



**Agenda for a meeting of the Governance and Audit Committee to be held on Thursday, 14 July 2022 at 10.30 am in Committee Room 3 - City Hall, Bradford**

**Members of the Committee – Councillors**

<b>LABOUR</b>	<b>CONSERVATIVE</b>	<b>LIBERAL DEMOCRAT</b>
<b>Tait (Ch) Thornton (DCh) Godwin</b>	<b>Felstead</b>	<b>Griffiths</b>

**Alternates:**

<b>LABOUR</b>	<b>CONSERVATIVE</b>	<b>LIBERAL DEMOCRAT</b>
<b>M Slater Azam Cunningham</b>	<b>Pollard</b>	<b>Sunderland</b>

**Notes:**

- This agenda can be made available in Braille, large print or tape format on request by contacting the Agenda contact shown below.
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- 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

**To:**

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## 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 must consider their interests, and act according to the following:

Type of Interest	You must:
Disclosable Pecuniary Interests	Disclose the interest; not participate in the discussion or vote; and leave the meeting <u>unless</u> you have a dispensatio
Other Registrable Interests (Directly Related) <b>OR</b> Non-Registrable Interests (Directly Related)	Disclose the interest; speak on the item <u>only if</u> the public are also allowed to speak but otherwise not participate in the discussion or vote; and leave the meeting <u>unless</u> you have a dispensatio
Other Registrable Interests (Affects) <b>OR</b> Non-Registrable Interests (Affects)	Disclose the interest; remain in the meeting, participate and vote <u>unless</u> the matter affects the financial interest or well-being (a) to a greater extent than it affects the financial interests of a majority of inhabitants of the affected ward, and (b) a reasonable member of the publ knowing all the facts would believe tl it would affect your view of the wider public interest; in which case speak on the item <u>only if</u>

the public are also allowed to speak but otherwise do not participate in the discussion or vote; and leave the meeting unless you have a dispensation

- (2) Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.
- (3) 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.
- (4) Officers must disclose interests in accordance with Council Standing Order 44.

### 3. MINUTES

**Recommended –**

**That the minutes of the meeting held on 9 June 2022 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. **REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA 2000) - LEVEL OF USE (QUARTERLY UPDATE)** 1 - 10

The Interim City Solicitor will submit **Document “E”** which provides information relating to:

- The number of authorised and approved covert surveillance operations (Nil return) undertaken by the Councils criminal investigation teams for the first two quarters of 2022.
- The arrangements for training to be provided to officers of the Council.
- The use of the Councils CCTV equipment by the Police or Department of Work and Pensions (DWP) for covert surveillance.

**Recommended –**

**(1) That the contents of the report be noted.**

**(2) That the Councils continued compliance with RIPA as coordinated and monitored by the Councils RIPA Coordinator and Monitoring Officer and the Senior Responsible Officer be noted.**

**(3) That the RIPA training arranged be noted.**

(Richard Winter – 01274 434292)

### 6. **CORPORATE INVESTIGATIONS UNIT PERFORMANCE AND ACTIVITY REPORT FOR THE FINANCIAL YEAR 2021/22** 11 - 44

The Council has a duty to protect the public purse and has committed to a zero tolerance approach to fraud, theft, corruption (including bribery), or any other financial irregularity committed against the organisation. Fraud is a prevalent cause of concern in the public sector and continues to pose financial threats to local authorities. The Council recognises that each pound lost to fraud represents a loss to the public purse and reduces the Council's ability to provide services to people who need them.

The Director of Finance and IT will submit **Document “F”** which reports on the Council's Corporate Investigation Unit (CIU) latest performance information and provides assurance that the Council's counter fraud arrangements are effective.

**Recommended -**

**That the activity and performance carried out by the Corporate Investigation Unit to prevent, detect and deter the Council from instances of fraud, theft, corruption or any other financial irregularity in 2021/22 be noted.**

(Tracey Banfield/Harry Singh – 01274 434794/437256)

7. **TERMS OF REFERENCE FOR A COMMUNITY GOVERNANCE REVIEW FOR THE DISSOLVING OF HAWORTH, CROSS ROADS AND STANBURY PARISH COUNCIL AND CREATION OF CROSS ROADS PARISH COUNCIL AND/EITHER HAWORTH AND STANBURY PARISH COUNCIL** 45 - 54

The Interim City Solicitor will submit **Document “G”** which reports that the Council has received a valid petition requesting a Community Governance Review (CGR) for a proposed change to a Local Council in the Worth Valley ward. The Committee must now make arrangements for the CGR, and as a first step must agree its terms of reference. The report summarises the relevant background issues and the proposes draft Terms of Reference to initiate the CGR process.

**Recommended –**

- (1) That the Terms of Reference highlighted in Appendix 1 for a Community Governance Review for a proposed dissolving of an existing Local Council and creation of two new Local Councils in the Worth Valley ward, as detailed in the report, be approved subject to any amendments required by the Committee.**
  
- (2) That the Committee authorise officers to conduct the Community Governance Review in accordance with the Local Government and Public Involvement in Health Act 2007 and the statutory guidance which relates to it.**

(Alice Bentley – 01535 618008)

8. **INTERNAL AUDIT ANNUAL REPORT 2021/22** 55 - 82

The Director of Finance and IT will submit (**Document “H”**) which reports that the purpose of the report is to inform members of the Committee about the service Internal Audit has provided to the Council during the financial year 2021/22.

In particular Members are advised of the following:-

- Internal Audit completed 83% of the 2021/22 audit plan which was 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.

**Recommended –**

**That the work carried out by Internal Audit during 2021/22 be recognised and supported.**

(Mark St Romaine – 01274 432888)

**9. PUBLIC SECTOR INTERNAL AUDIT STANDARDS - PROPOSALS FOR UNDERTAKING AN EXTERNAL REVIEW OF INTERNAL AUDIT** 83 - 88

The Director of Finance and IT will submit **Document "I"** which outline the benefits of the proposed arrangements for carrying out the external review of the Council's Internal Audit function, as required by the Public Sector Internal Audit Standards (PSIAS).

**Recommended –**

**That Option 2 (the appointment of an independent assessor which is buying in the review from a professional body such as CIPFA or IIA) be agreed as the proposed arrangements for carrying out the external review of the Council's Internal Audit function, as required by the Public Sector Internal Audit Standards (PSIAS).**

(Mark St Romaine – 01274 432888)



## **Report of the Interim City Solicitor to the meeting of Governance and Audit Committee to be held on 14<sup>th</sup> July 2022 at 10.30 at City Hall Bradford**

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**E**

### **Subject:**

**Regulation of Investigatory Powers Act 2000 (RIPA 2000) – Level of use (quarterly records) Resolutions from the meeting 27th January 2022**

Resolved- (1) That the contents of the report be noted.

(2) That the Councils continued compliance with RIPA (Regulation of Investigatory Powers Act) as coordinated and monitored by the Councils RIPA Coordinator and Monitoring Officer and the Senior Responsible Officer be noted.

(3) That the RIPA training arranged be noted.

(4) That the Investigatory Powers Commissioners Office advice regarding the Human Rights Act 1998 process as implemented by the RIPA Coordinator and Monitoring Officer be noted.

Action: City Solicitor (Richard Winter – 01274 434292)

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Interim City Solicitor  
Bryn Roberts  
Report Contact: R J Winter – Solicitor  
(RIPA Coordinator and Monitoring Officer  
RICMO)  
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## 1. SUMMARY

1.1 This report is to provide information relating to the above resolutions and in particular: -

- (a) The number of authorised and approved covert surveillance operations (Nil return) undertaken by the Councils criminal investigation teams for the first two quarters of 2022.
- (b) The arrangements for training to be provided to officers of the Council.
- (c) The use of the Councils CCTV equipment by the Police or Department of Work and Pensions (DWP) for covert surveillance.

NB See Glossary of terms at the APPENDIX below.

## 2. BACKGROUND

2.1 The Council's use of authorised and approved covert surveillance operations and obtaining of data communication information for the periods mentioned above.

2.2 The Councils Departments which have specific statutory powers to investigate criminal offences are as follows: -

- (a) Neighbourhood and Customer Services (NH&CS).
- (b) Environmental Health Service (EHS)
- (c) West Yorkshire Trading Standards Service (WYTSS).
- (d) Corporate Resources - Counter Fraud Team (CFT).
- (e) Planning Service and Building Control (PS&BC).
- (f) Housing Standards Service (HSS)
- (g) Antisocial Behaviour Team and Youth Offending Team (ASBT & YOT).
- (h) Licensing Services (Liquor and taxi etc.) (LS)

2.3 The Councils Departments which investigate breaches of employee discipline and child protection and adult which may result in the detection of serious criminal offences are as follows: -

- (a) Adult Social Care. (ASC)
- (b) Children's Social Care (CSC)
- (c) Corporate Resources (CR).
- (d) Department of Place(DP)
- (e) Office of the Chief Executive. (CX)

### 2.4 (a) RIPA authorisations and approvals where covert surveillance was carried out in relation to a serious criminal offence e.g. Fraud Act 2006.

The returns for Quarter 1 (1<sup>st</sup> January to 31<sup>st</sup> March 2022) and Quarter 2 (1<sup>st</sup> April to 30<sup>th</sup> June 2022)

A NIL RETURN is shown for all other relevant departments which indicate that the enforcement team's criminal investigators are able to obtain evidence without the need



for covert surveillance. Where not applicable appears (N/A) the criminal offences investigated by the service do not fall within the definition of a serious criminal offence defined under RIPA 2000 namely carrying a penalty of more than six months' imprisonment. Covert surveillance of such none serious crimes cannot be authorised under RIPA.

Department/ Quarterly period (QTR)	EHS	WYTSS	CFT	PS& BC	HSS	ASBT & YOT& NH&CS	LS	Refusals	Authorisations /Approvals
QTR 1	0	0	0	n/a	n/a	n/a	n/a	0	0
QTR 2	0	0	0	n/a	n/a	n/a	n/a	0	0

**2.4(a) Human Rights Act 1998 (HRA) authorisations where covert surveillance was carried out in relation to a non-serious criminal offence e.g. Littering section 87 Environmental Protection Act 1990)**

The returns for Quarter 1 (1<sup>st</sup> January to 31<sup>st</sup> March 2022) and Quarter 2 (1<sup>st</sup> April to 30<sup>th</sup> June 2022)

A NIL RETURN is shown for all other relevant departments which indicate that the enforcement team's criminal investigators were able to obtain evidence without the need for covert surveillance authorised under HRA.

Where not applicable appears (N/A) the criminal offences investigated by the service do not fall within the definition of a serious criminal offence defined under RIPA 2000 namely carrying a penalty of more than six months' imprisonment. Covert surveillance of such none serious crimes cannot be authorised under RIPA.

Department/ Quarterly period (QTR)	EHS	WY TSS	CFT	PS& BC (N/A)	HSS (N/A)	ASBT & YOT& NH&CS (N/A)	LS (N/A)	Refusals	Authorisations /Approvals
QTR 1	0	0	0	0	0	0	0	0	0
QTR 2	0	0	0	0	0	0	0	0	0

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

- a) The Council owns a substantial CCTV system which assists the West Yorkshire Police and the Council in the prevention and detection of crime within the Centres

of Bradford, Bingley, Shipley, Keighley, Silsden, Ilkley, Baildon, Wrose, Oakworth, Wibsey and Idle. The CCTV equipment is occasionally used by the Police or DWP. In order for the police or DWP to use the Council CCTV for directed surveillance evidence must be provided to the Councils CCTV manager (Phil Holmes) that the use of the CCTV is necessary and proportionate to detect or prevent crime in a police operation.

b) The table below shows comparative figures for QTR 1 and QTR 2.

Quarterly Period (QTR)	Police	DWP	Refusals	Accepted	Total Operations
QTR 1	2	0	0	2	18
QTR 2	1	0	0	1	1

### 3. OTHER CONSIDERATIONS

#### 3.1 THE INVESTIGATORY POWERS COMMISSIONERS OFFICE (IPCO)

- (a) IPCO was established under the Investigatory Powers Act 2016 which came into force in September 2017. IPCO replaces the Office of the Surveillance Commissioner whose last inspection was in October 2016.
- (b) The Commissioner of IPCO makes arrangement for all police and local authorities to be inspected periodically. A first inspection by an IPCO inspector of the Council under the new statutory framework took place remotely due to COVID 19 in August 2020.
- (c) The IPCO Inspector report dated 20<sup>th</sup> August 2020 raised the matters which have been actioned by the Councils RIPA Coordinator and Monitoring Officer (RiCMO).
- (d) Recent advice from IPCO states where covert surveillance cannot be authorised under RIPA a local authority may wish to authorise covert surveillance under HRA. Such authorisation is lawful but does not provide the local authority with the absolute defence provided under section 27 RIPA. Any HRA authorisation made by the City solicitor should be made in writing This process and relevant forms are available from the Council **RiCMO**.
- (e) No such HRA applications have been requested and as such none have been granted.

### **3.2 ANNUAL TRAINING, RAISING AWARENESS, RIPA BRIEFINGS, THE COUNCILS GUIDANCE AND POLICY DOCUMENT AND THE ANNUAL INTERNAL AUDIT.**

- (a) The completion of the annual internal audit through the Councils RiCMO (Richard Winter) (in consultation with) the Councils Senior Responsible officer (SRO) (Joanne Hyde) has confirmed the continued compliance with RIPA.
- (b) The annual Questionnaire issued in December each year to all Strategic Directors, Assistant Directors and Managers continues to raise awareness of the need to be vigilant within their services in respect of the unauthorised use of covert surveillance.
- (c) All officers were reminded that any covert surveillance which was planned to be carried out it must be authorised and approved by the City Solicitor and the Magistrates court respectively and advice should be obtained from the Councils RiCMO when any such action was contemplated.
- (d) The Councils RiCMO reviews the Councils Policy and Guidance document in January each year and the review is currently being undertaken. This year's review included the change to Council policy (as advised by IPCO in 2021) to allow enforcement officer/managers to seek authorisation from the City Solicitor to undertake covert surveillance authorised under the Human Rights Act 1998 rather than RIPA where the criminal offences been investigated are none serious i.e. do not carry a term of imprisonment of six months or more.
- (e) Arrangements have been made by the Councils RiCMO for a one hour on line training on 7<sup>th</sup> July 2022 for officers by external lawyers.
- (f) The Interim City solicitor was trained by the Councils RiCMO in June 2022 in his role as authorised officer.

## **4. FINANCIAL & RESOURCE APPRAISAL**

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

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

- 5.1 The report is intended to audit potential risks of unauthorised covert surveillance by officers of the Council without authorisation and approval and will be shared with all SD's and AD's and enforcement team managers following the consideration by committee and its resolutions.

## **6. LEGAL APPRAISAL**

- 6.1 The undertaking of Covert Surveillance or obtaining of data communication information is regulated by the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000, the Investigatory Powers Act 2016 and associated guidance and Codes of Practice (see body of the Report).

## **7. OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

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

### **7.2 SUSTAINABILITY IMPLICATIONS**

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

### **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

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

### **7.4 COMMUNITY SAFETY IMPLICATIONS**

**7.4.1** 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 where possible to undertake investigations of criminal offences overtly.

### **7.5 HUMAN RIGHTS ACT**

**7.5.1** There are no Human Rights issue as a result of a resolution adopting the recommendations of this report.

**7.5.2** However, if covert surveillance was undertaken without authorisation and approval under RIPA, then it would violate Articles 6 and 8 (Right to a fair trial and right to Respect of Private and Family Life)

### **7.6 TRADE UNION**

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

### **7.7 WARD IMPLICATIONS**

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

### **7.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

7.8.1 No Privacy Impact Assessment is required.

## 8. BACKGROUND DOCUMENTS

8.1 The IPCO newsletter June 2021.

8.2 The updated RIPA Policy and Procedure January 2022.

## 9. OPTIONS

9.1 See recommendation below.

## 10. RECOMMENDATIONS

10.1 That the contents of the report be noted.

10.2 That the Councils continued compliance with RIPA as coordinated and monitored by the Councils RiCMO and the Senior Responsible Officer be noted.

10.3 That the RIPA training arranged be noted.

## 11. APPENDICES

APPENDIX I Glossary of terms and abbreviations

Abbreviation	Title/Term	Background/Definition
HRA 1998	Human Rights Act	Enacts ECHR into English Law i.e. absolute and conditional human rights
RIPA 2000	Regulation of Investigatory Powers Act	Regulates the use of covert surveillance and data communication in respect of private persons.
IPA 2016	Investigatory Powers Act 2016	Creates the Investigatory Powers Commissioners office (IPCO)
IPCO	Investigatory Powers Commissioners office	Created by the government under IPA 2016 to oversee the police and other public bodies' use of covert surveillance techniques.
SRO	Senior Responsible officer	Required to take an overview of the Councils use of covert surveillance and compliance with RIPA and the Councils RICMO
RiCMO	RIPA Coordinator and Monitoring Officer	Coordinates and monitors the use of covert surveillance techniques on the Councils behalf.
SPOC	Single Point of contact for obtaining data communications information	Monitors the lawful obtaining of data communications information as appointed by the National Anti-Fraud Network (NAFN) operated nationally through at Tameside Council of which the Council is a member .
NAFN	National Anti-Fraud Network	To be consulted when Data Communications information is required.
CCTV	Close circuit television	Used for safety and security purposes within Council buildings and the Bradford city centre and other town centres across the district.

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: a) for the purpose of a specific investigation or operation; 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 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.
CHIS	Covert human intelligence source	A person is a CHIS if: (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); (b) s/he covertly uses such a relationship to obtain information or to provide access to any information to another person; or (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.
DComms	Data Communications information	Authorisation can be applied for via the nominated Single Point of Contact at NAFN and then authorised by a designated officer at IPCO. E.g. internist , telephone and mail use but not the content of internet pages or telephone calls made ir received or letters sent or received.
IS	Intrusive surveillance	Intrusive surveillance is defined as covert surveillance that: a) is carried out in relation to anything taking place on any residential premises or in any private vehicle; and b) Involves the presence of any individual on the premises or in the vehicle or is carried out by means of a surveillance device. <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>

	Private information	Includes any information relating to a person's private or family life. Private life also includes activities of a professional or business nature ( <i>Amann v Switzerland</i> (2000) 30 ECHR 843). "Person" also includes any organisation and any association or combination of persons.
	Confidential material	<i>Includes:</i> <ul style="list-style-type: none"> <li>▪ matters subject to legal privilege;</li> <li>▪ confidential personal information;</li> <li>▪ Confidential journalistic material.</li> </ul>
ECHR 1950	European Convention of Human Rights	Sets out absolute and conditional Human Rights across Europe
OSC	Office of the surveillance commissioner	Replaced by IPCO in September 2017
SNS	Social network sites	E.g. Facebook and Twitter

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## **Report of the Director of Finance & IT to the meeting of Governance and Audit Committee to be held on 14th July 2022**

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**F**

### **Subject:**

**Corporate Investigations Unit performance and activity report for the financial year 2021/22**

### **Summary statement:**

**The purpose of this report is to present the Council's Corporate Investigation Unit (CIU) latest performance information to provide assurance that the Council's counter fraud arrangements are effective.**

### **EQUALITY & DIVERSITY:**

This report concludes there are no equality and diversity implications which negates the need for an Equality Impact Assessment.

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Chris Chapman  
Director of Finance & IT

**Portfolio:**  
**Leader of the Council & Corporate**

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## 1. SUMMARY

The purpose of this report is to present the Council's Corporate Investigation Unit (CIU) latest performance information to provide assurance that the Council's counter fraud arrangements are effective.

## 2. BACKGROUND

The Council has a duty to protect the public purse and has committed to a zero tolerance approach to fraud, theft, corruption (including bribery), or any other financial irregularity committed against the organisation. Fraud is a prevalent cause of concern in the public sector and continues to pose financial threats to local authorities. The Council recognises that each pound lost to fraud represents a loss to the public purse and reduces the Council's ability to provide services to people who need them.

According to the Annual Fraud Indicator 2017, which provided the last set of government sanctioned estimates, fraud costs the public sector at least £40.3bn annually, with £7.3bn of this total being lost in local government.

## 3. OTHER CONSIDERATIONS

The CIU has been demonstrating to Committee over a number of years how the Council continues to successfully prevent and detect fraud, theft, corruption and any other financial irregularity.

This year sees the introduction of a new annual Corporate Investigations activity and performance report (*Appendix 1*). This report represents performance and activity carried out by the CIU in the financial year 1st April 2021 to 31st March 2022 and has been developed to further assure the Committee of the effectiveness of the Council's counter fraud arrangements.

In 2021/22 the Council's CIU detected or prevented **185** instances of fraud, theft or other financial irregularity with an approximate total value of **£548,317,000** – this equates to an average value of **£2,964** per case, lower than the latest CIPFA counter fraud average of all UK local authorities of £3,600 per fraud case.

Of those **185** investigations where instances of fraud, theft or other financial irregularity were found in 2021/22 **146 (79%)** were prosecuted or offered an alternative to prosecution sanction.

The top 3 areas of fraud by volume in 2021/22 were; -

1. Disabled parking concession (Blue Badge Scheme) representing **61%** of the identified instances of fraud found
2. Public Funding & Grant fraud representing **21%**
3. Revenues Related fraud representing **11%**





The top 3 areas of fraud by cumulative value in 2021/22 were; -

1. Public Funding & Grant fraud representing **48%** of the total loss identified in 2021/22

2. Revenues Related fraud representing **21%**
3. Adult Social Care representing **14%**.

Despite the cumulative value of Disabled parking concession (Blue Badge scheme) abuse only representing **7% (£37,047)** of the total loss identified in 2021/22 this high volume/low value area continues to be a leading trend each year for the Council as there continues to be many incidents of smaller value. As this is a continuing risk for the Council it will continue to require higher vigilance on a more frequent basis by the CIU.

Key performance data for 2021/22, compared with the previous two financial years, is detailed in the report shown at *Appendix 1* and briefly summarised with a trend indicator in **Table 1** below.

<b>Table 1</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	
<b>No. of investigations carried out</b>	285	291	226	
<b>% of investigations where fraud, theft or other financial irregularity found</b>	82%	80%	82%	
<b>Investigations resulting in a prosecution or other sanction</b>	198	71	146	
<b>Financial loss identified</b>	£619k	£1.66m	£548k	

**Table 1 above** demonstrates that in 2021/22 there are signs of pre pandemic performance returning and the performance anomalies in respect of pandemic related frauds i.e. significant increases in Public Funding & Grant fraud, seen in 2020/21, are gradually reducing allowing resources to be targeted to other high risk frauds.

#### **4. FINANCIAL & RESOURCE APPRAISAL**

As detailed in Section 12 of *Appendix 1*, during 2021/22, the value of fraud prevented and detected by the CIU amounted to £548,317, which includes £263,152 loss identified from residual cases in relation to COVID-19 grant schemes commenced during the previous financial year.

Of the total fraud prevented and detected £455,174 was actual recoverable financial loss and the remaining a notional loss\* (£93,143) from recovering properties subject to tenancy fraud and preventing the misuse and abuse of Disabled Persons Parking (Blue Badge).

\*CIPFA notional loss £18,000 per annum per property relating to Social Housing Tenancy Fraud and £699 per Disabled Parking Blue Badge Misuse.

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

There are no significant risks arising

## **6. LEGAL APPRAISAL**

There are no legal issues arising from the contents of this Report. See Section 9.1.2 of *Appendix 1*

## **7. OTHER IMPLICATIONS**

### **7.1 SUSTAINABILITY IMPLICATIONS**

None.

### **7.2 GREENHOUSE GAS EMISSIONS IMPACTS**

None.

### **7.3 COMMUNITY SAFETY IMPLICATIONS**

The reduction of all crime, including fraud, corruption and /or theft, contributes to improving community safety.

### **7.4 HUMAN RIGHTS ACT**

The Council's current counter fraud approach complies with the Human Rights Act, in particular in relation to surveillance and the right to privacy. All surveillance operations are required to be formally approved in compliance with the Regulation of Investigatory Powers Act 2000 and Council protocols. However, there were no surveillance applications requested during 2021/22.

### **7.5 TRADE UNION**

None.

### **7.6 WARD IMPLICATIONS**

None.

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

N/A

### **7.8 IMPLICATIONS FOR CORPORATE PARENTING**

N/A

4

## **7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

None

## **8. NOT FOR PUBLICATION DOCUMENTS**

None

## **9. OPTIONS**

N/A.

## **10. RECOMMENDATIONS**

That the Committee notes the activity and performance carried out by CIU to prevent, detect and deter the Council from instances of fraud, theft, corruption or any other financial irregularity in 2021/22.

## **11. APPENDICES**

Appendix 1 – Corporate Investigations Annual Activity & Performance Report 2021/22

## **12. BACKGROUND DOCUMENTS**

None

# Corporate Investigations Activity & Performance Annual Report for the financial year

## 2021/2022



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## 1.0 Introduction

In common with other public bodies the Council has a duty to protect the public purse and this report details the role of the Corporate Investigation Unit (CIU) in the prevention and detection of fraud.

The work of the CIU underpins the Council's commitment to a zero tolerance approach to fraud, theft, corruption (including bribery), or any other financial irregularity committed against the Council.

The report reflects on the activity and performance of the CIU during **the financial year ending 31<sup>st</sup> March 2022**.

## 2.0 Executive summary

Fraud is a prevalent cause of concern in the public sector and continues to pose financial threats to local authorities. The Council recognises that each pound lost to fraud represents a loss to the public purse and reduces the Council's ability to provide services to people who need them.

According to the Annual Fraud Indicator 2017, which provided the last set of government sanctioned estimates, fraud costs the public sector at least **£40.3bn annually**, with **£7.3bn** of this total being lost in local government.

In 2021/22 the Council's CIU has detected or prevented **185** instances of fraud, theft or other financial irregularity with an approximate total value of **£548,317,000** – this equates to an average value of **£2,964** per fraud case.

Of those **185** investigations where instances of fraud, theft or other financial irregularity were found in 2021/22 **146 (79%)** were prosecuted or given an alternative to prosecution sanction.

The top 3 areas of fraud found by volume in 2021/22 were; -

4. Disabled parking concession (Blue Badge Scheme) representing **61%** of the identified instances of fraud found
5. Public Funding & Grant representing **21%**
6. Revenues Related fraud representing **11%**

The top 3 areas of fraud found by cumulative value were; -

4. Public Funding & Grant fraud representing **48%** of the total loss identified in 2021/22
5. Revenues Related fraud representing **21%**
6. Adult Social Care representing **14%**

Despite the cumulative value of Disabled parking concession (Blue Badge scheme) abuse only representing **7% (£37,047)** of the total loss identified in 2021/22 this high volume/low value area continues to be a leading trend each year for the Council as there continues to be many

incidents of smaller value. As this is a continuing risk for the Council it will continue to require higher vigilance on a more frequent basis by the CIU.

### 3.0 Key Roles and Responsibilities

The Council's Corporate Investigation Unit is responsible for the investigation of allegations of fraud, theft, corruption or any other allegations of a financial nature, perpetrated against the Council, whether by citizens of the district, Council employees or other third parties.

The CIU comprises of 7 staff who are currently training for or are fully accredited with a Counter Fraud Specialist qualification and who ensure that all investigations carried out are in accordance with the relevant legislation and, where evidence of fraud, theft, corruption or any other financial irregularity is found, the appropriate sanction is applied, in accordance with the Council's approved Sanctions Policy.



### 4.0 Types of fraud

These are categorised for the purposes of this report as follows; -

#### 4.1 Revenues related

- Council Tax; Council Tax Reduction Scheme; Council Tax Single Person Discount  
*This type of fraud is committed when someone deliberately gives false or misleading information so that they can pay less or no Council Tax.*
- Business Rates  
*This type of fraud is committed when someone deliberately gives false or misleading information so that they can pay lower or no business rates including stating that a property is no longer in use and therefore qualifies for a reduction in rates*

## 4.2 Disabled Parking (Blue Badge)

Misuse, abuse or defrauding the Blue Badge scheme is committed when; -

- *Using a badge which is no longer valid*
- *Using a badge when the badge holder is deceased*
- *Using a badge that has been forged or copied*
- *Using a badge that has been reported lost or stolen*
- *Using a valid badge belonging to a friend or relative for own personal use*

## 4.3 Housing

- Council Housing
- Social Housing / Tenancy Fraud

*This type of fraud is committed when someone deliberately gives false or misleading information when applying for a property e.g. falsely claiming to have children; subletting a property without permission; living in a property after someone has died without the right to do so; key selling – where a resident is paid to pass on their keys in return for a one off payment; false right to buy/acquire.*

## 4.4 Adult Social Care

- *Financial abuse – committed when the person in care has their money stolen or misappropriated*
- *Direct payment – committed when payments are not spent on items detailed in the care plan; false claims for expenses and wages are made by carers; when a disability or care need is exaggerated to receive support;*
- *Savings and capital are not declared on a financial assessment.*

## 4.5 Procurement

*This type of fraud occurs when someone deliberately intends to influence any stage of the procure to pay life cycle in order to make a financial gain or cause a loss. This could be perpetrated by contractors or sub-contractors external to the Council and/or staff within the organisation.*

## 4.6 Occupation / Employee Fraud

- *Recruitment – committed for example when a job applicant inflates their credentials to apply for a position*
- *Financial statement– committed for example when providing false information to support an expenses claim; working for another employer whilst receiving sick pay.*
- *Asset misappropriation – committed when an employee steals the Council's property.*

## 4.7 Public Funding and Grant

*This type of fraud is committed when individuals, organisations or organised criminal groups claim public funding or grants that they are not eligible for.*

## 5.0 Referrals to the CIU

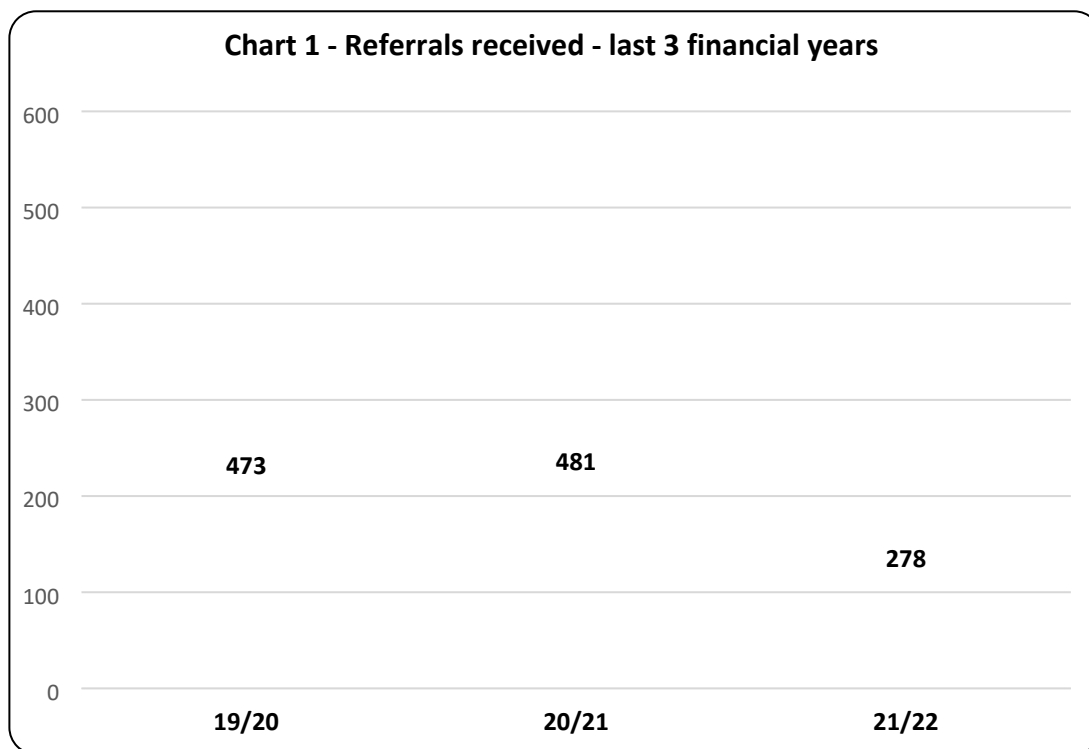
Referrals are made to the Council's Corporate Investigation Unit from a variety of sources; - including, internal sources e.g. employees of the Council Departments and Services or external sources such as the Department for Work and Pensions, Police, Registered Social

Landlords, members of the public usually via letter, email, the Council’s website or the Council’s dedicated fraud hotline – these can include referrals where the referrer wishes to remain anonymous.

Every referral received, which alleges fraud, theft, corruption or any other financial irregularity goes through a “triage” process where initial checks are carried out to ascertain whether further investigation is required by one of the Councils Corporate Investigators.

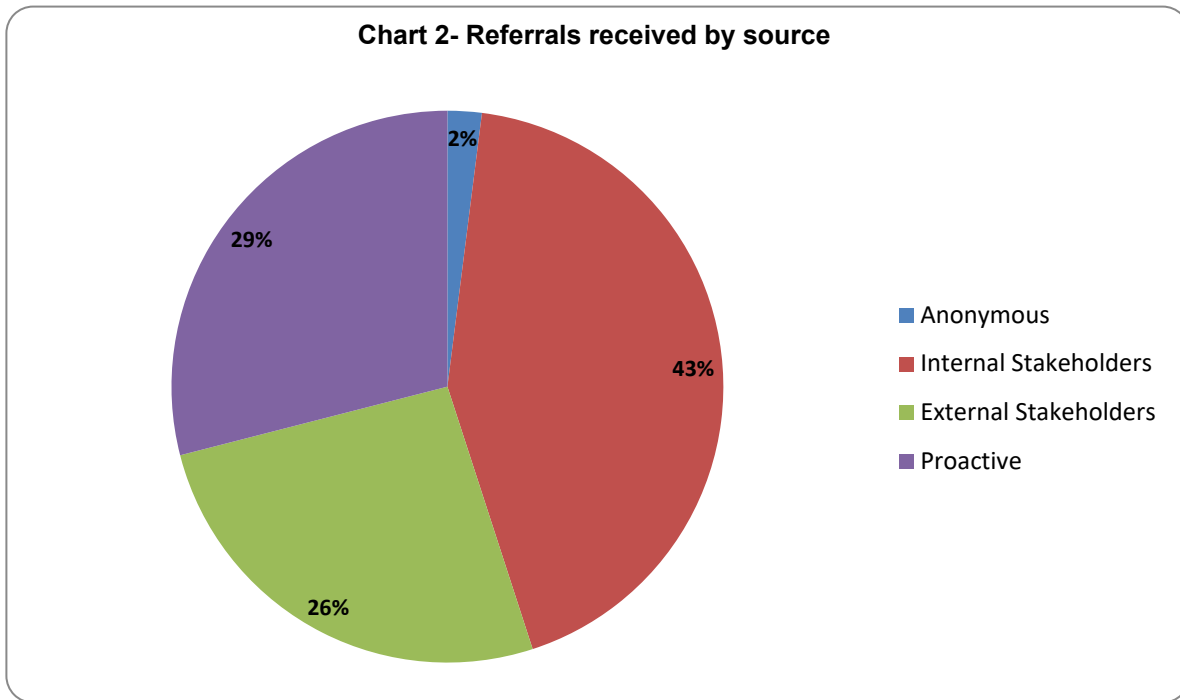
In addition to investigating referrals received the CIU will also, where resources allow, carry out targeted proactive work in areas of high risk. This work can be in conjunction with other internal and/or external stakeholders.

**Chart 1 below** represents the number of referrals received by the CIU in the last 3 financial years.



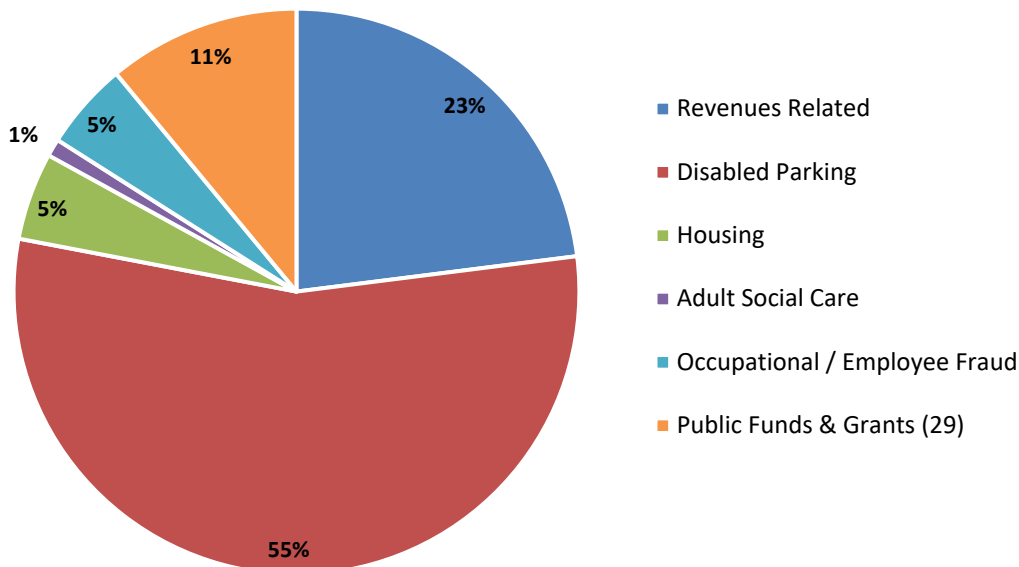
**Chart 1 above** shows that in the 2021/22 financial year there has been a significant reduction in the number of referrals received by the CIU compared with the 2 previous years and that there is a need in 2022/23 to invest in a new awareness campaign to include updating the current eLearning offer and targeting the Services and Departments where the risk of the most prolific frauds is highest e.g. Adult Social Care.

**Chart 2 below** represents the referrals received in the financial year 2021/22 broken down by referral source.



**Chart 3 below** represents the referrals received in the financial year 2021/22 broken down by allegation type

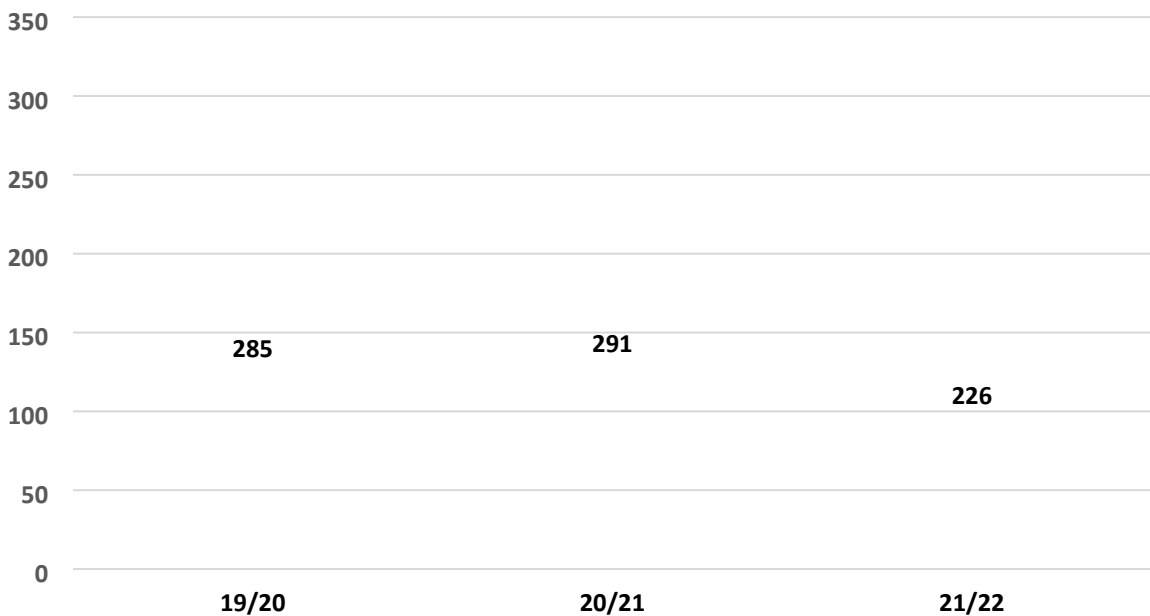
**Chart 3 - Referrals received by allegation type**



## 6.0 Investigation

**Chart 4 below** represents the number of investigations carried out by the CIU in the last 3 financial years.

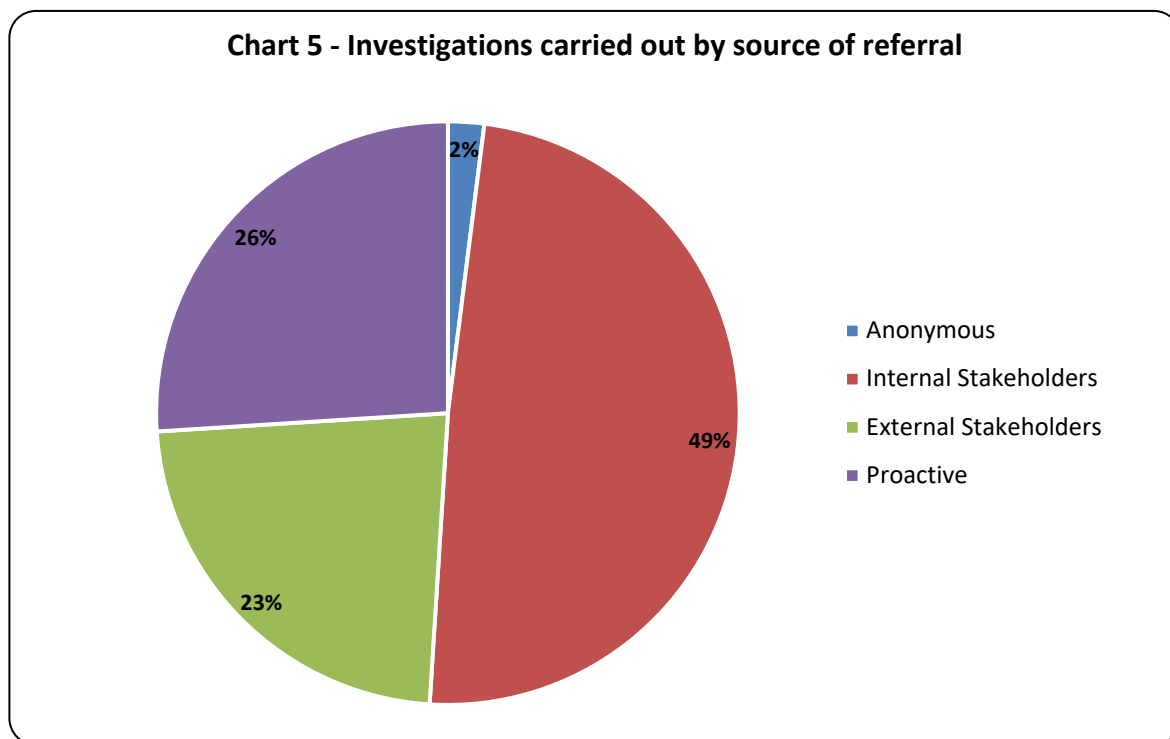
**Chart 4 - Investigations carried out - last 3 financial years**



**Chart 4 above** shows that in 2021/22 there has been a slight reduction in the number of investigations carried out by the CIU compared with the previous 2 years as two experienced

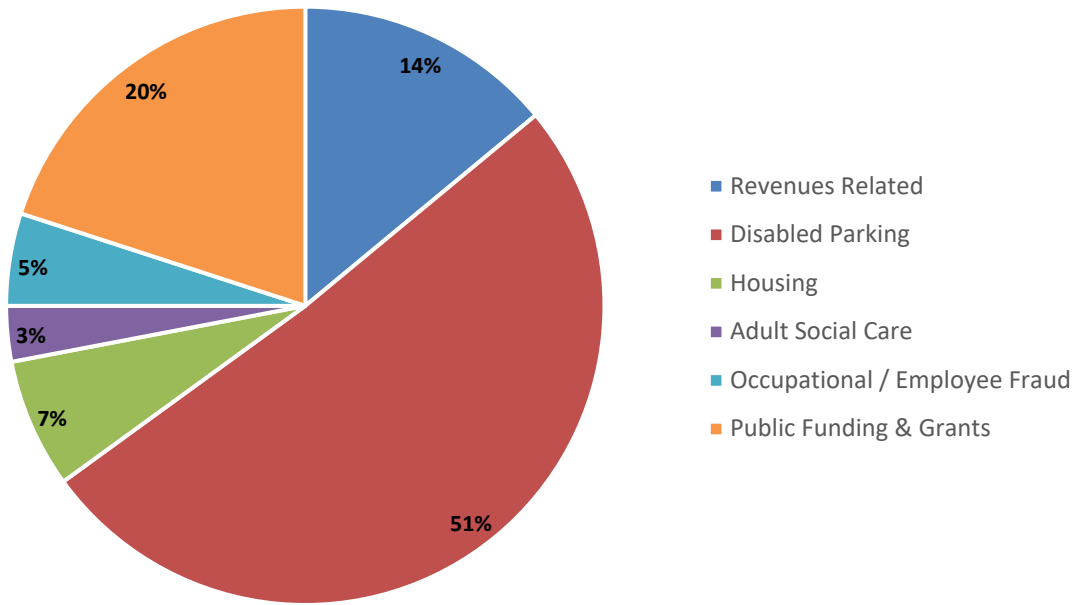
Investigators left the CIU to be replaced by 2 trainee Investigators. It is expected that in 2022/23 the number of investigations carried out will compare, if not exceed, previous levels.

**Chart 5 below** represents the investigations carried out by the CIU in the financial year 2021/22 broken down by referral source.



**Chart 6 below** represents investigations carried out by the CIU in the financial year 2021/22 broken down by allegation type

**Chart 6 - Investigations carried out by allegation type**



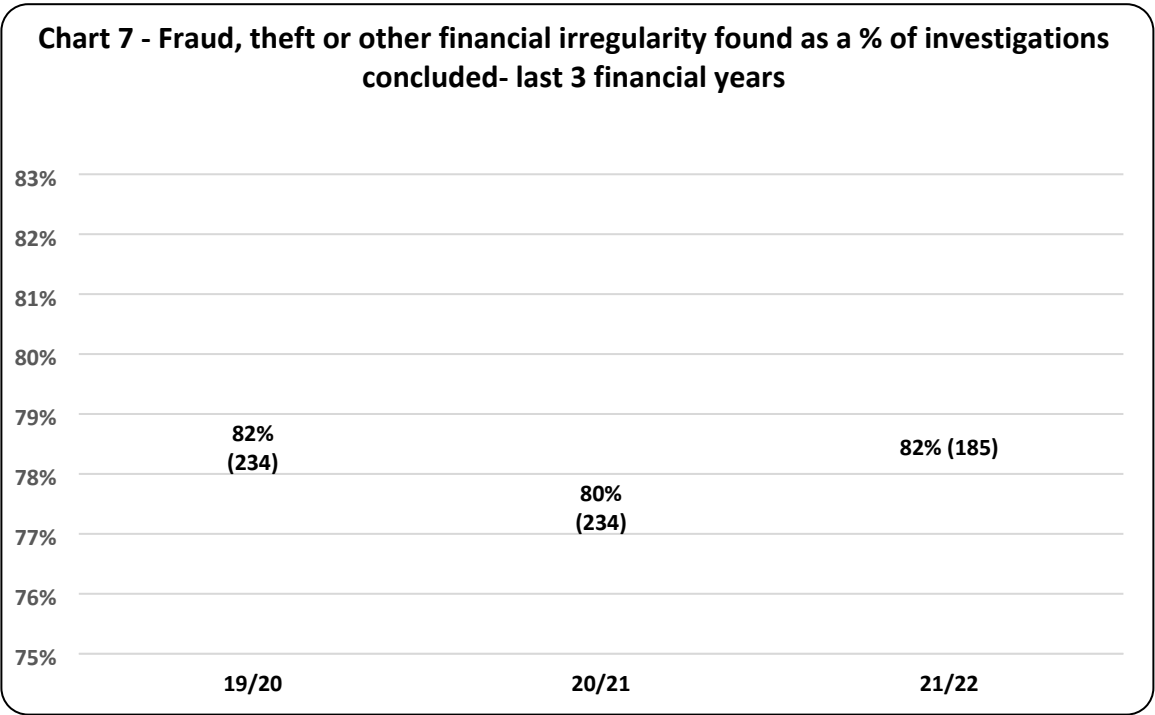
## 7.0 Investigation Outcomes

A concluded investigation will normally result in one of two outcomes – either evidence has **or** has not been found to support a finding of fraud, theft, corruption and /or other financial irregularity.

Where evidence has been found then, in accordance with the Committee approved Council’s Sanctions policy, the appropriate sanction, if applicable, will normally be applied and attempts made to recover any financial loss.

**Chart 7 below** represents the investigations carried out by the CIU in the last 3 financial years where fraud, theft, corruption or other financial irregularity was found as a percentage of the investigations carried out.

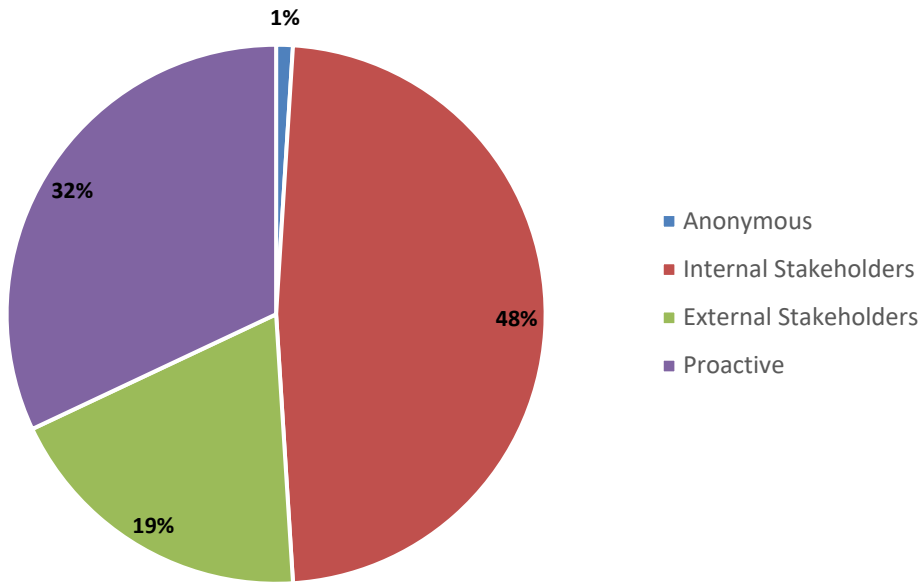




**Chart 7 above** demonstrates that whilst the number of investigations carried out in 2021/22 (Chart 4 refers) was lower than previous years, the % where fraud, theft or other financial irregularity was found remains comparable with previous years.

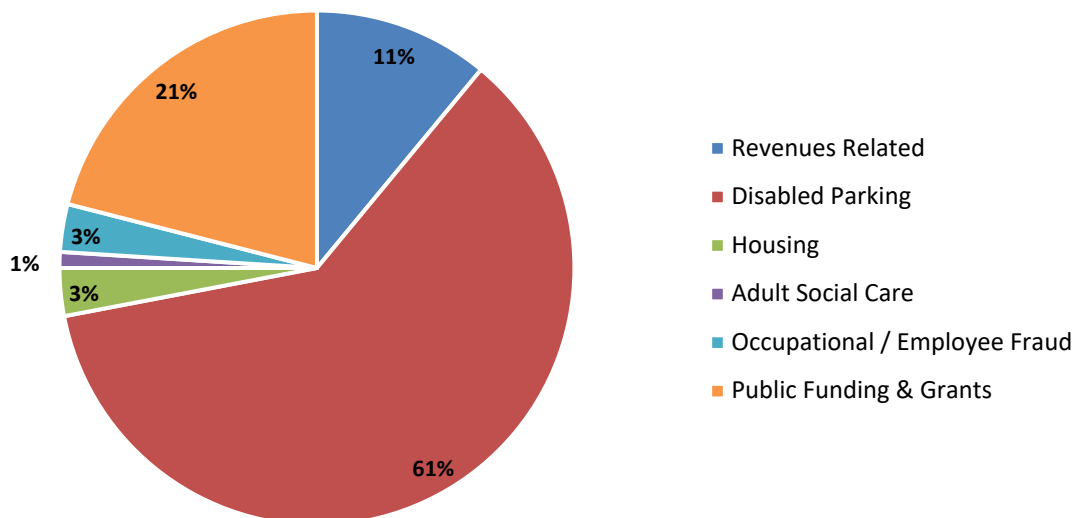
**Chart 8 below** represents the investigations where fraud, theft, corruption or other financial irregularity was found in the financial year 2021/22 broken down by referral source.

**Chart 8 - Fraud, theft or other financial irregularity found in 2021/22 broken down by source**



**Chart 9 below** represents investigations where fraud, theft, corruption or other financial irregularity was found in the financial year 2021/22 broken down by allegation type

**Chart 9 - Fraud, theft or other financial irregularity found in 2021/22 broken down by allegation type**



## 8.0 Sanctions

The Council has a range of sanctions that can be applied to those who commit offences of fraud corruption, theft or other financial irregularity. These include formal cautions, financial penalties or criminal proceedings in a Court and disciplinary action where a serving Council employee has committed the offence.

The Council will, in certain circumstances, take more than one form of action. For example, where a serving Council employee has committed offences of fraud, corruption, theft or other financial irregularity then disciplinary action, criminal prosecution and civil recovery action to recover any unpaid losses could be appropriate, however the sanction decision will consider every case on its own merits, taking into account factors, such as a person's physical and mental health, their age, financial circumstances and, in considering prosecution as a first option, whether it is in the public interest in addition to assessing the overall impact of the punishment to both the individual and the community.

### **8.1 Prosecution**

The Council will normally only consider instituting criminal proceedings when the loss or potential loss to the Council exceeds £5,000 **and** both the "Evidential Test" and Public Interest tests are satisfied, however there are exceptional circumstances where the Council may decide to institute criminal proceedings even where the loss of potential loss to the Council is below £5000, for example, where a formal caution or financial penalty has been offered and refused; there are known previous convictions for fraud related offences against the Council; the offence has been deliberate, planned, committed over a long period of time or involved more than one person.

Additionally, the Council will only institute criminal proceedings for the offence of wrongful use of a Disabled Persons Blue Badge where the offence has not been admitted at an interview under caution **or** the mitigation offered has not been accepted by the Council **and** the "Evidential Test" and Public Interest tests are satisfied.

### **8.2 Other sanctions**

#### **8.2.1 Financial Penalty**

This can be offered in certain circumstances, including but not limited to, the loss to the Council being less than £5,000. The Council can use this as an alternative to prosecution.

Where a financial penalty is not accepted or the person fails to respond to invitations to be offered such a sanction, then the Council will consider instituting criminal proceedings

Once a financial penalty has been accepted then the Council will not institute criminal proceedings for that offence, however, should the person commit other subsequent similar offences against the City of Bradford Metropolitan District Council then a prosecution may be considered as the first option.

#### **8.2.2 Formal Caution**

This is an administrative sanction offered in certain circumstances, including but not limited to, the loss to the Council being less than £5,000. The Council can use this as an alternative to prosecution.

Once a formal caution has been accepted then the Council will not institute criminal proceedings for that offence, however, should the person commit other subsequent similar

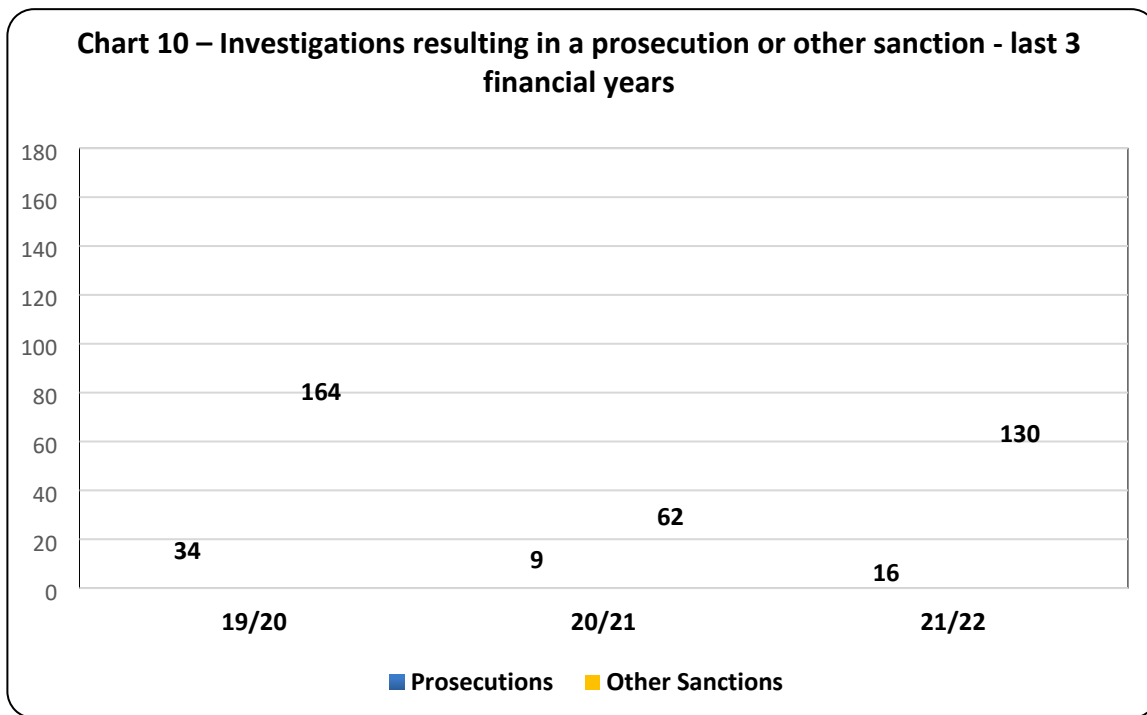
offences against the City of Bradford Metropolitan District Council then a prosecution may be considered as the first option for that subsequent offence.

Where a formal caution is not accepted or the person fails to respond to invitations to be offered such a sanction then the City of Bradford Metropolitan District Council will consider instituting criminal proceedings.

### 8.2.3 Warnings

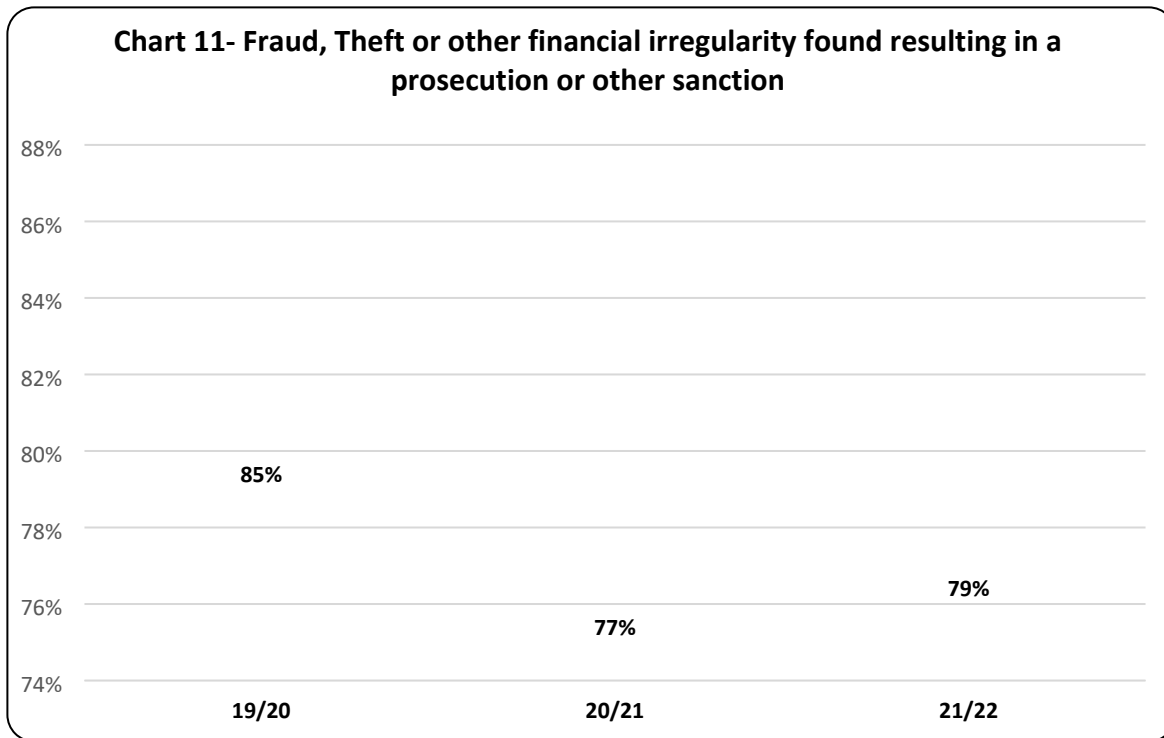
For Disabled Parking (Blue Badge) offences only, the Council may in certain circumstances issue a warning.

**Chart 10 below** represents the number of **all** investigations which resulted in a prosecution or other sanction in the last 3 financial years.

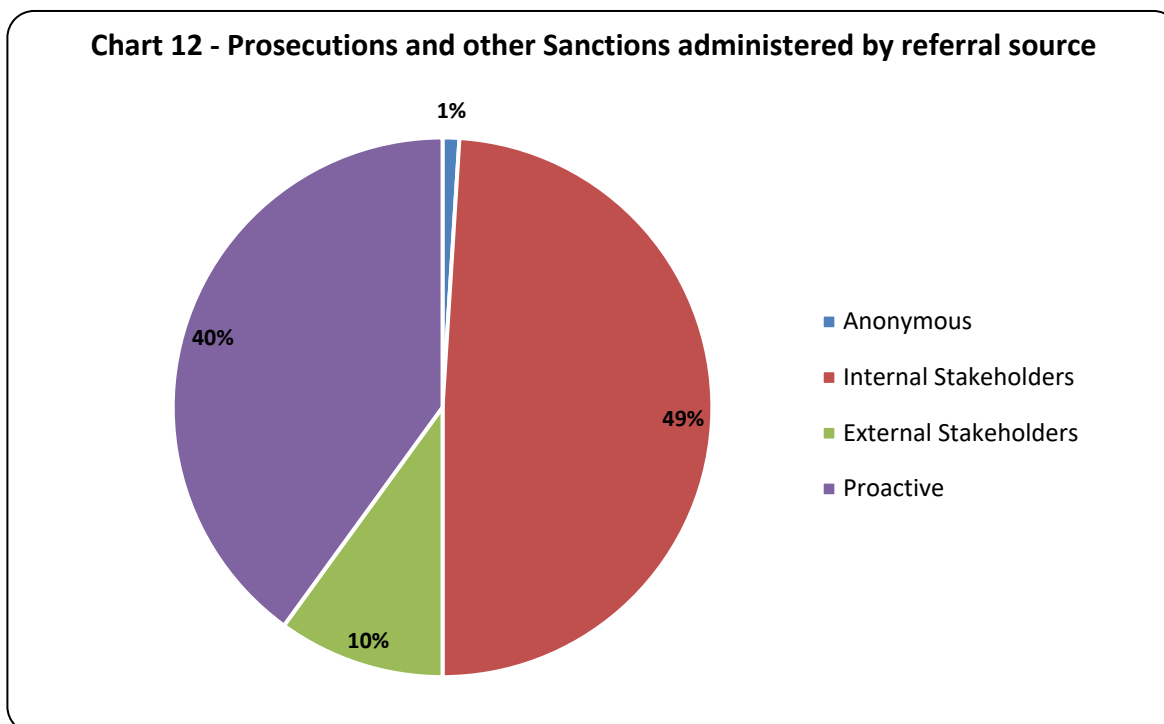


**Chart 10 above** shows the impact of the global pandemic on prosecutions and sanctions in 2020/21 and the return to the pre-pandemic numbers of prosecutions and sanctions being administered in 2021/22 now full investigation activity has resumed and the Courts have availability to hear all cases.

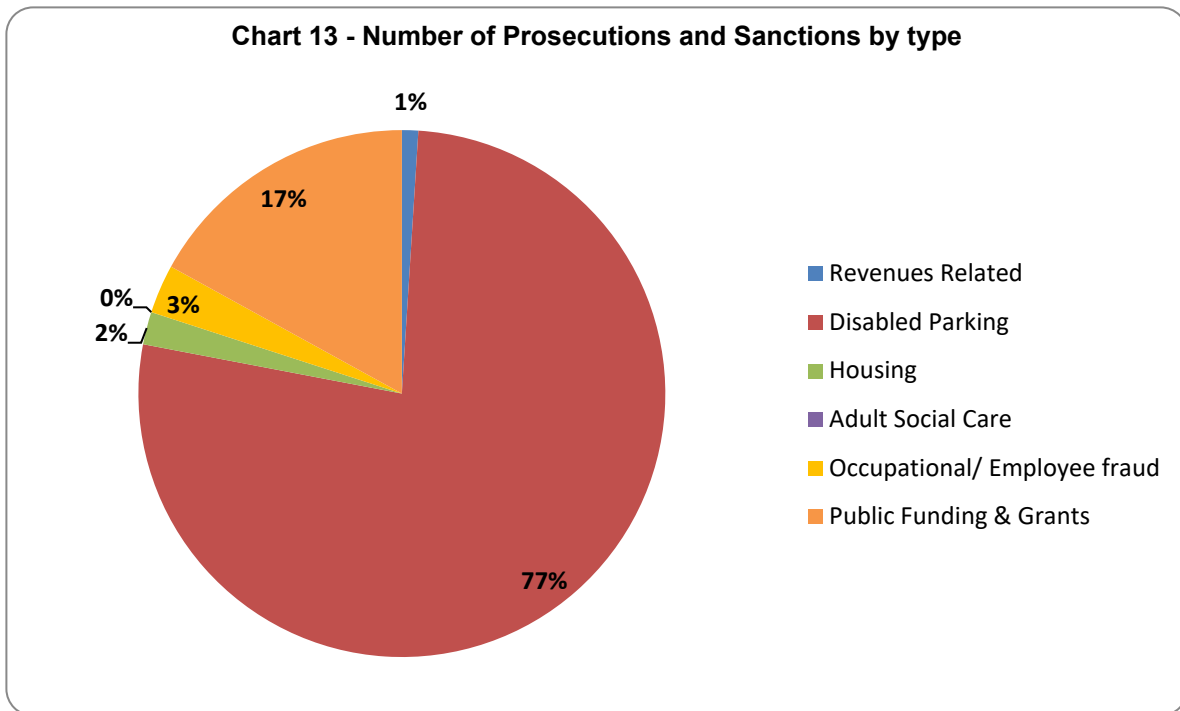
**Chart 11 below** represents the number of prosecutions and sanctions administered in the last 3 financial years as a percentage of the total investigations carried out where fraud, theft, corruption or other financial irregularity was found.



**Chart 12 below** represents prosecutions and other sanctions administered in the financial year 2021/22 broken down by referral source.



**Chart 13 below** represents the prosecutions and other sanctions administered in the financial year 2021/22 broken down by allegation type



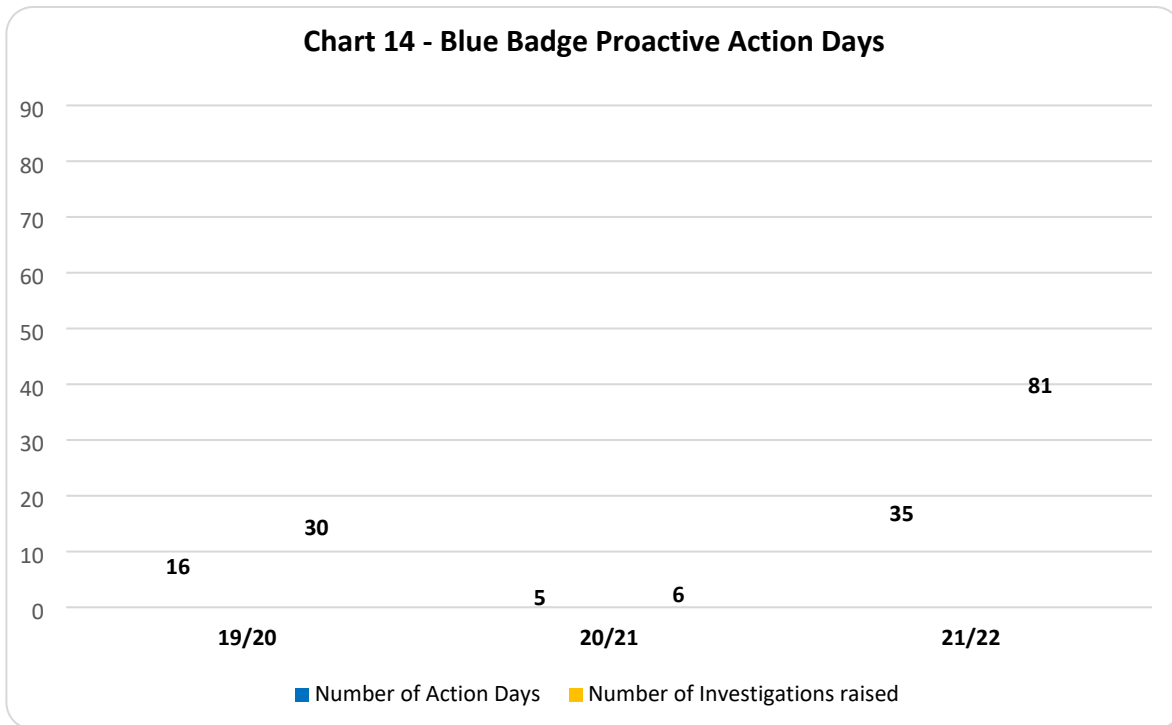
## 9.0 Working in Partnership

### 9.1 Internal Partners

#### 9.1.1 Neighbourhood and Customer Services

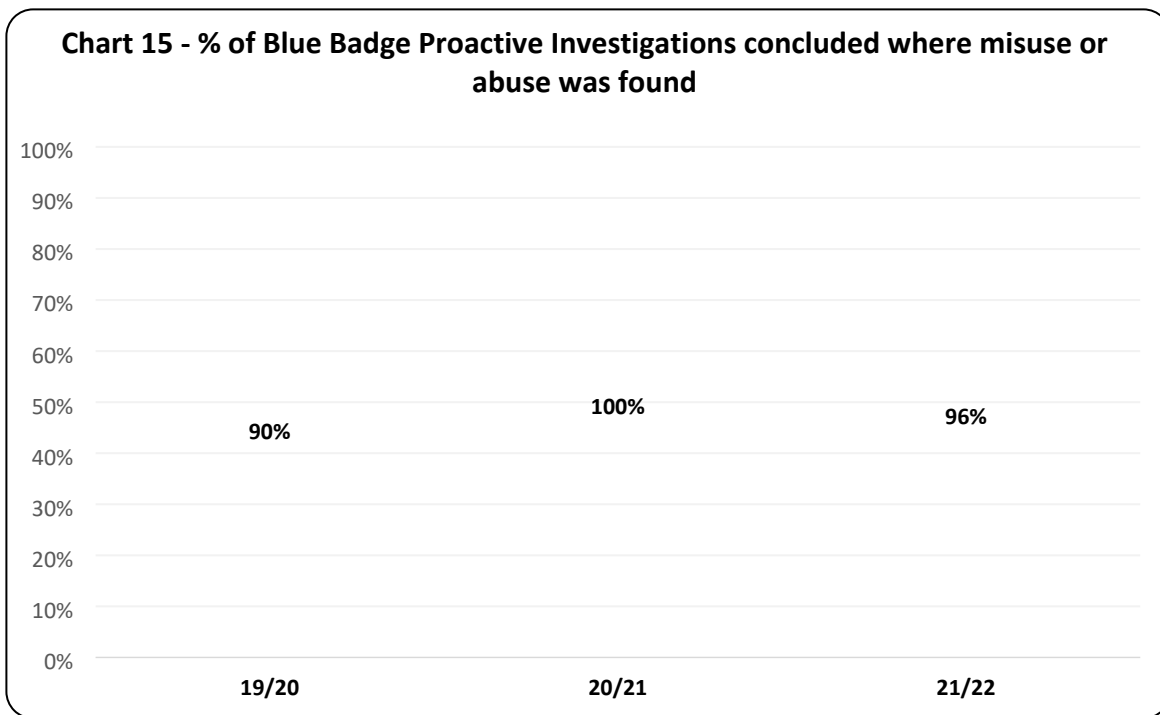
In addition to carrying out reactive investigations in response to referrals received the CIU also carry out investigations proactively, for example, the CIU work with Parking Services Officers on Disabled Persons Blue Badge “action days”. These action days are to ensure that badges are being used correctly and are a tool to obtain intelligence on persistent misuse, for responding to citizen complaints of misuse and targeting of hotspots where misuse/abuse is known to take place.

**Chart 14 below** represents the number of action days and investigations into misuse and abuse that were commenced in the last 3 financial years.



**Chart 14 above** shows that in 2020/21 parking charges had been suspended for the majority of that financial year and in 2021/22 the number of action days and investigations commenced was able to return to pre-pandemic levels. Going forward the CIU will need to find the balance between ensuring this high volume but low value fraud is kept to a minimum whilst still ensuring that sufficient capacity is available to tackle high value frauds.

**Chart 15 below** represents the investigations concluded where misuse or abuse was found following a proactive Disabled Persons (Blue Badge) “action day” in the last 3 years.



**9.1.2 The Council’s Legal Services team –**

A key partner in the Council’s counter fraud approach providing specialist advice, support and services to the CIU, ensuring compliance with all relevant legislation pertaining to the prevention, detection and investigation of fraud, corruption and theft (for example the Police and Criminal Evidence Act 1984, Criminal Procedures and Investigations Act 1996, Regulation of Investigatory Powers Act 2000, Data Protection Act 2018 the General Data Protection Regulations, Proceeds of Crime Act 2002 and Fraud Act 2006.

In addition to the above the Council has a general power, under section 222 of the Local Government Act 1972, to bring legal proceedings before the Court where the “Local Authority considers it expedient for the promotion or protection of the interests of the inhabitants of their area”.

The Council’s Legal Services team will ensure that prosecution proceedings will only be issued after having due regard to the CPS Code of Practice and the Council’s Sanctions policy. As such prosecution proceedings will only be issued where there is sufficient and admissible evidence to provide a realistic prospect of conviction and where the prosecution is in the public interest.

The Code of Practice requires the decision to prosecute to be kept under continuous review, so that any new facts or circumstances, in support of or undermining the Council’s case, are taken into account in the Council’s decision to continue or terminate the proceedings.

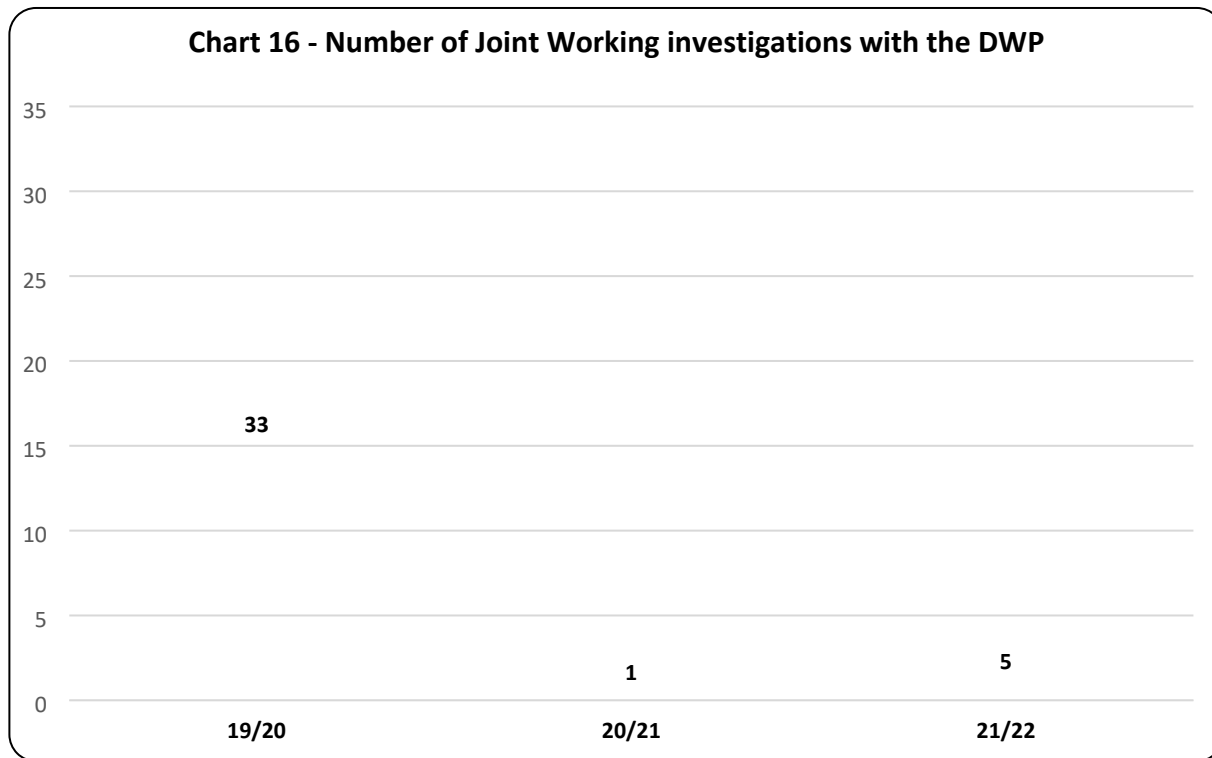


## 9.2 External partners

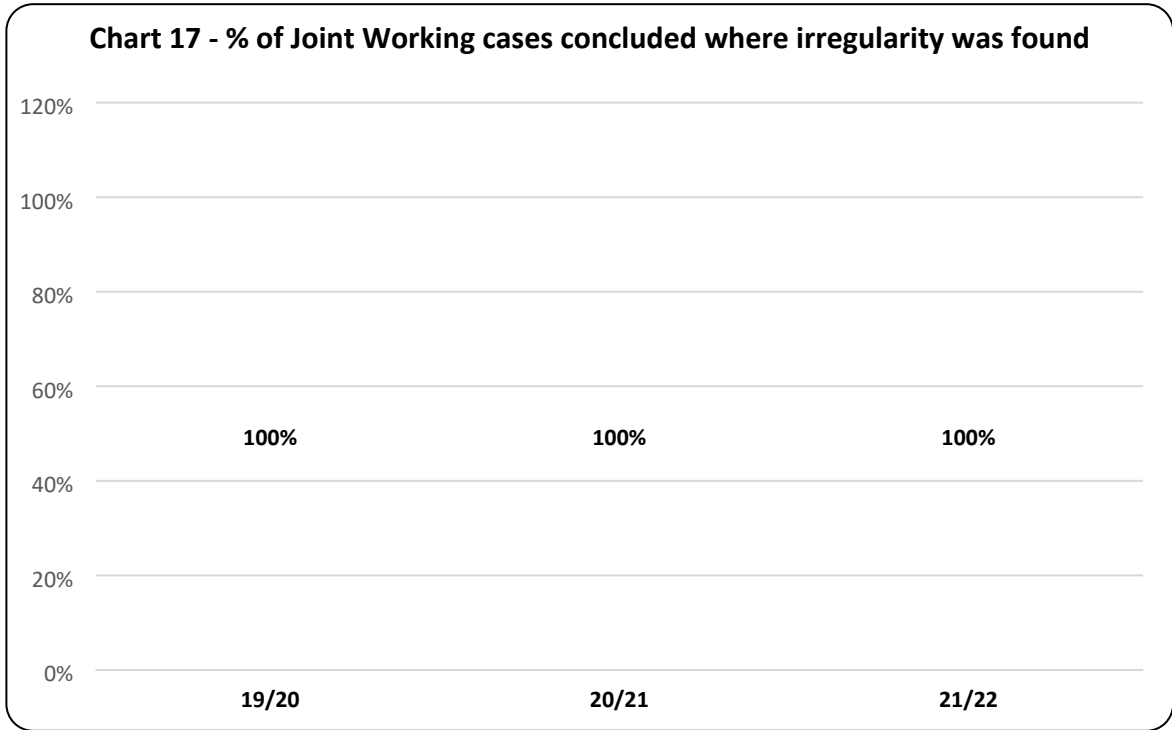
### 9.2.1 The Department for Work and Pensions (Counter Fraud, Compliance & Debt Service)

The CIU work with the DWP to jointly combat fraud in Housing Benefit and Bradford Council's Council Tax Reduction scheme (CTR).

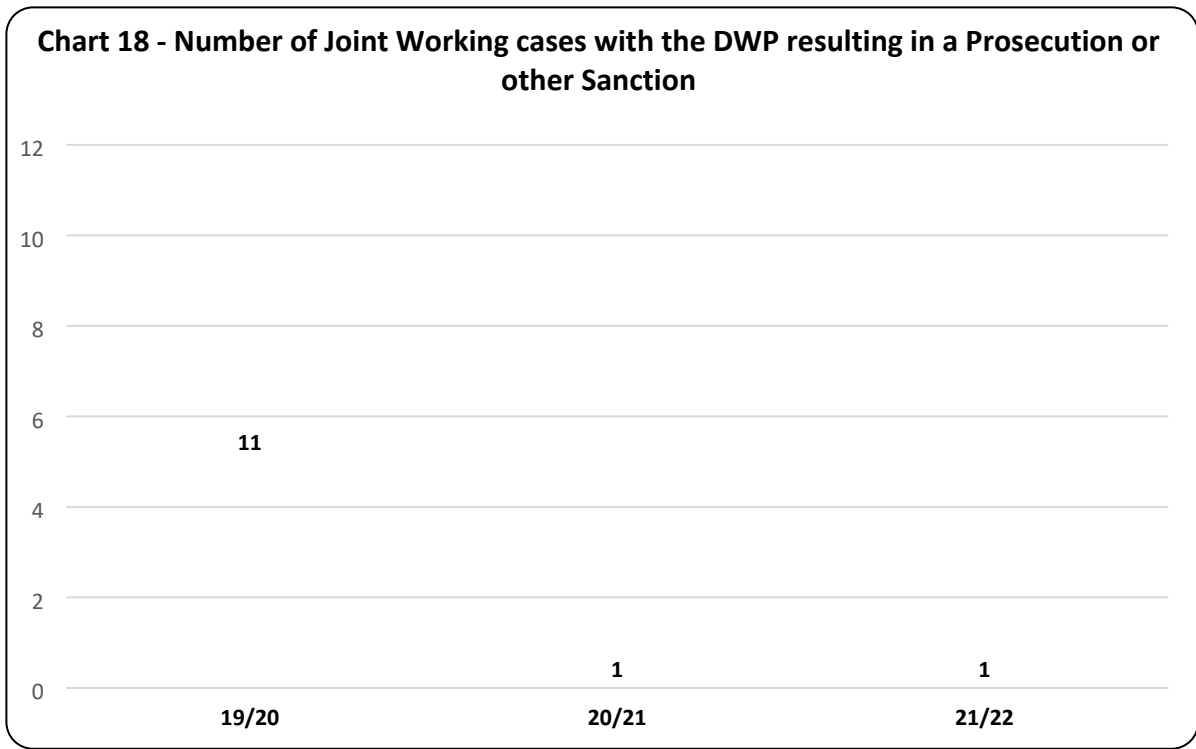
**Chart 16 below** represents the number of joint investigations carried out in the last 3 financial years.



**Chart 17 below** represents the number of investigations carried out jointly with the DWP in the last 3 financial years where fraud, theft, corruption or other financial irregularity was found as a percentage of the investigations carried out.



**Chart 18 below** represents the number of prosecutions and sanctions from joint investigations with the DWP in the last 3 financial years

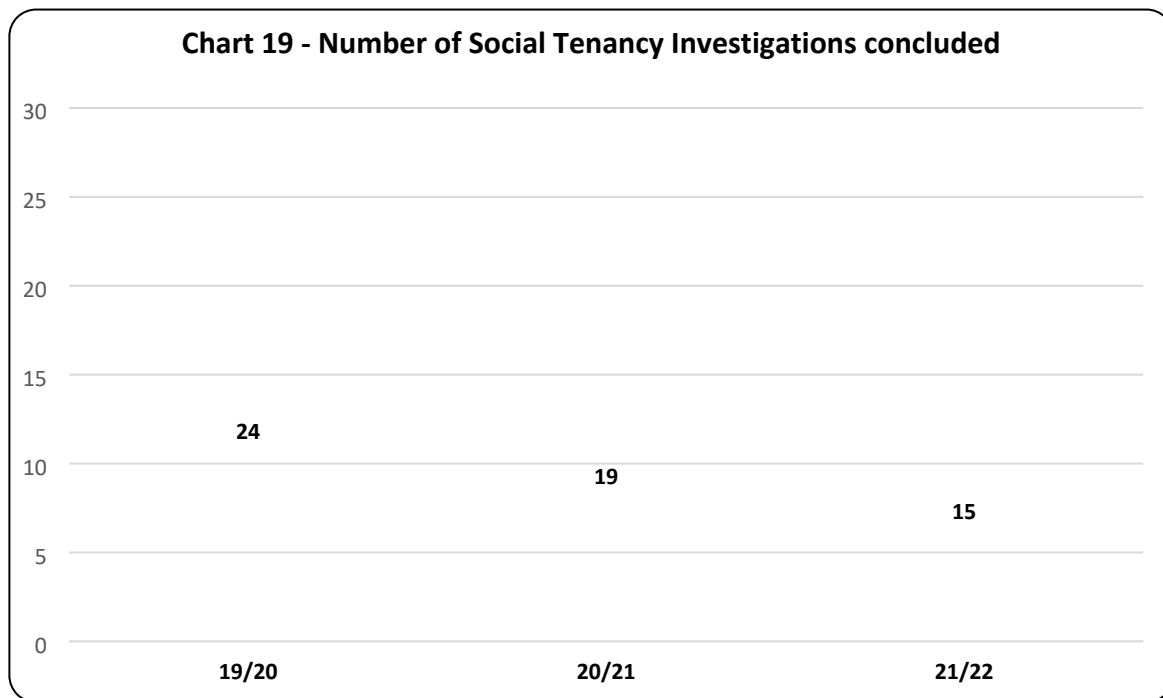


**Charts 16 – 18 above** shows that the number of investigations carried out jointly with the DWP in the last 2 years has reduced significantly and this is due to the availability of DWP Investigators who were redeployed within DWP during the global pandemic, only recently returning in 2022/23. The value of carrying out joint work is demonstrated in Chart 17 and it is expected that in 2022/23 the number of investigations carried out jointly will increase.

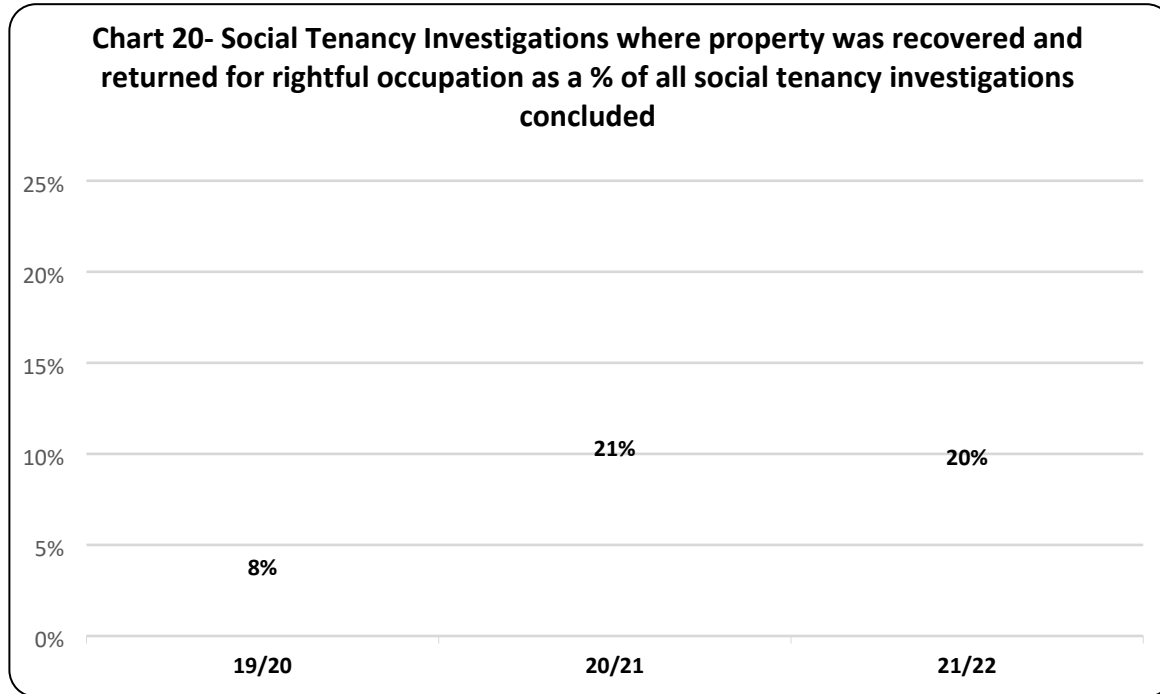
### 9.2.2 Registered Social Landlords

To protect valuable housing stock, the CIU has developed professional relationships with a number of Bradford’s registered social landlords where the CIU provide specialist investigative resource in relation to allegations of tenancy fraud including subletting, succession or any other forms of tenancy breaches.

**Chart 19 below** represents the number of tenancy related frauds which were investigated over the last 3 financial years.



**Chart 20 below** represents the number of tenancy related investigations over the last 3 financial years where the property was recovered and returned for rightful occupation as a % of all tenancy related investigations concluded.



## 10.0 Serious and / or organised crime

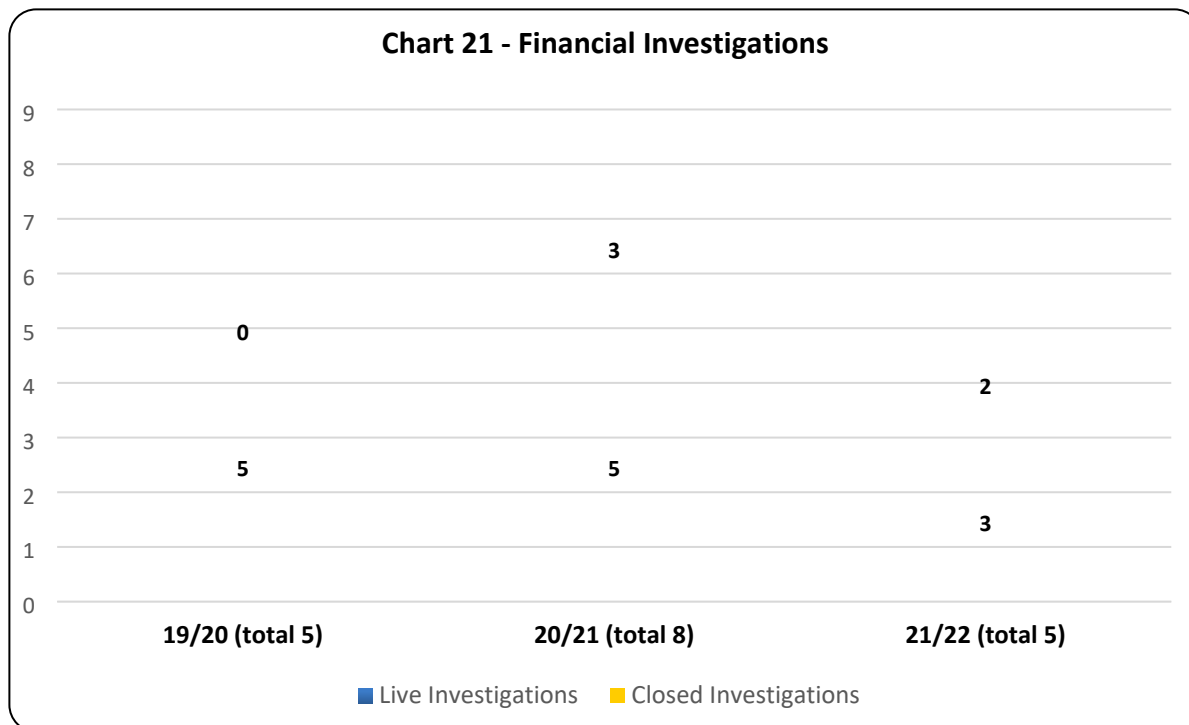
Organised crime often involves complicated and large-scale fraudulent activities which cross more than one boundary. These activities demand considerable resources to investigate and require organisations to co-operate in order to successfully bring criminals to justice.

Financial Investigation is an important tool in the fight against serious and organised crime and it can provide valuable new avenues for investigations by forensically analysing the finances that relate to criminal activity.

The Proceeds of Crime Act (POCA) 2002 is the primary legislation used in financial investigation and was created with the aim of removing assets from criminals, recovering the proceeds of crime and deterring and disrupting criminality. It confers a range of investigative powers as well as powers to restrain and confiscate criminal assets, via criminal confiscation, civil recovery, cash forfeiture and criminal taxation.

Where an investigation into fraud, corruption, theft or other financial irregularity is considered to be likely to result in a conviction, the CIU will refer all suitable cases to West Yorkshire Joint Services for financial investigation (normally, but not limited to, those cases where the estimated loss is £5,000 or more) with a view to recovering monies, or property, obtained as a result of criminal activity or criminal lifestyle.

**Chart 21 below** represents the number of investigations where a financial investigation was commenced; the number of financial investigations still open (“live”) and the number closed in the last 3 years.



## 11.0 Data sharing

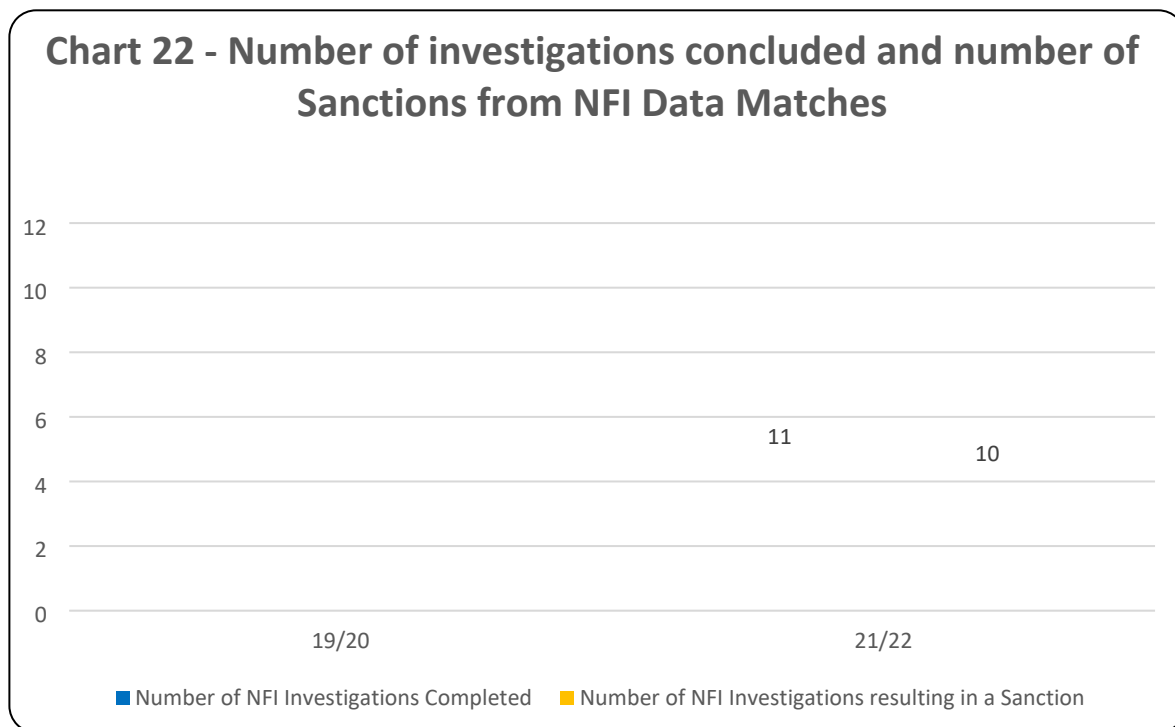
### 11.1 National Fraud Initiative (NFI)

The National Fraud Initiative is a bi-annual mandatory exercise for certain public sector bodies, including Local Authorities, conducted by the Cabinet Office. It matches electronic data within and between over 1200 public and private sector bodies to prevent and detect fraud.

The Council is required to submit to the Cabinet Office the following datasets biannually and will then receive the resulting data matches identifying inconsistencies that may require further investigation, however not all discrepancies identified through the NFI require a fraud investigation with some discrepancies only requiring update of Council systems; -

- Trade Creditors data
- Personal budgets and social care payments
- Pensions
- Payroll
- Licences
- Housing
- Electoral Register
- Council Tax
- Transport passes and permits
- Private supported home care residents
- Council Tax Reduction Scheme
- Company Check

**Chart 22 below** represents the number of NFI data match investigations completed and the number of sanctions over the last 2 data matching exercises.



**Chart 22 above** demonstrates a significant increase in the number of data match investigations and resultant sanctions compared with the previous bi-annual data match. This was solely as a direct result of a new data match for COVID related grant payments.

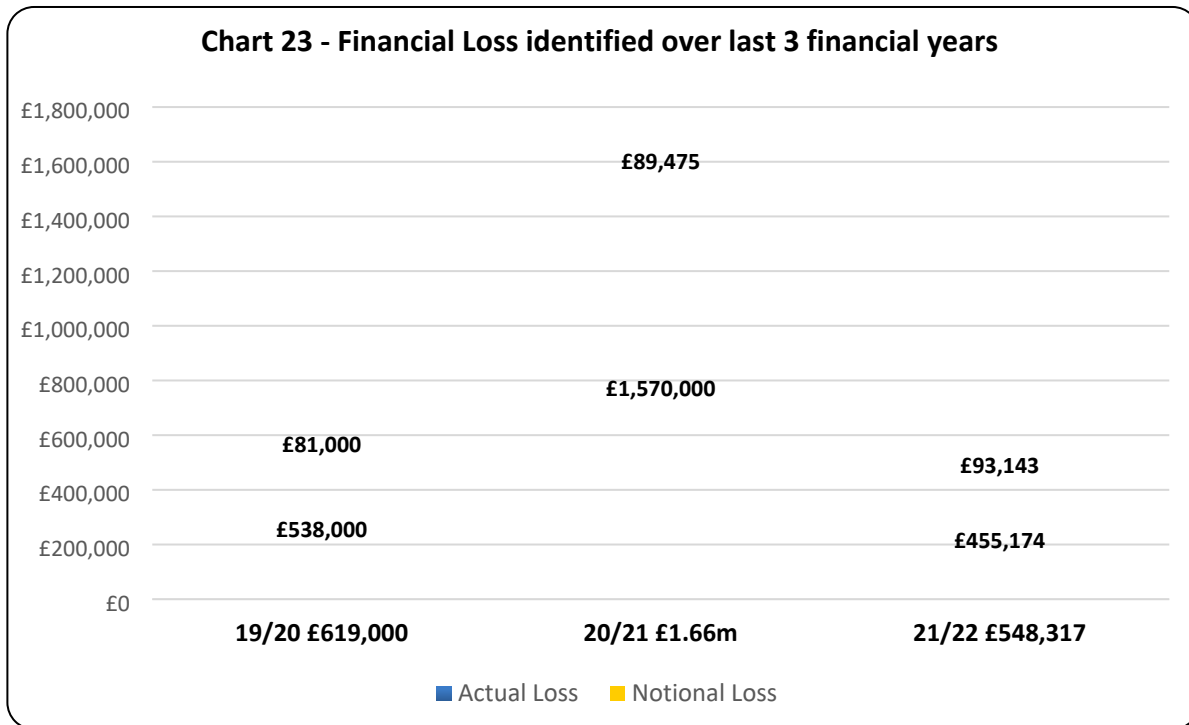
## 12.0 Financial Loss and Recovery

The Council is committed to minimising the loss to both the public purse and/or the Council ensuring that effective action is taken to detect or prevent instances of fraud, theft, corruption or other financial irregularity and where there is a financial loss then the Council will make vigorous attempts to recover the resultant loss, including taking action in the Civil Courts if necessary, in addition to any sanction that may be imposed in respect of that offence.

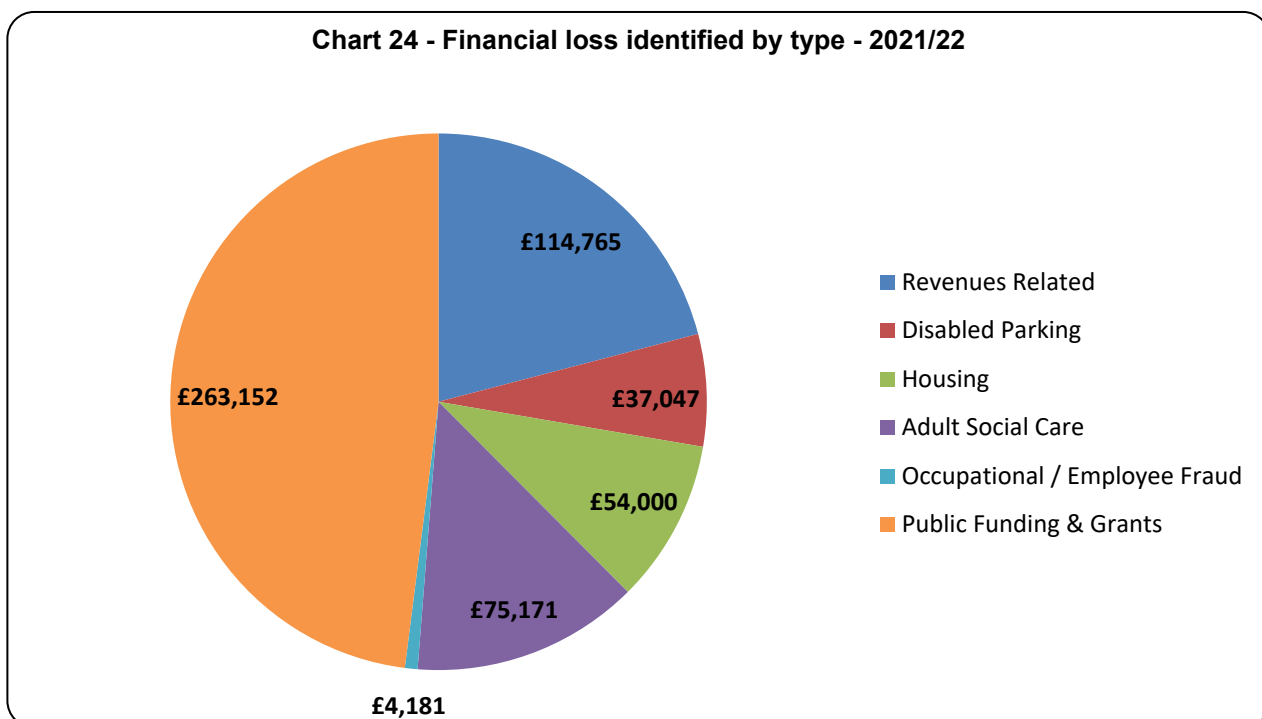
Financial loss sustained by the Council as a result of fraud, theft, corruption or other financial irregularity are classified as either a recoverable loss or a notional loss. A notional loss\* will normally be applied to loss arising from recovering properties subject to tenancy fraud and preventing the misuse and abuse of Disabled Persons Parking (Blue Badge).

\* £18,000 per annum per property relating to Social Housing Tenancy Fraud and £699 relating to Disabled Persons Parking Misuse – in accordance with CIPFA guidance

**Chart 23 below** represents the financial loss identified in the last 3 financial years broken down by actual and notional.



**Chart 24 below** represents the financial loss identified in the financial year ending 31<sup>st</sup> March 2022 by fraud type

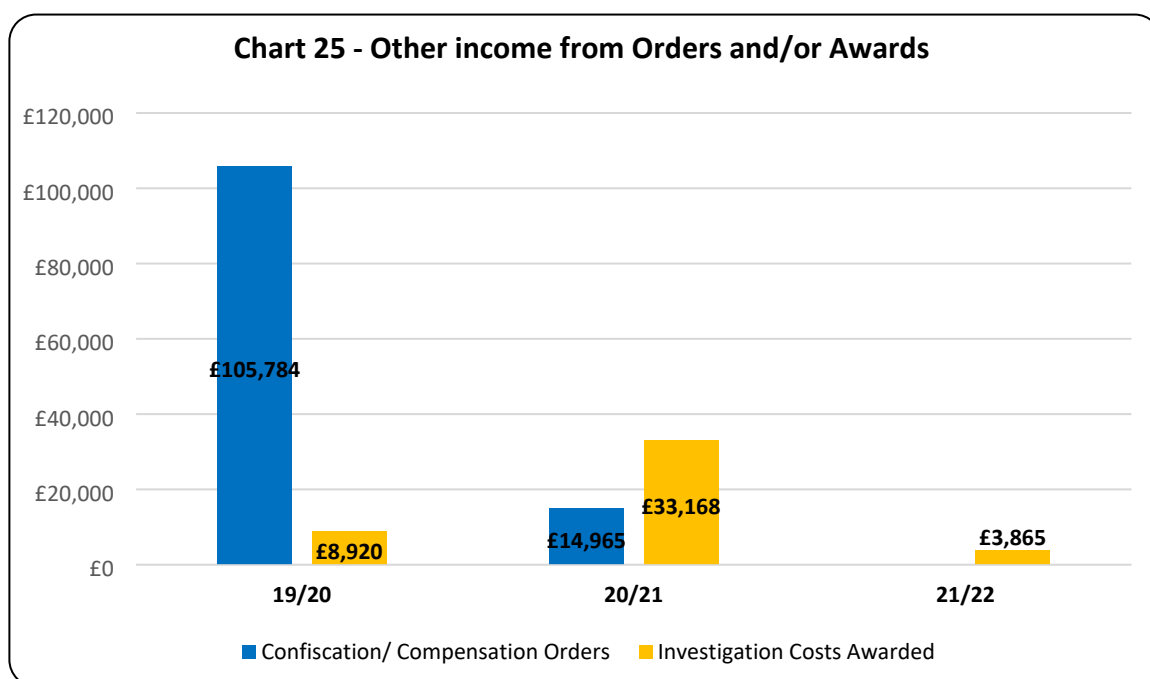


**Chart 23 and 24** above demonstrates the impact COVID grant funding has had on the Council's identified financial loss over the last two years.

### 12.1 Other income

In addition to the financial loss outlined above the Council can also receive regular income from confiscation and compensation orders as well as investigation and/or legal costs awarded to the Council by the Courts in prosecution cases.

**Chart 25 below** represents the income received broken down by confiscation, compensation and costs over the last 3 years.



**Chart 25 above** demonstrates the fluctuating nature of this income stream, in that confiscation and/or compensation can often be received in part and/or years after a financial investigation has closed and any court order has been awarded. Currently the oldest investigations involving confiscation and compensation orders were opened in 2013 and are still live.

### 13.0 Fraud awareness

The CIU is responsible for leading on any preventative work including fraud awareness training for all Council employees, a mandatory e-learning delivered as part of the induction for new employees and bi-annually for existing employees. Additionally, the Council's internal and external website pages provide additional information on how to report suspicions of fraud.

**860** Council employees completed the annual learning in the financial year ending 31<sup>st</sup> March 2022.



## 14.0 Surveillance

The CIU is able to make use of directed surveillance i.e. covert surveillance carried out in any place excluding residential premises and private vehicles. This is used only in appropriate investigations where the CIU is investigating criminal offences which would attract a maximum custodial sentence of 6 months or more and usually only when all other lines of enquiry are exhausted. The Regulation of Investigatory Powers Act 2000 (RIPA) governs this activity and all applications for directed surveillance are overseen by the Council's City Solicitor and can only be granted by a Justice of the Peace (JP). There were no applications for surveillance during the financial year 2021/22.

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## Report of the Interim City Solicitor to the meeting of Governance and Audit Committee on Thursday 14<sup>th</sup> July 2022

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### G

#### Subject:

**Terms of reference for a Community Governance Review for the dissolving of Haworth, Cross Roads and Stanbury Parish Council, and creation of Cross Roads Parish Council and Haworth and Stanbury Parish Council.**

#### Summary statement:

This Council has received a valid petition requesting a Community Governance Review (CGR) for a proposed dissolving of an existing Local Council and creation of two new Local Councils in the Worth Valley ward. The Committee must now make arrangements for the CGR, and as a first step must agree its terms of reference. This report summarises the relevant background issues and proposes draft Terms of Reference; and is intended to initiate the CGR process.

#### EQUALITY & DIVERSITY:

The Committee is required to conduct the CGR in such a way as to ensure that community cohesion is not impacted as a consequence of the Review and any decision from it. It is a matter for its own discretion how it achieves this requirement. In order to comply with the Council's Public Sector Equality Duty, any disproportionate impacts on protected characteristic groups should be considered. An Equality Impact Statement should be stipulated as a mandatory component in the CGR report.

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Bryn Roberts  
Interim City Solicitor

#### Portfolio:

Corporate

Report Contact: Alice Bentley, Ward  
Officer  
Phone: (01535) 618008  
E-mail: [alice.bentley@bradford.gov.uk](mailto:alice.bentley@bradford.gov.uk)

#### Overview & Scrutiny Area:

Corporate

## **1. SUMMARY**

- 1.1 This Council has received a valid petition requesting a Community Governance Review (CGR) for a proposed change to a Local Council in the Worth Valley ward. The Committee must now make arrangements for the CGR, and as a first step must agree its terms of reference. This report summarises the relevant background issues, proposes draft Terms of Reference and is intended to initiate the CGR process.

## **2. BACKGROUND**

- 2.1 In early 2022, some residents and Parish Councillors of Haworth, Cross Roads and Stanbury Parish, in Worth Valley Ward, gathered interest in changes being made to the current Parish Council. Following the receipt of a petition, City of Bradford Metropolitan District Council (the Council) will undertake a Community Governance Review (CGR) of polling districts 29D, 29E, 29H, 29J and 29K.
- 2.2 The petition area contained 5339 local government electors at the date the petition was submitted, and therefore required at least 401 signatories to be valid. The petition attracted 412 valid signatures, and so it will now trigger a Community Governance review in accordance with the Local Government and Public Involvement in Health Act 2007.
- 2.3 A map identifying the position of the proposed new parishes is attached in Appendix 1 and forms a reference document for the draft terms of reference.

### **Community Governance Review**

- 2.4 The CGR requires Bradford Council to make suitable arrangements to review and make recommendations relating to the changes to local governance arrangements proposed within the petition. The review is subject to the overriding criteria that local governance arrangements continue to be effective and convenient and reflect local choice, and the aspirations of the communities affected by the CGR are respected.
- 2.5 In undertaking the review, the Council must have due regard to the relevant parts of the Local Government Public Involvement in Health Act 2007, the relevant parts of the Local Government Act 1972 and Guidance on Community Governance Reviews issued by the Department of Communities and Local Government and the Electoral Commission.
- 2.6 The first requirement of the CGR is to establish Terms of Reference outlining the issues that the CGR will deal with and how it will be run. A suggested draft document is shown in Appendix 1. This will need to be considered by the Committee and then, if agreed, be formally adopted by it as the basis for the CGR.
- 2.7 The conduct of the CGR is the responsibility of the Governance and Audit Committee, which is required to determine its own procedure and consultation arrangements.

## **3. OTHER CONSIDERATIONS**

3.1 None

#### **4. FINANCIAL & RESOURCE APPRAISAL**

4.1 Local Parish Councils are independent bodies which run their own affairs. However, Bradford Council acts as the billing authority for any precept charged by them. The Bradford Council and Local Council Charter sets out all other arrangements on mutual financial arrangements.

4.2 The operating and administrative costs of the CGR will include notional charges for various officers across the Authority. At this early stage the likely expenses include costs of sending letters to householders in the area, and any other person or body who appears to have an interest, at an estimated cost of £3,000.00.

4.3 In the event that the CGR results in a recommendation that a new Local Council should be formed then:

- i) The new Local Councils would be formally constituted after the first elections are held, and
- ii) Bradford Council would need to set a 2023-2024 local precept on its behalf at the Council Budget Meeting in February 2023.

4.4 Bradford Council would continue to cover the costs of Parish Council elections and, through Bradford Council's Standards Committee, arrangements for dealing with alleged breaches of the Council's Member Code of Conduct. This requires Bradford Council to meet the full cost of the first election of a new Local Council and subsequently 100% of the costs of local polling and count stations for elections held on the same day as Bradford Council elections. Under these arrangements Local Councils pay 50% of shared costs (excluding the costs of polling stations and counting stations) and 100% of wholly attributable costs. This is to be contrasted to the situation in which there is a stand-alone Local Council election, in which case that Local Council is required to pay 100% of the costs.

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

5.1 This report relates to the decision to convene a CGR and the agreement by the Committee of the Terms of Reference for it. The Committee must then give instructions to undertake the CGR, and make the necessary appointments to enable a draft CGR report to be completed by nominated Council Officers, with appropriate reporting and oversight arrangements. The committee may also make legal support available by arrangement with the City Solicitor. After the draft report has been prepared it will be brought to the Committee on 22 September 2022 for formal consideration. In the event that the draft report is accepted and approved, then, after formal recommendations are made by the Committee, the final text of CGR with its recommendations will be considered at Full Council on 11 October 2022.

#### **6. LEGAL APPRAISAL**

6.1 The functions of the Governance and Audit Committee in relation to community governance reviews are to:

- i) Determine the validity of community governance petitions under section 80 of the Local Government and Public Involvement in Health Act 2007 (The Act).
- ii) Consider the Council's duties in responding to a community governance petition and determine what that response should be in accordance with Sections 83, 84 and 85 of the Act.
- iii) Determine the terms of reference of a community governance review under Section 81 of the Act.
- iv) Carry out a community governance review under Section 82 and in accordance with Section 93 of the Act and make recommendations in accordance with Sections 87 to 92 of the Act for the approval of full Council.

6.2 The power to take decisions about the creation of Local Councils and their electoral arrangements is delegated to local government and local communities under part 4 of the Local Government and Public Involvement in Health Act 2007. The Council is also required to have regard to statutory guidance issued by the Secretary of State (see under Background Documents).

6.3 Following the undertaking of the community governance review, the Committee must make recommendations as to whether new Local Councils should be constituted. In deciding which recommendations to make, it must have regard to the need to secure that community governance reflects the identities and interests of the community in that area, and is effective and convenient. The Act also provides that it must also take into account any other arrangements that have already been made (apart from those relating to parishes and their institutions) or that could be made, for the purpose of community representation or community engagement.

6.4 Statutory guidance provides that the recommendations must take account of any representations received and should be supported by evidence which demonstrates that the recommended community governance arrangements would meet the criteria set out in the 2007 Act.

## **7. OTHER IMPLICATIONS**

### **7.1 SUSTAINABILITY IMPLICATIONS**

7.1.1 There are no sustainability implications.

### **7.2 GREENHOUSE GAS EMISSIONS IMPACTS**

7.2.1 There are no gas emission impacts.

### **7.3 COMMUNITY SAFETY IMPLICATIONS**

7.3.1 There are no community safety implications so far as is known at this time.

#### **7.4 HUMAN RIGHTS ACT**

7.4.1 There are no human rights implications from the terms of reference.

#### **7.5 TRADE UNION**

7.5.1 None.

#### **7.6 WARD IMPLICATIONS**

7.6.1 The Community Governance Review relates to polling districts 29D, 29E, 29H, 29J and 29K in Worth Valley Ward. The consequences of the creation of new Local councils and the related local governance arrangements will be included in the CGR report.

#### **7.7 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE**

7.7.1 There are no children and young people implications from the terms of reference.

#### **7.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

7.8.1 The conduct of consultations will involve eliciting personal opinions. However, there is no requirement for identifying data to accompany any part of the report that contains such material; and so no foreseeable impact upon privacy.

### **8. NOT FOR PUBLICATION DOCUMENTS**

8.1 None

### **9. OPTIONS**

#### **Option 1**

9.1 The Committee may choose to approve the Terms of Reference outlined in Appendix 1.

#### **Option 2**

9.2 The Committee may choose to approve the Terms of Reference outlined in Appendix 1 with amendments.

### **10. RECOMMENDATIONS**

10.1 That the Terms of Reference highlighted in Appendix 1 for a Community Governance Review for a proposed dissolving of an existing Local Council and creation of two new Local Councils in the Worth Valley ward, as detailed in the report, be approved subject to any amendments required by the Committee.

- 10.2 That the Committee authorise officers to conduct the Community Governance Review in accordance with the Local Government and Public Involvement in Health Act 2007 and the statutory guidance which relates to it.

## **11. APPENDICES**

- 11.1 Appendix 1: Terms of Reference: Haworth, Cross Roads and Stanbury Community Governance Review.

## **12. BACKGROUND DOCUMENTS**

- 12.1 Community Governance Review Guidance – Department for Communities and Local Government, and the Local Government Boundary Commission  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/8312/1527635.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8312/1527635.pdf)
- 12.2 Bradford Council and Local Councils Charter (updated 2015)  
<https://www.bradford.gov.uk/media/4129/bradford-council-and-local-councils-charter-2015.pdf>
- 12.3 Local Government and Public Involvement in Health Act 2007  
<http://www.legislation.gov.uk/ukpga/2007/28/contents>



## **Draft Terms of Reference: Haworth, Cross Roads and Stanbury Community Governance Review**

### **Summary:**

City of Bradford Metropolitan District Council (the Council) through its Governance and Audit Committee will undertake a Community Governance Review of part of the Worth Valley ward and polling districts 29D, 29E, 29H, 29J and 29K in order to consider the community governance arrangements within it. These terms of reference set out the terms of that review.

### **Legal basis for the Review:**

The Council is obliged to undertake the review because it has received a request to that effect within a petition submitted to it under Section 80 of the Local Government and Public Involvement in Health Act 2007 (the Act). The Governance and Audit Committee has determined that the petition is valid.

### **Subject of the Review:**

The Review is to consider whether to recommend the dissolving of Haworth, Cross Roads & Stanbury Parish Council and creation of two new parish councils, Cross Roads Parish Council, to include properties within 29H polling district boundary, and Haworth & Stanbury Parish Council, to cover 29D, 29E, 29J and 29K polling districts.

### **Conduct of Review:**

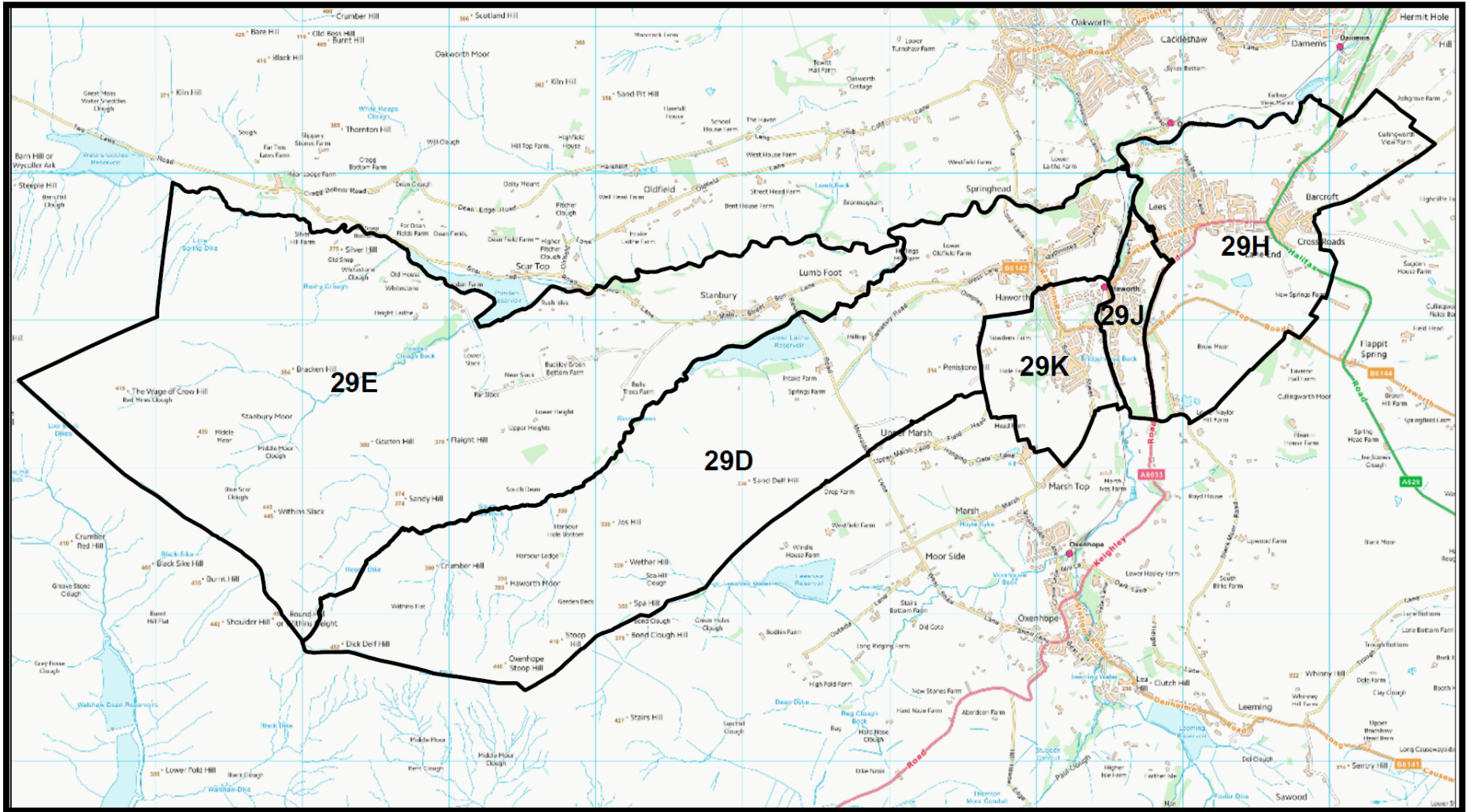
The Governance and Audit Committee of the Council will undertake the Review in accordance with Article 9 of the Council's Constitution and in compliance with its duties set out in Section 93 of the Act. It will:

- i. Consider the relevant facts objectively, acting impartially transparently and independently;
- ii. Seek to ensure that the community governance arrangements within the area of the Review (as per the attached map) reflect the identities and interests of the community within it and are effective and convenient;
- iii. Take into account any other community governance arrangements (apart from those relating to parishes) that have already been made, or that could be made for the purposes of community representation or community engagement in respect of the same area;
- iv. Consult with Local government electors for the area under review and with any other person or body who appears to have an interest in the review and take their representations into account;
- v. Record its conclusions within a final written report, together with its recommendations, the reasons for them and any consequential matters arising from its conclusions.

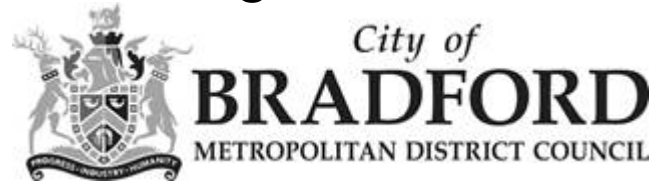
### Provisional timetable for the Review

<b>Date</b>	<b>Action</b>
14 July 2022	Terms of reference presented to Governance and Audit Committee
15 July to 26 August 2022	Subject to approval by the GAC, consultation period, with representations invited
26 August 2022	Closing date for representations
22 September 2022	Governance and Audit Committee to receive report with recommendations from the Governance Review
11 October 2022	Subject to approval by the GAC, Council to receive report with recommendations
May elections	To be determined

Maps of the area covered by the review.



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## Report of the Director of Finance and IT to the meeting of the Governance and Audit Committee to be held on 14 July 2022.

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**H**

### **Subject:**

**INTERNAL AUDIT ANNUAL REPORT 2021/22**

### **Summary statement:**

This report reviews the service Internal Audit has provided to the Council during the financial year 2021/22.

### **EQUALITY & DIVERSITY:**

An effective Internal Audit Service provides assurance that the appropriate governance and accountability arrangements are in place which allows Service Objectives to be delivered in accordance with the Council's equality policies

---

Chris Chapman  
Director of Finance and IT

**Portfolio**

**Corporate**

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**Improvement Area:**

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**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 2021/22.

In particular Members are advised of the following:-

- Internal Audit completed 83% of the 2021/22 audit plan which was 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 Resources.
- 2.2 The Internal Audit Annual Report 2021/22 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 AND GOVERNANCE ISSUES**

- 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 2021/22 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) 2017, which it does by following the CIPFA Local Government Application Note.

- 8.2 Standard 2450 of the PSIAS requires the Head of Internal Audit to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisations framework of governance, risk management and control. The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme. This requirement is met by the attached (Appendix 1) Internal Audit Annual Report for 2021/22.

- 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 consideration of this report by the Committee forms part of that review.

## **9. OTHER IMPLICATIONS**

### **9.1 Equality & Diversity**

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.

## 9.8 **Implications for Corporate Parenting**

None

## 9.9 **Issues Arising from Privacy Impact Assessment**

None

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

10.1 None.

## 11. **RECOMMENDATIONS**

That the Committee recognises and supports the work carried out by Internal Audit during 2021/22.

## 12. **APPENDICES**

Appendix 1 – Internal Audit Annual Report 2020/21.

## 13. **BACKGROUND DOCUMENTS**

13.1 Accounts and Audit Regulations 2015.

13.2 Public Sector Internal Audit Standards 2017.

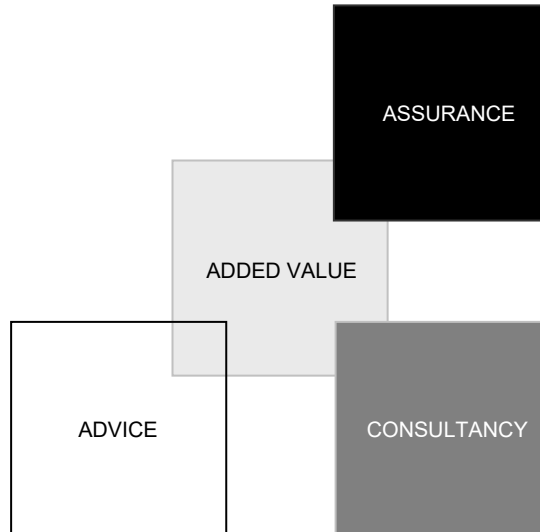
13.3 The CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards 2019 Edition.

13.4 GAC report 22 April 2021 – Internal Audit Plan 2021/22.

13.5 GAC report 25 November 2021- Internal Audit Plan 2021/22 Monitoring Report as at 30 September 2021.



# INTERNAL AUDIT ANNUAL REPORT 2021/22



DEPARTMENT OF CORPORATE RESOURCES

## INTRODUCTION

The aim of this report is to provide information on the activities of Internal Audit during the financial year 2021/22 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, its governance processes and risk management systems.

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 and Risk

June 2022

Circulation:-

Members  
Chris Chapman  
Joanne Hyde  
Senior Management  
Cameron Waddell  
All Staff

Governance & Audit Committee  
Director of Finance and IT  
Strategic Director Corporate Resources  
Council Management Team  
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 2020/21 (GAC 22<sup>nd</sup> July 2021)
- Internal Audit Plan 2021/22 (GAC 22<sup>nd</sup> April 2021)
- Internal Audit Plan 2021/22 Monitoring Report as at 30 September 2021 (GAC 25<sup>th</sup> November 2021)

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 2,370 audit days (9.1 FTE) were planned for 2021/22 which was significantly more than the 1,839 days (7.1 FTE) available in 2020/21. The net increase is due to Internal Audit capacity being available for a full year in 2021/22, whilst in 2020/21 it was available for only nine months due it being deployed in the first three months in support of the Council's response to the Covid 19 pandemic.

### **1.3 External Audit**

In November 2012 Mazars formally 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 2021/22 Internal Audit Plan was shared with External Audit.

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

Since 1<sup>st</sup> April 2013 the Council has been required to comply with the Public Sector Internal Audit Standards (PSIAS). These were revised in 2017 and in January 2019 the Governance and Audit Committee approved the Council's Internal Audit Charter which had been revised to be fully compliant with these standards. 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 audit plan for 2021/22 was approved by GAC on 22 April 2021 and was based on 2,370 days of audit resources. The Internal Audit Monitoring Report presented to GAC on 25 November 2021 noted that after taking into account its audit provision to West Yorkshire Pension Fund and the

management of insurance and risk management, Bradford Council were planned to receive 2,071 audit days in 2021/22.

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 2021/22, Internal Audit achieved 83% of the original plan. This was due to Internal Audit capacity continuing to be deployed during 21/22 to support the assessment process for a number of the discretionary grants, assisting in post payment assurance and Covid outbreak monitoring.

## 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 2021/22 a total of 70 reports were issued (69 reports in 2020/21).

The reports issued in 2021/22 recorded that the percentage of controls satisfied was 77%, an increase of 7% on the 70% satisfied in 2020/21, and is 4% above the five year average of 73% of controls satisfied. This improvement is attributed to the increased audit coverage in 2021/22 of grants and West Yorkshire Pension Fund, both of which are traditionally well controlled. As in 2020/21 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 below, 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. A listing of audit reports issued in 2021/22 by audit type is shown in Appendix A.

**Chart One: Showing the Breakdown of Total Reports Produced in 2020/21 and 2021/22 by Audit Type**

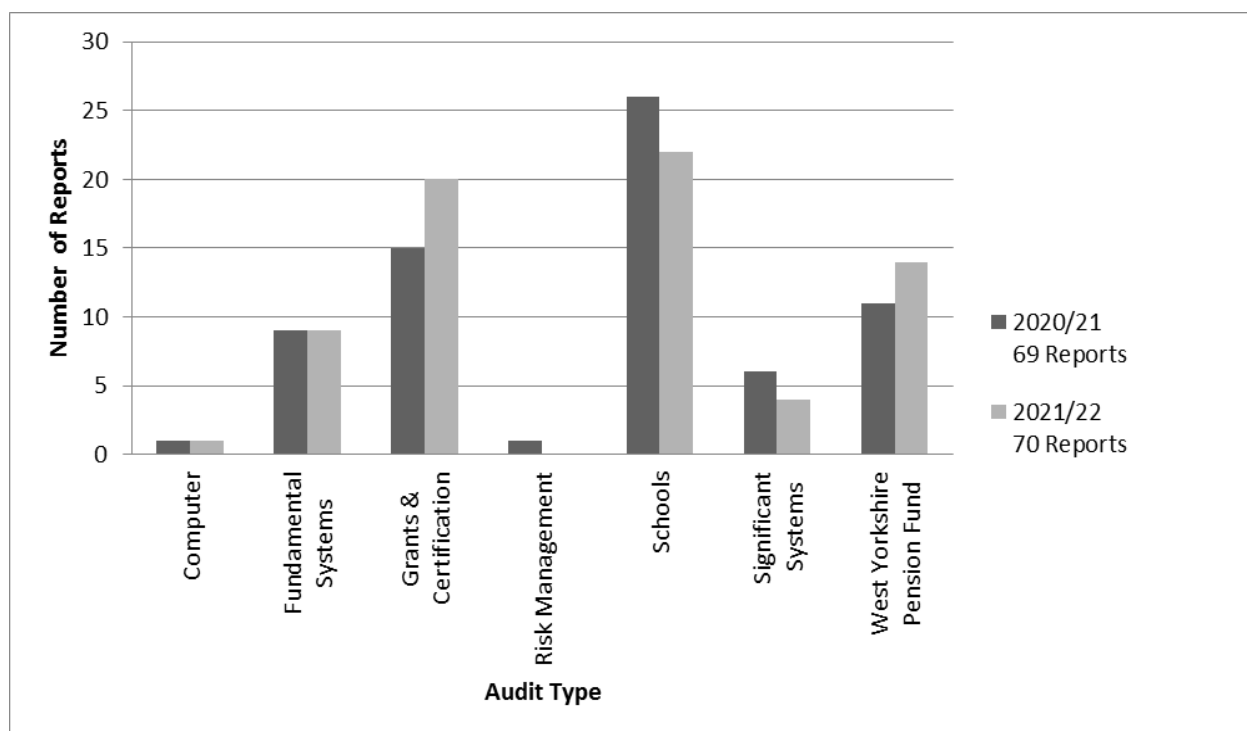
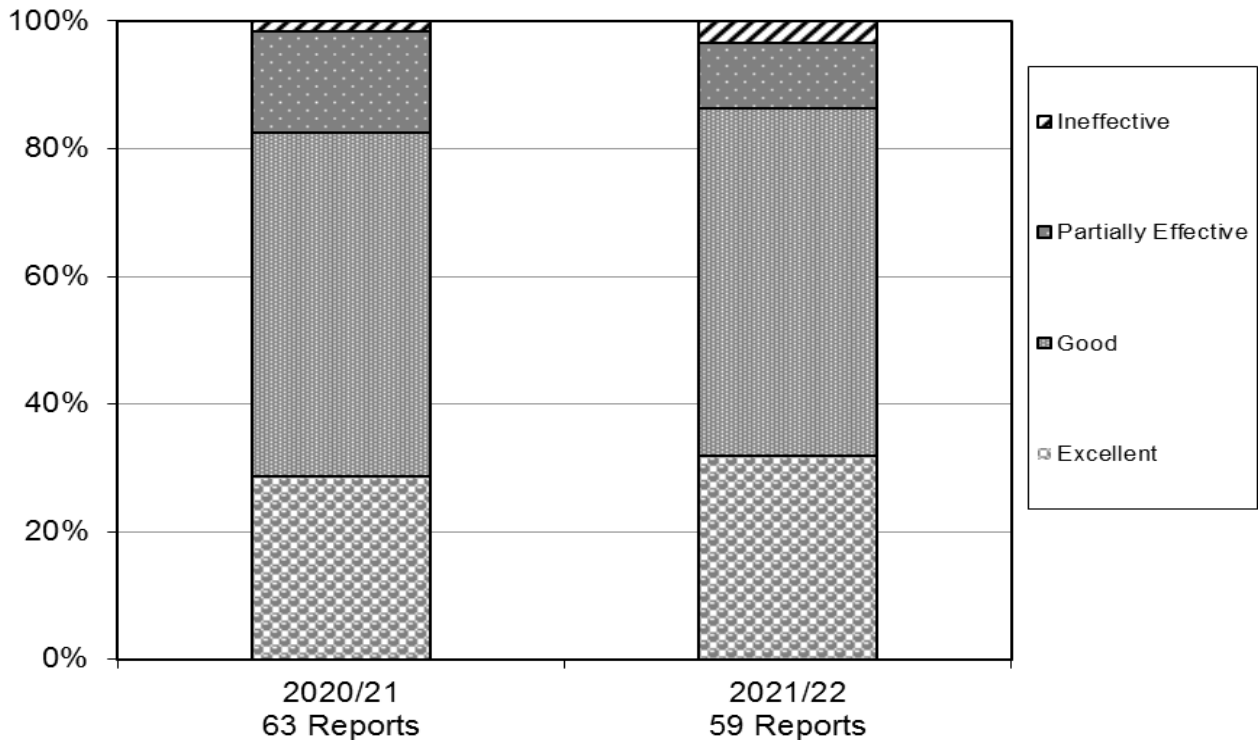


Chart Two, below, shows that, from the evaluation of risks and controls in 2021/22, 86% of the systems examined had either an 'excellent' or 'good' audit opinion, which is a slight increase on 2020/21 (83%). The 'good' opinion remained the most dominant opinion in 2021/22 at 54%.

**Chart Two: Breakdown of Audit Opinions 1 April 2020 to 31 March 2022**



The analysis above relates to those reports with opinions. In 2021/22 59 (84%) out of 70 issued reports had an audit opinion, which is a decrease on the 63 (91%) out of 69 issued reports in 2020/21.

Opinions are derived from an analysis of the level of control effectiveness in managing the reviewed risks and the 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.

### 2.3 Fundamental Systems

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 2021/22 9 fundamental systems reports were issued, the same as in 2020/21.

There were two 'partially effective' opinions relating to Accounts Payable - Payment of Feeder Files and Council Tax Assurance. Of the remaining seven fundamental system audits, one had an opinion of 'Excellent', three had 'Good' audit opinions and three had no opinion.

The Accounts Payable – Payment of Feeder Files audit gave a partially effective opinion due to Feeder files from the Libraries Service not being independently checked and balanced by Procurement prior to payment to suppliers; and Procurement not following up small discrepancies between the feeder file total value and the SAP Payment Proposal total value (where the SAP proposal total is less in value than the feeder file total) resulting in potential errors or credits in payments which remain unresolved.

The Council Tax Assurance audit gave a partially effective opinion due to weaknesses in control in the accounting of Council Tax (and other) income received (through the Capita System) in the SAP general ledger. A multi-part high priority recommendation has been made, which once implemented, principally through the delivery of the ongoing cash and banking project should strengthen the control environment. Progress is ongoing and management anticipate these controls will be in place for December 2022

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

Certain grants received by the Council require an Internal Audit certification to confirm that the expenditure in the previous financial year i.e. 2020/21 was made in accordance with the Grant Determination Letter from the funding body. The number of grants requiring Audit certification in 2021/22 was 16 with a total of 20 reports issued in respect of these. Nine Highways related capital grants, the Disabled Facilities Capital Grant and the Bus Subsidy Revenue Grant all received 'Excellent' opinions.

Troubled Families Grant certification generated 4 reports during the year. Claim audits continue to identify ongoing issues of data quality, necessitating the withdrawal of ineligible cases, albeit small in number. Internal Audit supported the Families First Team to make more regular payment by results claims during the financial year.

It should be noted that six of the grant audits undertaken had not been included within the original plan as audit were only advised at short notice that a certification was required.

## **2.5 Significant Systems**

Internal Audit produced 4 reports relating to significant systems of the Council during 2021/22. 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 2021/22 are shown below:

The Vehicle Security review, which was requested by management following an incident gave an ineffective audit opinion and made 12 high priority recommendations), highlighting serious control failings around the security of vehicles, plant and other assets within Highways Services Depots. This had impacts on the health and safety risks for staff and the public. The audit also highlighted wider policy issues.

The audit of Commissioned Home Support gave a partially effective opinion due to the non-return of the excel monitoring workbooks from providers which gives the Council an overview of providers' governance and any issues which may affect the care of a service user. The non-return, and incomplete information being provided in respect of payment claim forms by providers could have resulted in incorrect payments being made. The late approval of some packages of care arranged by Social Workers has resulted in large backdated payments being made to providers.

The audit review of the Income Compensation Scheme for lost sales, fees and charges (due to Covid), gave a good audit opinion and raised 1 high priority recommendation. This was relating to the claim for the budgeted loss of dividend income from the YPO, £543k for 2020/21. This had not been claimed at the time of the audit but was considered to be potentially eligible. So in line with the MHCLG guidance it was claimed and subsequently paid by MHCLG.

On the 11th June 2021 Internal Audit issued its third consecutive direct payments audit report that concluded with an 'ineffective' audit opinion. The audit reported that there is still not adequate control of direct payments as there is not yet a robust performance management framework in place, the backlog of financial audits has increased in number since the last audit, from 420 to 533, financial audits performed are no longer selected and prioritised based on risk, and concerns with the data being used that resulted in high priority audits not being identified. Internal Audit acknowledged that, although the audit opinion remains 'ineffective', there had been system and process changes. An update was provided to Internal Audit on 29<sup>th</sup> June, where Health & Wellbeing advised that the quality of the data being used has improved, a new risk matrix has been introduced which prioritised audits. However the backlog remains a concern, currently 501 financial audits overdue by over 12 months. Management advise that this should reduce due to new staff within the department. Internal Audit are scheduled to carry out a further audit in 2022, in order to review and test the current systems in place, including data quality, the risk assessments and any improvements with the backlog of audits.

## 2.6 Value Added

Internal Audit, where possible, adds value in the work that it undertakes. The following is a sample of instances during 2021/22 where value has been added.

<b>Audit Work</b>	<b>Brief Explanation of Savings Identified or Value Added</b>
Vehicle Security	The Vehicle Security review gave an ineffective audit opinion and made 12 high priority recommendations, highlighting serious control failings around the security of vehicles, plant and other assets within Highways Services Depots, and for the health and safety of staff and the public who may be impacted. It also highlighted

	wider policy issues. If these concerns are addressed, by management, security will improve and the risk of financial loss and potentially tragic events reduced.
Commissioned Home Support	The audit of Commissioned Home Support raised 5 high priority recommendations, which will, on implementation, improve the accuracy of payments to providers and give the Council an improved insight into the contract management arrangements of the providers who care for service users.
Procurement Processes	The audit of Procurement Processes that examined quotes, tender and contract award processes, gave a good opinion, identified the following 3 issues, resulting in High Priority recommendations which management accepted. Not all contracts appeared to have been appropriately recorded on or awarded through the Yortender process; Appropriate Finance and resource capacity checks were not agreed with the Chief Financial Officer on all relevant Contractors prior to the contracts being awarded; Reports on Social Value Objectives have not been received from suppliers.
Purchasing Card Review	The Purchasing Card review made a high priority recommendation in respect of the concern that Value Added Tax (VAT) could not be recovered by the Council on a number of purchasing card transactions of £50 or more due to either the lack of a VAT receipt, or the incorrect type of VAT receipt being submitted by the spending service.

## 2.7 Significant Concerns –

There were three significant areas of concern raised in 2021/22 relating to direct payments, vehicle security and accounting of income.

On the 11th June 2021 Internal Audit issued its third consecutive direct payments audit report that concluded with an ‘ineffective’ audit opinion. The audit reported that there is still not adequate control of direct payments as there is not yet a robust performance management framework in place, the backlog of financial audits has increased in number since the last audit, from 420 to 533, financial audits performed are no longer selected and prioritised based on risk, and concerns with the data being used that resulted in high priority audits not being identified. Internal Audit acknowledged that, although the audit opinion remains ‘ineffective’, there had been system and process changes. An update was provided to Internal Audit on 29<sup>th</sup> June, where Health & Wellbeing advised that the quality of the data being used has improved, a new risk matrix has been introduced which prioritised audits. However the backlog remains a concern, currently 501 financial audits overdue by over 12 months. Management advise that this should reduce due to new staff within the department. Internal Audit are scheduled to carry out a further audit in 2022, in order to review and test the current systems in place, including



data quality, the risk assessments and any improvements with the backlog of audits.

The Vehicle Security Review audit report issued on 7<sup>th</sup> February 2022 gave an ineffective opinion and made 12 high priority recommendations, all accepted by management, highlighting serious control failings around the security of vehicles, plant and other assets within Highways Services Depots. This resulted in health and safety risks for staff and the public who may have been impacted. The audit also highlighted wider policy issues. Implementation of these recommendations will be followed up in 2022/23.

The weaknesses in control in the accounting of income reported in the Council Tax Assurance audit (see 2.3 above), has been further explored by the cash and banking project and has identified that a number of controls are not in place. The Head of Financial Accounts and Projects has made Mazars aware, at the interim audit of these concerns which includes the need for a full reconciliation between SAP and Northgate. Internal Audit has offered assistance and anticipates it will support the efforts in 2022/23 to have effective reconciliation processes in place.

## **2.8 Follow Up of Audit Recommendations**

Two follow up exercises were carried out during 2021/22. The results of the first of these was reported in the monitoring report presented to GAC in November 2021. The second exercise followed up the progress in implementing all agreed new and outstanding high priority recommendations in reports issued up to 30 September 2021. This was achieved by discussion with management, backed up wherever possible by evidence to support the stated position. In total 199 recommendations from 62 reports were included in the follow up.

The follow up process found that 61% of the recommendations had been fully implemented which is considerably higher than the 50% implementation rate reported in last year's annual report. A further 29% were partially implemented, again representing an increase on the 17% reported last year and 13 recommendations (7%) were closed due to being considered no longer relevant (mostly due to the issuing of subsequent audit reports which confirmed improvements or issued superseding recommendations). A small minority of recommendations (3%) had not yet been acted upon which is similar to the figure in last year's report. In total two thirds of the recommendations could be closed off following the process due to being implemented or identified as no longer relevant. One of the most noticeable differences between this year and last is that (although chasing was necessary) responses were received from management for all recommendations. This is potentially due to a period of settling down after the upheaval caused by Covid, but might also reflect that the process of having auditors follow up their own reports and maintain a relationship with the managers is beginning to show a positive effect.

The table below shows the results for each department.

Department	Total	Opening Position		Closing Position			
		Agreed	Partially Implemented	No Action	Partially Implemented	Implemented	No Longer Relevant
Chief Executive	10	8	2	2	3	0	5
Children's Services	114	95	19	5	8	96	5
Corporate Resources	23	9	14	0	10	11	2
Health and Wellbeing	39	5	34	0	26	12	1
Place	13	3	10	0	10	3	0
	199	120	79	7	57	122	13

Although the rate of closure of recommendations in some departments is lower than others, all updates have been provided and Audit has no significant concerns about the level of progress.

A further follow up of outstanding unimplemented recommendations together with new agreed high priority recommendations in reports issued up to the end of March 2022 has just commenced and so the position will continue to be monitored.

## 2.9 Schools

In the financial year 2021/22, 22 reports relating to schools were issued; there was continued application of the remote audit work programme developed and introduced to deliver school audits in response to the Covid 19 pandemic.

### a) Reports issued

A chronological breakdown of the reports is as follows;

- the first two reports related to individual school audits that had been undertaken prior to the end of the 2020/21 financial year but the final reports were not agreed and issued until early into 2021/22. Both included recommendations to improve the control environments and had opinions of Good
- the third report was to the Director of Finance, providing an analysis of results of 26 remote school audits reported on during 2020/21; this is referred to in more detail below
- the fourth report related to an individual school audit conducted, included recommendations to improve the control environment and had a Good opinion
- the fifth report was an analysis of school's self-assessment returns relating to the School's Financial Value Standard (SFVS) process for 2020/21; this report was issued to the Director of Finance and is referred to in more detail below
- the sixth and seventh reports related to individual school audits undertaken, included recommendations to improve the control environments and both had Good opinions

- the eighth report related to the follow up of recommendations made from an individual school audit conducted in 2020/21, which had an Ineffective opinion. It was confirmed that 17 of 19 recommendations made had already been implemented. Progress on the outstanding two recommendations will be established during 2022/23
- reports nine to 15 were issued to seven individual schools following remote audits. All reports included recommendations to improve the control environments and all had the audit opinion of Good
- report 16 was the production and publication online in autumn 2021 of the Internal Audit newsletter “In Control,” made available to all the district’s schools via Bradford Schools Online. This gave advice and assistance on relevant issues, including comprehensive details of changes to the DfE’s School Financial Value Standard, which needed to be considered before the March 2022 returns deadline, feedback from recent school audits and clarification on related party transactions in connection with procurement
- reports 17 to 21 were issued to five individual schools following remote audits. All reports included recommendations to improve the control environments, with four having the opinion of Good and one, Partially Effective
- report 22 resulted from the investigation of concerns raised regarding proper procurement procedures at an individual primary school. The report included recommendations to improve the control environment

As maintained school numbers continue to reduce, the position regarding academy conversions will continue to be monitored throughout 2022/23 to ensure audit resources are focussed appropriately in the context of this changing landscape.

## **b) Approach to delivering school audits**

Limited access to school premises resulting from the response to Covid-19 had caused Internal Audit to change its audit approach during 2020/21 to one involving remote working with a two stage process.

Stage 1 required schools to complete and submit to Internal Audit a self-assessment checklist which examined the presence of 21 expected controls, associated with six key system areas. Stage 2 comprised a more detailed remote audit programme, focusing on three of the six key system areas considered the most financially significant; Governance and accountability, Purchasing and payments, and Payroll. Each school was requested to provide specified documentation to enable this to occur.

72, a substantial number of the district’s maintained schools, had completed Stage 1 checklists during 2020/21. It was concluded for 2021/22, that it would be of most benefit for audit assurance purposes and for schools themselves, to focus solely on Stage 2 remote audit activity during this year.

Schools continued to be selected based on factors that identified them as presenting higher financial risk, such as the level of support needed from the Council’s School Funding Team, work undertaken by School

Improvement in Children's Services, or other relevant information known about a school, including the date of its last audit.

In 2021/22, 20 schools were planned to be selected for this detailed testing, this was reduced in year to 15 schools, as Internal Audit coverage was re-prioritised in the second half of 2021/22 to focus on fundamental and significant systems. 15 final reports were issued to the schools, as referred to above. 25 schools are planned to be selected and remotely audited in 2022/23, although the opportunity for directly accessing school premises will be under continuous review. Stage 1 activity will also be utilised during 2022/23 if considered appropriate.

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

All maintained schools, excluding those falling within listed exceptions, are required to complete and submit to the Council, an SFVS self-assessment form by the 31st March each year. This annual review of relevant financial management practices provides schools with internal assurance that resources are being used to support high-quality teaching and the best outcomes for pupils; this is in addition to the external assurance provided to the Council from schools' SFVS governance activity. The Council is then required to submit an Assurance Statement signed by the Section 151 Officer to the DfE before the 31st May, detailing the number of returns received from schools and the number of those who had not complied by the March deadline.

By the 31<sup>st</sup> March 2022 deadline, 77 (92%), of the 84 expected returns had been received. By the 5<sup>th</sup> April, following engagement with seven schools, all 84 (100%) of expected returns had been received by the Council.

The SFVS scheme also places a requirement on the Council's Director of Finance & IT, as S151 officer, to have in place a system of audit for schools which gives adequate assurance over standards of financial management and to consider SFVS returns received when setting the audit plan for schools. There is an allocation of time within the audit plan for analysis of the assessments received in order to inform this year's school audit plan and also to provide additional financial management assurance. This is referred to above.

Completion of the SFVS is the responsibility of individual schools, however there is an allocation of time within the audit plan to provide schools with training support on the consideration and completion of their SFVS assessments. This has historically proved to be an effective use of audit resources as good practice on financial management principles can be disseminated to many schools during one training session. Internal Audit arranged a single online training session during 2021/22 and it is hoped that on-site mass training can be re-introduced in 2022/23, which is considered to be of greater value to individual schools.

### **d) Sixth Form Funding Assurance**

Internal Audit provided a high level assurance piece of work in relation to sixth form funding for 2020/21 totalling £6.9m, to enable the funding

assurance statement to be signed off by the Council's Section 151 officer and returned to the DfE.

## **2.10 Computer Audit**

Computer Audit services are provided to Bradford Council by Salford Council who provide Computer Audit for a number of Councils and organisations, predominantly in the North West, and have a concentration of staff with specific computer audit skills.

In 2021/22 a number of audit assignments commenced but only one reached the final report stage; IT Hardware Asset Management. The review found that the control of risks in this area was only partially effective and made six high priority recommendations for improvement. In response to this ICT put a project in place to implement the recommendations by the year end.

## **2.11 Risk Management**

There were no Internal Audits completed on risk management in 2021/22 however the Strategic Risk Register was regularly reported to the Corporate Overview and Scrutiny Committee and the contents shared with the Governance and Audit Committee. In March 2022 the Council appointed a full time Council Risk Manager to further incorporate risk management into Council business.

## **2.12 Governance**

For 2020/21 Council Management Team implemented a much broader approach to governance putting in place a management assurance questionnaire which covered the following areas.

- Employee Code of Conduct
- Whistleblowing
- Harassment and Bullying
- Gifts and Hospitality
- Safeguarding
- Risk Management
- Information Governance
- Internal / External Assessments
- Partnership Working
- Constitution and Decision Making
- Health and Safety
- Financial Systems
- Contract Procedure Rules
- Business Impact Analysis / Business Continuity Arrangements
- Sickness
- Corporate Parenting

This was compulsory for all 4<sup>th</sup> Tier Managers and used as one of the key pieces of evidence to support the 2020/21 Annual Governance Statement. The Head of Internal Audit reviewed all the responses. A model answer was then sent to all 4<sup>th</sup> tier Managers to assist their future understanding of Bradford Council's governance arrangements. The questionnaire has been updated and the process is being repeated for 2021/22.

### 2.13 West Yorkshire Pension Fund

During 2021/22, Internal Audit carried out a variety of audits within WYPF. These included:

- **NLGPS Common Custodian Arrangements** - As part of the formation of the Northern LGPS, a procurement exercise was carried out to appoint a common custodial service provider, which resulted in the appointment of the Northern Trust Bank as common custodian provider to the Northern LGPS. This audit was a high level review of the arrangements which surrounded the use of the Northern Trust Bank as common custodian provider and was undertaken in collaboration with Internal Audit colleagues at Tameside Council (Greater Manchester Pension Fund) and Wirral Council (Merseyside Pension Fund). The arrangements were found to be of a good standard with one recommendation for improvement being made.
- **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 an excellent standard with no recommendations required.
- **Life Existence** - A completed Life Certificate is requested from pension beneficiaries to provide confirmation that they are still alive and therefore still meet entitlement to such benefits. This process is complemented by the use of mortality screening and the use of National Fraud Initiative data in confirming continuing existence. The audit found the standard of control around this process to be good with a small number of recommendations for improvement.
- **Review of 2020/21 Report and Accounts** - This is an annual account review process, which ensures the final account is consistent with internal control reviews carried out by our Internal Audit Team during the year.
- **New Pension & Lump Sum Payments - 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.
- **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.

- **Mitigation of Pensions Scams** - The Pensions Regulator issues guidance with regards to the avoidance of Pension Scams, providing information to enable Trustees, Administrators and Scheme Providers to play an important role in educating and protecting members in order to help savers to keep their retirement savings safe from scammers. This review examined how well the guidance had been embedded within the West Yorkshire Pension Fund. The review provided assurance that the systems and processes align well with the guidance issued.
- **Accuracy of Contributions Recorded on Members Record** - WYPF changed to a monthly contributions postings process several years ago with the aim of simplification, systems integration, increased data accuracy and complete up to date member's records. This audit was undertaken as a follow up of the original audit carried out in 2019/20 to assess progress of the remedial action required. Whilst progress had been made, recommendations were made to further assist in this process.
- **Stock Lending** - Stock lending of UK and Overseas Equities is undertaken by the Northern Trust Bank as part of the custodial arrangements for the West Yorkshire Pension Fund. Controls were examined to ensure that the risks in this process were appropriately managed, these were found to be excellent with no recommendations required.
- **Business Continuity** - Business continuity arrangements were examined to ensure that they are adequate to ensure continuance of critical services such as Pensioners Payroll. The shared services provided to other LGPS' and Fire and Rescue Services places and increased reliance on Business Continuity arrangements. The review found the arrangements to be of a good standard with a number of recommendations made to further enhance the process.
- **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.
- **Equities** - Since November 2019, all quoted investments are now held under the custody of the Northern Trust Bank (previously HSBC), and represent a significant proportion of the West Yorkshire Pension Fund investment portfolio, the annual audit review of this asset class found the process to be generally well controlled with two recommendations for improvement being made.
- **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 of £7,316 over a flexible number of years. The standard of control in this process was found to be excellent with no recommendations for improvement required.
- **UK & Overseas Private Equities** - This audit covered investment in UK and Overseas Private Equities, not included in those investments

made through NPEP. Control of this asset class was found to be of an excellent standard, therefore no recommendations for improvement were required.

## **2.14 Changes to the 2021/22 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 implementation delays, or the availability of service staff, but also Internal Audit capacity constraints. In some cases, work has been covered by an alternative. Audits were also completed that were not in the original plan due to assurance requirements from management.

Details of the audits that were added or deleted from the 2021/22 Audit Plan over and above those that were reported in the Internal Audit Monitoring Report presented to GAC on 25 November 2021 is shown in Appendix B. Where an audit was removed from the Plan a reason has been given as to why this was. Appendix B also shows 2021/22 planned audits that were ongoing as at 31.3.22.

## **2.15 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 had during the year responsibilities for Insurance and Risk Management arrangements.

The Head of Internal Audit is not involved in audits where he has existing or has previously held operational responsibility. If an audit is undertaken of Risk Management or Insurance the reports are reviewed by an Audit Manager and reported directly to the Director of Finance to avoid a conflict of interest.

## **2.16 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. 100% 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:-

*Communication was thorough and clear with plenty of time allowed to gather and submit the requested documentation. The audit was helpful in identifying areas of process changes and improvements.*

*As this was my first audit as a SBL, I found it useful as a tool to see where school was at and what improvements were required.*



*A very useful exercise and gave reassurance that we are doing what we should be doing on the whole.*

*The audit was carried out thoroughly and with due diligence examining all aspects of the terms of reference as provided. There was good engagement between the auditor/managers involved which helped clarify the relationship between the auditor's findings / current operating arrangements and areas where improvements would be beneficial to produce a well rounded report which could be effectively actioned.*

## **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 91% of reports were issued within three weeks of finishing on site, which is above the target of 80%. 98% of final reports were issued within a week of agreement with management, which is above the target of 90%.

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

In accordance with Public Sector Internal Audit Standards Internal Audit has developed and maintains a Quality Assurance Improvement Plan (QAIP). The QAIP establishes and maintains best practice and drives continual improvement. The following table details the 2021/22 QAIP and details progress against each

Item	Description	Progress
Internal Audit Skills	Development of Staff's Internal Audit Skills to meet future service demands.	Whilst the development of specific Internal Audit Skills has been limited, Staff's ability to adapt to the new working arrangements is an important development and support to other services Accountancy, Business Grants and Outbreak Control has significantly broadened Teams skills and experience.
Internal Audit Planning	Review content of Internal Audit Plan to cover new risks that haven arisen through the direct and indirect effects of the Pandemic. In addition review plan to identify areas during the pandemic where assurances were difficult to determine or audit coverage was reduced.	Internal Audit Plan for 22/23 approved by Governance and Audit Committee which incorporates the new risks that the Council is responding too.
Hybrid Working	Develop audit approach to determine how to audit with team and services working from home.	Currently developing experience on how best to audit under the current circumstances. It should be noted that there is not a common theme or standard approach identified.

## **2.17 Training and Development**

To support the competency requirements of the PSIAS as well as personal and professional advancement, all staff are encouraged to undertake training and development opportunities. During 2021/22 the normal availability of opportunities and events has been limited, however the increased access of virtual and online training has been taken advantage of. Staff's ability to adapt to the new working arrangements is an important development and support to Business Grants and Outbreak Control has significantly broadened Teams skills and experience. The Service's Internal Audit Trainee has continued with their Institute of Internal Audit qualification.

## **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 taking into account other internal and external assurance processes the overall internal control environment risk management and governance framework of the Council is effective.

It should be noted that the scope of Internal Audit's work was restricted during the year due to the limitations of home working arrangements, and the need for both Internal Audit and Service to prioritise the Council's response to Covid 19. This meant that planned audit coverage of fundamental and significant systems was reduced.

In relation to risk management and governance the opinion is based on the work completed by the Head of Internal Audit, Insurance and Risk in relation to their wider administrative responsibilities. This is not in accordance with Public Sector Internal Audit Standards which requires an independent assurance process. This will be addressed through audit coverage in 2022/23.

## Appendix A

### Details of the Audit Reports Issued in 2021/22 by Audit Type

<b>Audit Category</b>	<b>Client</b>	<b>Opinion</b>	<b>Title</b>	<b>Final Report Issue Date</b>
Computer Audit	Corporate Resources	Partially Effective	IT Hardware Asset Management	09/12/2021
Fundamental Systems	Children's Services	N/A	Purchasing Cards Letter Report - Children's Homes	24/12/2021
Fundamental Systems	Children's Services	N/A	Purchasing Cards Letter Report - Children's Social Care	02/02/2022
Fundamental Systems	Corporate Resources	Partially Effective	Accounts Payable - Payment of Feeder Files	02/08/2021
Fundamental Systems	Corporate Resources	Good	Purchasing Cards	28/10/2021
Fundamental Systems	Corporate Resources	Good	Procurement Processes -Quotes, Tenders & Contract Award	21/01/2022
Fundamental Systems	Corporate Resources	Partially Effective	Council Tax Assurance	25/01/2022
Fundamental Systems	Corporate Resources	N/A	Early Retirement Costs	04/02/2022
Fundamental Systems	Corporate Resources	Excellent	Council Starters and Leavers	22/03/2022
Fundamental Systems	Health & Wellbeing	Good	Requisitioning, Ordering & Receipting	29/03/2022
Grants	Children's Services	Good	Supporting Families 2021/22 - Funding Quarter 1 2021/22	13/07/2021
Grants	Place	N/A	Getting Building Fund Grant	28/07/2021
Grants	Place	Excellent	Highways Grant Claim - Local Transport Block Fund	26/08/2021
Grants	Place	Excellent	Highways Grant Claim - Pot Hole Funding	26/08/2021
Grants	Place	Excellent	Highways Grant Claim - Cycle City	27/08/2021
Grants	Place	Excellent	Highways Grant Claim - Transforming Cities	27/08/2021
Grants	Place	Excellent	Highways Grant Claim - City Connect	27/08/2021
Grants	Place	Excellent	Highways Grant Claim - Growth Deal - Gain Lane	27/08/2021
Grants	Place	Excellent	Highways Grant Claim - Highways Challenge Fund	27/08/2021
Grants	Place	Excellent	Highways Grant Claim - Active Travel Tranche 2	07/09/2021
Grants	Children's Services	Good	Supporting Families 2021/22 - Funding Quarter 2 2021/22	29/09/2021
Grants	Place	Good	Economy and Development Grant Claim - High Point	29/09/2021
Grants	Place	Good	Economy and Development Grant Claim - Conditioning House	29/09/2021

Grants	Place	Good	Economy and Development Grant Claim - Staithgate Lane	29/09/2021
Grants	Children's Services	Excellent	Local Authority Bus Subsidy (Revenue) Grant Determination 2020/21 (NO. 31/5013)	07/10/2021
Grants	Place	Excellent	West Yorkshire Plus Transport Fund 2020/21	19/10/2021
Grants	Corporate Resources	Good	ULEV Taxi Infrastructure Grant 2020/21	21/10/2021
Grants	Place	Excellent	Disabled Facilities 2020/21	03/11/2021
Grants	Children's Services	Good	Supporting Families 2021/22 - Funding Quarter 3 2021/22	21/12/2021
Grants	Children's Services	N/A	Supporting Families 2021/22 - Funding Quarter 4 2021/22	25/03/2022
Schools	Children's Services	Good	Farfield Primary School	26/04/2021
Schools	Children's Services	Good	Saltaire Primary School	26/04/2021
Schools	Children's Services	N/A	School Audits 2020/21 Stage 2 Analysis	14/05/2021
Schools	Children's Services	Good	Stocks Lane Primary School	21/06/2021
Schools	Children's Services	N/A	Analysis of SFVS Returns 2021	06/07/2021
Schools	Children's Services	Good	Oastlers School	06/07/2021
Schools	Children's Services	Good	St. Matthew's Catholic Primary School	15/07/2021
Schools	Children's Services	N/A	Ley Top Primary School Follow Up	16/07/2021
Schools	Children's Services	Good	Lidget Green Primary School	23/07/2021
Schools	Children's Services	Good	Home Farm Primary School	16/09/2021
Schools	Children's Services	Good	All Saints CE Primary School Bradford	17/09/2021
Schools	Children's Services	Good	Clayton Village Primary School	20/09/2021
Schools	Children's Services	Good	Hill Top Primary School	20/09/2021
Schools	Children's Services	Good	Park Primary PRU	20/09/2021
Schools	Children's Services	Good	Parkside School	21/09/2021
Schools	Children's Services	N/A	In Control Newsletter	01/11/2021
Schools	Children's Services	Good	St. Matthew's CE Primary School	19/11/2021
Schools	Children's Services	Good	Crossflatts Primary School	22/11/2021
Schools	Children's Services	Good	Girlington Primary School	29/11/2021
Schools	Children's	Good	Killinghall Primary School	08/12/2021

	Services			
Schools	Children's Services	Partially Effective	Idle Primary School	09/12/2021
Schools	Children's Services	N/A	Concerns regarding proper procurement procedures at Cavendish Primary School	10/12/2021
Significant Systems	Place	Ineffective	Vehicle Security	07/02/2022
Significant Systems	Health & Wellbeing	Ineffective	Direct Payments Follow-up 2020	11/06/2021
Significant Systems	Corporate Resources	Good	Income Compensation Scheme	23/06/2021
Significant Systems	Health & Wellbeing	Partially Effective	Commissioned Home Support	03/02/2022
West Yorkshire Pension Fund	Chief Executive	Good	WYPF - NLGPS Common Custodian Arrangements	30/04/2021
West Yorkshire Pension Fund	Chief Executive	Excellent	WYPF - Transfers In	17/05/2021
West Yorkshire Pension Fund	Chief Executive	Good	WYPF Life Existence	11/08/2021
West Yorkshire Pension Fund	Chief Executive	N/A	WYPF - Review of 2020/21 Report and Accounts	20/09/2021
West Yorkshire Pension Fund	Chief Executive	Excellent	WYPF New Pension & Lump Sum Payments - Death Benefits	08/10/2021
West Yorkshire Pension Fund	Chief Executive	Good	WYPF Local Government Scheme Contributions	01/11/2021
West Yorkshire Pension Fund	Chief Executive	Excellent	WYPF Mitigation of Pensions Scams	03/11/2021
West Yorkshire Pension Fund	Chief Executive	Partially Effective	Follow Up Audit – WYPF Accuracy of Contributions Recorded on Members Record	05/11/2021
West Yorkshire Pension Fund	Chief Executive	Excellent	WYPF Stock Lending	24/11/2021
West Yorkshire Pension Fund	Chief Executive	Good	WYPF - Business Continuity	17/01/2022
West Yorkshire Pension Fund	Chief Executive	Excellent	West Yorkshire Pension Fund Treasury Management 2021/22	18/01/2022
West Yorkshire Pension Fund	Chief Executive	Good	WYPF Equities	22/03/2022
West Yorkshire Pension Fund	Chief Executive	Excellent	WYPF Purchase of Additional Pension	29/03/2022
West Yorkshire Pension Fund	Chief Executive	Excellent	WYPF UK & Overseas Private Equities	31/03/2022

**Amendments to the 2021/22 Audit Plan**

Below is a list of audits that were added or deleted from the 2021/22 Audit Plan over and above those that were reported to GAC in the Internal Audit Monitoring Report on 25 November 2021. Where an audit was removed from the Plan a reason has been given as to why this was.

Also shown, in the final column, is a list of 2021/22 planned audits that were ongoing as at 31.3.22.

Additional unplanned audit work commenced / done in 2021/22	Planned audit work proposed not doing in 2021/22	Reason	2021/22 Planned Audits Ongoing as at 31.3.22	
Early Retirement Costs	Accounts Payable Assurance	Not priority. Not done due to resource constraints. Deferred until 22/23.	Miscellaneous Payments	Accounts Receivable - Enforcement, Refunds & Write Offs
Cultural Recovery Fund Grant	Budgetary Control/Financial Management	Not priority. Not done due to resource constraints. Deferred until 22/23.	Benefits Assurance	Final Accounts Review
Procurement concerns at Cavendish & Knowleswood Federation	Cash Collection /Delivery and Banking/Cash Receipting System	Not priority. Not done due to resource constraints. Deferred until 22/23.	Capital schemes	NNDR Assurance
Getting Building Fund Grant	Council Tax - Enforcement & Write Offs	Not priority. Not done due to resource constraints. Deferred until 22/23.	Recruitment and Selection - Compliance with HR/Procurement Processes	Residential Children Homes /in-house
Review of Vehicle Security at Highways Depots	External Payroll Provision including billing for salary costs	Not priority. Not done due to resource constraints. Deferred until 22/23.	Health and Safety	BACES
Mitigation of Pension Scams	Performance Management	Not priority. Not done due to resource constraints. Deferred until 22/23.	Data Quality (H&WB)	E-mail Management
	Early Help & Prevention (Childrens)	Not priority. Not done due to resource constraints. Deferred until 22/23.	ICT Business Continuity	6th Form Funding
	School Catering	Not priority. Not done due to resource constraints. Deferred until 22/23.		
	Members' Allowances	Not priority. Not done due to resource constraints. Deferred until 22/23.		

Energy Management/Carbon Reduction/Utilities	Not priority. Not done due to resource constraints. Deferred until 22/23.
Licensing	Not priority. Not done due to resource constraints. Deferred until 22/23.
Homelessness	Not priority. Not done due to resource constraints. Deferred until 22/23.
S106 Infrastructure Levy	Not priority. Not done due to resource constraints. Deferred until 22/23.
Waste Management	Not priority. Deferred until 22/23.
Risk Management Audits	Not priority. Not done due to resource constraints. Deferred until 22/23.
Service Desk Management	Not priority. Not done due to resource constraints. Deferred until 22/23.
5 school audits	Not priority. Not done due to resource constraints. Deferred until 22/23.

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## **Report of the Director of Finance and IT to the meeting of the Governance and Audit Committee to be held on 14 July 2022**

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### **Subject:**

**Public Sector Internal Audit Standards - Proposals for Undertaking an External Review of Internal Audit**

### **Summary statement:**

To outline the benefits of, and seek Governance and Audit Committee's agreement to, the proposed arrangements for carrying out the external review of the Council's Internal Audit function, as required by the Public Sector Internal Audit Standards (PSIAS).

### **EQUALITY & DIVERSITY:**

An effective Internal Audit Service provides assurance that the appropriate governance and accountability arrangements are in place which allows Service Objectives to be delivered in accordance with the Council's equality policies

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Chris Chapman  
Director of Finance and IT

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### **Portfolio:**

**Corporate  
Improvement Area:**

**Corporate**

## 1. SUMMARY

- 1.1 To outline the benefits of, and seek Governance and Audit Committee's (GAC) agreement to, the proposed arrangements for carrying out the external review of the Council's Internal Audit function, as required by the Public Sector Internal Audit Standards (PSIAS).

## 2. BACKGROUND

- 2.1 The Accounts and Audit Regulations 2015 require the Council to have an Internal Audit (IA) function which operates in accordance with best professional practice. Compliance with the Public Sector Internal Audit Standards (PSIAS) is acknowledged as adhering to best practice.
- 2.2 One of the requirements is the need for an external assessment of the IA service under Standard 1312 - External Assessments which states

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Chief Audit Executive must discuss with the board:

- The form of external assessments;
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

- 2.3 The options for the assessment include:

- A peer review to be carried out by another Head of Internal Audit
- A review from a professional body, e.g. The Institute of Internal Auditors (IIA) or Chartered Institute of Public Finance and Accountancy (CIPFA)
- Buying in the service from another suitably qualified and experienced individual / firm
- Provision of the function via the appointed external auditor

- 2.4 In 2018 the last time an external assessment was carried out the Governance and Audit Committee took the Peer Review Option which was undertaken by the Internal Audit Team from Doncaster Metropolitan Council. That assessment was that Bradford Council's Internal Audit Service **Partially Conforms** with the Standards. Deviations from the Standards were highlighted but these did not preclude the internal audit activity from performing its responsibilities in an acceptable manner.

- 2.5 The main reasons for this assessment were

- The service had a low level of resources, which restricted the programme of work performed.
- Only 46% of the mainstream Bradford Council block of the overall audit programme was completed by January 2018. It is noted that other blocks of the overall audit programme – i.e. Schools, Grants, Pension Fund were much further progressed and, when taking these into account, the progress in

completing the overall audit programme was 62%.

- The Head of Internal Audit had other responsibilities which accounted for 50% of their time.
- Some documentation needed updating and some reporting requirements were not met.
- The annual audit opinion given by the HoIA did not explicitly include a conclusion on risk management or governance arrangements.

2.6 In response to this report a service improvement plan was adopted by the s151 post holder. This saw the recruitment of four additional Senior Auditors to support the team and a number of updates to working practices were initiated.

### 3. OTHER CONSIDERATIONS

#### 3.1 Options Appraisal

The following table details the advantages and disadvantages of the options for the external assessment of Bradford Council's Internal Audit Service

Option		Advantages	Disadvantages
1	Peer reviews to be carried out by Heads of Internal Audit across the West / South Yorkshire Group;	Understanding of Council Business and Pressures Potentially least Costly	Method used last time Perceived lack of independence Potential demand for return services
2	Buying in the function from a professional body, e.g. The Institute of Internal Auditors or CIPFA	Alternative independent perspective Professional Internal Audit view Different approach to last review Consistent with recent approach taken by peers If using a service that other authorities have recently used then opportunity for comparison and benchmarking	Cost Text Book Approach May lack recent practical experience /detailed sector knowledge Unlikely to be a local supplier
3	Buying in the service from another suitably qualified and experienced individual / firm;	Increased flexibility to appoint local supplier Different approach to last review Perceived independence	Cost Need to verify expertise Lack of Supporting Architecture Text Book Approach May lack recent practical experience /detailed sector knowledge Dependent on Service Availability. Lengthy Procurement Process
4	Provision of the function via the appointed external auditor	Understanding of the Council's business Professional Expertise Different approach to last review	Potential Lack of Independence/conflict of interest Potentially Costly External Audit have ongoing resourcing issues Circular Assurance mapping risk

#### **4. FINANCIAL & RESOURCE APPRAISAL**

4.1 The cost of an external review will be in the region of £5k to £10k.

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

5.1 The external assessment provides assurance that Internal Audit is focused on the risk management, internal control and proper governance arrangements which operate within the Council.

#### **6. LEGAL APPRAISAL**

6.1 The Committee must satisfy itself that it has fulfilled its obligations as set out in the 2015 Regulations, which were drawn up to set out provisions on financial management, annual accounts and audit procedures applying to local authorities. Carrying out an external review of Internal Audit as proposed in this report contributes to adhering to the best practice professional auditing standards as required by the regulations

#### **7. OTHER IMPLICATIONS**

##### **7.1 SUSTAINABILITY IMPLICATIONS**

➤ There are no direct sustainability implications.

##### **7.2 GREENHOUSE GAS EMISSIONS IMPACTS**

➤ There are no direct impacts on Gas Emissions

##### **7.3 COMMUNITY SAFETY IMPLICATIONS**

➤ There are no direct community safety implications.

##### **7.4 HUMAN RIGHTS ACT**

➤ There are no direct Human Rights Act implications.

##### **7.5 TRADE UNION**

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

##### **7.6 WARD IMPLICATIONS**

➤ There are no Ward Implications

##### **7.7 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE**

➤ None

**7.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

None

**8. NOT FOR PUBLICATION DOCUMENTS**

None

**9. OPTIONS**

9.1 As detailed in Section 3

**10. RECOMMENDATIONS**

10.1 That Option 2 (the appointment of an independent assessor which is buying in the review from a professional body such as CIPFA or IIA) be agreed as the proposed arrangements for carrying out the external review of the Council's Internal Audit function, as required by the Public Sector Internal Audit Standards (PSIAS).

**11. APPENDICES**

None

**12. BACKGROUND DOCUMENTS**

Public Sector Internal Audit Standards 2017  
Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards CIPFA 2019

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