigated and the impact of them assessed. In 2017/18 further work will be required to assess levels of compliance across the Council and where necessary to implement improvements.
- 6.2 Over the past 12 months the Council has found it increasingly difficult to resource and update some of the Council's management systems such as risk, procurement, income and health and safety. This has resulted in information becoming out of date and weakening management controls. It is also the case that other systems may be vulnerable due to capacity pressures. This needs to be reviewed to ensure that the Council's management systems continue to be effective and able to support an organisation as large and as complex as Bradford Council.
- 6.3 Objections, resistance and disagreement to the implementation of decisions that have already been taken, typically through the budget process, have had to be handled properly. There have been examples of individuals and/or their representatives, and firms or organisations, on occasion acting in concert, raising objections, both informally and formally, to the implementation of decisions, which causes delay and uncertainty.

## 7. West Yorkshire Pension Fund

The Council is the administering authority for the West Yorkshire Pension Fund (WYPF). The WYPF produces its own Governance Compliance statement which has been prepared in accordance with the requirements of the provisions of the Local Government Pension Scheme (Amendment No. 3) Regulations 2007.

The Council has established two bodies to assist and support the Governance & Audit Committee oversee the WYPF:

- the WYPF Investment Advisory Panel and
- the WYPF Joint Advisory Group

The WYPF Investment Advisory Panel has overall responsibility for overseeing and monitoring the management of WYPF's investment portfolio and investment activity. In this capacity, the Panel is responsible for formulating the broad future policy for investment. A Director of Finance from one of the member Authorities sits on the Panel, this position is currently held by the Director of Resources for Kirklees MDC.

The WYPF Joint Advisory Group has overall responsibility for overseeing and monitoring the WYPF's pensions administration function, and for reviewing and responding to proposed changes to the Local Government Pension Scheme. In addition the Group approves the budget estimates for the pensions administration and investment management functions of WYPF, and also receives WYPF's Annual Report and Accounts.

The Council is also responsible for the financial and management arrangements of the West Yorkshire Pension Fund and a separate assessment of the adequacy of these arrangements is also required. The following internal arrangements are in place to provide the Council with the necessary assurance.

- The West Yorkshire Pension Fund has adopted the Council approved approach to risk management
- Risk registers are maintained and management action plans (MAPs) are in place for risks assessed as requiring active management
- Risks are monitored and MAPs reassessed regularly
- A risk management report is submitted annually to the WYPF Joint Advisory Group.

There are not expected to be any issues arising from the annual report and review to be submitted to the Joint Advisory Group meeting in July 2017.

**8. Statement**

Over the coming year we propose to take steps to address the challenges identified above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: .....

**Councillor Susan Hinchcliffe, Leader of Council**

Signed: .....

**Kersten England, Chief Executive**

This page is intentionally left blank



**Report of the Director of Corporate Services to the meeting of the Governance and Audit Committee to be held on 27 June 2017.**

---

**G**

**Subject:**

**INTERNAL AUDIT ANNUAL REPORT 2016/17**

**Summary statement:**

**This report reviews the service Internal Audit has provided to the Council during the financial year 2016/17.**

---

Stuart McKinnon Evans  
Director of Corporate Services

**Portfolio**

**Corporate**

Report Contact: Mark St Romaine  
Phone: (01274) 432888  
E-mail:  
[mark.stromaine@bradford.gov.uk](mailto:mark.stromaine@bradford.gov.uk)

**Improvement Area:**

**Corporate**

## 1. **SUMMARY**

- 1.1 The purpose of this report is to inform members of the Governance and Audit Committee (GAC) about the service Internal Audit has provided to the Council during the financial year 2016/17.

In particular Members are advised of the following:-

- Internal Audit completed 88% of the 2016/17 audit plan which, is just below the target of 90%.
- Internal Audit's Client satisfaction identified that 100% of the respondents said that the "recommendations were useful and realistic" and believed that the audit was "of benefit to management."
- 100% of all high priority recommendations made from the work undertaken were accepted by management.

## 2. **BACKGROUND**

- 2.1 Internal Audit is part of the Department of Corporate Services.
- 2.2 The Internal Audit Annual Report 2016/17 is contained within Appendix 1.

## 3. **OVERVIEW AND SCRUTINY COMMITTEE CONSIDERATION**

- 3.1 Not Applicable.

## 4. **OTHER CONSIDERATIONS**

- 4.1 There are no other considerations.

## 5. **OPTIONS**

- 5.1 Not applicable

## 6. **FINANCIAL AND RESOURCE APPRAISAL**

- 6.1 There are no direct financial consequences arising from this report. The work of Internal Audit adds value to the Council by providing management with an assessment on the effectiveness of internal control systems, making, where appropriate, recommendations that if implemented will reduce risk.

## 7. **RISK MANAGEMENT**

- 7.1 The work undertaken within Internal Audit is primarily concerned with examining risks within various systems of the Council and making recommendations to mitigate those risks. Consideration was given to the corporate risk register when

the Audit Plan for 2016/17 was drawn up and any issues on the risk register that relate to an individual audit are included within the scope of the assignment.

- 7.2 The key risks examined in our audits are discussed with management at the start of the audit and the action required from our recommendations is verified as implemented by Strategic Directors.

## **8. LEGAL APPRAISAL**

- 8.1 The Accounts and Audit Regulations for 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Council achieves this by complying with the Public Sector Internal Audit Standards (PSIAS) 2013, which it does by following the CIPFA Local Government Application Note.

- 8.2 Standard 2450 of the PSIAS requires an annual report to be submitted which includes an opinion on the overall adequacy and effectiveness of the organisation's control environment. This requirement is met by the attached (Appendix 1) Internal Audit Annual Report for 2016/17.

- 8.3 The Accounts and Audit Regulations 2015 require the Council to undertake at least annually "a review of the effectiveness of its system of internal audit". The outcome of this review has been included in the Internal Audit Annual Report as well as being part of the evidence to support the Annual Governance Statement.

## **9. OTHER IMPLICATIONS**

### **9.1 Equal Rights**

Internal Audit seeks assurance that the Council fulfils its responsibilities in accordance with its statutory responsibilities and its own internal guidelines. When carrying out its work Internal Audit reviews the delivery of services to ensure that they are provided in accordance with the formal decision making process of the Council.

### **9.2 Sustainability Implications**

When reviewing Council Business Internal Audit examines the sustainability of the activity and ensures that mechanisms are in place so that services are provided within the resources available.

### **9.3 Greenhouse Gas Emissions Impacts**

There are no impacts on Gas Emissions.

### **9.4 Community Safety Implications**

There are no direct community safety implications.

### **9.5 Human Rights Act**

There are no direct Human Rights Act implications.

## 9.6 **Trade Union**

There are no implications for the Trade Unions arising from the report.

## 9.7 **Ward Implications**

Internal Audit will undertake specific audits through the year which will ensure that the decisions of council are properly carried out.

## 10 **NOT FOR PUBLICATION DOCUMENTS**

10.1 None.

## 11. **RECOMMENDATIONS**

That the Committee recognises and supports the work carried out by Internal Audit during 2016/17.

## 12. **APPENDICES**

Appendix 1 – Internal Audit Annual Report 2016/17.

## 13. **BACKGROUND DOCUMENTS**

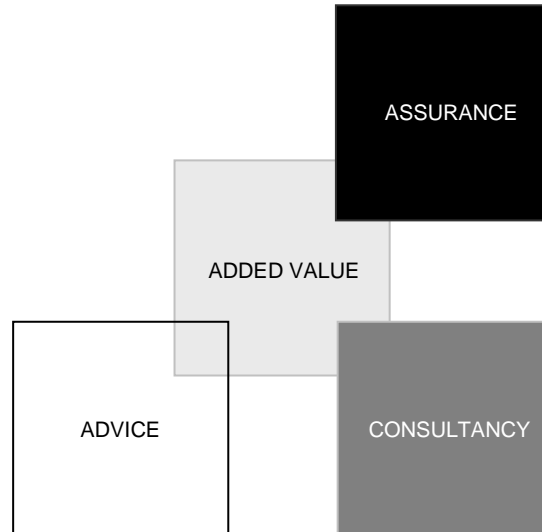
13.1 Accounts and Audit Regulations 2015.

13.2 Public Sector Internal Audit Standards 2013.

13.3 GAC report dated 15 April 2016 – Internal Audit Plan 2016/17.

13.4 GAC report dated 1 December 2016 Internal Audit Plan 2016/17 Monitoring Report as at 30 September 2016.

# INTERNAL AUDIT ANNUAL REPORT 2016/17



## INTRODUCTION

The aim of this report is to provide information on the activities of Internal Audit during the financial year 2016/17 and to support the Council's Annual Governance Statement by providing an "Audit Opinion" on the overall adequacy and effectiveness of the Council's internal control environment.

It is not the intention of this report to attempt to give a detailed summary of each audit assignment but to provide a summary of the overall audit activity identifying, whenever appropriate, significant outcomes from the audit work.

The completion and presentation of the Annual Report to Governance and Audit Committee has been completed under the requirements of the Public Sector Internal Audit Standards (PSIAS).

*Mark St Romaine*

Head of Internal Audit, Insurance, Information Governance and Risk

June 2017

Circulation:-

Members  
Stuart McKinnon Evans  
Mark Kirkham  
All Staff

Governance & Audit Committee  
Director of Finance  
Director and Engagement Lead, Mazars  
Internal Audit

# **1 INTERNAL AUDIT'S RESPONSIBILITIES AND RELATIONSHIPS**

## **1.1 Governance and Audit Committee (GAC)**

The Member responsibility for Internal Audit rests primarily with the GAC.

During the year the following reports were presented to Committee:-

- Internal Audit Annual Report 2015/16
- Internal Audit Plan 2016/17
- Internal Audit Plan 2016/17 Monitoring Report as at 30 September 2016.

The Committee strengthens the Council's Corporate Governance arrangements as well as bringing together the review agencies of both Internal and External Audit to one Member forum.

## **1.2 Staffing & Resources**

In total 1,873 audit days (7.2 FTE) were available in 2016/17. This represented a resourcing gap of 0.7 FTE from the original audit resource planned in April 2014. This resource gap is attributable to the Service absorbing a net reduction of 3 FTEs in 2015/16, when it was planned for this reduction to be phased over 3 years, with a 10% (1 FTE) reduction per annum in resources planned from its 2014/15 establishment base of 9.9 FTE.

From September 2014 the Head of Internal Audit commenced as the Head of Internal Audit at Wakefield in support of the joint working arrangement spending 40% of his time at that authority. This arrangement continued during 2016/17. One member of staff continued to give 50% of their time to provide support to the Insurance function. In addition, from September 2015 the Service entered into an arrangement to purchase 60 days per annum of computer audit services from Wakefield Council. This arrangement continued during 2016/17.

## **1.3 External Audit**

In November 2012 Mazars formerly commenced its role as the Council's External Auditors. Work has continued between Internal and External Audit to establish an effective working relationship and develop a framework for co-operation in the planning, conduct and reporting of work.

The 2016/17 Internal Audit Plan was shared with External Audit as were a number of Internal Audit Reports. Whilst no formal review of Internal Audit by External Audit has taken place, External Audit has no concerns about Internal Audit from the work that has been presented to them.

## **1.4 Public Sector Internal Audit Standards (PSIAS)**

On 1<sup>st</sup> April 2013 the Council was required to comply with the Public Sector Internal Audit Standards (PSIAS). In April 2014 Governance and Audit Committee approved the Council's Internal Audit Charter. The Internal Audit Charter details the purpose, authority and responsibility of Internal Audit with the supporting code of ethics. It details how Internal Audit activity should be completed and how the service should be managed. It links Internal Audit activity with risk management. It also determines reporting arrangements, the management of consultancy engagements and the quality assessment process.

## **2. SERVICE DELIVERY**

### **2.1 Audit Resources and Coverage**

The original audit plan for 2016/17 was approved by GAC on 15 April 2016 and was based on 1,873 days of audit resources. The Internal Audit Monitoring Report presented to GAC on 1 December 2016 noted that after taking into account Internal Audit's SLA commitment to Wakefield; insurance management and accountancy support to Bradford; its audit provision to West Yorkshire Pension Fund; and its buying in of computer audit service days from Wakefield, Bradford Council would receive circa 1,519 audit days in 2016/17. These days were delivered.

The audit plan was also monitored by assignments completed during the year. Completion of 90% or more of the plan is a positive indicator of the effectiveness of Internal Audit. In 2016/17, Internal Audit achieved 88% of the original plan.

### **2.2 Reports Issued and Control Environment**

All Internal Audit assignments result in an Audit Report which identifies the audit coverage, findings from the audit, risks arising from identified control weaknesses and prioritised audit recommendations. In 2016/17 a total of 82 reports were issued, which was a marginal increase on the 81 reports issued in 2015/16.

The reports issued in 2016/17 recorded that the percentage of controls satisfied was 77%, an increase of 2% on the 75% satisfied in 2015/16. This also compares favourably with the five year average of 73% of controls satisfied. As in 2015/16 the service continued to focus on and require responses only in relation to high priority recommendations. 100% of these recommendations were accepted by management.

Chart One overleaf, shows the total number of audits by type and sections 2.3 onwards explain in more detail the audit coverage and some of the issues arising from the work undertaken during the year.



**Chart One: Showing the Breakdown of Total Reports Produced in 2015/16 and 2016/17 by Audit Type**

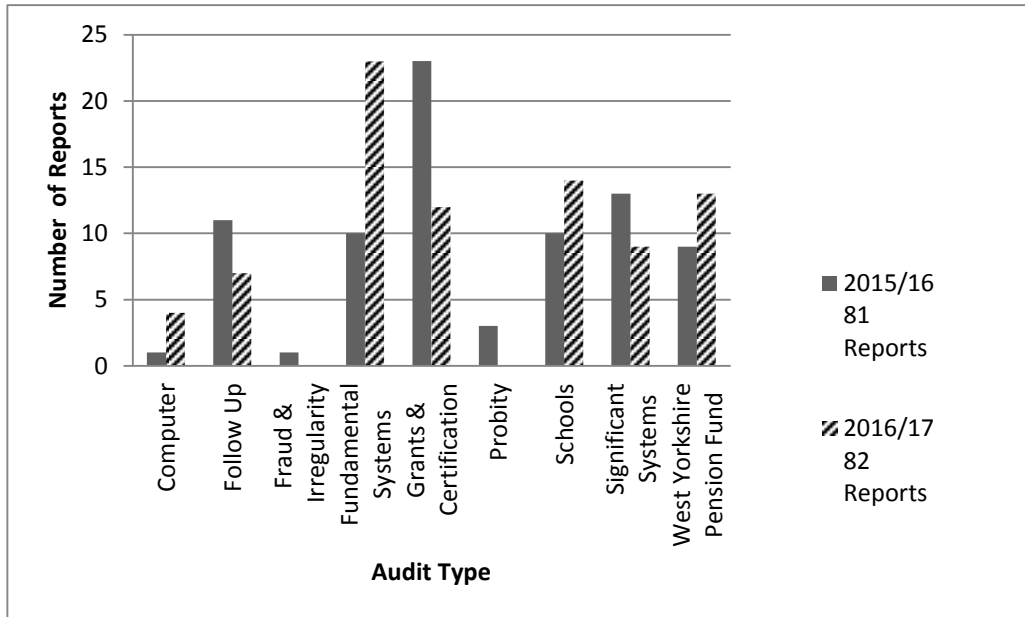


Chart One also shows that in comparison to 2015/16 there was a significant increase (of 13) in the number of fundamental systems audit reports issued in 2016/17. Conversely there was a significant reduction (of 11) in the number of grant certification reports issued in 2016/17. The increase in fundamental systems report numbers in 2016/17 was mainly due to two audits generating 11 reports. The decrease in grant certification audit reports in 2016/17 was due to the change in audit approach for one specific grant that resulted in one consolidated report being produced (in 15/16, by contrast, the same audit generated 11 reports).

Chart Two, below, shows that, from the evaluation of risks and controls in 2016/17, 86% of reports issued that contained an audit opinion, had opinions that were satisfactory or above (84% in 2015/16). 56% of the systems examined had either an 'excellent' or 'good' audit opinion and 30% were classified as 'satisfactory', which continued to be the most dominant opinion, indicating that the overall control of risk within the Council remains adequate.

**Chart Two: Breakdown of Audit Opinions 1 April 2014 to 31 March 2017**

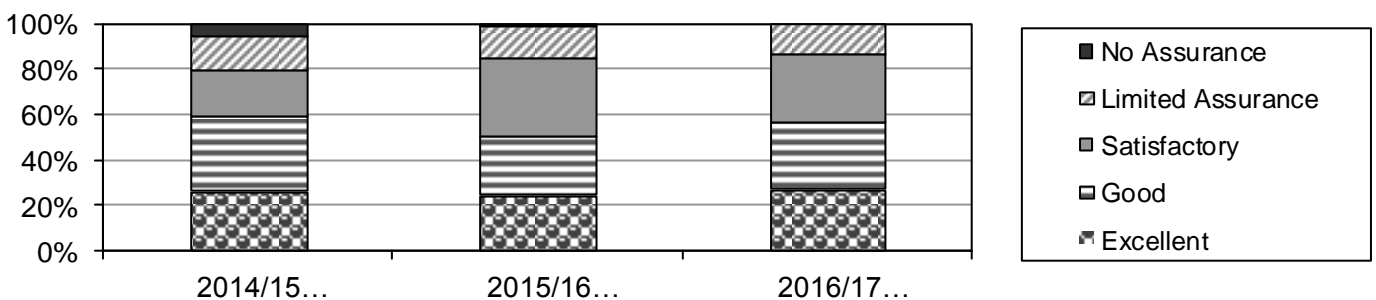


Chart two, also shows that the proportion of reports with less than satisfactory opinions has improved, 14%, being lower than it was in 2015/16 (16%).

The analysis above relates to those reports with opinions. In 2016/17 63 (77%) out of 82 issued reports had an audit opinion, compared with 58 (72%) out of 81 issued reports in 2015/16.

Opinions are derived from a standard analysis of the level of control satisfaction and number of high priority recommendations within a report. Where reports are produced that do not relate to the planned evaluation of risks and controls, for example in response to requests for advice on specific matters, or in response to known control failures there is often no opinion applied to the report.

In 2016/17, 19 (23%) of all reports issued had no opinion and accounted for 10% of the High Priority recommendations made during the year. This is a favourable comparison to 2015/16 where 23 (28%) of all reports issued in 2015/16 has no audit opinion and accounted for over 9% of the High Priority recommendations made during the year. In order to minimise the number of reports without an opinion, the methodology for applying a more subjective opinion to reports that was introduced in 2015/16 will continue to be applied wherever possible, so as to provide a fuller analysis of the control environment.

### **2.3 Fundamental Systems/ Assurance**

Fundamental financial systems are those that are material to the Council and have a significant impact on the Council's internal control systems and the Council's accounts. The review of these systems provides assurance relating to the main systems operating within the Council and remains a significant part of the audit plan. In 2016/17, 23 fundamental systems reports were issued. This was a significant increase on the 10 reports issued in 2015/16, which was due to two audits in 2016/17 generating 11 reports.

17 of the 23 audit reports had an audit opinion. The 6 reports that did not have an opinion, all related to the audit of purchase cards, which were reporting service specific findings. A summary report of the audit's findings was also produced that gave a limited assurance opinion on the control of purchase card use in the Council and gave rise to 6 high priority recommendations.

In total there were three fundamental systems audits that had a limited assurance opinion. The other two audits that gave this opinion were in respect of certification of contributions to the West Yorkshire Pension Fund (WYPF), where incorrect employer contribution rates were found to have been applied to six academies the Council provides payroll services to resulting in the wrong amounts being paid to the pension fund for bodies in 2015/16; and concerns relating to the contract for replacement windows where the audit identified that requirements of the Public Contracts Regulations 2015 had not been complied with.

Of the remaining 14 fundamental system audits, half of them had opinions of 'Good' or 'Excellent', and half reported a 'Satisfactory' opinion.

### **2.4 Audit Grant and Certification Work**

Certain grants received by the Council require an Internal Audit certification to confirm that the expenditure was made in accordance with the Grant Determination Letter. The number of grants requiring Audit certification has seen a decrease. Internal Audit certified 11 grant claims during 2015/16. In 2016/17 this reduced to 9

grants with a total of 12 reports issued. Five Highways related Grants, the Disabled Facilities Grant and Bus Subsidy Grant, all received Excellent opinions.

The Troubled Families Grant certification generated four reports. One of these related to Internal Audit's input into the creation of the inclusion and success criteria (the Outcome Plan) for Phase 2 of the Scheme. The others related to verification of Phase 2 claims, and also identified the need for improvements in the quality of data used for making claims, particularly in relation to cases carried forward from Phase 1 of the scheme.

Testing at a sample of schools highlighted that the Primary PE and Sports Grant had been spent in accordance with the grant objectives, but that a number of schools were failing to adequately comply with the grant conditions relating to publishing details of the grant expenditure and its impact, therefore a high priority recommendation was made as a result of this.

## **2.5 Significant Systems**

Internal Audit produced 9 reports relating to significant systems of the Council during 2016/17. Significant systems coverage is varied and unique in some cases, and can often result from concerns raised by management.

Examples of the work carried out on significant systems in 2016/17 are shown below:

The audit review of Youth Services' expenditure by Bradford East Youth Services and Keighley Youth Services confirmed that it was appropriate. However a number of concerns arose with respect to the control procedures in place. These were: purchase orders had not been raised in advance of the supply of goods, services or works; miscellaneous payments had not been used appropriately; non compliance with the Council's Corporate Cash Advance Procedures/Purchasing Card General Guidelines. Management accepted the recommendations to address these concerns.

The audit of the risk management arrangements in place for the Quality, Accessible and Affordable Housing Strategic Risk concluded that overall they were satisfactory. A number of concerns were identified and reported to management in respect of: lack of monitoring of external issues which may affect the management of the strategic risk; lack of evidence of an appropriate record of the review of the strategic risk at Departmental Management Team level; and lack of an annual review of the 2014 - 2019 Housing and Homelessness Strategy which would ensure the strategy remains current and inclusive of developing issues. Management accepted the recommendations to address these concerns.

A review of the risk management arrangements in place for preventing an Adult's safeguarding risk concluded that overall they were of a good standard. A number of minor areas for improvement were identified and reported to management in respect of ensuring that the content of the Corporate Risk register entry is accurately and completely recorded.

The audit of the system in place for distributing funding to Early Years' Private, Voluntary and Independent providers identified the following control weaknesses which could result in incorrect or inappropriate payments being made. No reconciliation was being performed of total payments made per SAP to the

payments calculated through the funding formula; audit visits to ensure compliance with the funding agreement were not being performed; and there was no independent validation of the eligibility and accuracy of the census data input by providers, for example by reference to health data. Corrective action is being taken by management to address these issues.

## 2.6 Value Added

Internal Audit, where possible, adds value in the work that it undertakes. The following is a sample of instances during 2016/17 where value has been added.

<b>Audit Work</b>	<b>Brief Explanation of Savings Identified or Value Added</b>
Travel Assistance Programme	<p>The audit highlighted to Programme Management and the then Director of Finance observations, comments, risks and concerns regarding the delivery of the programme's objectives to enable appropriate action plans to be put in place. Concerns raised surrounded a number of key areas such as the realism of the achievable cost savings, the successful implementation of the new process for reassessment, the reliability of the pilot exercise and the level of change required to meet the proposed budget savings. In 2017, Internal Audit is to seek an update on the actions taken and the current status of the programme.</p>
Direct Payments	<p>Following a successful prosecution by the Council for fraud involving around £134,000 in direct payments, an audit was performed to provide an overview of the direct payments system, its key metrics and review the current level of implementation of the outstanding audit recommendations previously raised and consider whether this is leading to an unreasonable level of exposure to direct payment fraud. The report raised a number of key messages and concerns. The key audit concerns, stated below, resulted in a Critical recommendation that required immediate remedial action, which management accepted. Management have subsequently confirmed that they have initiated action to address these concerns.</p> <p>The audit highlighted that there were 32 clients in receipt of direct payments into their bank accounts, totalling £431k per annum, who were overdue a financial review by more than a year due to non-provision of their accounts, a characteristic shared with the prosecuted case. A further, 25% of these have not had their care needs reassessed in over 3 years. The Council therefore has no assurance that the direct payments to these clients are being used appropriately. Consequently similar safeguarding and fraud issues may exist within this cohort and possibly others.</p> <p>Internal Audit is to review in 2017 the level of progress</p>

	made in implementing the agreed recommendations.
Payroll Services Provided to Full Budget Share Schools and External Bodies – Follow Up	This audit followed up concerns raised in 2015/16 regarding the debt management controls surrounding the Payroll Services provided to full budget share schools and external bodies. The audit concluded that financial control had improved, specifically with the introduction in April 2016 of a monthly reconciliation of payroll costs invoiced to those posted in the financial ledger, but further action is still required. The main audit concern surrounded the adequacy of the associated bad debt provision, which at the time stood at £1.2m. Finance has subsequently increased the provision to £1.5m, which is now expected to fully cover the outstanding legacy debtor balance.
Purchasing cards	The audit of the use of purchasing cards across the Council highlighted a number concerns, which management agreed to action. These included: lack of training to users; a security breach that had occurred on one card; inconsistent scanning in of receipts by cardholders, which could result in a lack of evidence for the approver and incomplete VAT records; lack of review or timely approval of transactions; inconsistencies in accounting for VAT; no overall monitoring of the use of cards by Commissioning & Procurement.
SFVS Training	Internal Audit developed a training course covering all the principles of the Schools Financial Value Standard in 2014/15 and has continued to offer SFVS training to all governors and school staff during 2016/17. To date, 82 schools have been represented at the training since it began. In 2016, 14 new schools were represented at the training which has further widened our audit coverage in this area.  The aim of the training was to equip Governing Bodies with the skills needed to produce a good quality SFVS return. It was pleasing that improvement was evident in the returns provided by schools that had attended the SFVS training.
Troubled Families Grant	The critical feedback provided during the audit of claims has supported Phase 2 of the scheme, clarifying criteria definitions and promoting the quality of information, which has improved the process of identifying cases which can be claimed for.

## 2.7 Special Investigatory Reviews

Internal Audit was commissioned during 2016/17 to perform a number of special investigatory reviews. Most of these took place in the first half of the year and were reported to Governance and Audit Committee on 1 December 2016 in the monitoring report. In brief these included:

- Internal Audit examining the arrangements involving a school owned company and the appropriateness of the tender process in the awarding of

school catering contracts to this company and the levels of competition that were evident in this process.

- At the request of the Chief Executive, Internal Audit were requested to perform a comprehensive review and chronology of the Council's action against a former employee following a complaint from a member of the public regarding inappropriate content being held on his Facebook page.

Two investigatory reviews that commenced in the second half of 2016/7 were on going as at the 31.3.17. These related to:

- Health and Safety concerns with a facilities management contractor that was operating at a school in the district. These concerns initially came to light during a routine school audit when Internal Audit reviewed the process the school followed in procuring facilities management services from the contractor. The process followed was found to be non compliant with the required tendering procedures and audit recommendations to address this were raised in the ensuing audit report.

However, since the audit took place further potential health and safety concerns have been raised at additional schools where the contractor is also working. These Health and Safety concerns, together with concerns that the contractor's registered office is on the same site as a Bradford school (for which no rental agreement is in place), have been notified to relevant senior management on an on going basis since February 2017. To date Internal Audit is awaiting assurances that appropriate action has been taken to address these risks and concerns.

- Procurement concerns relating to Facilities Management have been raised. This investigation was carried out jointly with the Council's Corporate Fraud Unit in response to the receipt of an anonymous allegation. The focus of Audit's involvement was in relation to assessing whether correct procurement procedures had been followed and significant procedural concerns were identified. A key area of concern related to the incorrect application of a measured term contract intended for small value works to much larger value contracts. A report on the findings of the joint investigation is currently being prepared.

## **2.8 Follow Up Audits**

Internal Audit follows up its audit work as described below:

### **a) Follow Up Returns from Strategic Directors**

During 2016/17 a follow up exercise with the Strategic Directors was undertaken for 76 reports, containing 218 high priority recommendations issued up to 31.03.16 which had not previously been confirmed as actioned. The outcome was reported to GAC on 1 December 2016. The Strategic Directors' returns showed that the level of implementation was broadly in line with 2015/16 with 70% of reports and 78% of recommendations being fully actioned compared with 75% of reports and 81% of recommendations in the previous year.

### **b) Individual Follow Up Audits Undertaken by Internal Audit**

During the year, 7 follow up audits were completed by Internal Audit to determine the actual level of implementation of agreed recommendations. The outcomes of these were reported to GAC on the 1 December 2016.

In summary, 72% of the high priority recommendations followed up in 2016/17 could be confirmed as fully implemented by Internal Audit. This is an increase in the confirmed implementation rate of 56% which resulted from the 2015/16 follow ups. By contrast, whilst remaining slightly higher than the rate found during audits, the implementation rate for these recommendations reported by Strategic Management had actually decreased from 89% in 2015/16 to 78% in 2016/17.

Therefore it would appear that follow up monitoring and reporting is becoming increasingly accurate, as there is a narrowing gap between the follow up implementation rate reported by senior management and the actual rate independently confirmed by Internal Audit. This improved position was also highlighted in the monitoring report to GAC issued on the 1 December 2016.

In response to this Internal Audit will continue to perform follow up audits in 2017/18; monitor the position and report the outcome to GAC.

### **c) Follow Up of Audits reported in the Opinion of the 2015/16 Annual Report**

The Audit Opinion of the Internal Audit Annual Report 2015/16 listed two individual areas of concern. These were the debt management controls surrounding the Payroll Services provided to full budget share schools and external providers and the progress on Continuing Health Care (CHC). Both these areas were planned to be followed up in 2016/17.

The follow up of Payroll Services provided to full budget share schools and external bodies was performed in 2016/17 and reported that from April 2016 debt management procedures had strengthened. However, the audit challenged the adequacy of the bad debt provision for the legacy debtor balances, which was subsequently increased to an appropriate level.

The audit of CHC did not take place as planned. This was due to Service delays in introducing, and operational issues with, new key IT systems, Controcc and SystemOne. The audit of CHC is now planned to commence in 2017/18 and will benefit from lessons learned from a recently concluded audit at Wakefield Council, which Internal Audit assisted Wakefield audit colleagues on (as part of the joint working initiative).

## **2.9 Schools**

### **a) School Audits**

Reports were issued to nine schools which were visited as part of the 2016/17 plan of individual school audits. Schools are included in the audit plan based on their risk score and by default these schools tend to be those which are already experiencing issues and would benefit most from audit input. Therefore it was pleasing to note that one of the schools received a 'Good' audit opinion and four were rated 'Satisfactory'.

All of the remaining four schools had 'Limited Assurance' opinions. One of these schools was audited in response to an anonymous letter that was received relating

to alleged unauthorised overtime payments. Although no evidence was found to suggest any fraudulent activity, weaknesses were found in the processes surrounding overtime which should be rectified by the school implementing the recommendations in the audit report.

Internal Audit also published its Newsletter to all schools via Bradford Schools Online giving advice and assistance on topical issues in Autumn 2016.

## **b) Schools Financial Value Standard (SFVS)**

All maintained schools, excluding those falling within listed exceptions, are required to complete and submit the SFVS self assessment form by the 31 March each year. In turn the Council submits an Assurance Statement signed by the Director of Finance to the Department for Education (DfE) before the 31<sup>st</sup> May. This return details the number of returns received by schools and the number who have not complied.

The SFVS Assurance Statement for 31 March 2017 was forwarded to the EFA on 17<sup>th</sup> May 2017, this reported that 125 of the Council's 168 schools had made a return. Of the returns made those indicating full compliance with the standard was 61% which is an improvement in compliance from the previous year.

A further requirement of the SFVS is that returns are taken into consideration when setting the audit plan. The risk model used to prioritise schools for inclusion in the audit plan includes non submission of SFVS as one of a number of risk factors. Schools are selected for audit on the results of the risk model which is used to rank schools by their gross risk score. Those schools showing the highest risk score are given priority. As part of the analysis of returns, Internal Audit also considers the contents of each SFVS return and if there are any comments that raise concerns, this will further inform audit planning for the schools audit programme for the coming year. Internal Audit and the School Funding Team liaise continuously to share knowledge and information about schools.

In addition, SFVS returns are considered as part of the full school audits conducted. The audit testing programme for schools requires auditors to review a school's SFVS return as part of the planning process prior to an audit and compare the schools self assessment judgements to their findings during the audit. A judgement is then made by the auditor on the level of correlation that can be identified between the SFVS assessment and the audit findings and advises the school to review their responses to specific questions where necessary. This position is highlighted to the school, Chair of Governors and authority recipients in the ensuing audit report.

Audit recommendations that are linked to the SFVS have been tracked as part of the audit follow up process, thus ensuring that schools are taking necessary action on all recommendations to improve their control environment and financial management practices in a timely manner.

Following the success of the SFVS training offered in previous years, further courses were made available in 2016/17. Attendance was encouraging despite the developing academisation agenda, with 14 schools being represented at the training, 45% of attendees being Governors. To date, 82 individual schools have received SFVS training a much wider coverage than can be achieved through more traditional audit methods. The effectiveness of the training has been evident



in the latest submission of SFVS forms which is encouraging and feedback from the training was very positive.

**c) Sixth form funding assurance** Internal Audit provided a high level assurance piece of work over sixth form funding totalling £16m to enable the funding assurance statement to be signed off by the S151 officer and returned to the Education Funding Agency.

## 2.10 Computer Audit

Computer Audit coverage in 2016/17 was delivered entirely through the joint working arrangements with Wakefield Council with 60 days computer audit services provision bought during the year.

This allowed two reviews to take place. The first was a review of Telephony Management & Mobile Device Provision, which resulted in a limited assurance opinion, with raised concerns including a lack of a documented strategy, no monitoring of phone usage for unusual activity and lack of password/PIN security on handsets. The second was a review of the Systems Development / Project Management which was at draft report stage at the year end and was reporting a good opinion.

## 2.11 West Yorkshire Pension Fund (WYPF)

During 2016/17, Internal Audit carried out a variety of audits within WYPF. These included:

- **Annual Benefit Statements** – All active members of West Yorkshire Pension Fund receive an Annual Benefit Statement, this provides a number of pension details which demonstrate the value of their current benefits calculated from information provided by the member's employer on their monthly returns. No issues were identified during the course of this audit.
- **Local Government Scheme Contributions** – This audit looked at both the employer and employee contributions remitted by each employer on a monthly basis, and also income received in respect of early retirements and unfunded benefits. The control environment was largely as expected with two suggested actions for improvement provided.
- **Transfers In** - This work looked at individuals who had built up previous pension benefits in their former employments and now wished to amalgamate them with their new West Yorkshire Pension Fund contributions. The standard of control in this area was found to be of a good standard, however, a recommendation was made to improve the accuracy of the relevant transfer in dates and the quality control checking process.
- **Review of the West Yorkshire Pension Fund 2015/16 Accounts** - This is an annual account review process, that ensures the final account is consistent with internal control reviews carried out by our Internal Audit Team during the year.
- **Purchase of Additional Pension** – Active members of the West Yorkshire Pension Fund are able to choose to increase their future pension benefits by

purchasing additional pension to a maximum amount of £6,755 over a flexible number of years. The standard of control of risks in this process was found to be good, however, a recommendation was made as a result of an error identified which should ensure future accuracy of the process.

- **New Pensions and Lump Sums – Death Benefits** - This audit examined the calculation of the death benefits following the death of an active/deferred member or pensioner. The control environment for this process was found to be excellent.
- **Fund of Hedge Funds** – At the time of the audit, the Fund of Hedge Funds made up approximately 2% of the investment portfolio. The control of risks in this process were largely as expected and therefore of a good standard.
- **UK and Foreign Private Equity Funds** – Control of this asset class was found to be satisfactory, however, a recommendation was made to improve control over electronic communication and the independent verification of capital cash flow statements, received from Private Equity Fund Managers, to WYPF records.
- **Compliance with Investment Advisory Panel Decisions and WYPF Policies** – This audit looks to ensure that investments are made in compliance with the decisions of the Investment Advisory Panel and in accordance with WYPF Policies. No issues were identified with this process which was therefore deemed to be excellent.
- **Equities** - These investments are held under the custody of the HSBC, and represent a significant proportion of the West Yorkshire Pension Fund investment portfolio, the audit review found the process to be well controlled.
- **Treasury Management** - This audit reviewed the arrangements in place for treasury management, to ensure that surplus cash is invested in the most appropriate ways. Controls in this area were found to be excellent.
- **Direct Property** – The investment in Direct Property was examined for the first time, as this is a relatively new asset class in the WYPF investment portfolio. The control environment was deemed to be of a good standard with a suggested action being provided for future improvement.
- **Follow Up Audit – Reimbursement of Agency Payments** - A follow up of the Reimbursement of Agency Payments audit, carried out in 2015, was undertaken to determine the level of implementation of outstanding agreed High Priority recommendations. The result of this process was deemed to be excellent with High Priority recommendations from the original audit found to have been fully implemented.

## 2.12 Changes to the 2016/17 Plan

During the financial year some of the audits in the original plan were not performed. As in previous years this was due to factors such as a delay in system implementation, or the availability of service staff and in some cases work had been covered by an alternative audit. Audits were also completed that were not in the original plan due to in year concerns/assurance requirements from management, or as a result of control weaknesses identified in other systems.

Details of the audits that were added or deleted from the 2016/17 Audit Plan over and above those that were reported in the Internal Audit Monitoring Report as at 1 December 2016 is shown in Appendix A. Where an audit was removed from the Plan a reason has been given as to why this was.

## **2.13 Non Audit Work Performed**

During the year Internal Audit has performed some non-audit work in relation to the co-ordination of the writing of the Annual Governance Statement. The Head of Internal Audit and Insurance has ongoing responsibilities for Insurance, Risk Management and Information Governance arrangements. Whilst from an Internal Audit perspective this impacts on the level of independence, it does give Internal Audit an increased awareness of operational arrangements and the levels of governance compliance across the Council. It is becoming apparent that the Council is finding it difficult to sustain in a comprehensive and timely manner a variety of procedures and arrangements supporting corporate governance. This includes risk management, health and safety, procurement and the code of corporate governance as examples. This is often due to the availability of resources available both in the corporate centre and service management priorities.

## **2.14 Internal Audit's Performance Indicators**

### **a) Client Feedback**

After each audit a client feedback questionnaire is issued for the auditee to obtain their views on the different aspects of the audit they have received. Ninety nine percent of the feedback that we received from clients was positive.

As part of the feedback process the auditees are invited to give comments and below is a sample of some of the comments received:-

*The auditor was extremely good at helping us pinpoint why we required an audit, and kept us informed throughout asking very relevant questions  
I felt the audit was very thorough, very useful, and has definitely added value to the school;*

*The entire audit was carried out very competently and professionally.*

*The audit was really helpful in shining a light on this area of work, the detail of the review has provided the service with some clear areas for immediate action.*

*The auditor was extremely thorough and personable.*

### **b) Timeliness of Reporting**

The timeliness of issuing draft and final reports is important as it allows the audit clients the earliest opportunity to action report recommendations and forms part of Internal Audit's performance indicators. During the year 67% of reports were issued within three weeks of finishing on site, which is below the target of 80% and is mainly due to one audit that generated seven reports missing the target. 100% of final reports were issued within a week of agreement with management, which is in excess of the target of 90%.

### **c) Review of the Effectiveness of Internal Audit**

A further requirement of the PSIAS is that there must be a quality assurance and improvement programme which includes both an internal and external assessment. The internal assessment completed has not currently identified any areas of concern. The external assessment of Bradford Internal Audit has not yet been performed but it is planned that Doncaster's Head of Internal Audit will undertake the peer review in 2017/18.

### **3. ANNUAL INTERNAL AUDIT OPINION**

#### **3.1 Public Sector Internal Audit Standards (PSIAS)**

Standard 2450 of the PSIAS requires Internal Audit to state within the Internal Audit Annual Report, the annual internal audit opinion which "must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control". This is also used, as evidence, to support the "Annual Governance Statement." The opinion is shown in 3.2 below.

#### **3.2 Audit Opinion**

From the work undertaken by Internal Audit throughout the year and after taking into consideration the work undertaken by Mazars, the overall internal control environment throughout the Council appears to be adequate. There are three individual areas of concern. These are the Council's procurement arrangements, direct payments to social care clients, and potential health and safety issues with a facilities management contractor operating at several Bradford schools. All of these areas will continue to be monitored in 2017/18.

It must also be acknowledged, that whilst the overall opinion is adequate the number of reports produced by Internal Audit in 2016/17, as in 2015/16, is approximately half the number produced in 2014/15. This limits the quantity of evidence which the Head of Internal Audit can rely on, to support the assurance statements concerning the governance of the Authority. The Service now has capacity issues and can find it difficult to respond to specific management concerns when internal audit contributions would be advisable.

Internal Audit is also becoming aware and concerned that there is a general dilution in the effectiveness of the Council's governance arrangements. Procedures and policies are not being maintained in a timely manner and levels of compliance with standard council processes are being stretched. This needs to be closely monitored in 2017/18.

**Amendments to the Audit Plan**

Below is a list of audits that were added or deleted from the 2016/17 Audit Plan over and above those that were reported in the Internal Audit Monitoring Report as at 1 December 2016. Where an audit was removed from the Plan a reason has been given as to why this was.

<b>Additional Unplanned Audit Work done in 2016/17</b>	<b>Audits Removed from the 2016/17 Audit Plan.</b>	<b>Reason</b>
Concerns Relating to the Appointment of Contractors	Capital Accounting – Highways Infrastructure	No longer a need for audit assurance, as requirement to revalue highways infrastructure was cancelled
Troubled Families Claim	Enforcement (all revenue)	Audit deferred to 17/18 due to capacity reasons
In Control (Schools)	Expenses and Allowances	Audit removed from audit plan as relatively immaterial expenditure
Primary School Payroll Procedures	Transitional Planning	Deferred audit to 17/18 as awaiting the new manager to be appointed in Q1 of 17/18.
	Commissioned Care (Health & Wellbeing)	Capacity reasons and the scope of audit is yet to be clarified.
	Regeneration & Investment into District (Corporate Risk)	Capacity reasons.
	Grants to Voluntary Bodies	Defer audit to 17/18 as some assurance provided in 16/17 by Keighley Youth Services Review

This page is intentionally left blank