

AGENDA FOR

AUDIT COMMITTEE

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To: All Members of Audit Committee

Councillors : S Briggs, R Gold, M Hayes, D Silbiger, Sarah Southworth, D.Vernon, R Walker, M Whitby (Chair) and S Wright

Dear Member/Colleague

Audit Committee

You are invited to attend a meeting of the Audit Committee which will be held as follows:-

Date:	Tuesday, 17 November 2020
Place:	Microsoft Teams
Time:	7.00 pm
Briefing Facilities:	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
Notes:	

AGENDA

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST

Members of the Audit Committee are asked to consider whether they have an interest in any of the matters on the agenda and, if so, to formally declare that interest.

3 MINUTES OF THE LAST MEETING *(Pages 5 - 12)*

The Minutes of the last meeting of the Audit Committee held on

4 MATTERS ARISING

5 AUDITED STATEMENT OF ACCOUNTS 2019/2020

A verbal update will be given at the meeting.

6 QUARTER 2 INTERNAL AUDIT REPORT *(Pages 13 - 46)*

A report from the Acting Head of Internal Audit is attached
Appendices A – D attached

7 RISK MANAGEMENT AND MATURITY *(Pages 47 - 68)*

A report from Lisa Kitto Interim Director of Financial Transformation is attached
Appendix attached

8 FINAL ANNUAL GOVERNANCE STATEMENT *(Pages 69 - 104)*

Report from Lisa Kitto, Interim Director of Financial Transformation is attached

9 REDMOND REVIEW *(Pages 105 - 110)*

A report from Lisa Kitto, Interim Director of Financial Transformation is attached

10 EXTERNAL AUDIT - AUDIT COMPLETION REPORT

A verbal update will be given at the meeting.

11 EXCLUSION OF PRESS AND PUBLIC

To consider passing the appropriate resolution under Section 100(A)(4) of the Local Government Act 1972 that the press and public be excluded from the meeting during consideration of the following items of business since they involve the likely disclosure of the exempt information stated.

12 INTERNAL AUDIT QUARTER 2 - EXEMPT REPORT *(Pages 111 - 238)*

Report from the Acting Head of Internal Audit is attached
Appendices 1 – 16 attached

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Minutes of: **AUDIT COMMITTEE**

Date of Meeting: 30 July 2020

Present: Councillor M Whitby (in the Chair)
Councillors R Gold, M Hayes, Sarah Southworth and
D.Vernon

Also in attendance: Lisa Kitto, Deputy Chief Finance Officer
Ian Kirby, CIPFA C.co
Karen Murray, Mazars
Janet Spelzini, Audit Manager
Mike Woodhead, Joint Chief Finance Officer

Public Attendance: No members of the public were present at the meeting.

Apologies for Absence:Councillor D Silbiger, Councillor R Walker and Councillor
S Wright

AU.132 DECLARATIONS OF INTEREST

Councillor Sarah Southworth declared a personal interest in any item relating to Persona and Townside Fields as her husband's accountancy business has been awarded the contract to audit both companies.

AU.133 MINUTES OF THE LAST MEETING

It was agreed:

That the Minutes of the last meeting held on 2 June 2020 be approved as a correct record and signed by the Chair

AU.134 MATTERS ARISING

Councillor Southworth explained that she had requested that an update on the Empty Property Officer. As yet, no update had been received.

AU.135 DRAFT STATEMENT OF ACCOUNTS 2019/20

Mike Woodhead reported that the Council is required to prepare a Statement of Accounts for each financial year. The accounts must be prepared in accordance with statutory timescales and accounting practices.

It was explained that the timescales for the 2019/20 accounts were revised to provide greater flexibility to Local Authorities in light of the COVID-19 pandemic.

The report sets out the progress against the revised timescales and the process for reporting the findings of the external audit.

The publication date for final, audited, accounts had been moved from 31 July for Category 1 Authorities and 30 September for Category 2 Authorities to 30 November 2020 for all Local Authority bodies (Bury Council is a Category 1 body).

It was reported that the Statement of Accounts have been prepared and are being finalised and it is anticipated that Bury's accounts will be made available for public inspection from 1 August for a period of 30 days. The accounts will be available on the Council's website and a notice to this effect will be published.

It was reported that the next scheduled meeting of the Audit Committee due to meet on 29 September 2020 would need to be moved to a later date in line with the change of publication date.

Delegated decisions:

1. That the revised timescales for the production of the Statement of Accounts be noted;
2. That the the progress made by Bury Council to date and the expected publication date of 1 August 2020 be noted;
3. That the meeting of the Audit Committee scheduled to meet on 29 September 2020 be rescheduled in order to report the findings of the external auditors and to approve the accounts;
4. That the improvement work that has been put in place to address issues raised by the external auditors following the audit of the 2018/19 accounts be noted.

AU.136 DRAFT ANNUAL GOVERNANCE STATEMENT

The Council as part of its Statement of Annual Accounts produces an Annual Governance Statement.

The draft Annual Governance Statement has been completed and sets out key information in the Council's assessment of its internal governance arrangements.

The Annual Governance Statement also sets out key areas of governance concerns and actions that will be undertaken to address these.

The draft Annual Governance Statement is presented for an initial review by the Audit Committee and a final document will be presented to Committee at its next meeting for recommendation for approval at Full Council later in the year.

It was explained that some areas of weakness have been identified and these are set out in the document. A review of governance arrangements is currently underway and will be reported to Audit Committee throughout the year.

Further information how the Council plans to address some of the governance concerns is also set out in an action plan appended to the Annual Governance Statement.

Members of the Committee were invited to ask questions;

- Councillor Hayes referred to the Homes England Grant Claims and asked how much money was involved and for what purpose.

The Homes England Grant Claims related to monies for housing development and the risks highlighted referred to reputational risk going forward. Quality checks had been put in place in relation to this. The exact sums involved were not known and officers made a commitment to provide this at the next meeting.

- Councillor Vernon referred to the processes in relation to procurement requiring updating and training provided to managers. Councillor Vernon asked whether the Council had lost money in relation to procurement opportunities.

It was explained that it was more a case of losing the opportunity to save money. A central consolidated contract register would be implemented to help achieve savings.

- Councillor Vernon referred to the statement relating to the opportunity for fraudulent business and other grant claims during the COVID 19 crisis having been likely and asked what work would be carried out in relation to this.

It was reported that work was being carried out to identify fraudulent activity and any cases that were identified would be dealt with. It was reported that the Council is working within the national requirements and approach that have been established to identify fraudulent activity. All findings would be reported back to the Audit Committee.

- Councillor Whitby referred to the deficit on DSG reserves as set out on page 30. Councillor Whitby asked whether the recovery plan that had been agreed with the DFE was being implemented.

It was reported that the plan was being implemented and other work in this area was also being carried out. A report was due to be presented to Cabinet at a future meeting as well as regular updates.

- Councillor Gold asked what the implications were financially in relation to COVID 19.

Mike Woodhead explained that the impact of COVID 19 would not be reflected within this report as this showed a backward look however he did report that the MTFS would include a range of scenarios.

Lisa Kitto explained that the impact of Covid had been considered as part of the work to produce the draft statutory accounts. This included revaluations of the value of the Council's Investments including Manchester Airport Group and the Greater Manchester Pension Fund. Both had been re-valued by specialist valuers on behalf of the Greater Manchester Authorities, to take account of the impact of Covid, and reflected in the accounts. In addition to this, the Council had considered the impact on its assets including the valuation of property and had also considered the 'Going Concern' requirements.

- Councillor Gold asked about the funding received at the start of the pandemic and asked whether this was included within the report.

It was explained that the Council received £5m before the end of the financial year which has been used to cover losses. The majority of the financial implications of COVID 19 will be seen from the 2020/2021 financial year and onwards.

Delegated decisions:

1. That the Audit Committee notes the draft AGS and provide initial comments;
2. That the Audit Committee notes that the draft AGS will be available on the Council's website from the end of July and available for public inspection, and;
3. That the Audit Committee notes that a final AGS will be presented to Committee in October for approval and for recommendation to Full Council.

AU.137 REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT ARRANGEMENTS

It was reported that earlier this year CIPFA C.Co Ltd (C.Co) was asked to review, at a high-level, the arrangements for Internal Audit within the Council.

The review used a mixture of desktop review of key, standard documentation and on-site interviews and review to determine the current state of Internal Audit against best practice and the requirements of the Public Service Internal Audit Standards (PSIAS); and, where appropriate, to provide key recommendations for improvement.

Using a mixture of desktop review of key documentation and on-site review and interview with key stakeholders, C.Co was able to determine 14 key lines of enquiry for detailed review.

Although the Internal Audit team, in particular its Acting Head of Internal Audit, are keen to deliver an effective compliant service within the Council, there are a number of historic, operational and cultural factors within both the team and the wider Council that inhibit the effectiveness of the team. These factors included:

- Little evidence that audit planning is structured, risk-based and contributing to an improvement in the overall control framework;
- No evidence that the learning from individual audits is captured and shared with the wider organisation;
- Little evidence of value or worth placed by the wider organisation in the work of Internal Audit;
- No provision for follow up activity to ensure that recommendations are implemented, with no consequence for non-implementation.

The report identifies 14 recommendations which, if implemented may go some way to addressing the issues identified. However, some of the issues are cultural and will require a structured process of addressing organisational understanding of

the role of Internal Audit, its consultancy capability and opportunity to support the delivery of the Council's wider governance objectives.

The Council is committed to improving governance arrangements across the Council and the recommendations from the report are in the process of being implemented. A detailed action plan and progress to date is set out with the Quarter 1 internal audit monitoring report. In addition to this, a wider review of the internal audit function and service is included in the Council's review of governance that is currently underway and will be reported to Committee on a quarterly basis as part of the quarterly monitoring cycles.

Members of the Committee were given the opportunity to ask questions;

- Councillor Vernon referred to 3.14 of the report which made reference to appropriate feedback from the Audit Committee Chair. Councillor Vernon asked whether this was now happening.

It was reported that this would now be happening.

Delegated decisions:

1. That the Audit Committee notes the content of the report;
2. That the Audit Committee notes that an action plan has been developed and is attached with the Quarter 1 monitoring report;
3. That the Audit Committee acknowledges that the Internal Audit service has already progressed some of the recommendations;
4. That the Audit Committee agrees an appropriate reporting schedule for progress updates.

AU.138 Q1 INTERNAL AUDIT PERFORMANCE REPORT

Janet Spelzini, Acting Head of Internal Audit presented a report setting out the progress to date against the annual audit plan 2020/21. The report enables Members to monitor the work of the Internal Audit service, raise any issues for further consideration and also provide an opportunity to request further information or to suggest areas for additional or follow up work.

The report included an update on the following:

- Audit Plan – Update for the 2020/21 financial year
- Follow up audits
- Anti-fraud and Corruption - Cash Transactions
- Sickness Update
- Performance Indicators

It was explained that the information in relation to cash transactions and sickness levels had been requested by the Audit Committee a number of years ago for inclusion within the reports. Members were asked to consider whether the Committee should still receive this information.

Members were given the opportunity ask questions and the following points were raised;

- Councillor Gold referred to the layout of the report and asked that titles for each column be included on each page.
- Councillor Hayes suggested that information in relation to sickness should be reported to the Human Resources and Appeals Panel.
- Councillor Vernon suggested that the Committee would only need to know about sickness if it affected the work of the Audit team.

Delegated decisions:

1. That the Audit Committee notes the report and the work undertaken by Internal Audit;
2. That the Audit Committee endorses the action plan which has been put forward to address the recommendations made in the review of Internal Audit, and agree the timescales and dates for progress reports to be submitted to Committee;
3. That the Audit Committee agrees that details of sickness statistics for the Council should not be brought to further Audit Committees;
4. That the Audit Committee agrees that details regarding cash transactions above £5000 should not be brought to further Audit Committees;
5. That the Audit Committee notes that performance indicators will be presented to the next Committee meeting for consideration and approval.

AU.139 RISK REGISTERS 2019/20

Lisa Kitto presented a report from the Deputy Chief Executive providing an updated corporate risk register and details how the Council is developing its approach to risk management as part of its wider review of governance.

At the last meeting of the Audit Committee meeting on 2 June 2020, at which Committee requested sight of the Council's risk registers, a review of the approach, structure and content of the Corporate and directorate risk registers has taken place.

The Council had committed to integrating its approach to risk management with its partner the CCG, in order that the Council and One Commissioning Organisation (OCO) operate a common approach to the definition and risks to partnership delivery.

A new framework had been developed which was being managed through a shared system, Pentana. The review found, however, that the Council's approach to risk management was perhaps not mature enough to add value to a partnership approach and, further, a risk that the complexities of the new system has diluted the rigour of approach.

It is therefore proposed that the Council reverts to its own management of risk, but through a framework which is comparable to the CCG to enable read-across and a common assessment of shared risks to the work of the Strategic Commissioning Board.

The new format corporate risk register was attached to the report and it was explained that this register is the first output in a wider review of all corporate, directorate and operational risk registers. In addition to the registers, the review will consider: awareness and understanding; training and development; monitoring and reporting. It is supported by a detailed timetable and action plan and will be fully integrated by December 2020.

The Committee's views were welcomed.

- Councillor Vernon referred to risk no. 5 'Council implicated in the death or serious injury of a child or vulnerable adult' and asked whether this was in relation to something ongoing currently.

It was confirmed that the register did not reflect anything ongoing currently but was a reflection of the Covid situation. It was explained that the risk register looked at things that could happen. An issues register looks at things that have happened. The risk register was also a way of prompting the debate.

- Councillor Vernon referred to the risk relating to GDPR and asked whether there had been any incidences of data breach.

It was explained that this was more a reflection of the current situation with larger number of colleagues working from home the council had to ensure that GDPR processes were in place and relevant.

- Councillor Whitby referred to the new format of the register and stated that she found it more user friendly and accessible.

Delegated decisions:

1. That the Audit Committee note the format of the corporate risk register;
2. That the Audit Committee note the further work to develop an integrated approach to risk register and issues management;
3. That the Audit Committee endorse the action plan for improving the Council's risk maturity level;
4. That the Audit Committee receives regular progress updates in relation to the Risk Register.

AU.140 PROGRESS REPORT

Karen Murray , Partner at Mazars presented a report providing the Audit Committee with an update on progress in delivering their responsibilities as Bury Council's external auditors.

Karen reported the Mazars were now working with the new revised timetable that had been implemented in light of the COVID 19 pandemic. The team were expecting to receive the accounts at the beginning of next week and Karen asked that the hard work of the Council's finance team be noted.

The Council's audit would be delivered over the next few months and Mazars will work closely with the Audit and Finance teams.

Part 2 of the report listed a number of national publications from various organisations that Members may find useful in relation to their membership of the Audit Committee.

Delegated decisions:

1. That the contents of the report be noted.
2. That Mazars thanks to the Council's finance team be recorded.

COUNCILLOR M WHITBY
Chair

(Note: The meeting started at 7.00 pm and ended at 8.10 pm)



Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	17 th November 2020
Title of report:	Internal Audit Progress Report – July to September 2020
Report by:	Acting Head of Internal Audit
Decision Type:	Council
Ward(s) to which report relates	All

Executive Summary:

This report sets out the progress to date against the annual audit plan 2020/21. The report enables Members to monitor the work of the Internal Audit service, raise any issues for further consideration and also provide an opportunity to request further information or to suggest areas for additional or follow up work.

The conclusions drawn from the report are:

- The majority of work outstanding from the 2019/20 plan has now been completed and work on 2020/21 plan is progressing. Seventeen reports have been issued to Members since the beginning of the financial year.
- In order to ensure that effort is not duplicated, and to allow third party assessments to take place, some audits have been postponed and will if needed, be undertaken at a later date. The postponement of audits has created a contingency of days which means staff can be utilised to cover other works which were at risk of being deferred due to staff sickness absence and an unexpected level of management support being required early in the financial year.
- The recommendations made in the external review of Internal Audit are being addressed in line with the agreed action plan presented to Audit Committee in July 2020.

Recommendation(s)

That:

- Members note this report and the work undertaken by Internal Audit;
- Members seek clarification / challenge any parts of the report / audit reports which have been presented to Committee.
- Members endorse the changes to the audit plan which are detailed at paragraph 1.1.7 and 1.1.8.
- Members note that a report will be brought to the January 2021 Committee regarding the Business Rates Grants which have been paid out in response to COVID19 (paragraph 1.1.10).

Key Considerations

1. Background

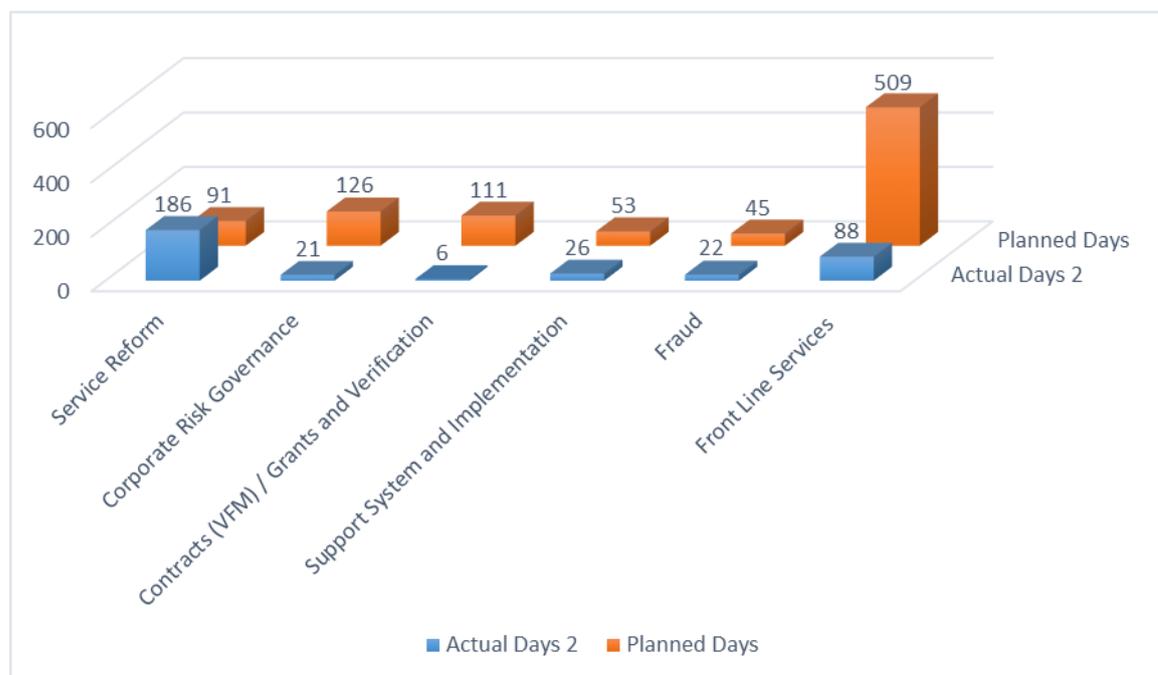
- 1.1 This report outlines the work undertaken by Internal Audit between 1st July 2020 and 30th September 2020.
- 1.2 Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements i.e. the control environment. Internal Audit plays a vital role in reviewing whether these arrangements are in place and operating properly and providing advice to managers. On behalf of the Council, Internal Audit review, appraise and report on the efficiency, effectiveness and economy of these arrangements and provide assurance to the organisation (Chief Executive, Executive Directors and the Audit Committee) and ultimately the taxpayers, that the Council maintains an effective control environment that enables it to significantly manage its business risks. The service helps the Council achieve its objectives and provides assurance that effective and efficient operations are maintained.
- 1.3 The assurance work culminates in an annual opinion given by the Head of Internal Audit on the adequacy of the Council's control environment, based on the work undertaken, and this opinion which feeds into the Annual Governance Statement.
- 1.4 The Internal Audit Plan for 2020/21 provided for 935 days to be delivered throughout the 2020/21 year across all Council Departments, and group companies i.e. Six Town Housing and Persona. The Audit plan covers a range of themes. The plan was approved by Audit Committee at the meeting on 2 June 2020 and work has been continuing throughout the year to date. Regular progress reports are produced, informing Members of audit activities, and this is the second report of the 2020/21 financial year covering the period from 1st April 2020 to 30th September 2020 and includes 26 completed weeks. The report for the first quarter of the year was presented to Audit Committee on 30th July 2020.

2.0 ISSUES

2.1 Audit Plan – Update for the 2020/21 financial year:

2.1.1 Work on the 2020/21 plan has progressed and 349 days, 37% of planned days, have been delivered. The chart below shows the planned and actual days for each activity area.

1st April to 30th September – Internal Audit Days Planned and Actual Days



2.1.2 The audit days delivered is less than expected at this point in the year, with 37% of the total days for the year having been delivered. This is slightly lower than comparable periods in previous years where on average, approximately 46% of the plan has been achieved.

2.1.3 In addition to the 935 day plan to deliver audit work, there are also provisions set aside for non-audit activities, annual leave, sickness, training and management. When comparing to previous years the position on these Audit days are higher than normal for this time of year. This is due to comparatively higher sickness levels. The table below sets out comparative data.

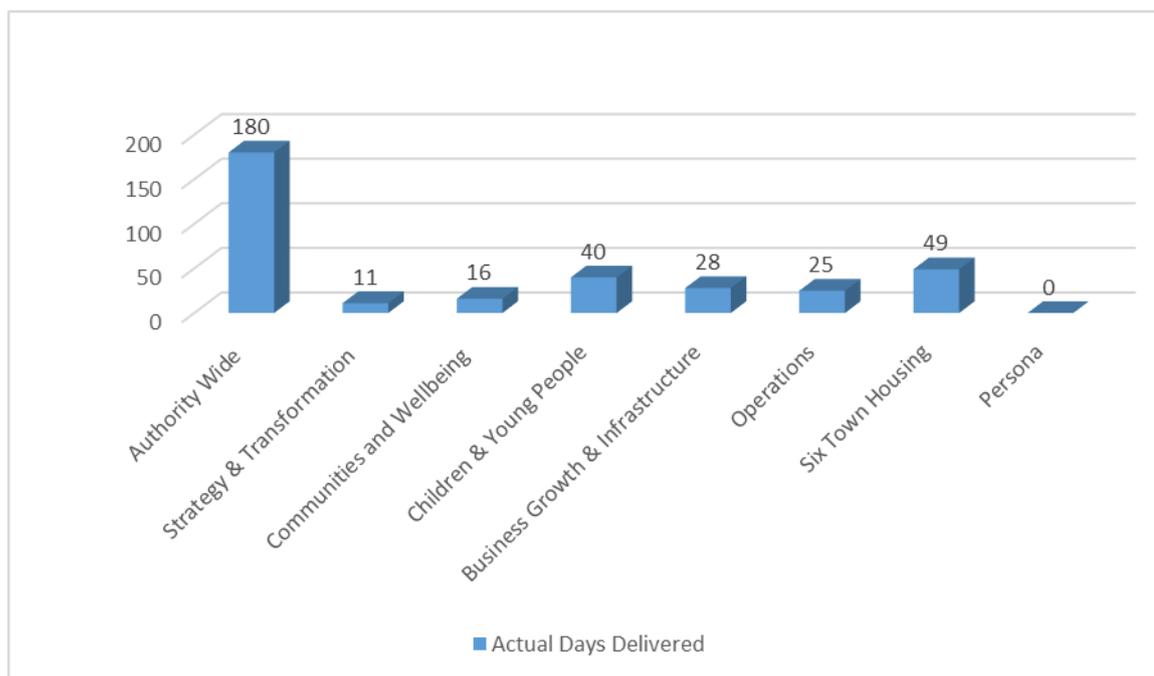
Non Audit Activity Days - Comparative Data.

		Percentage of planned days used		
		2020/21	2019/20	2018/19
Internal	Audit	37%	50%	44%
Annual leave		60%	48%	38%
Sickness		100%	0%	15%

Training	20%	0%	29%

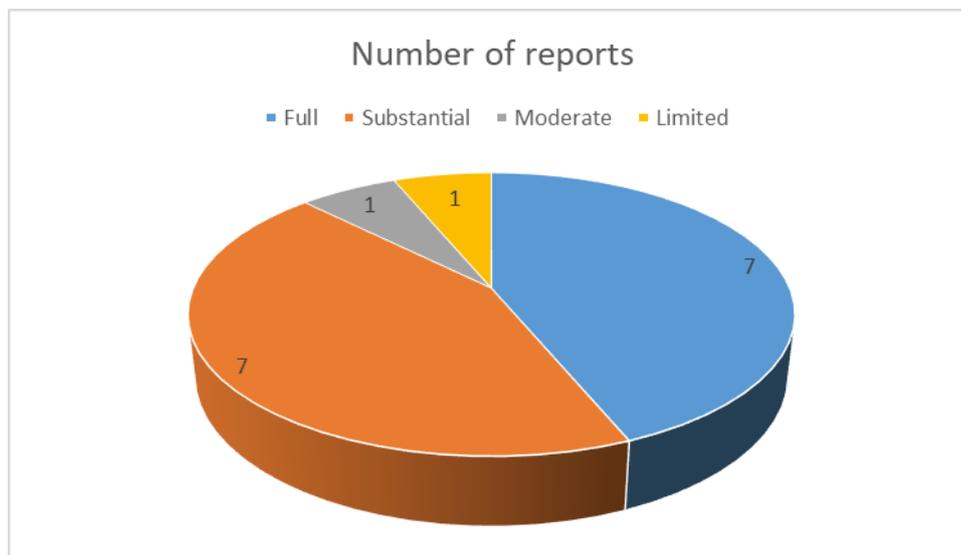
2.1.4 However it is planned to use the contingency of days which has become available as some work identified for quarter 2 has been postponed (further details are shown at paragraph 2.1.7) and these days can be utilised to deliver the remainder of the audit plan. There has also been an increase in expected management support this year which is reflective of the team’s positive response to COVID 19, sickness absence and support to the wider organisation.

2.1.5 The 349 actual Internal Audit days has been delivered across the various departments:-



2.1.6 A list of reports issued in the second quarter of 2020/21 is set out at Appendix A. In summary, 16 reports have been issued, with the majority of audits receiving an overall opinion giving full or substantial assurance for the control areas reviewed. There were a total of 60 recommendations in the reports, none of which require disclosure for the governance statement. Summary audit reports, have been circulated to Audit Committee Members. The summary reports are exempt from publication as they may contain information which is likely to reveal the identity of an individual or information relating to the financial or business affairs of any particular person (including the Authority).

Number of assurance levels given in Audit reports.



2.1.7 Detailed progress of the audit plan is provided at Appendix B. Since the last meeting of the Audit Committee the majority of outstanding work from 2019/20 has now been completed and reports have been issued to Members. The majority of reviews planned for quarter 1 and 2 have commenced and reports are either issued in draft, are with clients, awaiting a response to the recommendations made, or work is currently being undertaken. It is expected that the reports for these reviews will be completed and presented to the next Audit Committee in January 2021.

2.1.8 Some reviews earmarked to be undertaken in quarter 2 have been postponed. Four audits have been deferred as external reviews have been / are being undertaken and the internal audit reviews would not add any value if they were undertaken at this time. These external reviews when completed, will be examined and if they provide assurance that the risks identified in the audit plan have been addressed then the reviews as planned will not be undertaken. There may be scope to visit any recommendations made in the reviews to ensure that Management are addressing those recommendations, to provide assurance to Audit Committee Members that the risks have been addressed. The four audits which have been deferred are:- Risk Management and Assurance Framework, Contract register, Six Town Housing Client Management Arrangements and Persona Client Management Arrangements.

A further quarter two audit, Taxi Licencing, has been deferred as the timing is inappropriate as the client is heavily involved in enforcement of COVID 19 restrictions. It is expected that this audit will be deferred to the next financial year.

2.1.9 In addition to the postponement of quarter two reviews, the plan has been revised to take account of operational issues being experienced due to departments reacting to COVID 19. It is proposed that the following reviews which were planned for quarter 3 and quarter 4 are changed:-

- Operations Department Income review (30 days) should be cancelled as this review is no longer required in 2020/21 due to many of the income collecting services being closed as a result of COVID.
- Operations reviews regarding Grounds Maintenance (15 days) and Highways and Footways Maintenance (20) should be merged into one review of 15 days given the common themes between the two audits.

2.1.10 Internal Audit provided support during the closure of the final accounts for 2019/20. Work was undertaken by Internal Audit to ensure that the value of assets (land and buildings) recorded in the accounts accurately reflects the information in the Council's property portfolio records, and additionally, that the property records accurately reflect the supporting valuation documents. The work has been completed with feedback being provided to the client.

2.1.11 At the beginning of the financial year audit time was redirected to providing support to the business grants process that needed to be established in response to the Government announcing grants of £10k and £25k to eligible businesses. Given the urgency, value and volume of payments, audit support in establishing the processes and ensuring an effective control framework was in place was considered necessary given the potential risks associated with the activity.

2.1.12 The Business Rates Team paid out £39.7m (3422 grants) and £2m discretionary grants were paid out by the Economic Development Team. To date 106 cases have been progressed for more detailed examination. There is a risk that should further grant funding be announced by the Government work may be required to investigate claims which include checks undertaken by the Counter-fraud team and checks to a database set up by the Cabinet Office. It is proposed that a further detailed report is presented to Committee in January 2021.

Throughout the year to date, in response to requests from Departments, other various pieces of minor advice have been given on an ad-hoc basis.

The contingency built into the plan for unplanned work has now been used. Advisory work will continue to be undertaken, and at this stage it is proposed that days available due to deferring of other topics are utilised for this purpose. The position will continue to be monitored throughout the year.

2.1.13 It was reported at the last Committee in July 2020 that an external review of Internal Audit had recently been undertaken. This made recommendations for the service to address and an action plan was provided to Committee. Progress is now being made to implement the recommendations and this is detailed at Appendix C. Several recommendations are being addressed on an ongoing basis and further specific action has been undertaken to commence a review of the Service Level Agreement with Six Town Housing and a review of the Internal Audit Performance Indicators. Additionally the internal audit structure is under review as part of a wider review of the Corporate Finance Team, internal audit reports have changed and are now clearer and shorter, supporting working papers on file have been changed to enable an easier more effective review process to take place. The new style of report and working papers are now becoming embedded within the team.

2.2.1 Follow up audits

- 2.2.1 All recommendations made by Internal Audit are followed up within six months of the final report being issued to determine progress made to address audit recommendations made. Clients are required to make a self- declaration on the action taken to address recommendations and where appropriate, to provide evidence of the action undertaken. Details of any fundamental or significant recommendations which have not been implemented are brought to the attention of Audit Committee members.
- 2.2.2 A list of follow up audits undertaken since the last update to audit Committee in June 2020 is set out at Appendix D. Seven follow up reviews have been undertaken and copies of follow up reports are available on request.
- 2.2.3 One significant recommendation has not yet been implemented. A recommendation was made to ensure that obsolete stock held at the Transport Stores was reviewed and disposed of. This recommendation has not yet been implemented due to the impact of COVID 19 and staff being required to work in the garage to keep vehicles on the road. Management have given their assurance that the recommendation should be implemented by the end of October 2020.

Community impact / Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*
-

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
Risks are highlighted in Audit Plans and in the terms of reference for each Audit review.	Internal Controls are reviewed in each audit to mitigate identified risks. Actions are reported to managers and progress is monitored and reported on a regular basis.

Consultation:

N/a

Legal Implications:

The Council must have a sound system of internal control which facilitates the effective exercise of its functions, including risk management. This is both a legal requirement and a requirement of the Financial Regulations set out in the Council's Constitution. This report provides information on the work of the Council's Internal Audit Service, in ensuring compliance.

Financial Implications:

There are no financial implications arising from this report. The work of the Internal Audit Service however supports the governance framework and the work on business grants has also ensured that the risk of fraud to the Council is minimised.

Report Author and Contact Details:

Janet Spelzini, Acting Head of Internal Audit,
Tel: 0161 253 5085
Email: j.spelzini@bury.gov.uk

Background papers:

Internal Audit Plan 2020/21

Internal Audit Reports issued throughout the course of the year.

CPFA C Co report – Review of Internal Audit

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
NNDR	National Non Domestic Rates

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**Internal Audit Reports issued
1st July 2020 to 30th September 2020**

Audit	Level of Assurance	Number of Recommendations			Summary Report reference
		Red	Yellow	Green	
Bury Council					
Vehicle Workshop	Full	0	0	0	A1
Building Controls	Inadequate (see *)	0	6	5	A2
Creditors Childrens Services	Substantial				A3
Childrens Services Purchase Cards	Substantial	0	3	5	A4
Cash and Bank Key Controls	Substantial	0	2	0	A5
Treasury Management Key Controls	Full	0	0	1	A6
Housing Benefits Key Controls	Full	0	0	0	A7
Debtors Key Controls	Substantial	0	1	4	A8
Main Accounting Key Controls	Substantial	0	0	4	A9
Council Tax Key Controls	Full	0	0	0	A10
Housing Rents Key Controls	Full	0	0	1	A11
Creditors Key Controls	Substantial	0	0	4	A12
NNDR Key Controls	Substantial	0	3	2	A13
Six Town Housing					
Planned Maintenance and Major Works	Full	0	3	2	A14
Fire Safety	Moderate	0	5	4	A15

**Internal Audit Reports issued
1st July 2020 to 30th September 2020**

Audit	Level of Assurance	Number of Recommendations			Report Attached
Risk Management Process	Full	0	0	3	A16

- Inadequate – this is the opinion level used in old grading system. Has been classified as Limited for monitoring purposes in new format.

CORPORATE GOVERNANCE AND RISK						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Status
Corporate Core	Health and Safety	Potential damage to health / wellbeing or loss of life which may result in claims, reputational damage, litigation or corporate manslaughter	Review of Health and Safety at Corporate level - CPFA matrix	15	QTR1	Engagement letter issued to client – awaiting for feedback and agreement to commencement of audit review.
Corporate Core	Risk Management and Assurance Framework	Failure to identify major risks that may prevent the Council from achieving one or more of its objectives. Failure to ensure that the major risks are being managed.	Review of risk management arrangements at Corporate level – review of the Council’s risk management strategy and arrangements for the maintenance of risk registers. Review the associated information management system and reporting arrangements.	15	QTR2	Engagement letter issued to client – audit postponed, as had recent external review and implementing the findings. Audit to be undertaken at a later date.
Corporate Core	Members Allowances and Members Delegated Funds	Loss of accountability, lack of corporate ownership of decision making and possible failure to deliver the expected level of services to residents.	Routine review to focus on the transparency and compliance of the arrangements in place for administration of payments to Members.	10	QTR2	Split into 2 reviews.. Members Allowances & Expenses and Members Delegated Funds . Work in progress.

SERVICE REFORM (Core Financial Systems)						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed timing	Status
Corporate Finance	Unit 4 - Land and Property Valuations	Inaccurate information may be held in the financial accounts.	Review the process for valuing land and property and the updating of records in the CONCERTO system and the subsequent reconciliation of the CONCERTO system with Unit 4.	15	QTR 1	Completed - reconciled information recorded in Concerto to information in Unit4 and checked back to source information. No report produced. . Work undertaken as part of final accounts process to address concerns raised by Mazars in 19/20.
Corporate Finance	I-Trent – Payroll_Additional Hours / overtime payments	Failure to respond effectively and efficiently to any major incident/	Review arrangements to manage and process timekeeping (shift work) and overtime effectively as the self serve module is introduced in –i-trent.	15	QTR2	Not started

SERVICE REFORM (Grants and Verification)						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Status
Children and Young People	Pupil Premium	Government Money may be used inappropriately and monies may be clawed back.	Review arrangements for the administration of the Pupil Premium Grant, the distribution to schools and how the grant is used and accounted for by the schools/	15	QTR2	Engagement letter issued to client – awaiting for feedback and agreement to commencement of audit review.

PLACE AND PEOPLE						
All services	Car Allowances	Fraudulent expense claims may be submitted and paid. Un-licensed drivers and unsafe vehicles may be utilised which could result in accident, subsequent damage to reputation of Council and financial claims being made.	Review of procedures in place to ensure mileage claims are adequately recorded, with sufficient information being provided, that adequate management checks on driver licences and vehicle insurance and safety checks are undertaken, and that claims are appropriately authorised and paid at the correct rate.	30	QTR 1	Work in progress – report being finalised.
All Services	Purchase Cards	Inappropriate use of purchase cards leading to fraud or financial loss	Evaluate controls over and usage of purchase cards to ensure compliance with guidance.	20	QTR1	In progress – draft report issued for Children’s Services. Report for other services being finalised.

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Status
Corporate Finance	Mobile Phones	Mobile phones costs maybe excessive and additionally costs may also be incurred for phones which are used infrequently and may no longer be required.	Review policy for issue and use of mobile phones and arrangements for the monitoring of usage of phones and associated phone costs. Ensure costs are not incurred for employees who leave the organisation and that contracts are cancelled where appropriate.	10	QTR1	Work in progress.
Children and Young People	Adoption Services	Reputational damage to Council if inappropriate placements are made..	Review of management of contract with regional Adoption Agency. Ensure appropriate placement checks are undertaken and that expenditure incurred is appropriate and authorised.	10	QTR2	Work in progress.
Children and Young People	Independent Foster Agency	Inability to place “looked after children” with suitable families or promptly as the need arises.	Review of the use of IFA’s, including the controls in place to help ensure cost effectiveness and manage quality and quantity of placements.	10	QTR2	Not started

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Status
Children and Young People	Care Packages	Failure to comply with Council policy and legislation when procuring goods/services/administering contracts with suppliers. Best value may not be achieved and high cost care packages may not be challenged.	A review of the process for the a calculation and award of care packages for vulnerable children, and the billing and payment processes around care processes to provide assurance that financial risks are mitigated. Also consider the financial controls in particular for changes to rates and providers.	15	QTR2	Engagement letter issued to client.
Communities and Wellbeing / One Commissioning Organisation	ICES Store	Weakness in the control of assets and stock may result in losses and / or increased costs.	Review the arrangements to manage assets (equipment) and stock of care equipment held at the new premises in Bury Town Centre	10	QTR2	Work in Progress
Operations	Fleet Management	Vehicles and Plant may be mis-used / mis-appropriated.	Review to assess the security of the vehicle and plant equipment and the arrangements in place to ensure that all items can be accounted for.	10	QTR2	Not started

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed timing	Status
Operations	Taxi Licences	Potential damage to health / wellbeing or loss of life. Reputational; damage to the Council and potential financial claims.	Review the system in place for the issue of taxi driver licences top applicants ensuring that appropriate checks are made to ensure that individuals have a right to work in the UK and hold the appropriate driving licence.	10	QTR2	Engagement letter issued to client – audit postponed, as client is client is focussing on implementation of COVID 19 enforcement checks. Defer audit until after Christmas period.
Operations	Parks	Failure to comply with Council Policy and legislation when procuring goods / administering contracts with suppliers.	Review the processes in place for the procurement of goods/services ensuring that due process is followed and equate supporting records are maintained.	10	QTR2	Work in progress

CONTRACTS						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Status
Corporate Finance	STH Client Management Arrangements	Failure to implement the clauses in place in the management agreement could provide a risk of financial loss to the Council in addition to reputational damage.	A new agreement has been implemented and a review is required to ensure that the terms of this agreement are being adhered to.	15	QTR2	Engagement letter issued to client – audit postponed, as had recent external review and implementing the findings. Audit to be undertaken at a later date.
Corporate Finance	Persona	Failure to implement the clauses in place in the management agreement could provide a risk of financial loss to the Council in addition to reputational damage.	A new agreement has been implemented and a review is required to ensure that the terms of this agreement are being adhered to.	15	QTR2	Engagement letter issued to client – audit postponed as external review ongoing.
All services	Contract Register	Failure to comply with Council Policy and legislation when procuring goods / administering contracts with suppliers.	Review the arrangements to identify contracts in place and ensure adequate information is held to ensure that contracts are renewed on a timely basis.	10	QTR2	Engagement letter issued to client – audit postponed, as external review ongoing - and implementing the findings. Audit to be undertaken at a later date.

Other Commitments		
Activity	Indicative Days	Progress
Completion of audits commenced during 2019/20	20	<p><u>Draft reports being finalised:-</u> Fleet Management Capital Payments to Contractors STH Fraud</p> <p><u>Draft reports issued to Client:-</u> GDPR School Budgets School Meals Income Payroll Key Controls PCI – DSS Compliance (Salford Review)</p> <p><u>Reports Completed - have been issued to Members:-</u> Creditors Childrens Services STH Fire Safety Debtors Key Controls Housing rents Key Controls Council Tax Key Controls NNDR Key Controls STH Planned Maintenance Cash and Bank Key Controls Vehicle Workshop Childrens Services Purchase Cards Treasury Management Key Controls Main Accounting Key Controls STH Risk Management Creditors Key Controls</p>

Other Commitments		
<i>Activity</i>	<i>Indicative Days</i>	<i>Progress</i>
External Traded Services - -perform audits of School Fund and Out of School Club accounts	10	
Audit work for Six Town Housing and Persona (separate audit plans)	95	Work has commenced to deliver audits within the Six Town Housing Plan.
Post Implementation Reviews and Action Tracking	24	Follow up work is undertaken throughout the year. Details of follow ups undertaken are reported to Committee in the audit progress report. Follow ups have been completed in quarter 1.
Contingency for GMCA Collaboration / reactive GM assurance work	5	
Contingency for Investigations and supporting the council's counter fraud strategy	30	Preparation commenced for 2020 NFI exercise, datasets extracted and being prepared for submission to Cabinet Office. Liaison with Counter-fraud Team regarding Business Grants. Advice given to HR regarding a potential theft. Provision to support Managers following the investigation. Support / advice provided for a confidential whistleblowing issue.
Development of joint working arrangements with Mersey Internal Audit Agency (CCG Auditors)	3	Liaison is currently taking place with MIAA to schedule a joint review later in the year, regarding Pooled Budgets.
Other Commitments		
<i>Activity</i>	<i>Indicative Days</i>	<i>Progress</i>
Audit Management,	40	Work has commenced to address the actions emerging from the review of Internal Audit.

<p>including service development, assurance mapping, QAIP, anti-fraud and corruption strategy, audit planning and Committee support</p>		<p>Summary reports for all reports issued in 2019/20 produced at request of Committee in June 2020.</p>
<p>Contingency for reactive or unplanned work, management request, consultancy work</p>	<p>20</p>	<p>Have had queries / given advice since the commencement of the audit year. Topics include: - Petty cash Income at the Cemetery Cliftons Final accounts</p>
<p>Provision of ICT review – by Salford Computer Audit Services (System Licencing)</p>	<p>20</p>	<p>Liaison to take place with Salford ICT Services to schedule work.</p>

Bury MBC – High Level Review of Internal Audit
ACTION PLAN

		Response	Deadline	Responsibility	Progress as at 30.9.20
1.	<p>Internal Audit should use the additional time afforded by the delay in the production of the Internal Audit Plan for 2020/21 to effectively engage with those charged with governance and the wider Council to raise awareness of:</p> <ul style="list-style-type: none"> • The statutory role of Internal Audit • The ability of audit to deliver consultancy within the organisation <p>Identify opportunities to impact the overall control framework/governance within the Council.</p>	<p>Work was commenced to address this point. Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit started to attend the Departmental Management Team meetings to engage with the team, raise awareness of Internal Audit and gather information for the 2020/21 Audit Plan.</p> <p>COVID 19 has impacted with new working arrangements being set up, majority of staff now required to work from home.</p> <p>This issue needs to be progressed as new working arrangements embed.</p>	Ongoing – with a view to be fully implemented 31/3/2021	Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit	Ongoing
2.	Review the role of the head of Internal Audit in the context of wider governance and the potential restrictions that the current arrangements may have on the	The role of Head of Internal Audit is currently under review as part of the Finance Department Restructure.	TBC	S151 Officer and Temporary Deputy Chief Finance Officer	Role currently being reviewed as part of Finance Department re-

Bury MBC – High Level Review of Internal Audit
ACTION PLAN

		Response	Deadline	Responsibility	Progress as at 30.9.20
	ability of the team to impact, positively, wider control.				structure exercise.
3.	Develop a risk-based methodology to ensure and evidence that the Audit Plan is evidentially risk-based and delivering the right audits to deliver maximum contribution to overall control.	<p>The 2020/21 plan is partially based on the organisation's risks. The exercise proved difficult as risk registers for the organisation were found to be lacking in detail.</p> <p>The methodology for developing the audit plan is constantly under review and progress is being made to ensure the three line of defence model is introduced in the organisation and future Internal Audit Plans.</p>		Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit	
4.	Review the structure/available resources for Internal Audit in context of the delivery of a risk-based Plan for 2020/21. In other words determine on a risk basis the audits that the organisation needs and then review available resources against this requirement	The Structure of Internal Audit is currently under review as part of the restructure exercise across the Finance Department.	TBC	S151 Officer and Temporary Deputy Chief Finance Officer	Internal Audit Team Structure is currently under review. Audit plan developed and approved by Audit

**Bury MBC – High Level Review of Internal Audit
ACTION PLAN**

		Response	Deadline	Responsibility	Progress as at 30.9.20
					Committee using resources currently available.
5.	To support the development of a risk-based Internal Audit Plan, undertake a detailed and evidence-based assurance mapping exercise to ensure that the right level of resource is applied to the areas of most significant risk.	An allocation of time has been included in the 2020/21 annual audit plan to commence an assurance mapping exercise across the Council.	31.3.2021	Acting Head of Internal Audit	
6.	Develop a process of quality assurance, review and training that enables a rigorous challenge of findings, assumptions and recommendations to ensure that all audits deliver maximum impact for the wider Council.	Agreed.	31.3.2021	Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit	Interim Director of Transformation undertakes a final review of draft reports before they are issued to the client.
7.	In developing the 2020/21 Plan for May this year, consider an appropriate allocation of days for consultancy activity to support the Council's achievement of its wider	The annual plan for 2020/21 includes a provision for consultancy. An allocation of 20 days has been provided.	Actioned	Acting Head of Internal Audit	

**Bury MBC – High Level Review of Internal Audit
ACTION PLAN**

		Response	Deadline	Responsibility	Progress as at 30.9.20
	corporate objectives.				
8.	Review the structure, narrative and impact of Audit reports including the requirement/desire to include all low-level recommendations as formal recommendations.	The audit report format has been reviewed and changed. The narrative associated with recommendations has been changed, (Fundamental, Significant and Merits Attention) and it is proposed that only fundamental and significant recommendations are followed up to ensure that these have been implemented.	Actioned	Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit	
9.	The Internal Audit service has a commercial, contractual arrangement with two Council owned companies. In delivering this service, the team need to consider its own commerciality. It needs to be clear on cost per unit, cost per day, delivery within budget and cost/process for the commissioning of additional days. It should ensure that value for money is demonstrable on behalf of the companies and there should be	Agreed. The current arrangements will be reviewed.	31.3.2021	Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit	SLA Agreement is currently being reviewed.

Bury MBC – High Level Review of Internal Audit
ACTION PLAN

		Response	Deadline	Responsibility	Progress as at 30.9.20
	clear separation between the contracted work from the companies and the need to deliver assurance on behalf of the client, the Council.				
10.	In reviewing its key performance indicators, it is suggested that the following indicators should be retained or developed as part of this review: • Elapsed time – this is start and finish time of the audit assignment overall and reflects the value of an audit being completed within an appropriate timescale. • Implementation of recommendations – although the implementation of recommendations is not the responsibility of Internal Audit, this measure is more reflective of the impact of Internal Audit on the control environment, the quality of its recommendations and highlights where managers have failed to implement. It also links into our suggestion of the review of the	<p>The information for KPI's as recommended is currently collated within the Audit Section and KPI's have been regularly reported to Audit Committee, although it is acknowledged that the targets for the KPI's have not been reviewed for a number of years and it is an areas to be reviewed.</p> <p>KPI's, and the targets set will be reviewed and compared to those collected by other Council's in the Greater Manchester region. If necessary the PI's calculated will be changed to reflect the current approach in other</p>	31.3.2021	Acting Head of Internal Audit	Contact made with other GM Authorities to request details of PI's provided to Audit Committee. Results to be analysed and compared to Bury Council PI's and proposal of revised PI's to be put forward via S151 Officer and Chair of Audit Committee.

Bury MBC – High Level Review of Internal Audit
ACTION PLAN

		Response	Deadline	Responsibility	Progress as at 30.9.20
	'follow up' of recommendations • Plan delivery – a measure of progress that enables regular discussion about factors such as resourcing that impact on the delivery of Plan • Delivery within planned days – a measure that highlights the ability to plan and deliver the time allocation for audits appropriately • Draft to Final Report turnaround – again not all in the gift of Internal Audit but a useful measure to highlight where any 'sign-off' blocks exist and that the Final report is the key audit 'product'.	Council's.			
11.	Ensure that the Head of Internal Audit is supported to provide a true and fair annual report and opinion that is supported by clear actions and accountability.	An annual report for 2019/20 has been produced by the Audit Manager and this was reviewed and supported by the Temporary Deputy Director of Finance and the Director of Finance (S151) officer.	Complete for 2019/20, however acknowledge continually review for the 2020/21 audit year.	S151 Officer and Temporary Deputy Chief Finance Officer	
12.	Review the 2016 review action plan to ensure that actions have been completed.	The 2016 action plan will be reviewed to identify recommendations made and	31.10.20	Acting Head of Internal Audit	Currently reviewing the 2016 action

Bury MBC – High Level Review of Internal Audit
ACTION PLAN

		Response	Deadline	Responsibility	Progress as at 30.9.20
	Commence preparations for the 2021 review by completing the Local Government Application Note self-assessment.	any resulting action taken. The self -assessment against the LGAN and PSIAS will be undertaken.	26.2.2021		plan.
13.	Consider the development of an officer/Member governance awareness and development programme to ensure that mutual roles and responsibilities are understood and delivered in a way that supports the wider governance framework.	Recommendation agreed	31.3.2021	Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit	
14.	In order to inform the annual appraisal of the Chief Audit Executive a formal process should be established to obtain appropriate feedback from the Audit Committee Chair.	Recommendation agreed	31.3.2021	S151 Officer and Temporary Deputy Chief Finance Officer	

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Bury Council – Internal Audit Service						
Follow Ups 1.7.2020 to 30.9.20						
<u>Department</u>	<u>Audit</u>	<u>Report reference</u>	<u>Rec Made</u>	<u>Recs Accepted</u>	<u>Recs Implemented</u>	<u>Comments</u>
Resources and Regulation	Creditors – payments to consultants	2900/19	8	8	8	
	Total		8	8		
Six Town Housing	Travellers Site	2899/19	4	4	2 of 4	
	Total		4	4		
Children and Young People	St John with St Marks	2897/18	6	6	5 of 6	
	St Paul's CE		15	15	14 of 15	
	Total		21	21		
Operations	Transport Stores	2876/18	17	15	11 of 15	One significant recommendation has not been implemented – Obsolete stock has not been identified and disposed of. This is due to impact of COVID 19 and staff being required to work in the garage to keep vehicles on the road. The recommendation should be implemented by the end of October 2020.
	Total		17	15		

Bury Council Internal Audit Service						
Follow Ups 1.7.2020 to 30.9.2020						
Persona	Business Continuity Planning	2882/18	1	1	1	
	Spurr House	2898/18	9	9	9	
	Total		10	10		
	Overall Total		60	58		



Classification	Item No.
Open / Closed	

Meeting:	Audit Committee
Meeting date:	17 November 2020
Title of report:	Risk Management & Maturity
Report by:	Lisa Kitto Interim Director of Financial Transformation
Decision Type:	Non Key Decision
Ward(s) to which report relates	All Wards

Executive Summary:

Following a request in early 2020, the Audit Committee has oversight of the Council's Corporate Risk Register. The meeting on 30 July 2020 of this Committee noted the revised format of the risk register and agreed the action plan for improving the risk maturity level.

As part of these regular updates, this report sets out the revised Corporate Risk Register.

Recommendation(s)

That:

- The Audit Committee is asked to note the progress made towards improving the Council's risk maturity and the implementation of the agreed action plan.
- Members are also recommended to note the outcome of the review of the Corporate Risk register presented to Members on 30 July 2020, and the revised Corporate Risk Register attached to this report.

Key considerations

1.0 BACKGROUND

- 1.1 Audit Committees within local authorities and other public bodies have three specific responsibilities in relation to risk management, they are to:
- Provide assurance and oversight for the Authority's risk management arrangements.
 - Keep up to date with the Authority's risk profile, which may include reviewing the arrangements to coordinate and lead risk management.
 - Monitor and challenge the effectiveness of risk management arrangements.
- 1.2 The meeting of the last Audit Committee on 30 July 2020 considered the new framework around risk management following the review of the approach, structure and content of the Corporate and Directorate risk registers. One of the key developments reported to Members was to integrate its approach to risk management with its partner, the CCG, in order that the Council and the One Commissioning Organisation (OCO) operate a common approach to the definition and risks to partnership delivery.
- 1.3 A new framework had been developed which was being managed through a shared system, Pentana. However, Members were also informed that the review found that the Council's approach to risk management was perhaps not sufficiently mature at this stage to add value to a partnership approach and, further, a risk that the complexities of the new system has diluted the rigour of approach.
- 1.4 Therefore it was agreed that the Council manages its own specific risks, at this time, but through a framework which is comparable to the CCG to enable read-across and a common assessment of shared risks to the work of the Strategic Commissioning Board.
- 1.5 As part of this common approach the attached revised Corporate Risk Register now incorporates the corporate risks to managed by OCO and Health & Wellbeing colleagues, and the Committee's views are welcomed. This register is the output in a wider review of all corporate, directorate and operational risk registers, which is underway. In addition to the registers themselves, the review continues to consider:
- awareness and understanding;
 - training and development; and
 - monitoring and reporting.
- 1.6 It is supported by a detailed timetable and action plan and is on target to be fully integrated by December 2020. Progress against the agreed timetable is summarised in Section 2.0 below and overleaf.

2.0 THE PROPOSAL

- 2.1 The review of risk management is well underway with good progress being made around the development and review of the risk registers. There is good progress towards the implementation of the risk review action plan and timetable, and the table overleaf sets out the current status of the actions. This confirms that the Council is on target to deliver it and progress will be reported, as planned, in December 2020.

Activity	Timeline	Status
Directorate and service risk register review and formatting into new template	August 2020	Complete
Revised suite of risk registers presented to Audit Committee	September 2020	Complete Appended to this report
Issue Risk Maturity questionnaire	September 2020	Complete
Analysis of results and reporting	October 2020	On Target
Confirm risk responsibilities and accountabilities	October 2020	On Target
Confirm risk maturity and detailed improvement plan	October 2020	On Target
Design risk training and development based upon the needs identified through maturity assessment	November 2020	On Target
Provide comprehensive assessment and overall progress report for reporting to Audit Committee.	December 2020	On Target

- 2.2 The Council has reviewed its suite of risk registers, which forms the basis of the updated Corporate Risk Register, which is appended to this report, and is further supported by risk registers for the Corporate Core Management Team (CCMT) and risk registers for Finance and for the Budget. The attached risk register sets out the actions planned/ mitigations to manage the corporate risks and the risk scores, all of which are subject to quarterly review.
- 2.3 The Audit Committee is asked to note that the review of risks since July 2020 has not led to any changes to the corporate risk scores but, as set out in Section 1.0 overleaf, is asked to note incorporation of the following corporate risks:
- The potential corporate risk around the value for money have been updated to include:
 - Risk Reference 10: Significant income losses in Departmental Services (i.e. Civics, Market, Car Parking)
 - Risk Reference 11: Property Infrastructure Standards
 - Risk Reference 12: Carbon Neutrality / Climate Agenda
 - Risk Reference 13: Provision of Leisure Services
 - The potential One Commissioning Organisation corporate risks are as follows:
 - Risk Reference 14: Failure to ensure adequate safeguarding Vulnerable Adults arrangements are in place
 - Risk Reference 15: Non-Delivery of Health and Care Recovery Programme
- 2.4 The risks around Values for Money (Risk References 3 and 4) are also being monitored by the Budget Risk Register, which is maintained by the Interim Director of Financial Transformation and attached in Appendix 1.
- 2.5 Overall, good progress is being made to the action plan and regular progress updates will continue to be provided to the Audit Committee.
- 2.6 The Corporate Risk Register, as at October 2020, is attached to this report.

3.0 OTHER ALTERNATIVE OPTIONS CONSIDERED

3.1 An alternative option is not to maintain a Risk Register; however, risk management is a key tool to monitoring risks across the Council and provides the ability to prepare and monitor the Council's Annual Governance Statement (AGS).

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
Risks are set out in the Risk Register set out as Appendix 1	Appendix 1 sets out the mitigations for the risks in the Risk Register and progress will be reported to Members on a regular basis.

Consultation:

None

Legal Implications:

Identifying, evaluating and controlling risk is necessary for sound governance and to ensure the Council meets its objectives, minimalizing the potential for challenge.

Financial Implications:

Risk management forms part of the Council's internal control and corporate governance arrangements. Effective risk management can limit the Council's exposure to economic and other financial pressures. The revised, more comprehensive and action orientated approach to risk management is welcomed.

Report Author and Contact Details:

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Interim Director of Financial Transformation

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Background Papers:

Corporate Risk Register V.3 (Excel sheet attached)

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
AGS	Annual Governance Statement

Corporate Risk Register

Risk Register Completed:
Date of Revision: October 2020



Priority / Objective	Risk No.	Owner	Risk	Cause	Effect	Gross score			Current Mitigating Controls	Current score			Planned Risk Actions	Target score		
						Likelihood	Impact	Total Score = L*I		Likelihood	Impact	Total Score = L*I		Likelihood	Impact	Total Score = L*I
Health & Well-being	1	GL	Covid-19 Global Pandemic Second Wave	Social Distancing and other preventative measures not used or not effective	New lockdown measures, potentially localised	5	5	25	<ul style="list-style-type: none"> Local Outbreak Plan Partnership working with CCG, AGMA Experience and planning for first outbreak and lockdown Lessons learned evaluation Regular liaison with Public Health England Social Distancing including face covering guidance 	4	5	20	<ul style="list-style-type: none"> Review current mitigating controls Follow PHE guidance Keep under review 	3	5	15
				Increase in localised cases due to mass gatherings	Support/response planning commenced for most vulnerable											
	2	GL	Council liability for the death of an employee or member of the public	Failure to implement appropriate health & safety measures	Senior officers held accountable and potentially imprisoned	4	5	20	<ul style="list-style-type: none"> Health & Safety Policies Regular maintenance and inspection scheduling 	4	4	16	<ul style="list-style-type: none"> Review of current facilities management procedures in light of recent Town Hall maintenance issues Regular maintenance and inspection scheduling 	3	4	12
				Failure to manage effectively manage	Significant reputational damage											
Value for Money	3	LK	Section 151 Officer compelled to issue a Section 114 Notice	Failure to set a balanced budget	Moratorium on non-essential spend	4	5	20	<ul style="list-style-type: none"> Constitution/Schemes of Delegation Budget Risk Register developed and subject to regular monitoring Financial Management and reporting and refresh MTFS Internal and External Audit 	3	5	15	<ul style="list-style-type: none"> Review current mitigating controls Keep under review 	3	5	15
				Poor financial management and governance	Reputation damage											
	4	LK	Council forced to step in/rescue one of its Companies (e.g. Six Town Housing)	Commercial Failure	Council takes services back 'in-house'	4	4	16	<ul style="list-style-type: none"> Appropriate management and operational structures Financial Management and operational reporting Budget Risk Register developed and subject to regular monitoring Internal and External Audit 	2	4	8	<ul style="list-style-type: none"> Regular review of KPIs and Financial Performance Internal Audit Reviews 	2	3	6
Health & Well-being	5	KD	Council implicated in the death or serious injury of a child or vulnerable adult	Safeguarding measures not in place or not observed	Individuals held accountable and/or prosecuted	5	5	25	<ul style="list-style-type: none"> Appropriate safeguarding measures, processes and procedures Regular monitoring and supervision Unannounced monitoring and inspection 	4	5	20	<ul style="list-style-type: none"> Regular monitoring and supervision Mock inspection 	3	5	15
Efficiency & Effectiveness	6	LR	Serious data breach	Failure to follow GDPR provisions	Individuals' identity/location compromised	5	5	25	<ul style="list-style-type: none"> GDPR and Data Management Policy Document retention and disposal policy GDPR/Data Training & Development Fair Use Notices 	4	4	16	<ul style="list-style-type: none"> Regular training and development Regular review and updates to policies and procedures Internal Audit review subject to risk assessment 	3	3	9
				Failure to follow Council's own data management policies	Reputational Damage											
				Negligent or unlawful use of data												
Legal and Governance	7	JW	Monitoring Officer compelled to issue governance notice	Failure to comply with legislative requirements and acting unlawfully	Reputational Damage	4	5	20	<ul style="list-style-type: none"> Council's rules and procedures observed Effective involvement of the Monitoring Officer Council Constitution Defined Scheme of Delegation and Codes of Practice 	4	4	16	<ul style="list-style-type: none"> Proper training and development Regular updates of policies and procedures 	3	4	12

Priority / Objective	Risk No.	Owner	Risk	Cause	Effect	Gross score			Current Mitigating Controls	Current score			Planned Risk Actions	Target score		
						Likelihood	Impact	Total Score = L*I		Likelihood	Impact	Total Score = L*I		Likelihood	Impact	Total Score = L*I
	8	JW	Serious legal findings against council	Court, tribunal or inquiry decisions resulting in significant adverse outcomes	Reputational Damage	4	5	20	Defined Scheme of Delegation and Codes of Practice Major decisions approved by members	4	4	16		3	4	12
Investment in Bury	9	PL	No Deal Brexit	Failure of the UK Government to negotiate an acceptable trade agreement with the EU	Economic Uncertainty Failure to attract inward investment Economic targets for Bury missed Timescales for recovery lengthened	3	4	12	• EU withdrawal Bill passed • Monitoring of negotiation of future trade agreement developments with the EU	3	2	6	• Regular review of progress and respond accordingly	2	2	4
Value for money	10	DB	Significant income losses in Departmental Services (i.e. Civics, Market, Car Parking)	Covid Pandemic Systemic Budget Reductions Lack of investment over decades	Future uncertainty for Services Increased ongoing subsidy	5	5	25	Budget saving proposals re: future viability	5	5	25	Planned Cabinet reports	5	3	15
Value for money Legal and Governance	11	DB	Property Infrastructure Standards - Corporate Risks	Lack of investment over decades Failure to comply with legal / statutory requirements	Buildings in significant disrepair - emergency repairs required Compliance concerns Risk to workforce	5	5	25	Recruitment to Head of Corporate Landlord underway Corporate Landlord Board established Development of Corporate Landlord Model Repairs being undertaken	5	4	20	Full compliance system Procurement of Concerto system Full procurement exercise for FM contracts Future rationalisation plans	3	4	12
Efficiency & Effectiveness	12	DB	Carbon Neutrality / Climate Agenda	Global Climate Agenda Bury Climate Manifesto - 2030 targets	Targets for Bury missed Impact on the public Efficiencies not made	4	4	16	Climate Strategy being produced Recruitment to Climate Team	3	4	12	Climate action plan Long term walking / cycling initiatives Infrastructure projects	3	2	6
Efficiency & Effectiveness Value for money Investment in Bury	13	DB	Provision of Leisure Services	Covid Pandemic Systemic Budget Reductions Lack of investment over decades	Future uncertainty for Services Increased ongoing subsidy	5	5	25	Leisure Recovery Plan Future regeneration options Budget saving proposals re: future viability	5	5	25	Working collaboratively with BGI re: Regeneration Planned Cabinet reports	5	3	15
Efficiency & Effectiveness	14	WB	Failure to ensure adequate safeguarding Vulnerable Adults arrangements are in place	Demand for services exceeding its capacity and capability. Failure to commission safe care for vulnerable adults and the elderly. Limited available budget	Risk of poor outcomes for vulnerable residents. Failure of Council to meet statutory duty	3	7	14	Safeguarding Vulnerable Adults Board Internal management controls, training, development, and professional support Good quality commissioning arrangements and standards with providers Financial monitoring Recovery and Transformation programme	2	5	10	Good quality market management and provider engagement arrangements	3	4	12
Efficiency & Effectiveness	15	WB	Non Delivery of Health and Care Recovery Programme	Covid Pandemic Budget Restrictions in NHS and Council Growth in demand from demography and Covid 19 Effect Financial and Structural Uncertainty in NHS	Failure to transform services and realising required cost savings Sub optimal outcomes for residents	5	5	25	Routine monitoring and oversight of all aspects of the programme. Close financial review of delivery of savings and outcomes. Reporting to System Board and Strategic Commissioning Board and Health Scrutiny Committee.	5	5	25	Working closely with CCG and GM Health and Social Care Partnership	5	3	15

Priority / Objective	Risk No.	Owner	Risk	Cause	Effect	Gross score			Current Mitigating Controls	Current score			Planned Risk Actions	Target score			
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Key:

GL	Geoff Little
MW	Mike Woodhead
LR	Lynne Ridsdale
DB	Donna Ball
KD	Karen Dolton
JW	Janet Witkowski
PL	Paul Lakin
WB	Will Blandamer

CCMT Risk Register

Risk Register Completed: 30/10/2020
Date of Revision: 30/10/2020



Priority / Objective	Risk No.	Owner	Risk	Cause	Effect	Gross score			Current Mitigating Controls	Current score			Planned Risk Actions	Target score		
						Likelihood	Impact	Total Score = L*I		Likelihood	Impact	Total Score = L*I		Likelihood	Impact	Total Score = L*I
ICT / Digital		KW	Failure of infrastructure	Outdated systems; hardware failure; lack of availability of support or maintenance due to staffing shortages or products being out of licence / support contracts	Loss of functionality and reduction in productivity; Impact on customer and user experience	3	5	15	<ul style="list-style-type: none"> Infrastructure replacement programme extended support purchase for older servers 	3	5	15	<ul style="list-style-type: none"> Infrastructure replacement programme to be rolled out / completed Migration to cloud storage / back-up 	2	5	10
		KW	Failure of applications and / or software programmes	Outdated systems; hardware failure; lack of availability of support or maintenance due to staffing shortages or products being out of licence / support contracts	Loss of functionality and reduction in productivity; Impact on customer and user experience	3	4	12	<ul style="list-style-type: none"> system back-up strategy in place 	3	4	12	<ul style="list-style-type: none"> Cloud migration plan in design phase for software and applications 	2	1	2
		KW	Failure of TH Data Centre	External damage e.g. fire, flood, electric supply failure	Potential data breach if records lost on permanent basis; loss of productivity due to quality of connection to back-up data centre	3	5	15	<ul style="list-style-type: none"> Data management strategy in place re. backups; Textile Hall back up data centre 	3	5	15	<ul style="list-style-type: none"> cloud migration plan to move data into Azure relocation of data centre; 	2	5	10
		KW	Failure to delivery new Digital Strategy	lack of resources e.g. funding, staff or delivery partner (e.g. GMSS)	Inability to achieve ambition for new ways of working and improved customer and staff experience; inability to deliver data management and business intelligence model required for improved decision making and performance management	3	4	12	<ul style="list-style-type: none"> Placement of Digital strategy in Transformation programme to ensure visibility and deliverability SLA with GMSS 	3	4	12	<ul style="list-style-type: none"> Review of resources across Council and CCG IT/Digital functions 	2	4	8
		KW	Cyber attack	External threat to data and systems	Potential loss of data resulting in significant data breach; potential significant loss of functionality if systems were damaged or shut down	3	5	15	<ul style="list-style-type: none"> Training and updated Cyber Essentials Toolkit in place. PCN accreditation renewed annually 	3	5	15	<ul style="list-style-type: none"> Further training and investment in cyber security to be progressed PSN accreditation of the Council Cyber Essentials accreditation for Council and CCG to be achieved 	2	4	8
Elections		MC	Failure to deliver an efficient Election 2021	insufficient capacity (shortage of staff / standby resource) to meet increased business (due to covid) and customer demands; lack of robustness of ICT support; ability of printers to meet high postal vote demands	Legal challenge/reputational damage/people unable to vote - do not get vote needed / printers cannot meet increased high volume of demand for postal votes	3	5	15	<ul style="list-style-type: none"> National (Government and Electoral Commission), regional (AGMA and GM Elections Managers) and local guidance Elections Project Board in place with agreed delivery plan Lessons Learned (from previous election) action plan delivered Approved printers as part of AGMA consortium 	2	5	10	<ul style="list-style-type: none"> Review current mitigating controls Follow PHE / EC / AGAM / Government guidelines Monthly update and agreed action at Elections Project Board. Early preparation and planning already commenced. Develop network of internal back up staff. 	1	5	5
		MC	Ability to deliver the Canvass 2020.	Covid preventing use of personal canvassers new procedure introduced nationally electorate apathy	reputation integrity of register	3	4	12	<ul style="list-style-type: none"> Process in place and applied consistently Mechanisms to secure contact with remaining non-responders agreed Baseline register in place following December 2019 General Election 	3	3	9	<ul style="list-style-type: none"> Follow EC and Government guidance Follow best practice Follow PHE guidance 	2	1	2
		MC	Adverse impact on resources (people and money)	National changes in respect to the central land charges database and central scanning of files by HMLR	Loss of income potential redundancies / redeployment / role redesign	5	3	15	<ul style="list-style-type: none"> Integrated Elections / Land registry Team 	5	3	9	<ul style="list-style-type: none"> Review need for land charges posts and impact on Elections if loss of staff due to shared role/support provided. 	3	3	9
Land Charges		MC	Failure to allow / action searches	Covid restrictions temporarily closed down service preventing personal searches to be undertaken	Legal challenge from failure to deliver service reputational damage increased pressure on staff resources loss of income	5	3	15	<ul style="list-style-type: none"> Revised processes in place enabling searches to be carried out by staff 	5	3	15	<ul style="list-style-type: none"> Review current mitigating controls. Follow PHE guidance. Look to safe return of personal searchers, taking into account all safety precautions. 	5	2	10
Legal		JW	Failure to provide an effective and timely legal service	Reduction/loss of service due to absence from covid or other illness, lack of capacity due to increase in instructions and/or lack of capability due to new/novel matters	not meeting statutory Court dates / staffing/ failure in ICT; Error in law and legal advice.	3	5	15	<ul style="list-style-type: none"> Deployment of other team members Links with counsel & other local authorities Continuing professional development and training, review of capacity and workloads with team and client departments 	3	5	15	<ul style="list-style-type: none"> Review business continuity plan, staffing levels, workloads and capacity monthly 	2	5	10

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Registrars		HK	Failure to provide an effective and timely BMD service	Reduction/loss of service due to absence from covid or other illness, increase in customer demand above capacity levels local restrictions (Possible suspension of Births, Marriages and Citizenship ceremonies by Government.)	Unable to meet legislative requirement creation of backlogs, increased complaints from customer, elected members and GRO	4	3	12	<ul style="list-style-type: none"> ●BCP arrangements in place ●Mutual Aid with other localities ●processes in place which reflect Covid safe delivery 	3	3	9	<ul style="list-style-type: none"> ●BCM to be reviewed monthly or following changes in PHE / Covid Guidance 	2	3	6
Transformation		KW	Partnership	Insufficient buy-in to Bury 2030 to enable partnership priorities to be delivered. Lack of resource across the Team Bury partnership to support delivery of Bury 2030.	Outcomes would not be achieved; new ways of working not implemented; demand management targets would not be met resulting in high costs	3	4	12	<ul style="list-style-type: none"> ●Consultation and engagement programme for Bury 2030 	3	4	12	<ul style="list-style-type: none"> ●Engagement on consultation to be progressed ●performance framework to be co-designed ●delivery plan to be developed KPIs to be agreed 	2	3	6
		KW	Failure to introduce new neighbourhood model	Work programme of public service reform insufficient to generate commitment to implement neighbourhood model; unable to deliver constituent parts of the NM e.g. data warehouse; MDT integrated working	Limited ability to implement commitment in Bury 2030 to public service reform; impact on the potential for re-shaping demand and achieving improved outcomes	3	4	12	<ul style="list-style-type: none"> ●Strategic resource in place ●Investment approved for addition resource (in AD PSR) ●Community Hub model approved ●VCFA and community sector aligned 	3	4	12	<ul style="list-style-type: none"> ●Appoint of new posts to support development and implementation of Neighbourhood Model. ●Work with GMCA to share best practice and obtain advice and support on implementation. 	2	3	6
Service Delivery		KW	Failure to deliver Inclusion Strategy	Lack of expertise or resources to support deliver of the work programme and culture change required to implement action plan and policy commitments	Negative impact on workforce moral and community trust; lack of engagement from communities in the co-design and delivery of Bury 2030; breach of statutory duties; increased health inequalities; poor decision making	3	4	12	<ul style="list-style-type: none"> ●Inclusion integrated into Bury 2030 and Corporate Plan 	3	4	12	<ul style="list-style-type: none"> ●Inclusion Strategy to be approved ●Listening events to be implemented ●Action plan to be delivered ●recruitment to key posts to support programme delivery ●reporting scheduled to be prepared 	2	3	6
Governance		JW / JW	Failure to deliver effective governance and decision making	Reduction/loss of service due to absence from covid or other illness, Instability of Governance arrangements/lack of understanding of delegations/ process/ constitution/ incorrect recording of decisions	Judicial challenge / inability to deliver / reputational damage / financial impact	3	5	15	<ul style="list-style-type: none"> ●constitution and governance arrangements in place ●guidance on decision making and supporting decision record templates ●JET Pre-Governance process to review all agenda 	3	5	15	<ul style="list-style-type: none"> refreshed Constitution to be approved and implements Training programme to be implemented governance arrangements to be revised 	2	5	10
		LF/ JW	failure to meet the requirements of data protection legislation and good information governance practice	Polices out f date/staff capability due to lack of training/lack of staff	Judicial / or ICO challenge / inability to deliver / reputational damage / financial impact due to fine or compensation	5	5	25	<ul style="list-style-type: none"> ●DPO/IG Lead oversight of processes ●DSPT 2019/20 submission ●Policies 	4	5	20	<ul style="list-style-type: none"> ●IG strategy to be developed ●IG processes to be mapped ●IG resources to be identified ●comprehensive training programme to be implemented ●IG policies and Procedures to be reviewed ●DPST 2020/21 requirements to be assessed 	2	5	10
Value for Money		SJ	Contracts with external suppliers fail to deliver best value for money	Inadequate procurement processes Supplier failures Poor contract management Impact of Covid-19 - supplier failure, increased lead-times, increased costs Impact of Brexit - supplier failure, increased lead-times, increased costs	Increased pressure on budgets resulting in cuts to services and jobs	4	4	16	<ul style="list-style-type: none"> ● Contract Procedure Rules ● Professional Support via Strategic Procurement Team ● Contracts Register 	3	4	12	<ul style="list-style-type: none"> ● Review and revise Procurement Operating Model and CPR ● Develop corporate approach to improve contract management 	1	4	4
Legal Compliance		SJ	Failure to follow procurement rules or use approved contracts	insufficient capacity and skills/knowledge of relevant procedures insufficient Capacity of Strategic Procurement Team	Legal Challenge Impact on service delivery Reputational impact	3	4	12	<ul style="list-style-type: none"> ● CPR & Procurement guidance ● Professional Support via Strategic Procurement Team 	2	4	8	<ul style="list-style-type: none"> ● Review current mitigating controls ● Keep under review 	1	4	4
HR		SB	Breakdown of Employee Relations	Inability to reach agreement over budget savings options due to perceived negative impact upon the workforce	industrial action, which may include strike. Low levels of staff engagement and performance. Poor levels of recruitment and staff retention. Reputational damage.	4	4	16	<ul style="list-style-type: none"> ●Agreed TU Consultation Framework, comprising DJCC & CJCC meetings and regular TU/Management meetings ●Good existing relationship between the Council and Trade Unions. ●Regular employee communications. 	3	4	12	<ul style="list-style-type: none"> ●Review existing processesfor consultation and agreement ●Refresh voluntary exit schemes. 	2	4	8

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		SB	Lack of relevant skills, knowledge and experience across the organisation	Inadequate appraisal and talent management arrangements Lack of workforce planning failure to invest in employee development Unexpected change in skills requirement due to unanticipated change to working practices	Ineffective workforce and low levels of performance. Inability to meet service demands. Increased costs through buying in skills and knowledge to achieve aims.	4	4	16	<ul style="list-style-type: none"> Annual Appraisal policy Mandatory Training Apprenticeship Leadership Programme 	2	3	12	<ul style="list-style-type: none"> New leadership, structures and staffing arrangements to be finalised People Strategy, including organisational development plan to be developed System to support improved performance management data to be enhanced (investment) 	3	3	9
Communications		KJ	Loss of trust and confidence in the council to deliver services	Worsening public perception of council. Lack of understating about what the council does Instant perceptions via social media High profile policy and strategy development wit significant reputation risks - GMSF, CAZ, MLS Performance not meeting expectations	Impact on our value by residents and businesses	5	4	20	<ul style="list-style-type: none"> Vision and strategy set out in Bury 2030 (under consultation) Clear emergency response and business continuity arrangements in place to effectively react in the event of a crisis Agreed Comms and engagement management for high profile policy development Relationships with Media to effectively manage Council reputation 	3	4	12	<ul style="list-style-type: none"> Communication and engagement strategy to be approved Review and revise comms and engagement plans develop Brand and ensure consistently linked to services internal communications channels to be improved Expectations of public to be managed particularly via social media and other online 	2	4	8
Engagement		KJ	Consultations not delivered to required standard	Unable to use usual channels and processes because of Covid restrictions in meeting people A number of high profile consultations due this Autumn	Bias towards digital and online methods Open to legal challenge on basis of Gunning Principles Unable to effectively make decisions Reputational impact	5	4	20	<ul style="list-style-type: none"> Clear comms and engagement plan for each of the Autumn consultations EIAs completed for GMSF, CAZ and MLS consultations Availability of alternative provision to digital Statement of Community Involvement for GMSF revised 	3	4	12	Consultation Feedback kept under review Comms and Engagement Strategy to be refreshed	2	4	8
		PC	Failure to meet Homelessness Statutory Function & Delivery	<ul style="list-style-type: none"> Increasing pressures on the service that impacts (reduces) capacity across the service Increase in homelessness - stat and non stat provision Lift on ban on evictions will result in further increases of homeless cases, pressures on the service and temp accommodation. 	<ul style="list-style-type: none"> Unable to meet statutory requirements as per Homelessness & HRA legislation. Legal challenge with potential judicial reviews resulting in increased legal costs and reputation damage 	4	5	20	<ul style="list-style-type: none"> HRA adhered to Robust processes and operating procedures in place CBL system suspended Direct Let priority. 	3	5	15	<ul style="list-style-type: none"> Review structure of team / service Framework of regular monitoring and KPI reviews to be developed external funding opportunities to be maximised 	2	5	10
		PC	Insufficient resources (staffing) to meet increased responsibilities / pressures on service	<ul style="list-style-type: none"> Changing ways of working due to Covid increasing demand on the service Increasing expectations for rough sleepers 	<ul style="list-style-type: none"> Non compliance with current Govt directives for rough sleepers impact on staff well-being 	4	5	20	<ul style="list-style-type: none"> BCM in place supported by Agile and Flexible Team Additional resource secured through BCM Greater partnership working aligned to Emergency 10 point plan for RS's - enabler role. Service delivery models adapted to Covid 	3	5	15	<ul style="list-style-type: none"> Channel shift services through IT solutions and software, telephone options to create capacity and smarter working. Comprehensive staff development and progression programme to be implemented undertake Service review and restructure 	2	5	10
Housing Needs & Options		PC	Available provision unable to meet local demand for rough sleeper / homeless service	<ul style="list-style-type: none"> Increase in rough sleepers locally, regionally and nationally due to numerous factors Gov'ts 'Everyone in' directive requires provision of emergency accommodation with support to reduce the risk of Covid infection. 	<ul style="list-style-type: none"> Greater pressure on current services Increases in temp accommodation provision needed. Demand & Lack of engagement by the cohort to provide support and help into sustained accommodation. Lack of emergency and sustainable move on properties. adverse impact on the Councils ability to respond to statutory duty Compounds demand for move on properties 	5	4	20	<ul style="list-style-type: none"> funding to continue with ABEN approved for phase 3 provision NSAP revenue funding approved Stepping Stones emergency provision extended with support until 31/3/21 Rough sleeper outreach provision funded Arrangements agreed with GM Housing First initiative multi agency panel in place to assist and support rough sleepers Created MHCLG NSAP capital & revenue bid approved Robust links to the Councils supported accommodation provision 	3	4	12	<ul style="list-style-type: none"> Identify future funding opportunities to sustain / increase resources - NSAP phase 2 (2021/22) & ABEN phase 4 Develop Bury Homeless Partnership Affordable social housing to be included within New Housing Strategy Submit future robust bid for RSi funding and outreach provision to continue for 2021/22 Maximise opportunities to influence local, regional and central Govt in relation to funding Progress, develop business case and build homeless hub for emergency & interim accommodation. 	2	4	8

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		PC	Lack of sustainable permanent accommodation to meet Homelessness and housing register demands.	<ul style="list-style-type: none"> Lack of investment and strategy to recognise and address the lack of social and affordable housing needs Historical Govt approach to social housing generally with RTB and home ownership approach has restricted growth and opportunities for social housing. Reduced availability of affordable and social housing through existing stock Increased demand for affordable and social housing 	<ul style="list-style-type: none"> Increase in housing register demands and priority need Blockages in temporary accommodation for both single and families Challenges to meet the statutory duties around timescales in temp accommodation Councils ability to discharge homeless duty Demand and supply misalignment 	4	5	20	<ul style="list-style-type: none"> Developing PRS to engage better with PRS landlords Strategic Group established with remit to develop PRS engagement Help to rent scheme in place insurance product offered as prevention tool. Proactive intervention / team in place Partnership working with STH Nomination agreements with RSL's / HA's 	4	4	16	<ul style="list-style-type: none"> New Housing Strategy to be developed Allocations policy / housing options to be reviewed Common housing register to be developed funding opportunities with the new affordable homes programme to be identified HRA opportunities and capital receipt rule changes to be reviewed PRS and landlord offer to be further developed ELA options for Bury to be developed 	3	4	12
Adult Learning		JK	Inability to operate service effectively and deliver GMCA and ESFA contracts	Failure of ICT infrastructure	<ul style="list-style-type: none"> Inability to submit data to GMCA/ESFA and therefore breach of contract Inability to enrol learners Impact on learners due to lack of digital teaching resources Increase in staff workload due to lack of MIS in place and requirement to complete all information on paper Restricted ability for most staff to work from home 	3	5	15	<ul style="list-style-type: none"> Business Continuity Plan in place Teaching platform hosted in the Cloud to allow learners where possible to continue learning Classroom based teaching still possible 	2	5	10	<ul style="list-style-type: none"> Review current mitigating controls Learners provided with laptops to support learning 	1	5	5
		JK	the Bury ALS Centre building becomes unfit for purpose and unable to meet required minimum standards	<ul style="list-style-type: none"> Lack of clarity / contract for existing facilities management arrangements Lack of building maintenance programme Significant ongoing issues with building including toilets, blockages, drains 	<ul style="list-style-type: none"> Impact on staff who are tasked to deal with overburdensome building maintenance with little support Lack of knowledge to oversee works carried out Increased pressure on budget due to maintenance costs and frequent, repeated, expenditure in certain areas Potential temporary closure of building due to lack of facilities being available Loss of delivery if building closed Impact on learners and staff Reputational Impact 	3	5	15	<ul style="list-style-type: none"> facilities management contract in place Processes to sign-off repairs in place and followed (Careful monitoring of essential repairs and maintenance and checking where possible the quality of the work carried out so as not to incur addition cost) 	2	5	10	<ul style="list-style-type: none"> Exploration of where Adult Learning Service sits with One Public Estate in the long term Follow up results of exercise completed by People too on improving the efficiency and compliance levels of the Bury Estate Move to online learning where possible Work with Facilities Management Group to determine the position of Adult Learning Centre 	1	5	5
Community Hubs		NP	unable to resource Community Hubs to meet local demand in response to national requirements / changes around shielding	<ul style="list-style-type: none"> staff returned to substantive posts volunteers have gone back to work as furlough has ended 	unable to deliver national requirement	5	5	25	<ul style="list-style-type: none"> Redeployed staffing resources into Community Hubs Network of Community / NHS Volunteers 	3	5	15	<ul style="list-style-type: none"> review business continuity plans use of government funding to quickly employ Reed agency staff advertise for volunteers and approach national voluntary organisations negotiate a scheme with NHS Volunteers for Bury 	2	5	10
		NP	contact centre unable to meet demand of CEVs seeking to register for supermarket delivery slots	change in delivery model of contact / support with full delegation to LAs and national call centre closed	<ul style="list-style-type: none"> long queues at contact centre high rate of abandoned calls up to 2000 residents anxious and more vulnerable additional pressure on Contact centre staff 	3	5	15	<ul style="list-style-type: none"> Redeployment of staff from core roles to support contact cent 	3	5	15	<ul style="list-style-type: none"> mobilise hub staff, redeploy staff into contact centre, review P3 services, recruit more staff with shielding or T3 funding boost capacity in contact centre to register people by phone, persuade people to do telephone shopping at Morrisons or Sainsbury's 	2	5	10

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		NP	Increased demand on Community Hubs to provided support with supermarket shopping (up to 2000 residents)	CEVs do not have external networks CEVs do not register for supermarket delivery slots CEVs do not have ICT access at home CEVs do not have plastic payment methods	would need to mobilise 100s of volunteers to go shopping for 2000 people and wont have enough volunteers up to 2000 residents anxious and more vulnerable	4	5	20	<ul style="list-style-type: none"> Contact Centre receiving calls and supporting registration 	4	5	20	<ul style="list-style-type: none"> digital helpers to be recruited funding to place kit and connectivity into people's homes to be secured recruit more volunteers 	2	5	10
HR		LR	Failure of itrent system	Failure to switch from on premise to host environment before on premise systems fall out of support from Midland HR due to lack of resource, insufficient testing time and failure to develop suitable hosted environment within the timeframe	Unable to access staff records and undertake HR functions effectively. Unable to update UNIT 4 with payment and year end information.	4	5	20	<ul style="list-style-type: none"> Project Board meetings in place External consultant[appointed to review implementation plan. 	3	5	15	<ul style="list-style-type: none"> Appointment of independent Project Management and technical support to oversee transition to hosted environment 	1	5	5

Finance Service Risk Register

Risk Register Completed: 30/10/2020

Date of Revision: 30/10/2020



Gross score

Priority / Objective	Risk No.	Owner	Risk	Cause	Effect	Likelihood	Impact	Total Score = L*I
Accountancy			Treasury Management/Cash Flow	Inadequate levels of cash in the bank.	Paymens cannot be made.	4	5	20
Revenues and Benefits		ID	Council Tax and Business rates letters not issued.	Invoices not issued. System failure. Loss of staff.	Loss of Income. Financial resilience of the Council affected. More budget redcutions maty be required.	4	5	20
			Debt Recovery not in place.	Remiders not issued. No debt recovery or enforcement	Loss of income. Increased debt profile. More budget reductions may be required.	4	5	20

			Inability to provide benefit and welfare advice and support.	Loss of staff with specialist knowledge. Increased demand as a result of Covid.	Residents not accessing support they need. Increase in arrears on council tax.	3	4	12
Pay Services		RF	Failure to pay people and suppliers	Breakdown in systems. Loss of staff due to sickness	Staff and suppliers not paid. Financial hardship and Reputational risks.	5	3	15
Audit		JS	Failure to provide an effective internal audit service.	Weak governance and control environment across the council, financial loss, reputation of the Council, qualified accounts from the external auditors.	Qualified Accounts. Incidences of fraud.	4	5	20
		EH	Failure to establish adequate Insurance arrangements for the Council and all its functions	Tender / Renewal exercise not completed in a timely manner	Reputation of Risk Exposure to financial losses	5	5	25
		EH	Negligence claims against the Council	Lack of Department Inspection Poor workmanship Defective Premises Change of staff	Financial impact on budgets Reputation damage Increase of Insurance Premiums Legal costs	5	4	20

Insurance		EH	Property uninsured or under insured	Not informed of changes and cannot update insurance programme accordingly Inadequate property values	Financial impact on budgets Reputation damage Increase of Insurance Premiums	4	4	16
		EH	Breach of Data Protection Act Claims	Failure to follow GDPR provision Failure to follow Council's own data protection policies	Individuals identity / location compromised Reputation damage ICO review and / or fine Increase of Insurance Premiums	5	5	25
		EH	Covid 19 Negligence Claims	Failure to comply with relevant Government Guidelines. Failure to have adequate Risk Assessments in place with the relevant documentation	Financial impact on budgets Reputation damage Increase of Insurance Premiums	5	5	25
Value for Money		LK	Contracts with external suppliers fail to deliver best value for money	Inadequate procurement processes Supplier failures	Increased pressure on budgets resulting in cuts to services and jobs	4	4	16
	Poor contract management							
	Impact of Covid-19 - supplier failure, increased lead-times, increased costs							
	Impact of Brexit - supplier failure, increased lead-times, increased costs							

Current Mitigating Controls	Current score			Planned Risk Actions	Target score		
	Likelihood	Impact	Total Score = L*I		Likelihood	Impact	Total Score = L*I
cash flow projections updated weekly/daily. On call cash/borrowing.	3	5	15	Staff training. Resilience in place.	3	5	15
External provider for council tax billing. Resilience part of contract. Investment in current systems and ensure upgrades are actioned. In house technical expertise.	3	5	15	Upgrades up to date. Systems roadmap being developed.	3	5	15
External provider for council tax billing. Resilience part of contract. Investment in current systems and ensure upgrades are actioned. In house technical expertise.	3	5	15	Upgrades up to date. Systems roadmap being developed.	3	6	18

Use of Civica On demand. Contract with Citizen's Advice Bureau.	3	4	12	Staff reviews. Performance monitoring	3	3	9
● Revised processes in place enabling searches to be carried out by staff	5	3	15	● Review current mitigating controls.	5	2	10
●Deployment of other team members ●Risk based approach to audit planning and regular reporting to the audit committee and executive Tam ●Continuing professional development and training, review of capacity and workloads with team and client departments	3	5	15	●Review of processes and practices. Specialist support as part of the service improvement plan.	2	5	10
Insurance Brokers support activity Insurance Officers are experienced Insurance Tender completed Completion of the 20/21 annual renewal	2	5	10	Reminder to all managers to make Insurance team aware of any changes which would affect the Councils insurance. Build increased resilience within the team by involving staff in tender and renewal exercise	2	3	6
Request for Departmental reports along with inspection reports, Risk Assessments etc. Advise the need for a system of inspection with the relevant documentation to assist in the defending of claims . Staff training	3	3	9	Continue dialog with departments on the need for Inspections and documentation to assist in defending claims. Department training	2	2	4

<p>Notices from Property Services re addition or deletion of properties not always received</p>	3	4	12	<p>Reminder to managers to make Insurance team aware of any changes made as soon as possible. Updated property Insurance valuations needed</p>	2	3	6
<p>GDPR and Data Management Policy Document retention and disposal policy GDPR/Data training & Development</p>	3	4	12	<p>Regular review and updates to policies and procedures. Reminder to Schools and Departments on strong passwords and sensitivity of data.</p>	2	3	6
<p>Advice to follow Government guidelines with documented Risk Assessments and training.</p>	4	5	20	<p>Continued advice on Training/Risk assessments and the need for documentation.</p>	3	5	15
<ul style="list-style-type: none"> ● Contract Procedure Rules ● Professional Support via Strategic Procurement Team ● Contracts Register 	3	4	12	<ul style="list-style-type: none"> ● Training on Procurement Rules ● Develop approach to improve contract management 	1	4	4

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Classification – Open	Item No.
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Meeting:	Audit Committee
Meeting date:	17 November 2020
Title of report:	Annual Governance Statement
Report by:	Lisa Kitto Interim Director of Financial Transformation
Decision Type:	Non Key Decision
Ward(s) to which report relates	All

Executive Summary:

The Council, as part of its 2019/20 Statement of Annual Accounts, produces an Annual Governance Statement (AGS), which sets out the key issues arising from its assessment of its internal governance arrangements, its key areas of governance concerns and the actions to be undertaken to address them.

The draft AGS was presented to the Audit Committee on 30 July 2020 for Member consideration.

This report sets out the proposed final AGS and is presented to the Audit Committee for recommendation for approval at Cabinet later in the year

Recommendation(s)

That:

- The Audit Committee is asked to approve the proposed final AGS, as set out in Appendix 1 and to recommend that the final AGS be presented to Cabinet together with the Statutory Accounts.
- Members are also asked to note the progress made towards achieving the AGS Action Plan as set out in Appendix 2.

KEY CONSIDERATIONS

1. BACKGROUND

- 1.1 The Accounts and Audit Regulations 2015 require the Authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and to prepare an Annual Governance Statement (AGS). As a consequence of the COVID-19 pandemic, the April 2020 amendment to the Accounts and Audit Regulations has altered the statutory timetable of the production and publication of the AGS alongside the Financial Statements.
- 1.2 The AGS is produced in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016). The AGS should be an open and honest self-assessment of the organisation's performance across all its activities and against these principles. The AGS is included as a statement in the Council's statutory accounts.
- 1.3 In producing the AGS, we have also followed CIPFA guidance issued in April 2020 to include relevant areas of governance impact arising from the COVID19 pandemic. These are captured throughout the document.
- 1.4 A new style document has also been produced by the Council as part of a commitment to refresh existing practices and processes. This was presented to the Audit Committee on 30 July 2020 for consideration and review. No comments or amendments have been suggested and therefore it is proposed that the Annual Governance statement be accepted as final and be approved.
- 1.5 The Annual Governance Statement includes an action plan. Given that 3 months have elapsed since the draft AGS was produced an update to the action plan has been produced and this is set out at Appendix 2. It is proposed that further updates on progress against the AGS action plan be presented to all future Audit Committees for the remainder of the current financial year.
- 1.6 Good progress has been made against the action plan in particular relating to a new constitution, review of capital and risk management and it is anticipated that more progress will be made over the remainder of the financial year.

2. THE PROPOSAL

- 2.1 Some areas of weakness have been identified and the Council has agreed a programme of activity to address these issues, which are set out in the document. A review of governance arrangements is currently underway and will be reported to the Audit Committee throughout the year. Further information how the Council plans to address some of the governance concerns is also set out in an action plan appended to the AGS.
- 2.2 Good progress continues to be made and regular progress updates around the action plan will continue to be provided to the Audit Committee.
- 2.3 The Council presented the draft AGS to the Audit Committee on 30 July 2020 for initial consideration in line with statutory requirements.

2.4 The final AGS is attached and will be presented to Cabinet for approval later in the year once the external audit of the statutory accounts is completed. Therefore, Members of the Audit Committee are requested to approve the attached final AGS and to note the progress reported in the Action Plan.

3. OTHER ALTERNATIVE OPTIONS CONSIDERED

3.1 An alternative option is for Members not to approve the AGS; however, the AGS is one of the Statements in the Council's statutory accounts so this would not support the completion and approval of the 2019/20 accounts.

Community impact / Contribution to the Bury 2030 Strategy

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
All risks are set out in the AGS.	Mitigations are set out in the Action Plan which will be monitored on a regular basis and reported to Members.

Consultation:

None required

Legal Implications:

The productions of an Annual Governance Statement is a statutory requirement. The reports sets out the legal implications and requirements together with the action plan and particular the proposals for a review of governance and the Council's Constitution.

Financial Implications:

There are no financial implications arising from the annual governance statement.

Report Author and Contact Details:

Lisa Kitto

Interim Director of Financial Transformation

l.kitto@bury.gov.uk

Background papers:

1. CIPFA Statements of Professional Practice (SOPP) (including ethics)
2. CIPFA Statement of the Role of the Chief Financial Officer
3. CIPFA Statement on the Role of the Chief Financial Officer in Local Government
4. CIPFA Financial Management Code

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
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AGS	Annual Governance Statement
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Annual Governance Statement 2019/20

Significant Governance Issues – Progress as at Quarter 2

Issues	Action Plan for 2020/21	Lead Officer
<p data-bbox="230 459 427 491">Constitution</p> <p data-bbox="230 512 1149 619">The Constitution has not been refreshed for some time although has been subject to incremental updates. A full refresh will provide clarity on procedures, decisions and delegations.</p> <p data-bbox="230 692 1149 799">Officers are not always aware of the correct processes and procedures and there is a risk that decisions could be made outside of the Constitution.</p>	<p data-bbox="1171 512 1720 767">The Council has appointed a specialist legal adviser to support the council in developing a new constitution. An officer/member group has been established, terms of reference agreed and ad a timescale for delivery.</p> <p data-bbox="1171 841 1720 1096">As at of the process, a governance survey will be issued and the feedback used to inform the outcome of the review. A new constitution and associated schemes of delegation will be fully signed off for implemented in 2021/22.</p>	<p data-bbox="1738 512 1995 544">Marie Rosenthal</p>
<p data-bbox="230 1134 450 1166">Action to Date</p> <p data-bbox="230 1187 2056 1369">A cross party Democratic Arrangements Forum has been established through which a revised Constitution has been developed. The final proposals are to be presented to Cabinet in November 2020 for implementation from January 2021. As part of this, a member training development programme has been developed and training on the new Constitution will be provided. Training on the new Constitution has also been provided to the Executive Team and Directorate Teams. The Council's website has also been updated with new corporate report templates etc.</p>		

Further work is underway regarding a review of Contract Procedure Rules and a refreshed Scheme of Delegation. This will be completed by January 2021

Financial Strategy

The 2020/21 budget includes efficiency savings of c£4.2m. Whilst the deliverability of these have been externally tested there is a risk that they will not be delivered. There was also an ongoing requirement (when the budget was set in February 202) to identify c£22m in savings over the next 4 years.

The emergence of COVID-19 has placed even greater financial pressure on local authorities and the real funding gap going forward will be much greater. The volatility and significant financial, fiscal and economic risk makes forecasting and planning difficult.

The lack of funding announcements for future years and the delay in the CSR provides an additional layer of risk and longer term planning more uncertain.

Financial resilience and sustainability is a significant risk for the future.

The Medium Term Financial Strategy (MTFS) will be updated and refreshed throughout the year to take account of changes in funding and cost/income pressures.

Regular monthly monitoring to be provided to Exec Team and quarterly monitoring to Cabinet. Report on slippage on savings will be reported.

Principles for managing the in year impact of COVID and also for the future MTFS to be agreed and implemented.

Framework for developing the budget for 2021/22 to be agreed and actioned over Summer for consideration by cabinet in September.

Reserves strategy to be developed and implemented in 2020/21 to consolidate and bring greater financial control over the use of reserves.

Lisa Kitto

Action To Date

The Medium Term Financial Strategy was updated and reported to Cabinet in July 2020 with a further update in October 2020. The July report set out principles for managing the in-year deficit and also set out an approach and timeline for setting the 2021/22 budget. Budget options are being developed with the Executive Team (and with member involvement) and will be reported to Cabinet in November 2020. A timetable for all key actions has been set and agreed including consultation requirements, updates to assumptions following the CSR announcements etc.

A reserves strategy was developed and agreed by Cabinet in July 2020 and is now in operation. The quarterly monitoring reports have been updated to reflect the forecast position on reserves as part of the in-year budget monitoring and also as part of the MTFs updates and 2021/22 budget setting process.

Homes England Grant Claims

Homes England audit reviews identified key weaknesses in the grant claims and gave the council the lowest possible rating. This is the second year this has happened. The reputational risk to the Council and the potential to not be considered for future grant funding rounds is a risk.

Full audit review of Homes England grant claims to be undertaken. Discussions have already highlighted opportunities to improve processes. Higher level signoff of all grant claims to be introduced.

Lynne Ridsdale/Lisa Kitto

Discussions have been held with Homes England and areas of weaknesses have been addressed. Not all of the issues were within the control of the Council and agreements have been reached with partner organisations to resolve the issues.

Risk Management Framework

The risk management approach across the council is inconsistent and the approach to risk assessment and scoring does not align to best practice. The potential of not identifying all major risks is possible.

Governance Review has been commissioned and will be delivered in 3 phases over the year with findings reported to the audit committee. A key area of focus is on the risk management framework and a 'best practice' approach will be implemented. First report to be

Lynne Ridsdale/Lisa Kitto

	presented to audit committee in July 2020.	
<p>Action To Date</p> <p>A revised approach to risk management was agreed by Audit Committee in July. This included an updated format for the risk registers and the Corporate Risk register was agreed. An updated register that takes account of Directorate risks has been developed and is presented to Audit Committee in November.</p>		
<p>Audit Assurances</p> <p>c40% of audit carried out in 2019/20 were assessed as below adequate/unsatisfactory. There is a risk that the council will not be able to obtain assurance from the audit manager in the future regarding the effectiveness of internal control.</p>	<p>A review of audit reports, formats and assurance levels has been carried out and updates introduced.</p> <p>Executive Directors will be more actively engaged in the audit progress</p> <p>Improved monitoring arrangements will be introduced and communicated to the executive team and more follow up audits will be carried out.</p> <p>Performance monitoring of audit plans will be introduced to ensure audits are conducted on a timely basis and that responses from managers are timely too.</p>	<p>Lisa Kitto</p>
<p>Action To Date</p> <p>Opportunities for training have been provided to the team and coaching of the action internal audit manager through Cipfa C.Co has been provided. Specialist support has been procured for a 10 week period to provide intensive support and review of audit reports and audit techniques. This work is currently ongoing.</p>		

<p>Internal Audit Provision</p> <p>A review of the internal audit service has identified some weaknesses in service provision, and the approach adopted for internal audit across the council. An independent review identified a number of recommendations to improve the overall approach and quality of the service.</p> <p>If action is not taken to address these, there is a risk that the Council does not have an effective internal audit provision and overall governance and measures of assurance are ineffective. This will weaken the internal governance arrangements for the Council.</p>	<p>An audit improvement plan has been developed and will be implemented. The sternal consultant is currently providing additional advice and support as part of the wider governance review including an assessment of the service against national standards.</p> <p>Capacity and skills update for the team will be considered and factored into the wider finance restructure.</p>	<p>Lisa Kitto</p>
<p>Action To Date</p> <p>Opportunities for training have been provided to the team and coaching of the action internal audit manager through Cipfa C.Co has been provided. Specialist support has been procured for a 10 week period to provide intensive support and review of audit reports and audit techniques. This work is currently ongoing.</p>		
<p>Procurement</p> <p>Processes in relation to procurement need updating and training provided to managers. The reputational risk caused by failure to follow processes and procedures is significant.</p> <p>The consolidated contracts register is not up to date which also means that opportunities for consolidating contracts is lost and that lost value is not achieved.</p>	<p>Procurement survey to be undertaken to identify issues with managers involved in procuring of goods and service, Action plan to be developed and new guidance produced.</p> <p>Contracts register to be brought together – contract management arrangements, accountabilities and responsibilities to be defined and embedded.</p>	<p>Lynne Ridsdale</p>

<p>Action To Date</p> <p>Procurement survey has been completed and the results discussed with statutory officers. New contract procedure rules are being developed and will be launched early 2021. Further work on the contracts register is still underway.</p>		
<p>Capital</p> <p>The capital financial framework and accounting process requires a refresh in order to ensure that capital accounting records and standards are maintained and are effective. A review of capital processes is also needed to avoid slippage and to ensure that schemes are delivered on time.</p>	<p>Refresh and update the capital strategy.</p> <p>Review, update and reset the capital programme in light of COVID-19 and the funding available.</p> <p>Train and upskill staff to ensure specialist capital knowledge of a high standard is available within the Council.</p>	<p>Lisa Kitto</p>
<p>Action To Date</p> <p>The capital programme is currently being re-baselined and will be reported to cabinet in November 2021. Old and redundant schemes are being removed and existing schemes reviewed. A refreshed [profiling of expenditure is also underway and will be reported in November. Funding assumptions, including borrowing requirements and the impact on Treasury management activities are also being considered. All existing scheme will have named project managers. New Capital Gateway Groups have been established, terms of referenced and gateway processes agreed and will commence in November, revised reporting arrangements are currently being developed although a new 'tree' has been built in the financial ledger to provide more detailed financial information. Monitoring will also focus on outcomes, milestones, slippage tec. To provide a more rounded position on the programme,</p> <p>A refreshed capital strategy is planned for later in the year.</p>		
<p>DSG</p> <p>The deficit on the DSG reserve has increased by c£5m in 2019/20 and is over £20m in total. There is a danger that the</p>	<p>Full root and branch review of the DSG recovery plan to consider options for the future.</p>	<p>Sheila Durr/Lisa Kitto</p>

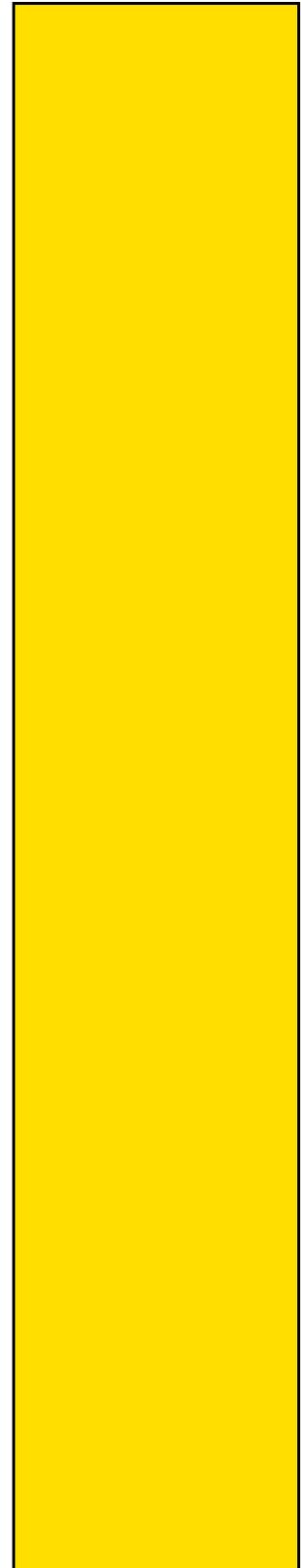
<p>deficit could be greater than the annual High Needs allocation which will make recovery of the position extremely challenging.</p> <p>The DSG Recovery Plan. Agreed with the DfE does deliver a break-even position and therefore sustainability of services may be an issue.</p>	<p>Establishment of a task and finish recovery group with corporate representation to enable a wider corporate position to be taken.</p> <p>Reports to Cabinet throughout the year.</p>	
<p>Action To Date</p> <p>Report has been presented to Cabinet in September setting out a range of steps to reduce expenditure. Further work is underway with the Schools Forum. A deep dive analysis/diagnostic of spend and funding across the whole of the CYP Directorate is likely to be undertaken in the upcoming weeks. The Council is also engaging with the DfE who are offering support to those Councils with the highest deficits (of which Bury is one). Preparatory work is underway.</p>		
<p>Health and Social Care Integration</p> <p>The ability to deliver savings attributed to health and social care integration may be a reality and will impact on the financial plans of both the Council and the CCG.</p>	<p>Full assessment of savings delivery plan and delivery through the health and social care recovery board. Monthly updates and reporting on variances that may lead to non-delivery of plans.</p>	
<p>Action To Date</p> <p>Budget reductions are being developed in conjunction with the CCG and are reported via the Executive Director of the One Commissioning Organisation. Monthly updates are provided to the Executive Team as part of the budget process and are reported through to the Policy Advisory Group.</p>		
<p>Fraud</p>	<p>Engagement in wider national fraud</p>	<p>Lisa Kitto</p>

<p>The opportunity for fraud during the COVID-19 crisis has increased. Fraudulent claims of business grants and potentially other benefits is likely to have occurred.</p>	<p>initiatives focused on these issues.</p> <p>Review of cases that have been identified as unusual and require investigation. Fraud team to report on approach, findings and outcomes to the Audit Committee.</p>	
<p>Action To Date</p> <p>The Council is taking part in the national initiative that is looking at fraud for the business grants. Interim results have not yet been received but will be reported to Audit Committee as and when they are available. A presentation on the progress made and the issues identified will be reported to the Audit Committee in January 2021.</p>		
<p>Leadership and workforce development</p> <p>The absence of a corporate leadership development does not allow assurance that leaders have the skills and mind-set to drive forward corporate priorities.</p> <p>The workforce skills/ “behaviour” framework will require review as part of the new Corporate Plan, when developed, to ensure alignment with key skills base and delivery outcomes.</p>	<p>A leadership development strategy will be developed over the next financial year as part of an internal transformation programme.</p> <p>The staff skills and training offer will be updated to underpin the new Corporate Plan once developed this year.</p>	<p>Lynne Ridsdale</p>
<p>Action To Date</p> <p>Initial work has commenced with a HR consultant to review organisational development needs and to review HR policies. Executive Team development has been provided through North West Employers and steps are in place to engage a strategic partner which will inform the wide transformation programme for the Council.</p>		

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Annual Governance Statement 2019/2020



Annual Governance Statement 2019/20

Scope of Responsibility

Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is properly accounted for, and provides value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

Bury Council acknowledges its responsibility for ensuring there is a sound system of governance. The Council has adopted a Code of Corporate Governance, which is consistent with the seven principles of the CIPFA / SOLACE Framework "Delivering Good Governance in Local Government".

This statement reports on the Council's governance framework that has been in place during 2019/20 and explains how it has complied with its own code of corporate governance, including how the effectiveness of arrangements has been monitored. This meets the requirements of regulation 6 (1) of the Accounts and Audit (England and Wales) Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

In addition to this, the annual governance statement sets out how the Council has complied with the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations (England and Wales) 2015. The Coronavirus amendment revised the deadlines applicable for Local Authorities as follows:

- Approval of draft accounts 31 August (previously 31 May)
- Public inspection Period to start on or before first working day of September 2020 (previously included first 10 working days of June)
- Publish Final Audited Accounts 30 November (previously 31 July)

A copy of the Code of Corporate Governance, which will be refreshed as part of a programme of work to update the financial framework, is on the website at:

<https://www.bury.gov.uk/CHttpHandler.ashx?id=16454&p=0>

The Council's financial management arrangements are consistent with a number of the governance requirements of the CIPFA statement on the role of the Chief Finance Officer in Local Government (2016). The Statement requires that the Chief Finance Officer should report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to others. The Joint Chief Finance Officer (and designated Section 151 Officer) is a member of, and attends, the meetings of the Joint Executive Team which integrates the Executive Teams for

the Council and the Clinical Commissioning Group. All statutory officers have access to the Chief Executive. The Council considers that its management arrangements are appropriate in the context of compliance with the CIPFA Statement.

The purpose of the governance framework

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

The governance framework is designed to manage risk to a reasonable level. The associated processes cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Council's governance framework

Governance generally refers to the arrangements put in place to ensure that intended outcomes are defined and achieved. As set out in its Code of Corporate Governance, the Council aims to achieve good standards of governance by:

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

The key policies, procedures and arrangements that support compliance with these principles are set out in the Code. As part of the compilation of this Annual Governance Statement it has been confirmed that the documents and arrangements referenced remain current. It is however recognised that a refresh of the documents and the Constitution would be beneficial going forward. Key elements of the governance framework are as follows:

Organisational Priorities

The Council has undergone significant organisational change during the year as it brings together two separate organisations to deliver joined up and integrated delivery models that support joint commissioning and outcomes. Priorities for the Council have focused around agreed priority themes of inclusive growth, budget and reform as well as existing priorities from the Corporate Plan 2015- 2020.

Progress achieved during the year is set out in the following table:

<p>Drive forward, through effective marketing and information, proactive engagement with the people of Bury to take ownership of their own health and wellbeing.</p>	<ul style="list-style-type: none"> • Refresh of Locality Plan was carried out in November 2019 re health and social care integration and wider population health • Local Commissioning Organisation delivered target interventions to those with most acute needs through an integrated model. Services were tailored to meet the needs of different areas of Bury which have different levels and types of demands, as well as encouraging people to have healthy lifestyles. • Last September Bury Council was shortlisted for a national award for its exceptional support of Community Sponsorship, a government-backed scheme enabling ordinary people to support refugees to integrate into their communities. • Formal establishment of the One Commissioning Organisation, a key milestone in bringing together the world of health and social care locally, a cornerstone of Greater Manchester’s devolution. • In March 2020, to support the integration agenda, the Council and CCG approved the creation of a £490m Integrated Care Fund (ICF), including £312m pooled in a formal Section 75 agreement. The pooled fund encompasses most CCG expenditure, including community services, mental health and learning disability services, acute non-surgical services, continuing healthcare and intermediate care and primary care services (prescribing and local enhanced services); alongside Transformation and Better Care funded services, adult social care, care in the community budgets, public health, health and care related children’s services, and commissioning staff budgets. The wider ICF includes all CCG spend and council revenue budgets (excluding HRA and DSG). • A new refuge for victims of domestic violence and abuse was opened in partnership with Irwell Valley Homes and Fortalice. • Biggest ever Bury 10k last September and refresh of Physical Activity Strategy : A steering group has been set up and a refreshed Physical Activity Strategy has been commissioned to support the GM Moving vision and MOU • Launch of Care Leaver Offer website is a dedicated space which clearly sets out the support that care leavers can expect from the council and its partners as they make their individual journeys to independence and adult life. The website is hosted by The Bury Directory and offers a whole range of information, support, advice, contacts and events on
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	<p>a wide range of topics including finance, education, health and wellbeing, participation and support.</p>
<p>Continue to develop business friendly policies to attract inward investment and new jobs so that Bury retains its position as a premier destination for retail, leisure, tourism and culture.</p>	<ul style="list-style-type: none"> • The Council is leading the development of a ten year vision and delivery plan for the Borough, Bury 2030. The strategy is being co-designed across the team Bury network, including the business community, based around the principles of the Local Industrial Strategy i.e. people, place, ideas, infrastructure and business environment. Work to develop the strategy to date has included independent facilitation from the Centre of Local Economic Strategies and input from Cambridge Econometrics on economic resilience with respect to Brexit • Bury was announced as the inaugural Greater Manchester Town of Culture with a launch event taking place at a packed Met theatre in January. Greater Manchester Mayor, Andy Burnham said: ““Whether you’re visiting the Fusilier Museum, watching a performance at The Met or listening to Elbow, Bury is already an important player on the Greater Manchester cultural scene – long may that continue now the town is officially our city-region’s Town of Culture.” • A record number of coaches have visited the famous Bury Market bringing shoppers keen to visit the award-winning attraction. In 2019 the market welcomed more than 1,800 coaches, with coach visits in November setting a new monthly record of 296. • A draft Strategic Regeneration Framework has been produced for Radcliffe and is currently out for consultation. This includes a vision for the development and economic growth of the town and how the Council can help support this. • A review of the future of Bury Market has also been carried out and the findings of this have recently been considered by Cabinet and also Overview and Scrutiny Committee. Next steps have been agreed.
<p>Ensure new and affordable housing is developed to support growth in the Bury and Greater Manchester economy</p>	<ul style="list-style-type: none"> • The ‘A Bed Every Night’ initiative, which provides temporary accommodation and outplacement support for rough sleepers, is resourced to continue until April 2021. In addition as part of emergency recovery Bury has made “an end to rough sleeping” one of the ten short term priorities, to provide permanent alternatives for rough sleepers to prevent them feeling they must return to the streets • Work is underway to refresh the Borough’s housing strategy, as part of the Bury 2030 framework and to be coherent with the GM Housing Strategy and have a particular focus on affordable provision
<p>Build on the culture of efficiency and effectiveness through new, progressive and integrated partnership working models to drive</p>	<ul style="list-style-type: none"> • The Council leads the team Bury network of all public service and community sector partners across the borough. The network is a forum for public service co-design and response, for example the oversight of a partnership response to flooding caused by Storms Ciara and Dennis February 2020 and GM Hate Crime Awareness week (in which 25 different

<p>forward the Council's and Greater Manchester Public Service growth and reform agenda.</p>	<p>events took place throughout the Borough, from special assemblies in our schools to a multi-faith Shabbat meal)</p> <ul style="list-style-type: none"> • The Council has embedded integrated partnership working within its structure this year, through a major restructure to establish four 4 departments plus a One Commissioning Organisation (OCO), within which all council care commissioning functions are integrated with the Clinical Commissioning Group. A new Joint Chief Finance Officer post which works across the OCO was appointed amongst a series of joint posts. • The Council is, through the Team Bury network, leading on the development of a new ten year vision and delivery plan for the Borough: Bury 2030. A system-wide planning event was held in January 2020 which received very positive feedback. Public Service reform principles will be at the heart of the new approach, by putting a multi-agency “neighbourhood” approach at the heart of a new operating model. The Greater Manchester PSR Team are supporting the approach, which aims to draw on best practice from across other districts and apply this to the specify objectives and opportunities of the Bury system. • The successful establishment of five Community hubs as a key part of the Covid response have demonstrated the validity of the neighbourhood model, including targeted early help support. The Council led the implementation of five hubs, through 150 staff redeployed; 800 volunteers via VCFA; and data-led targeting of early help assistance • The Local Care Organisation, which went live in April 2019, operates a multi-disciplinary approach to Active case management of the most complex cases. At this stage the approach focusses on those with long term health conditions and the frail elderly, but the approach is being extended across other cohorts for all-age early help, including homeless people. The plan provides for the ultimate establishment of a system-wide data warehouse which will inform targeting and the evaluation of interventions. • A new management agreement with Six Town Housing was agreed in the year and key performance indicators are being developed which will enhance overall accountability and provide an opportunity for greater scrutiny.
<p>Ensure staff have the right skills to embrace significant organisational change, through embedding a culture of ownership, empowerment and decision making at all levels of the organisation.</p>	<ul style="list-style-type: none"> • First ever Bury Council & Bury CCG Leadership Summit - 26 September 2019 – covering visioning and golden rules of democratic process; HR; finance and information governance. • Ethnographic training provided on asset based practices as part of People Powered Bury and integrated health and care in Bury through the LCO. • The local authority has become the first council in Greater Manchester to win Disability Confident Leader accreditation.

	<ul style="list-style-type: none"> • Education Improvement programme resulted in great improvement - careful monitoring of the performance and attainment of schools in the locality, given the importance a good education has to the life chances of local residents. In the last nine months of the financial year all school inspections via Ofsted had delivered improved outcomes. Whilst we are clear there remains a lot of work to be done it is important to recognise that we are heading in the right direction with signs that we are getting to groups with this crucial matter.
<p>Work toward reducing reliance on government funding by developing new models of delivery that are affordable, add value and based on need.</p>	<ul style="list-style-type: none"> • The new neighbourhood model, at the heart of Bury 2030, is being developed to enable targeted delivery based on greatest need and scope to intervene early in complex cases in order that ultimate demand is reduced • In support of new public policy development the Council is leading the development of more efficiency digital delivery solutions, for example a bespoke app which was developed locally to capture community requirements during the emergency and allocate and track delivery. The App was ultimately adopted and rolled out across Greater Manchester. <p>This year Bury also became first area in the UK to pilot new digital technology that will help to give our children the best start in life through the Early Years App to complete forms online instead of having to fill in cumbersome paper forms.</p> <ul style="list-style-type: none"> • Over the past 12 months significant improvements in Council ICT has enabled more agile working whilst reducing risks associated with licencing/software being out of scope of updates. A complete refresh of hardware has been completed; the Council has signed an Enterprise Agreement with Microsoft as the beginnings of cloud migration and work on a multi-year ICT strategy has begun. The number of users working remotely has shifted from c100 to over 1000 each day and all licensing agreements are secure.
<p>Internal Transformation</p>	<ul style="list-style-type: none"> • The Council has recognised the need to transform the organisation. In recognition of this, a transformation fund has been created and the focus will be on the Target Operating Model for the future, accountabilities and responsibilities and working in a more digital way. The need for this has been highlighted with the COVID-19 crisis and has seen significant numbers of staff working from home. Reliance on ICT and also digital systems for our customers has increased significantly. • A detailed transformation plan with agreed outcomes and deliverables is being developed and will start to be implemented in 2020/21.

Towards the end of 2019/20 and leading into 200/21, the Council had to respond quickly to the COVID-19 crisis and the impact it was having on residents and businesses within the borough and across Greater Manchester. As both a commissioner and deliverer of services to residents, the Council activated and implemented its business continuity arrangements. Due to the scale and nature of the crisis, delivery models were transformed and given a more community led approach, essential services were protected and non-essential services ceased and staff reallocated to priority services. To maintain effective governance arrangements, emergency decision making powers were enacted.

Key Elements of the Governance Framework

The key elements of the Council's governance framework are detailed against each principle in the CIPFA/SOLACE framework – Delivering Good Governance in Local Government as follows:

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

In order to ensure both its Members and Officers behave with integrity to lead its culture of acting in the public interest, there is appropriate training provided to safeguard all parties against conflicts of interest. Both Members and Officers record any gifts and hospitality received in accordance with the Authority's agreed procedure. In order to enable third party challenge to Authority operations there is a publicised complaints procedure. There is also a Whistleblowing Policy which enables concerns to be raised in a confidential manner and dealt with in a proportionate manner. The Scrutiny process as detailed in the Constitution enables those who are not Cabinet Members to call in key decisions.

The Council is managed by a Cabinet system as set out in the agreed Council Constitution. This sets out the scheme of delegation between elected Members and Officers. Emergency decision making powers were introduced in response to the COVID-19 crisis.

Members take the lead in establishing this culture by completing an annual register of their interests which is published on the Council's website. The Standards Committee consider allegations of inappropriate behaviour.

Staff behaviour is covered by the Officers' Code of Conduct, which places duties on Officers to declare their standing interests or interests relating to matters as they arise to their Head of Service.

The Council's has a clear set of values and behaviours which are shared and understood and these link to the council's staff performance scheme against which outcomes are agreed and this provides a framework for driving forward and improving services. These are:

- Communication
- People Management
- Customer Service
- Commercial Thinking and Analysis
- Teamwork
- Place Based Leadership
- Efficiency
- Wellbeing at Work

The agreed Procurement Policy focuses on procurement activity, which has the aim of ensuring the optimum balance between cost, quality and local service value, whilst also ensuring that any significant commercial risks are identified and mitigated at the commissioning stage.

The Contract Procedure Rules within the Constitution set out the Authority requirements on social value and how this is reflected in procurement activity. Social value is becoming increasingly important, particularly with the COVID-19 pandemic and a further review of procurement arrangements is planned. A review of procurement practices is currently underway to further strengthen the support and advice provided to services.

Bury Council declared a climate Emergency - Proposals to make the declaration were waved through together with an “aspiration” for Bury to be carbon neutral by 2030, following a commitment earlier in the year to become single-use plastic free by 2022

Principle B – Ensuring openness and comprehensive stakeholder engagement

The Council is working to the last year of the 2015 – 2020 corporate plan, with reference to the priority themes of inclusive growth, budget and reform as well as existing priorities from the original plan. The Authority recognises the need for a comprehensive refresh of the planning framework and as such is leading the development of a Bury 2030 strategy, which will be subject to comprehensive stakeholder consultation in autumn 2020 following which a new corporate plan will be developed

The Bury Business Leaders group meets on a regular basis to influence and shape the economic strategy and business engagement within the Borough. The network has met weekly during the COVID-19 crisis and has been invaluable in supporting the work to target and despatch business grants and local economic support. To further extend business engagement a series of new Town Centre Recovery Boards have also been established, to input to the recovery strategy and direct local economic support and interventions.

In addition to the above, the Council is a constituent District of the Greater Manchester Combined Authority (GMCA) which exercises a number of new powers devolved from Central Government. The GMCA meetings are also held in the public domain and streamed live. The Leader of the Council is a constituent member of the GMCA.

Cabinet and the Overview and Scrutiny committees are provided with regular updates on progress against the Council’s priorities. A thematic approach is adopted with progress reported on themed activities and those with a particular focus. The Overview and Scrutiny Committees receive reports on specific matters and policy initiatives to be considered by future Cabinets. Scrutiny of the use of resources and risk management is provided by the Audit Committee. The Council currently has 2 Overview and Scrutiny Committees – Health Scrutiny Committee and the Overview and Scrutiny Committee. In addition to this, there is a Joint Health Scrutiny Committee for Pennine Acute NHS Trust.

In order to demonstrate its openness, the Authority also publishes its:

- Pay Policy Statement to support the Annual Budget;
- Constitution;
- Council, Cabinet and Committee Reports;
- Information on payments over £500

There is regular contact with the other nine constituent Districts through the meetings of the GMCA. Lead Members and Officers feedback issues to the constituent Districts on pertinent matters. Separately the Statutory Regulatory Officers for Finance and Legal Services of each of

the districts meet regularly to consider matters of common interest and agree a common approach on shared issues including companies where the Authorities are key shareholders.

In order to ensure its message is effectively communicated to its citizens the Council's Communications function proactively prepare appropriate press releases to support activities undertaken by the Council and keep residents informed. The Council's website has been updated throughout the year and was further updated as the COVID-19 crisis impacted.

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

The Corporate Plan supported by individual Service Business Plans and the work of the GMCA set out the immediate and long-term vision of the Council. The 2019/20 budget delivered within the agreed resource allocation supported this strategy.

Full Council agreed the budget for 2019/20 on 20 February 2019. This included all budgets – Revenue, Capital, Dedicated Schools Grant and the Housing Revenue Account. Due to increasing cost pressures on Adult Social Care, the Council Tax recommendation resulted in a specific 2% increase to be implemented to finance expenditure in this area and a 1.99% Council Tax increase for other services.

2019/20 was the last year of the budget cycle and a new 5 year medium term financial strategy has been developed from 2020/21 onwards. In developing and balancing the budget, the Council identified options for efficiencies and also agreed for the use of one of reserves in order to achieve a balanced position. The Council also agreed investment through the capital programme and capital strategy.

The Council aligned a significant part of its budget into the pooled fund with the CCG. In recognition of the fact that additional funding could be accessed for the whole care system in Bury, the Council made an additional contribution of £10.5m to the pooled fund. This will be fully compensated for in 2020/21 when a lower contribution of the same value will be made. The pooling arrangement has provided a significant opportunity to align commissioning outcomes and intentions of the both the Council and the CCG and to utilise funding to provide and integrated and co-ordinated approach to commissioning and delivery of services.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

The organisational structure has been updated this year including a new leadership team structure, which is integrated with the CCG. All key statutory posts were filled and continuity of service and leadership for all services was maintained.

The Constitution defines and documents the roles and responsibilities of Officers and Members and delegation arrangements, protocols for decision making and codes of conduct for Members and staff. This is in recognition of the fact that whilst the Constitution has been updated to reflect changes that have occurred on an ongoing basis, a full review to ensure it remains a good practice document has not been carried out. Therefore a full refresh of the Constitution is planned for 2020/21 to update and, where possible, streamline the Constitution.

All meetings of the Cabinet and key Committees are publicised and are open to public scrutiny which has been enhanced by the virtual meetings now taking place. All decisions are formally recorded. In addition, decisions taken under delegated powers are also recorded electronically and are reported via the Council's Electronic Decision Recording System.

The Standards Committee reviews Members' conduct following the receipt of complaints about official conduct on Council business by commissioning independent investigations. Where appropriate matters are reported and considered by full Council.

Cabinet portfolios are assigned on a functional basis rather than by directorate and subject to appropriate officer support. Officers meet with portfolio holders on a regular basis to discuss new and emerging issues. Officers also meet with opposition leaders and both main opposition parties submitted alternative budget proposals for the 2020/21 budget. Opposition leaders were supported by officers in developing their options and confidentiality was maintained throughout the process.

The Joint Chief Finance officer for the Council and Bury NHS CCG is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. The Joint Chief Finance Officer was appointed on 1 June 2019 and replaced the former Executive Director of Resources and Regulation as the Council's S151 Officer.

The Head of Legal Services was the Council's Monitoring Officer during 2019/20 and was responsible for ensuring the Authority acts in accordance with the Constitution. Senior Officers have the primary responsibility for ensuring decisions are properly made within a scheme of delegation at appropriate levels of responsibility.

The medium term financial strategy that has been developed from 2020/21 onwards reflects the long-term view of the resources available to the Authority in the context of the best estimate of Government grants supported by the revenue it can generate itself.

Funding however remains a considerable risk for the future with no confirmed funding for future years. The Council has worked with the resources available and has adopted a set of planning assumptions to inform resource forecasting for future years. There however remains great uncertainty and the planned 3 year CSR that was expected in early 2020/21 has been pushed back to the Autumn. This means that the Council is likely to be planning for the longer term but with short term funding announcements. Scenario planning and updates to the medium term financial strategy will be presented at key points throughout the year to ensure the Council has a robust plan for delivering a budget for future years and is aware of the risks and uncertainties that exist.

For 2019/20 all Directors prepared a service plan and this was presented to Full Council with the budget for the year. The plans set out the position of each Directorate and the key activities to be undertaken during the year, key outcomes to be achieved and the budgets were aligned to support these in being delivered. The plans were agreed by Full Council in February 2019.

Principle E – Developing the entity's capacity including the capability of its leadership and the individuals with in it

The Council does not operate a corporate leadership development model. Following the organisational restructure, a process of leadership development has begun, however. Initial external facilitation of the top team is underway to establish a new leadership proposition which will be cascaded, through equivalent engagement of other colleagues. Staff training plans at all levels will be developed and linked to performance and development plans, as part of the implementation of the new Corporate Plan when agreed.

The Council has many policies and procedures relating to HR and these are available on the Council's intranet site and are easily accessible. Services are also supported by independent HR

advisers. It is intended that the policy framework will be reviewed during the next financial year, to ensure it reflects best practice and an efficient way of working across the Council.

Services are required to have regular team meetings, and one to ones with line managers and these are in addition to the annual performance setting discussions that inform key priorities and outcomes for the year.

The Council has active engagement with the Trade Unions and there are regularly convened Corporate and departmental Joint Consultative Committees to discuss restructures and specific service matters. The Trade Unions also play an active role in consultations with staff and feedback comments to the Council.

To keep staff aware of changes as a result of COVID19, including the requirement for all remote workers to remain “planned, Present and Productive”, a bespoke workforce guidance document was produced and regular updates to staff were issued by the corporate communications team. This provides essential advice and support for people working at home including practical advice, risk assessment frameworks, as well as specialist advice through an Employee Assistance Programme. The welfare and wellbeing of staff has been recognised as a key priority for the Council particularly through COVID.

Principle F – Managing risks and performance through robust internal control and strong public management

Risk management arrangements are in place and risk registers are available at a Corporate and Directorate level. During the course of the year, work has been undertaken to consolidate risks across the whole of the organisation between the Council and the CCG to ensure that consistency of approach and model. There is however a need to embed risk management in services and to ensure that risk is considered at all times. Further work is planned and will focus on a new risk framework to be introduced in 2020/21. This is part of a wider improvement plan to enhance and support risk management.

The risk register is presented to, and discussed by, the Executive Team throughout the year. The Council has a risk manager who has been further supported by a lead officer within the CCG with responsibility for governance and risk management.

In addition to this, internal audit report findings on audit reports to the Audit Committee throughout the year. Other senior officers throughout the organisation report to both the Council’s Cabinet and the Strategic Commissioning Board as well as various Overview and Scrutiny Boards.

Reports to Committees also include a section that sets out the risks to any proposals and recommendations. Equality Impact Assessments are undertaken, particularly when options for meeting the budget gap are considered by Cabinet and Council. An independent Equalities Review has recently been commissioned to verify the quality and compliance of this work, to ensure the Council is assured of fulfilling the Public Sector Equality Duty standards.

All reports presented to Cabinet are signed off by both the Monitoring Officer and the S151 officer (or nominated individual) to ensure appropriate financial and legal oversight is provided on all recommendations. Legal and financial implications are set out in all reports to ensure that the implications of recommendations are fully understood prior to a decision being made.

Each year in the electoral cycle, new Members of the Council are inducted prior to the Authority's Annual General Meeting (AGM). This is of vital importance, given the technical complexity of the Council's core operations, the decision making structure and the financial value of the transactions controlled by the Authority.

Quarterly financial reports submitted to Cabinet detailing estimated out-turn against the approved budget. The 2019/20 month 9 budget monitoring report highlighted that the Council was underspent and that this was likely to increase. The anticipated change in the Council's MRP policy that would increase the underspend in 2019/20 above and beyond that reported at month 9 was approved by Full Council in February 2020 after being considered and recommended for approval by Cabinet and also by the Overview and Scrutiny Committee.

Principle G – Implementing good practice in transparency, reporting and audit to deliver effective accountability

The Council has a key role in the Greater Manchester Strategy including that under devolution by:

- taking part in the monthly meetings of the Combined Authority with the Leader representing the Council;
- agreeing to both innovation and risk by piloting new initiatives at a regional level such as 100% business rates retention;
- locality working with health at both a Greater Manchester wide level and Bury area.

In addition to this, the Council is a member of the Greater Manchester Health and Care Partnership Board and Joint Commissioning Board. As part of the Transparency Agenda the Authority publishes Senior Officer Salaries over £50,000 and payments over £500 on its web site.

The Authority, as part of the 2011 Localism Act and accountability in local pay, agreed its annually updated Pay Policy Statement for 2019/20.

The Council is in regular liaison with key Government bodies and is also fully engaged with the Local Government Association (LGA), Greater Manchester Association of Municipal Treasurers and specialist region wide initiatives such as the greater Manchester Growth Hub.

The Audit Committee has had specific training on fraud as this was identified as an area of interest. The Committee has seen a number of new members and a refresh of the training plan will be undertaken and implemented during 2020/21 to ensure members of the Committee understand their role and are able to discharge their statutory duties effectively.

The Group Companies of Six town Housing and Persona have produced accounts for the period ended 31 March 2020.

All External audit work is conducted with regard to the Code of Practice produced by the National Audit Office.

Partnership Arrangements

The Council currently delivers a range of services, which often involve working in partnership with others. The Council established a pooled budget arrangements with Bury NHS CCG that commenced during 2019/20. In addition to this the Council has group relationships with:

Bury MBC Townside Fields Limited

This is a wholly owned subsidiary and was set up to develop Townside Fields including: Q Park, 3KP, Townside Fields, Premiere Inn and the NHS Building.

Townside Fields Management Company

This is a company in which Bury MBC owns a third of the shareholding.

Six Town Housing

An Arm's Length Management Organisation to provide housing provision across the borough. The Council signed a ten year management agreement with Six Town Housing this year; a set of Key Performance Indicators to performance manage the partnership will be agreed by August 2020.

Persona

A Local Authority Trading Company established to provide a number of adult social care services

It is a requirement of the Code of Practice on Local Authority Accounting that 'Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control should include its group activities'.

Arrangements are in place for the Council and the group companies to work together in setting priorities and overseeing and reporting on performance. The internal audit service also carry out audits of these organisations as part of the requirement to fulfil statutory S151 duties.

There is an opportunity to raise any concerns during the year through Executive meetings between the Chief Executives of the Council and the ALMO (Six town Housing) and through the CCG Audit Committee of which the Joint Chief Finance Officer is a member. This has been taken into account and incorporated in the Statement of Accounts and the 'issues for consideration' in the Annual Governance Statement.

Review of Effectiveness

The Authority annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment; and comments made by the External Auditors and other review agencies and inspectorates.

Internal Audit

An internal audit programme is undertaken, which in 2019/20 has focused on key items in the Audit Plan such as financial systems, systems assurance, grant audit and providing data for the National Fraud Initiative. Where specific matters were brought to the attention of Internal Audit these have been investigated in accordance with the Policies of the Council.

At the end of 2019/20 the Council commissioned a high level review of internal audit to look at its effectiveness and to assess the audit approach. A high level report was produced and some key recommendations were made. Work has already been undertaken to address and work towards meeting some of the recommendations and an improvement plan has been developed. The report, recommendations and improvement plan will be discussed with the Audit Committee in July and updates on progress will be reported on a quarterly basis.

The 2019/20 annual internal report was presented to the Audit Committee in June 2020 and whilst, the audit opinion was satisfactory, the report did highlight that 40% of audits completed during the year had failed to reach an adequate level of assurance. Follow up audits had been

undertaken and the majority of recommendations had been actioned. Additionally the audits were of lower level service risks. Nevertheless the findings need to be taken into account and there is a need to ensure that controls and governance frameworks are properly embedded in all services.

Financial Position and Outlook

In restructuring the organisation, the Council's budget has been considered. Financial resilience is critical, particularly when facing the COVID-19 pandemic and the opportunity to consolidate all resources has been taken with the creation of a new reserves policy that will be considered by Cabinet in 2020/21. During the year, the opportunity to release further funding across the whole of the integrated care systems was identified and to enable this to happen, a higher than planned contribution to the pooled fund of £10.5m was made. This will be offset in 2020/21 by an equivalent reduction in the contribution. The opportunity to be flexible with contributions to the pooled fund has enabled the Council and the CCG access to more than £4m in funding that is available to the residents of Bury had the arrangement not been in place.

The delivery of savings has been challenging in 2019/20 due to a number of these being deemed historic and no longer achievable. As a result of this, c50% of the savings were not delivered in 2019/20 and had to be offset by underspends on budgets held corporately. This approach does not instil financial discipline in an organisation and has been addressed in the 2020/21 budget. To strengthen financial governance, work to ensure budgets are realistic, remain challenging but deliverable was a key focus of the 2020/21 budget setting process. External advisers were used to sense check all savings plans and involved significant engagement with Directors. Additionally demand and other factors that impact on the budgets including pay awards, the living wage and contractual inflation were factored in.

Balance sheet management was an area of focus, in particular provisions and reserves and how these are allocated to reflect corporate risks. Independent advisers were commissioned by the Council to review the insurance provision on the Council's balance sheet. The findings of the review have provided an opportunity for the Council to target its resources to risks and in doing so provide as much resilience as possible, particularly in light of the uncertainty regarding COVID-19 and the impact on local authority funding.

Final Accounts

The final accounts, of which this Statement is an integral part, outline the out-turn of the Authority and are prepared in accordance with professional standards and are subject to external audit review. The external auditors raised a number of concerns when carrying out the external audit for the 2018/19 financial year in particular relating to Property, Plant and Equipment and the overall valuation process. In addition to this, concerns were raised about the overall quality of some of the working papers and notes to the accounts.

To address this, staffing resources have been targeted to the Statement of Accounts and have produced an updated set of accounts in a new format, revamped and updated notes to the accounts and a standardised approach to working papers. A dedicated group of finance staff have been brought together to produce the accounts and, in doing so, have addressed some longer term issues around capital accounting.

A procurement process was also undertaken to appoint some external valuers to support the in house team and ensure that valuations were carried out in accordance with the agreed requirements. A considerable amount of effort has been put into updating records in the Council's property system and reconciling to the financial system. Specialist system advisers have been used to update and advise on current accounting processes and practices. A planned

knowledge transfer from the advisers to staff within finance has happened and is critical for the future.

Governance

Other concerns have been raised over the year including those on the governance of the Radcliffe Regeneration Scheme and also audits on Homes England grant claims. A report on the Radcliffe Regeneration identified weaknesses in processes.

In light of these issues, a full governance review has been commissioned to further support the work that is already happening across the Council. A specialist legal adviser has been appointed for a period of 6 months and will progress work around the Constitution and a terms of reference has already been presented to and discussed with members and an officer/member working group established.

Further external support has also been commissioned to undertake a 3 phased review over the course over 2020/21 that includes a 'root and branch' review of governance throughout the Council with specific focus on procurement, internal audit and risk management. The findings of each phase will be reported to the Audit Committee throughout the year.

To the best of our knowledge, the governance arrangements, as outlined above remain fit for purpose and have been effectively operating during the year in accordance with the governance framework. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Bury Council:



**Eamonn O'Brien
Leader of the Council
Date**



**Geoff Little
Chief Executive
Date**

Annual Governance Statement
Significant Governance Issues

Issues	Action Plan for 2020/21	Lead Officer
<p>Constitution</p> <p>The Constitution has not been refreshed for some time although has been subject to incremental updates. A full refresh will provide clarity on procedures, decisions and delegations.</p> <p>Officers are not always aware of the correct processes and procedures and there is a risk that decisions could be made outside of the Constitution.</p>	<p>The Council has appointed a specialist legal adviser to support the council in developing a new constitution. An officer/member group has been established, terms of reference agreed and a timescale for delivery.</p> <p>As part of the process, a governance survey will be issued and the feedback used to inform the outcome of the review. A new constitution and associated schemes of delegation will be fully signed off for implementation in 2021/22.</p>	<p>Marie Rosenthal</p>
<p>Financial Strategy</p> <p>The 2020/21 budget includes efficiency savings of c£4.2m. Whilst the deliverability of these have been externally tested there is a risk that they will not be delivered. There was also an ongoing requirement (when the budget was set in February 2020) to identify c£22m in savings over the next 4 years.</p> <p>The emergence of COVID-19 has placed even greater financial pressure on local authorities and the real funding gap going forward</p>	<p>The Medium Term Financial Strategy (MTFS) will be updated and refreshed throughout the year to take account of changes in funding and cost/income pressures.</p> <p>Regular monthly monitoring to be provided to Exec Team and quarterly monitoring to Cabinet. Report on slippage on savings will be reported.</p>	<p>Lisa Kitto</p>

<p>will be much greater. The volatility and significant financial, fiscal and economic risk makes forecasting and planning difficult.</p> <p>The lack of funding announcements for future years and the delay in the CSR provides an addiotnal layer of risk and longer term planning more uncertain.</p> <p>Financial resilience and sustainability is a significant risk for the future.</p>	<p>Principles for managing the in year impact of COVID and also for the future MTFs to be agreed and implemented.</p> <p>Framework for developing the budget for 2021/22 to be agreed and actioned over Summer for consideration by cabinet in September.</p> <p>Reserves strategy to be developed and implemented in 2020/21 to consolidate and bring greater financial control over the use of reserves.</p>	
<p>Homes England Grant Claims</p> <p>Homes England audit reviews identified key weaknesses in the grant claims and gave the council the lowest possible rating. This is the second year this has happened. The reputational risk to the Council and the potential to not be considered for future grant funding rounds is a risk.</p>	<p>Full audit review of Homes England grant claims to be undertaken. Discussions have already highlighted opportunities to improve processes. Higher level signoff of all grant claims to be introduced.</p>	<p>Lynne Ridsdale/Lisa Kitto</p>
<p>Risk Management Framework</p> <p>The risk management approach across the council is inconsistent and the approach to risk assessment and scoring does not align to best practice. The potential of not identifying all major risks is possible.</p>	<p>Governance Review has been commissioned and will be delivered in 3 phases over the year with findings reported to the audit committee. A key area of focus is on the risk management framework and a 'best practice' approach will be implemented. First report to be presented to audit committee in July 2020.</p>	<p>Lynne Ridsdale/Lisa Kitto</p>

<p>Audit Assurances</p> <p>c40% of audit carried out in 2019/20 were assessed as below adequate/unsatisfactory. There is a risk that the council will not be able to obtain assurance from the audit manager in the future regarding the effectiveness of internal control.</p>	<p>A review of audit reports, formats and assurance levels has been carried out and updates introduced.</p> <p>Executive Directors will be more actively engaged in the audit progress.</p> <p>Improved monitoring arrangements will be introduced and communicated to the executive team and more follow up audits will be carried out.</p> <p>Performance monitoring of audit plans will be introduced to ensure audits are conducted on a timely basis and that responses from managers are timely too.</p>	<p>Lisa Kitto</p>
<p>Internal Audit Provision</p> <p>A review of the internal audit service has identified some weaknesses in service provision, and the approach adopted for internal audit across the council. An independent review identified a number of recommendations to improve the overall approach and quality of the service.</p> <p>If action is not taken to address these, there is a risk that the Council does not have an effective internal audit provision and overall governance and measures of assurance are ineffective. This will weaken the internal governance arrangements for the Council.</p>	<p>An audit improvement plan has been developed and will be implemented. The external consultant is currently providing additional advice and support as part of the wider governance review including an assessment of the service against national standards.</p> <p>Capacity and skills update for the team will be considered and factored into the wider finance restructure.</p>	<p>Lisa Kitto</p>
<p>Procurement</p> <p>Processes in relation to procurement need updating and training provided to managers. The reputational risk caused by failure to follow processes and procedures is significant.</p>	<p>Procurement survey to be undertaken to identify issues with managers involved in procuring of goods and services. Action plan to be developed and new guidance produced.</p>	<p>Lynne Ridsdale</p>

<p>The consolidated contracts register is not up to date which also means that opportunities for consolidating contracts is lost and that lost value is not achieved.</p>	<p>Contracts register to be brought together – contract management arrangements, accountabilities and responsibilities to be defined and embedded.</p>	
<p>Capital</p> <p>The capital financial framework and accounting process requires a refresh in order to ensure that capital accounting records and standards are maintained and are effective. A review of capital processes is also needed to avoid slippage and to ensure that schemes are delivered on time.</p>	<p>Refresh and update the capital strategy.</p> <p>Review, update and reset the capital programme in light of COVID-19 and the funding available.</p> <p>Train and upskill staff to ensure specialist capital knowledge of a high standard is available within the Council.</p>	<p>Lisa Kitto</p>
<p>DSG</p> <p>The deficit on the DSG reserve has increased by c£5m in 2019/20 and is over £20m in total. There is a danger that the deficit could be greater than the annual High Needs allocation which will make recovery of the position extremely challenging.</p> <p>The DSG Recovery Plan. Agreed with the DfE does deliver a break-even position and therefore sustainability of services may be an issue.</p>	<p>Full root and branch review of the DSG recovery plan to consider options for the future.</p> <p>Establishment of a task and finish recovery group with corporate representation to enable a wider corporate position to be taken.</p> <p>Reports to Cabinet throughout the year.</p>	<p>Sheila Durr/Lisa Kitto</p>
<p>Health and Social Care Integration</p> <p>The ability to deliver savings attributed to health and social care integration may be a reality and will impact on the financial plans of both the Council and the CCG.</p>	<p>Full assessment of savings delivery plan and delivery through the health and social care recovery board. Monthly updates and reporting on variances that may lead to non-delivery of plans.</p>	

<p>Fraud</p> <p>The opportunity for fraud during the COVID-19 crisis has increased. Fraudulent claims of business grants and potentially other benefits is likely to have occurred.</p>	<p>Engagement in wider national fraud initiatives focused on these issues.</p> <p>Review of cases that have been identified as unusual and require investigation. Fraud team to report on approach, findings and outcomes to the Audit Committee.</p>	<p>Lisa Kitto</p>
<p>Leadership and workforce development</p> <p>The absence of a corporate leadership development does not allow assurance that leaders have the skills and mind-set to drive forward corporate priorities.</p> <p>The workforce skills/ “behaviour” framework will require review as part of the new Corporate Plan, when developed, to ensure alignment with key skills base and delivery outcomes.</p>	<p>A leadership development strategy will be developed over the next financial year as part of an internal transformation programme.</p> <p>The staff skills and training offer will be updated to underpin the new Corporate Plan once developed this year.</p>	<p>Lynne Ridsdale</p>

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Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	17 th November 2020
Title of report:	Update regarding the Redmond Review on Local Authority Financial Reporting and Audit.
Report by:	Lisa Kitto Interim Director of Financial Transformation
Decision Type:	Council
Ward(s) to which report relates	All

Executive Summary:

This report sets out the publication of the Sir Tony Redmond Report into Local Audit and the Transparency of Local Authority Financial Reporting which makes recommendations linked into external audit and the production of the Statement of Final Accounts.

Sir Tony Redmond was requested to undertake a review into the effectiveness of the local audit regime for local authorities and the transparency of the financial reporting regime. This review is complete and has reported back to the Secretary of State for Housing, Communities and Local Government. In total 23 recommendations were made covering the following topics:

- External Audit Regulation
- Smaller Authorities Audit Regulation
- Financial Resilience of Local Authorities
- Transparency of Financial Reporting

Recommendation(s)

That:

- Members note the content of the report.
- Updates are brought to Audit Committee regarding the status of the Redmond Review, the recommendations agreed by the Government and progress being made by Bury Council to implement the recommendations.

Key considerations

1. Background

The regulatory regime for Local Audit changed under the coalition government when the Audit Commission was abolished. The functions undertaken by the Audit Commission were reallocated to a few bodies and Public Sector Audit Appointments (overseen by the Local Government Association) was created to undertake the tendering for and oversight of performance for local authority appointed auditors.

The decision to abolish the Audit Commission did attract some controversy and Sir Tony Redmond was commissioned to undertake an independent review by the Ministry of Housing, Communities and Local Government to assess the effectiveness of Local Audit regime and the Transparency of Local Authority Financial Reporting. Sir Tony Redmond is an experienced Finance Professional (Former Chief Executive and Treasurer)

2. Key findings of the review undertaken by Sir Tony Redmond:

2.1 The review identified a number of key issues with local audit including:

- An ineffective balance between price and quality with 40% of audits in 2018-19 failing to meet required reporting deadlines in part due to under-resourcing and lack of experienced staff.
- A lack of coordination and regulation of audit activity.
- Outcomes not always being effectively considered and presented to members and public
- The technical complexity of statutory accounts limiting public understanding and scrutiny.

2.2 As a result of his review Sir Tony made 23 recommendations to the Government who will now need to consider how many of the recommendations it decides to implement with associated timescales. The key recommendations are outlined below:

2.3 External Audit Regulation and Oversight:

- The creation of an Office of Local Audit Regulation (OLAR) to procure, manage and regulate external audits. Some of the regulatory responsibilities which sit with other bodies such as the PSAA, to transfer to the new body.

- Revisions to the current fee structure for external audits to ensure adequate resources are deployed.
- Additional skills training for those involved in local audits and the amendment of statute to allow audit firms with the requisite capacity, skills and experience to bid for local audit work.
- The deadline for publication of audited local authority accounts be considered in consultation with the NHS with a view to extending the deadline from 31st July to 30th September.

2.4 Financial Reporting

A simplified and standardised financial statement of service information and costs be made available to the public to allow comparison with the annual budget and council tax. This new statement would be prepared in addition to the statutory accounts and would be subject to audit.

- CIPFA / LASAAC to look again at the composition of the statutory accounts to see if improvements can be made to simplify their presentation and enhance their usefulness and understandability.

2.5 Governance

- The composition of audit committees be examined to ensure they have the required knowledge and expertise. Many local authority audit committees have no independent members at all and consist entirely of Councillors.
- To demonstrate transparency and accountability, external audit would be required to submit an annual report to the first full council meeting after 30th September each year, irrespective of whether financial accounts have been certified.
- A formal requirement for statutory officers (Chief Executive, Monitoring Officer and Section 151 Officer) to meet at least annually with the Key Audit Partner.

2.6 Financial Resilience and Sustainability

- The current framework for seeking assurance on financial sustainability is reviewed by the MHCLG to help address the gap between stakeholder expectations and what the auditor is required to do.
- The sharing of key concerns relating to service and financial viability, between local auditors and inspectorates, prior to completion of the external auditors report.
- In addition, an update to the NAO's Code of Audit Practice that will be applicable from 2020-21 will require auditors to provide a narrative statement on the arrangements an authority has in place to secure value for money.

3. Implications for Bury Council

Assuming the recommendations are accepted and implemented by the Government the key implications for the Council are:

- A likely increase in audit fees; with evidence suggesting audit fees collectively are 25% lower that require to fulfil local audit requirements effectively. However, it is hoped that this will be offset by an improved system of regulation and a better co-ordination of the external audit role for local authorities.
- Formalisation of the facility for the Chief Executive, the Monitoring Officer and the Chief Financial Officer to meet with the Key Audit Partner at least annually.
- An Independent Audit Committee Member must be appointed.
- Potential for External Audit to recognise that Internal Audit work can be a key support in appropriate circumstances where consistent with the Code of Practice.
- A revised timetable, with a change in the reporting deadline for published audited local author accounts being extended to 30th September from 31 July each year.
- The requirement for the external auditor to present an Annual Audit report to the first Full Council meeting after 30th September each year, irrespective of whether the accounts have been certified.
- A new standardised financial statement of service information and costs will form part of the audited statements in 2021-22 and this will be subjected to External Audit. (Bury Council has pro-actively already commenced work on the standardised statement of service and information and costs and this will be included in the financial statements produced for the financial year 2020/21 and there is no requirement that this is subjected to Audit).

Community impact / Contribution to the Bury 2030 Strategy

Compliance with Financial Management Code of Practice

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
Reputational risk of organisation should a critical external audit report be received in the event the Council fails to implement Government recommendations arising from the Redmond Review.	Corporate Governance representatives in the Council are aware of the Redmond Review report and will ensure that all Government recommendations arising from the Sir Tony Redmond Review which relate to Bury Council will be implemented within the timescales stipulated.

Consultation:

N/a

Legal Implications:

There are no legal implications arising from this report. The recommendations from the Redmond Review if implemented will require further action.

Financial Implications:

There is potentially an increase in external auditor fees should the proposals be accepted. Any increase will be reflected in the Council's budget at the appropriate time.

Report Author and Contact Details:

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Background papers:

The full report by Sir Tony Redmond can be found at:

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
OLAR	Office of Local Audit Regulation
PSAA	Public Sector Audit Appointments
CIPFA	Chartered Institute of Public Finance and Accountancy
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
MHCLG	Ministry of Housing, Communities and Local Government
NAO	National Audit Office

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