

Agenda

REGULATORY AND AUDIT COMMITTEE

Date: Wednesday 27 April 2016
Time: 9.00 am
Venue: Mezzanine Room 2, County Hall, Aylesbury

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Agenda Item	Time	Page No
1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP	09.00	
2 DECLARATIONS OF INTEREST To disclose any Personal or Disclosable Pecuniary Interests		
3 MINUTES of the meeting held on 03 February 2016 to be confirmed as a correct record and signed by the Chairman.		5 - 14
4 CONTRACT MANAGEMENT APPLICATION UPDATE To be presented by Michelle Granat.	09.05	15 - 20
5 CONTRACT STANDING ORDERS- EXEMPTIONS/BREACHES To be presented by Tricia Hook.	09.15	21 - 26
6 WHISTLEBLOWING POLICY - INCIDENTS AND EFFECTIVENESS To be presented by Sam Watts.	09.25	27 - 46



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7	OUTSIDE BODIES UPDATE To be presented by Mike Appleyard and Sara Turnbull.	09.35	47 - 64
8	BUCKS LEARNING TRUST UPDATE To be presented by Nick Wilson.	09.50	65 - 66
9	BUSINESS ASSURANCE PROGRESS REPORT To be presented by Ian Dyson.	10.05	67 - 84
10	FUTURE EXTERNAL AUDIT ARRANGEMENTS To be presented by Richard Schmidt.	10.25	85 - 88
11	DRAFT 16/17 BUSINESS ASSURANCE STRATEGY (RISK MANAGEMENT AND INTERNAL AUDIT PLAN) To be presented by Maggie Gibb.	10.35	89 - 104
12	PENSION AUDIT FUND PLAN To be presented by Grant Thornton Auditors.	10.55	105 - 120
13	RIPA (REGULATION OF INVESTIGATORY POWERS ACT 2000) To be provided by Sarah Ashmead.	11.15	121 - 136
14	RISK MANAGEMENT GROUP UPDATE To be provided by Maggie Gibb.	11.30	137 - 138
15	FORWARD PLAN Current forward plan under revision, to be verbally discussed at meeting.	11.50	
16	DATE AND TIME OF NEXT MEETING 25 May 2016.	12.00	

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For further information please contact: Nichola Beagle on 01296 382662, email: njbeagle@buckscc.gov.uk

Members

Mr T Butcher (VC)	Mr P Hardy
Mr W Chapple OBE	Mr D Martin
Mrs A Davies	Mr R Scott (C)
Mr T Egleton	Mr A Stevens

Minutes

REGULATORY AND AUDIT COMMITTEE

**MINUTES OF THE MEETING OF THE REGULATORY AND AUDIT COMMITTEE HELD ON
WEDNESDAY 3 FEBRUARY 2016 IN MEZZANINE ROOM 3, COUNTY HALL, AYLESBURY,
COMMENCING AT 9.02 AM AND CONCLUDING AT 12.00 PM.**

MEMBERS PRESENT

Mr C Adams
Mr T Butcher (Vice-Chairman)
Mr W Chapple OBE
Mrs A Davies
Mr P Hardy
Mr D Martin

OTHERS IN ATTENDANCE

Mrs S Ashmead, Director of Strategy and Policy
Ms N Beagle, Committee Assistant
Mr I Dyson, Chief Internal Auditor
Ms J Edwards, Pensions and Investments Manager
Mr A Fyfe, Resilience Manager
Ms M Gibb, Business Assurance Manager
Mr P Grady, Engagement Lead, Grant Thornton Auditors
Mr Z Mohammed, Cabinet Member for Education
Mr R Schmidt, Head of Strategic Finance, Assistant Service Director (Strategic Finance)
Mr Tom Slaughter, Executive, Grant Thornton Auditors
Mr M Strevens, Corporate Finance Business Partner, Buckinghamshire County Council
Mr M Ward, Manager, Grant Thornton Auditors
Mr D Watson, Councillor
Mr N Wilson, Director of Education, Bucks County Council

1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies were received from Alan Stevens (Chris Adams attended as substitute), Richard Scott (Tim Butcher Chaired the meeting in place of Richard). It was also notes that Trevor Egleton was currently off sick and therefore would not be in attendance.

2 DECLARATIONS OF INTEREST



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There were no declarations of interest.

3 MINUTES

The minutes of the meeting held on 09 November 2015 were agreed as a correct record and signed by the Chairman. The following action points were noted:

- P4 item 3 , action for Ian Dyson regarding the counter fraud update; Ian Dyson advised the main investigation was ongoing and that a further update would be provided later in the meeting. It was also confirmed that an update on business assurance would be provided later in the meeting, along with a verbal report on Business Continuity Management from Andrew Fyfe.
- P5, Members Questions; it was highlighted in the minutes that Zahir Mohammed was to clarify details to the Chairman outside of the meeting. As the Chairman Richard Scott was unfortunately not in attendance, the Committee wanted confirmation from Zahir Mohammed that this had been actioned. It was confirmed that the interim Chairman Tim Butcher would raise this with Zahir Mohammed today under the Bucks Learning Trust (BLT) item on the agenda.

4 INTERNAL AUDIT PROGRESS REPORT AND ACTION TRACKER

Ian Dyson presented the internal audit report with key points being raised as follows:

- P23 of Pack, business assurance report.
- P25 clarity on structure - since the last meeting the assurance team had made another successful appointment with a new audit manager having joined the team. It was confirmed that there was now a full complement of staff within the Business Assurance team, with the exception on Amy Wadsworth, Business Assurance officer, who was due to return in June 2016 following maternity leave.
- P26 - highlighted the audit's that had concluded and those that were at draft report stage, with executive summaries from the completed audits noted at the end of the paper.
- Client transport safeguarding resulted in limited assurance, when the report was completed in December 2015. This report had been brought to the Risk Management Group (RMG) at the end of December, where the director attended to give an update and to advise that One Council Board (OCB) had considered the paper and the response, details of which were also contained in executive summary.
- Mandeville school follow up, the Head teacher had left the school and requested a follow up audit to the original audit which was undertaken 2 years ago. Following the latest audit a number of actions were outstanding however, many of these were in progress and the majority of the significant issues had been addressed with clear plans in place for the remaining issues. It was advised that the Business Assurance team were no longer concerned regarding this.
- Counter fraud activity- reported previously a number of irregularities, some of which were continuing. The major one was ongoing and the police were about to begin their investigation. Whistleblowing case has also resulted in a follow up audit of processes in Children's Services, with a number of control issues identified from the main investigation. A further report would come to the Regulatory and Audit meeting in April, once details are finalised.
- P29 Direct payments- an audit was underway where consideration would be given to some of the fraud controls. Due to department pressures a workshop with the team to provide guidance and address issues would likely take place in quarter 1 next year.
- Business Assurance activity - the Strategic Risk Register (SRR) had been reviewed and refreshed and was now part of regular process at One Council Board (OCB) meetings. Continued to work on compliance with the Operation Framework, had undertaken self-assessments of all the Business Managers within HQ, the next step was to validate the

responses with each manager. The results would then feed into the annual review of the Operation Framework, which was being led by Sarah Turnbull.

- The team continued to work with the Professional leads on their assurance framework- which had taken longer than expected due to more support being needed.
- Appendix 1- set out progress against plans and other activity for the remainder of year.
- Appendix 2- was a summary of completed audits.
- Supplement- highlighted any actions arising from audits, outlined the tracking system for obtaining positive assurance from management teams, that actions had been implemented on a timely basis. The report also summarised those actions that remained outstanding or overdue and any concerns around them.

Member Questions

- Following a senior risk officer within Business Assurance team having left and the work having been absorbed into the team, it was queried whether there was any risk in losing this post altogether and the accountability and responsibility that would have come with it? Does this now reside with anyone? - Maggie Gibb advised that this had been absorbed into the other senior business assurance posts; however Maggie Gibb was ultimately responsible for this. Ian Dyson advised also that the new senior post within the team had brought strong skills and experience into the team, where there had been a slight gap previously.
- A Member queried whether following the success of the partnership with Oxfordshire, could BCC bring another authority into the group making a wide internal audit function? Ian Dyson advised that this was always under consideration, however currently due to recruitment being difficult and now having a very strong team in place it was felt at present this was not needed, although there was always potential to branch out further.
- It was confirmed that the issue surrounding counter fraud would be brought back to a future meeting for an update to be provided.
- Supplement paper p3 - It was queried whether the outstanding items highlighted on the audit action tracker needed to be investigate, along with the old issues belonging to Transport, Environment and Economies (TEE). Ian Dyson advised that Business Units often had their own internal process to address such issues; however the audit action tracker now provided more of a challenge and response to the officer, although some areas were not providing adequate assurance that plans had been put in place to improve issues. The business assurance team advised they would be happy for the Committee to request a full update from the TEE at a future meeting. The Committee agreed to the suggestion.

ACTION: The committee required a response from the Managing Director of TEE and the appropriate team manager, by form of a written update and verbal report, to the Regulatory and Audit Committee April. The report would address the outstanding actions arising from the audit.

RECOMMENDATION: The Committee was recommended to note the report.

RESOLVED: The Committee noted the report.

5 EXTERNAL AUDIT PLAN 2015/16

Paul Grady provided an update to the Committee and discussed the report included in the agenda pack. During discussions the following questions were raised by Members: key points were raised:

- It was queried whether the overall fee from Grant Thornton included the pensions fund? Paul Grady confirmed this was a separate fee of approximately £20k, charged back to the pension's fund.
- It was queried whether BCC had financial sustainability. Paul Grady confirmed that this was looked at on 2 aspects, 1: an accountants definition of concern e.g. are you able to

continue to trade for business for the next 12 months, looking at saving plans/ income streams etc. There was also a wider view in terms of value for money, e.g. by 2020 with challenges and cuts coming, how feasible are the assumptions, how achievable and likely are the schemes in place to be achieved. It was subjective and premature in 2016 to say overall, however Grant Thornton would share any risks with BCC as they arose.

- It was suggested that it needed to be made clear whether the services were sustainable, as books could potentially be balanced by discontinuing or not providing vital services. Distinction needed to be made between discretionary and core services. Paul Grady agreed and advised that there was a risk of local government becoming a victim of its own success, as the more successful local government becomes the less funding supplied by central government, therefore the risks also increased.
- It was suggested that a forward view of how realistic BCC budgets were would be helpful, was this possible? Paul Grady advised that Grant Thornton could certainly look at assumptions and underpin the budget figures in there, in terms of the budget previously. In most cases officers had understood why there had been budget pressures, and actions required to address them, however a forward view could be outlined in the future.

ACTION: Paul Grady

- Group Audit Scope p13 - Components were discussed. It was advised that although some were out of the control of BCC, reputational risk was still a potential issue, e.g. Bucks Learning Trust (BLT). It was questioned whether the audit would pick up any financial irregularities regarding such areas and if not was this a gap to be looked at? Paul Grady advised that BLT, would not be looked at separately in terms of the BCC relationship as they would expect disclosures in the council's report around that area and the audit would cover those disclosures made by the council. The audit would not look at BLT further than that or specifically audit on the numbers as this would be out of the scope of the Council. Ian Dyson also advised that BLT would have their own external audit and that BCC's relationship with BLT in terms of audit, was of broad scope as outlined in the contract management section of the Grant Thornton report, under commission spend. Regarding internal audit, Ian Dyson confirmed this had been looked at from a governance perspective. It was confirmed that BCC were able to ask "Are we getting value for money and getting services we are commissioning" however had no jurisdiction over the financial practices with BLT.
- Members queried whether this led to a gap? Paul Grady confirmed that Grant Thornton understood the reputational position of BLT and the association with the council, however BLT would have their auditors, who they were free to appoint and therefore it was beyond Grant Thornton's remit to do any audit there. From a regulatory position there was not a gap as BLT would have their own auditors, however the question would be how assured BCC feel that the impact on the Council is covered, and more down to performance and delivering the service. Ian Dyson agreed and advised that the Governance arrangements were identified as not being strong enough previously; however this had now been corrected and was in progress for some of the actions. It was confirmed that managing performance was the number 1 issue. Following a commission by the Chief Executive, internal report and pressure from this Committee, the governance arrangements around BLT had now changed and internal procedures were changing, along with the contract and agreement BCC had with BLT, to make it easier to manage performance and make BLT more effective.
- It was advised that performance management and accountability are operation activities which would lie with the Service Manager and Cabinet Member for Education.
- Members suggested that it would be helpful for them to have sight of a document that explained the alternative delivery vehicle process and highlighted areas within and outside of the contract scope. It was advised that the Commissioning framework explained this in detail however, an overview document could be pulled together to highlight the key information relevant to Members.

ACTION: Sarah Ashmead

6 UPDATE ON CERTIFICATION REPORT

Marcus Ward provided a brief update on the report, which referred to the Skills funding agency and teacher's pension's reports.

- Teacher's pensions, a few issues had been highlighted with underlying data, these had been amended and then submitted.
- Skills funding agency, around BCC subcontracting the funding, no issues were found. Both have been submitted.

The Committed noted the report.

7 EFFECTIVENESS OF DEBT MANAGEMENT STRATEGY

Matt Strevens attended the meeting to provide an update to the Committee.

Reminder - the team had been asked to identify what would be best practice for invoicing and/or receiving payments up front. It was explained to the committee that responsibility for delivering the Debt Management Strategy sat with the Managing Director in each Business Unit and that reporting was provided to them on a monthly basis to take an overview. Practically this matter was dealt with by the budget holders responsible for the debt and they had access to report on their specific debts whenever they chose to.

- This report had excluded the secured debt as these would be recoverable.
- P4- profile of unsecured debt over the last year and 8 months, within 15/16. Ensuring these debts were reported on a monthly basis and to cabinet on a quarterly basis.
- As BCC moves more towards being a commercial organisation, would expect to see more clients and customers, expectation debt would increase however fluctuates quite significantly.
- In total difficult to analyse if debt management strategy has had any impact.
- P 5: compared Quarter 2 and Quarter 3 percentage of debt over 30 days is 10% lower, so action was being taken.
- Only included those raising invoices and not those taking payments in advance, therefore do not have a clear overall picture.
- Wider assurance framework, financial assurance framework completed by Finance Director of each Business Unit, therefore debt is being discussed. However, it is a question of engaging with lower levels throughout the teams also.
- Indicative evidence, but do have significant gaps in knowledge and information to support.
- Current report does not identify different types of debt, e.g. CCGs, challenged as no mechanism where this could be flagged currently.
- Developments - currently no reminder message to those responsible to chasing debts - this is being developed to remind at 30 days and 60 days, as well as the current 90 days reminder.
- Cultural side- support and guidance for those who have responsibility or role as a budget holder, intranet pages are being developed.
- Future opportunities, engagement with development team for a more commercial approach are being looked into..
- ICT tool being developed regarding policy compliance all staff with budget responsibility would have to read the policy, eventually when mechanisms are in place, staff with these responsibilities would not be able to access the system without reading the guidance.
- Review of the dunning process, for reminder emails, proposing this being 30 60 and 90 days (at present just 90 days)

- Proposal to start to develop new metrics to get a greater understanding on what the debt is, will also work with the business units to understand where the debt is.

Member Questions

- Within debt management policy there were regulations around writing off bad debt, with Finance Directors having the authority to write off up to a limit. What was this limit and were Managing Directors and Finance Directors asked to confirm that this debt had been written off where appropriate? What assurances were there that all avenues had been explored to recover the debt, before processing the write off. Matthew Strevens confirmed that the Managing Directors and Finance Directors are able to write off up to £10k and anything over this amount required operating officer and monitoring officer sign off.
- Richard Schmidt advised that BCC needed to ensure that debts were not written off easily, but also that if there was no hope of getting the money recovered that they be taken off our books.
- It was advised that Social care debts and longer term secured debts against assets, cases can go on for years. Were there any measures BCC could take to speed up recovery? Matthew Strevens advised that sometimes it was a matter of timing, when the asset was sold, but agreed it could be many years until monies were recovered.
- It was queried whether there was any evidence as to how often the debt was being chased? Matthew Stevens advised the process had been revised Business Services Plus (BSP), who now had stronger engagement with the services once they take over the management of the debt after the 90 days. The reminder letters are also being looked at, to significantly improve the process.
- A Member queried how outstanding debt was represented in audited accounts. Paul Grady advised that these were shown as debtors on the balance sheet, will include all monies owned to the council.
- It was queried how good BCC were at pursuing of debt and how often it was chased? Matthew Strevens advised that those debts over 90 days which are passed over to BSP, there was no historical data available as the system used to track the debt is a live system; therefore there was a loss of visibility.

RECOMMENDATION: The Committee is invited to review and comment upon the progress report on the implementation of the Debt Management Strategy and its operation over the past 9 months, and consider additional opportunities to improve the operation and management of the strategy going forward.

- Ian Dyson summarised that the report highlighted that BCC do not have an effective debt management processes at present and that further improvements had been identified. It was agreed that a further report on the debt management strategy would come to the Regulatory & Audit Committee in 6 months' time.

ACTION: Matthew Strevens

- Grant Thornton would also give a thought to the overall strategy and provide feedback, could also potentially give an indication on whether there was a trend for debt write off happening.

ACTION: Grant Thornton

- It was agreed by the Committee that BCC needed to be clear on the level of assurance being provided by the Finance Directors and that an update should be provided to the Regulatory and Audit Committee by the Finance Directors.

ACTION: to be added to the forward plan.

The Chairman thanked the team for the update.

8 BUSINESS CONTINUITY MANAGEMENT VERBAL UPDATE

Andrew Fyfe attended the meeting to provide a verbal report to the Committee. Key points were raised as follows:

- Internal audit report - 2 issues related to the revision of Business Continuity Management (BCM) policy. The policy was under review currently and following feedback should be in place shortly. Taken note of various changes care act and assurance and risk strategy. Also BCM steering group had been set up.
- Item- TEE getting the BCM arrangements in place. TfB has an advanced version of BCM, but the other elements within the service do not, although they are engaging. The Internal audit was a snapshot in time and the next deadline was the end of March 2016 for up to date BCM plans from each area to be submitted.
- Corporate Exercise was carried out 05 November 2015, where 120 staff attended (mainly managers/ directors and OCB). Post exercise report should be completed shortly. Refocussed and engaged various services.
- Timelines, end of financial year, BCM arrangements in place, have had 1 BCM steering group meeting and second has been diarised. Directors were due to confirm BCM plans in place in the Annual Governance statement.
- Detailed report on BCM would be brought to the next Regulatory and Audit meeting in April.

The Committee thanked Andrew Fyfe for the verbal update.

9 BUCKS LEARNING TRUST UPDATE

Nick Wilson, Interim Director of Education and Zahir Mohammed, Cabinet Member for Education attended the meeting to provide an update.

The Chairman referred back to the minutes of the last meeting and asked Zahir Mohammed to confirm that as per the Actions noted in the minutes, feedback on the number of Trustees in place presently and going forward within BLT had been provided to Richard Scott after the last meeting. Zahir Mohammed confirmed that he had communicated directly to Chairman Richard Scott following the last meeting.

The Committee welcomed Nick Wilson to the meeting, following recent appointment into the Interim Director of Education Post.

Zahir Mohammed provided a summary to the report, where key points were raised as follows:

- The highlights within the report were showing good progress, and those that were still marked as red were being worked on.
- The current Trustees were making arrangements for a new chair at the end of February 2016.
- The current Trustees had not been removed yet as the plan was for the whole process to take place following sign off of the accounts at end of February 2016.
- BCC have had applications for Trustees positions to join the board, interviews had taken place for a number of people, a couple more were to due to be held before an appointment was made.
- The plan was for 4 BCC Trustees to be appointed however; discussions were ongoing as there may be a BLT board as well as an advisory group. Currently BCC had 1 Member on the BLT board, however; discussions were underway on how many BCC would have going forward.
- Total Trustees; there were 18 existing however the plan was to reduce this number to 6, although the detail was still being discussed.

Member Comments and Questions

- A Member suggested that an advisory board was important and that it was key that there was cross over between the two boards, e.g. the Chair for each meeting should attend both boards, even if not as a voting member just to listen in.
- It was suggested that when recruiting for a new Chair person, ideally would want to have a larger pool of people to search from, did the team have any idea of the background skills required to become a Trustee? Zahir Mohammed advised that a range of skills had been outlined in the job specification, including business skills to drive the strategic agenda of the BLT and monitoring its effectiveness, as well as an education background.
- It was queried what the role of the Member / Members on the board would be in respect to the BLT. Would they look after the County Council aspects or were they to represent the needs of the BLT only. Zahir Mohammed confirmed that the Member on the board would be there to represent the BLT and not BCC, although they would report back to BCC Commissioning group, directly through the Chief Executive or another Commissioning group board member.
- A Member questioned when the team felt the issue would be resolved around the number of boards (main/ advisory) and the number of Members of each board would be known? Zahir Mohammed advised that the plan was for plans to be finalised and Members in place by the end of February. It was confirmed that although there was a need for urgency, the team were restricted by how quickly could appoint to the posts and how quickly BLT could make changes at their end.
- Final numbers for Trustees had not been firmed up; however it was likely to be 4.
- A Member queried where were BLT with appointing their Trustees? Nick Wilson advised that as far as BCC were aware they had gone through the selection process.
- Sarah Ashmead confirmed that BCC and BLT had agreed a new role description for a Trustee outlining key skills. Up to date so far 20% of the places on the trust had been taken by BCC (1 Member), there was now a debate ongoing on the number of places on the board going forward and it was advised that BCC could potentially end up having more than the 20% representation.
- It was queried whether former members of the BLT would have to re-apply to be part of the board going forward? Zahir Mohammed advised that everyone would be open to reapply but appointment would be down to the board and therefore they may not be reappointed.
- It was confirmed that BCC Members would be covered under BLT indemnity insurance.
- It was confirmed that BCC have supplied services previously to BLT and continue to do so for some e.g. IT services. This was on a commercial arrangement which BLT pay for.

Nick Wilson also provided an update on the highlight report as outlined in the paper. During discussion comments were raised as follows:

- It was suggested that a further report be brought back to the next Regulatory and Audit Committee meeting on 27 April 2016 to ensure progress of actions was on track. This was agreed by the Committee.

ACTION: Nick Wilson and Zahir Mohammed

- Members advised that the Committee would be disappointed if at the next meeting there had been no change from the current position. Zahir Mohammed advised that the BCC Trustees were close to being appointed.
- Ian Dyson indicated that the focus of today's discussion had primarily centred around the constitution of the BLT, which had been a small part of the overall issues identified. It was confirmed that the main crux of the issues had been the internal governance arrangements within the BLT and the oversight BCC had over the operation of BLT. It was advised that the highlight report did include many amber and green actions which was very positive.

- The Committee suggested that when the report came back to the meeting on 27 April 2016, it would be helpful if it was made clear those items that have been reassured and those that need to be concentrated on, from the perspective of the Business Assurance Team. Maggie Gibb advised that a detailed follow up by the Assurance team would form part of the process anyway however Ian Dyson advised he would be happy to comment on the report during the next meeting.

ACTION: Ian Dyson

The Chairman thanked Zahir Mohammed and Nick Wilson for the update.

10 TREASURY MANAGEMENT STRATEGY

Councillor David Watson and Julie Edwards attended the meeting to provide an update on the Treasury Management Strategy. During discussion key points were raised as follows:

- Would be moving from an average of £200m in cash investments, down to £20-30m, once the Energy for Waste plant had been paid for (costing £180m plus £36m VAT)
- Different investment strategy needed, as detailed in the paper.
- BCC's attitude to investment and debt was also detailed in the paper.
- Members queried what had been changed in the policy as this was not clear. What was different from that had been agreed at Full Council last year? As the Committee were being asked to recommend the Treasury Management Policy to Full Council on 18 February 2016, Members wanted to be clear on the details of what had changed.
- Richard Schmidt advised that the figures changed every year and reflected the changes to the Capital Programme e.g. what we need to borrow for. In this instance it was the Energy for Waste plant, which would put BCC in a fundamentally different position than previous years, resulting in only £20-30m left in the reserve fund.
- It was confirmed that the policy would not change until the Energy for Waste plant was paid for, then the investment limits would reduce to ensure a diverse portfolio.
- It was agreed by the Committee that the report should not be sent back to be changed at this last stage due to the Full Council deadline however further clarity was required on the detail.

RECOMMENDATION: The Committee are asked to RECOMMEND to Council the Treasury Management Policy Statement, Annual Investment Strategy and the Minimum Revenue Provision Policy statement for 2016/17, together with the Prudential Indicators for the next four years.

DECISION: The Committee agree to the recommendation, subject to a further clarified report being circulated offline to Members of the R&A committee by the team, highlighting the previous year's figures.

(N.B. Richard Schmidt circulated the additional information requested outside of the meeting to the Committee).

11 RISK MANAGEMENT GROUP UPDATE

Maggie Gibb provided a summary of the discussions held at the Risk Management Group Meeting on 14 January 2016. During discussion key points were raised as follows:

- Strategic Risk Register- discussed at One Council Board (OCB)
- High level risks from all Business Units and HQ - those risks scoring more than 15, how we ensure the BU are using the RR as an effective management tool. Started to enhance the role of the risk champions, responsible for helping embed risk framework in Business Unit's.

- Each Business Unit should be considering risks of regular basis, would provide further details on the Risk Register around the direction of travel for each issue.
- Energy for Waste Risk Register- had come back on a regular basis for review since the beginning. Very detailed update given and talked through at the last RMG.
- Children's services - general update across whole of Business Unit on how risks were being managed. Also specific risks as part of the improvement plan as well as BLT. Group received report, detailed explanation how being managed was also given.

Members Questions

- It was queried whether BCC were assured that all those who assess risk had a standard key to work to - e.g. all staff were scoring the same across the organisation. Maggie Gibb advised there would also be some subjectivity around the scoring however there was a framework on how to score regarding the different levels of impact - e.g. monetary values. It was confirmed the Business Assurance team do challenge any risks that look to have been scored incorrectly. This process had become more consistent due to the more robust process for reviewing the high level risks and the team would expect action to be taken against these risks where possible. The system does provide consistency around the scoring, with a lot of guidance and training.

Ian Dyson also advised that going forward the Regulatory & Audit Committee Members would receive the papers relating to the Risk Management Group, for information.

12 FORWARD PLAN

It was confirmed that following the Pre-meet and today's Committee meeting the following items would be added to the forward plan:

Meeting on 27 April 2016

- Bucks Learning Trust Update
- Draft 16/17 audit plan
- Inspection RIPA Covert surveillance inspection
- Whistleblowing Policy - incidents and effectiveness
- Outside Bodies Update

Meeting on 25 May 2016

- Statement of Accounts
- Annual Governance Statement
- Annual Report of Chief Auditor

Meeting on 28 July 2016

- Debt management update - 6 months on
- Audit of accounts

13 DATE AND TIME OF NEXT MEETING

The Committee were advised that the next meeting would be held on 27 April 2016.

CHAIRMAN

Regulatory and Audit Committee

Title:	Contract Management Application Performance Report
Date:	Wednesday 27 April 2016
Author:	Sarah Ashmead, Director of Strategy & Policy, HQ
Contact officer:	Michelle Granat, Head of Strategy and Innovation team, HQ
Local members affected:	N/A

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

This report is for information and provides an update on the Supplier Relationship Management (SRM) project and Contract Management Application performance.

Background

During the period 2011-2014, BCC introduced the concept of Supplier Relationship Management (SRM) to improve the capability of the Council to manage its supplier relationships and contracts. A Contract Management Application (CMA) was also developed and introduced in September 2014 to assist Contract Managers and support the new Contract Management Framework (CMF) processes.

An internal audit report published in April 2015 concluded the monitoring and management reporting, policies and procedures and CMA content were limited. Significant action was required to effectively manage the risks and improve management controls to monitor service area compliance in uploading contracts and information onto the CMA.

In line with Future Shape organisation changes, accountability for SRM transferred to the Strategy & Innovation Team in April 2015. Following unsuccessful attempts to recruit a permanent SRM Lead, the position has been filled on an interim basis and a strategic review of contract management conducted during the second half of 2015. The findings from the review were presented to One Council Board in January 2016 including agreement of the improvement plan for 2016.



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SRM improvement Plan 2016

The findings from the strategic review are now being addressed in an improvement programme made up of six workstreams:

Workstream	2016 achievements so far
Governance	<ul style="list-style-type: none"> • New Supplier Management Policy signed off by Cabinet Member • Agreed and launched new Commissioning and Supplier Management Group Terms of Reference and Ways of Working
Performance reporting	<ul style="list-style-type: none"> • Revised CMA dashboard reports developed and reviewed by stakeholders
Processes and roles and responsibilities	<ul style="list-style-type: none"> • Processes and Contract Manager responsibilities revised for each supplier segment
Self-assessment and improvement programme	<ul style="list-style-type: none"> • Identified contracts where additional support • Contract Manager training provision reviewed and to be restarted in June
Strategic supplier programme	<ul style="list-style-type: none"> • Organisation for top ten supplier event underway to be held in May
CMA	<ul style="list-style-type: none"> • Agreed priority list of development projects • System training arranged for May to enable Council staff to carry out development work internally

Next steps

Activity	Timescales
Roll out of new Supplier Management Policy	May
Hold Top ten supplier event	May
Commence CMA system development work	May
Restart Contract Manager training programme	June
Target contract support	Ongoing

Update on Internal Audit Report (April 2015)

The Internal Audit Report identified 8 priority findings. The table below summarises the management action being taken to address each finding.

Group	Finding	Management Action
Policy and Procedures	No overarching Council policy	<ul style="list-style-type: none"> • CMA policy included in the revised Supplier Management Policy • Mandatory for all contracts over £50,000 to be loaded on CMA
	Monitoring uploading of contracts	<ul style="list-style-type: none"> • Monthly compliance reports reviewed by the Commissioning and Supplier Management Group to address IA data findings • Spot checks introduced to monitor compliance and agree actions with Contract Managers, including checks on ProContract and SAP systems
	Maintaining training material	<ul style="list-style-type: none"> • Training expectations included in Supplier Management Policy • Training plan to be developed (including any revision to materials) to support release of new CMA version
Contract Management Application content	Classifying contracts	<ul style="list-style-type: none"> • The facility for users to over-ride the system-based segmentation has been turned off • The new Supplier Management Policy provides greater guidance on classifying contracts and defining the actions required for each contract classification • Assessing criticality has been revised in the new Policy and will be incorporated into CMA as part of the next release
	Uploading Mandatory data fields and documents	<ul style="list-style-type: none"> • Ongoing tactical actions taken by Business Units to add missing contract dates/values • Mandatory fields will be revised as part of the next release of CMA, to include contract dates and documents
	Completing best practice self assessments	<ul style="list-style-type: none"> • A programme of self-assessment by Contract Managers will be carried out through 2016, beginning with Platinum and Gold contracts
	Completing contract plans	<ul style="list-style-type: none"> • The new Supplier Management Policy defines Contract Plan requirements for each classification • The next CMA release will hard-wire the contract plan requirements for each classification within CMA
Contract Management Reporting	Regular formalised reporting	<ul style="list-style-type: none"> • Revised Quarterly dashboards developed

CMA Performance Report

The table below summarises the updated position against previous reports to Regulatory and Audit Committee in June and November 2015. Tactical actions are now being taken to resolve remaining individual and unique data queries.

Metric	Position at Date			Explanation and actions being taken
	Jun 15	Nov 15	Apr 16	
Contracts with no segment	58	36	27	<ul style="list-style-type: none"> Of these, 13 are external SLA's and therefore segmentation not appropriate
Contracts where segment override has been used	554	326	292	<ul style="list-style-type: none"> Segment over-ride has been switched off in CMA 92 of these contracts have the same entry for segment and segment override so can be discounted A further 316 of these contracts have contract structures where individual service agreements sit within a wider framework with a Platinum supplier. This issue is being addressed in the new Supplier Management Policy so that the CMA records only the supplier as Platinum (and not individual agreements)
Contracts where Annual Contract Value is 0 or blank	276	134	119	<ul style="list-style-type: none"> 134 of these contracts are Spot contract where contract values change on a daily basis and therefore it is not feasible to maintain the value in CMA A further 35 contracts have a total contract value recorded against them, but no annual contract value
Contracts where political portfolio is blank	311	81	6	<ul style="list-style-type: none"> Bulk upload carried out to add political portfolio for Public Health contracts

Resource implications

Resource implications will be defined in the final report on the CMA/CMF to be prepared in December 2015.

Legal implications

N/A

Other implications/issues

N/A

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

N/A

Background Papers

None

Regulatory and Audit Committee

Title:	Standing Orders relating to Contracts- Exemptions and Breaches
Date:	April 2016
Author:	Richard Ambrose
Contact officer:	Tricia Hook, Procurement Lead, Tel:01296 383615
Local members affected:	N/A

For press enquiries concerning this report, please contact the media office on 01296 382444

This report provides an updated summary in relation to compliance with the Council's Standing Orders relating to Contracts (CSO) and compliance with the Public Procurement Regulations

The reporting period covers 1st April 2015 until 31st March 2016

Recommendation

Members are asked to note this report

Summary

1. Exemptions

Background

The Committee has received two earlier reports on this subject, the most recent one being presented in November 2015

This Committee requested that they be updated at six monthly intervals on this subject.

EU Threshold

The applicable EU thresholds for the advertising of good, services and works are revised every two years. The most recent changes took place in January 2016 and the following rates were introduced from that date: The revised thresholds show a small decrease in sterling value, (although the Euro value has increased), which are due to fluctuations in exchange rates over the previous two years.

Thresholds	Supplies	Services	Light Touch	Works
Other public bodies (Local Government)	£164,176	£164,176	£589,148	£4,104,394

This means that more tenders will be subject to the Public procurement Regulations. Contract standing Orders and guidance notes for Exemptions have been updated accordingly.

Publication of Opportunities and Award Notices

As advised previously the revised Public Procurement Regulations 2015 includes a requirement for local authorities to publish contract opportunities, and award notices on Contracts Finder. (Contracts Finder is the registered website used for the publication of all public sector procurement opportunities in England). This requirement relates to the government's transparency agenda. Failure to comply with these requirements will put the Authority in breach of UK law. Crown Commercial Services (CCS) is currently monitoring LA compliance via mystery shopping.

CCS have extended the transition period for full implementation of these requirements until such time as agreement has been reached on the sanctions that will be applied for non-compliance. In the meantime they will continue to publish details about their mystery shopping results and name the Authorities that are not complying with this Regulation.

Procurement is not currently able to report accurately on the extent of compliance within BCC due to functionality issues with the e-tendering system. However we are working closely with the supplier of the system to resolve these issues and are confident that these reports should be available in the near future.

Data (Appendix One)

Data Summary

There were a total of 22 exemptions registered in the complete Fiscal Year 15/16. This is considerably lower than the total number for the previous year (59), due in part to the change in Contract Standing Order thresholds introduced in April 2015. However it could also indicate a higher level of compliance within the organisation.

During the Fiscal Year 2015/16

- The highest value application was £143,797
- The lowest value application was £47,000

- The total value of exemptions approved in 2015/16 was £687,297 again a considerable drop from the previous year when the total value was over £22 million.

Breaches

There has been one potential breach reported to the Statutory Officers in the six month period since the last report.

This breach was in relation to the CYP contract for Information, Advice and guidance for young people, currently delivered by Connexions. This was as a result of a failed procurement process. Although the Business Unit started a re-procurement exercise in good time, certain information in relation to pension liability coupled with a decision to further reduce the budget available for the service resulted in a failure to complete and award a contract. A new procurement exercise will be undertaken with a view to awarding a new contract early in 2018.

Appendix 1

Fig. 1 - Data Summary

Summary of all Exemption to Standing Orders registered during Complete Fiscal Year 2014/15 and Complete Fiscal Year 15/16

FY 2014/15	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Total
Total number. of exemptions registered	12	22	16	9	59
Total number. of exemptions cancelled during process	0	8	3	2	13
Lowest value exemption (excluding cancelled)	£13,000	£6,000	£6,000	£1,285	
Highest value exemption (excluding cancelled)	£2,267,454	£132,000	£2,384,641	£173,000	
Total no. of exemptions raised retrospectively (excluding cancelled)	5	9	9	6	29
Total value of retrospective exemptions (excluding cancelled)	£2,903,454	£520,281	£556,626	£426,150	£4,406,511
Total value of exemptions	£4,898,771	£13,764,950	£3,275,362	£480,855	£22,419,938

FY 2015/16	Qtr. 1	Qtr. 2	Qtr.3	Qtr. 4	Total
Total number. of exemptions registered	5	2	5	10	22
Total number. of exemptions cancelled during process	1	1	0	2	4
Lowest value exemption (excluding cancelled)	£47,000	£50,000	£10,000	£35,963	
Highest value exemption (excluding cancelled)	£143,797	£50,000	£324,311	£120,000	
Total no. of exemptions raised retrospectively (excluding cancelled)	1	0	0	4	5
Total value of retrospective exemptions (excluding cancelled)	£70,000	£0	£0	£200,163	£270,163
Total value of exemptions	£514,797	£172,500	£558,868	£982,891	£2,229,056

Fig. 2 - Analysis of exemptions applied for under Standing Orders relating to Contracts

Complete Fiscal Year 2014/15 and Complete Fiscal Year 15/16

Summary Complete Fiscal Year 2014/15	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	FY 14/15
Total no. of exemptions registered	12	22	16	9	59
Total no. of exemptions cancelled during process	0	8	3	2	13
Total no. of exemptions categorised as Low risk (excludes cancellations)	10	11	13	7	41
Total no. of exemptions categorised as Low/Medium risk (excludes cancellations)	2	2	0	0	4
Total no. of exemptions categorised as High risk	0	0	0	0	0

Summary Complete Fiscal Year 2015/16	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	FY 15/16
Total no. of exemptions registered	5	2	5	10	22
Total no. of exemptions cancelled during process	1	1	0	2	4
Total no. of exemptions categorised as Low risk (excludes cancellations)	4	1	4	5	14
Total no. of exemptions categorised as Low/Medium risk (excludes cancellations)	0	0	1	3	4
Total no. of exemptions categorised as High risk	0	0	0	0	0

Fig.3 - Exemptions requested by Service Area

Complete Fiscal Year 15/16 (excludes cancelled Exemptions)

Exemptions to Contract Standing Orders by Service Area (April 2015 - March 2016)	Requested and Approved	No. Low / Medium Risk	No. High Risk
BSP	6	5	1
CHASC - Adult Social Care	1	1	0
CHASC - Communities	2	2	0
CHASC - Public health	3	3	0
CYP - Learning, Skills & Prevention	4	4	0
TEE - Environment	2	2	0
Totals	17	17	1

Fig.4 Procurement activity conducted through the Council's e-tendering system 2015/16

Department	Process	Total Number	Total Estimated Value
Business Services Plus - Consultancy - Finance	Quote	3	£52,800.00
Business Services Plus - Consultancy - ICT Consultancy	Quote	8	£238,278.00
Business Services Plus - Operations - Corporate Business Support	Quote	1	£25,000.00
Business Services Plus - Operations - Human Resources	Quote	2	£24,000.00
Business Services Plus - Procurement Consultancy	RFI	8	£150,101.00
Business Services Plus - Procurement Consultancy	Tender	25	£147,057,630.00
Business Services Plus - Property Consultancy	Quote	157	£7,381,748.00
Business Services Plus - Property Consultancy	Tender	38	£15,975,000.00
		242	£170,904,557.00
Children & Young People	Quote	16	£486,602.00
Children's Social Care and Learning	Tender	1	£500,000.00
Client Transport	Quote	240	£4,951,772.00
Client Transport	Tender	4	£68,280,000.00
		261	£74,218,374.00
Communities, Health & Adult Social Care	Quote	7	£294,489.00
Communities, Health & Adult Social Care	Tender	2	£4,380,000.00
Communities, Health & Adult Social Care - Public Health	Quote	18	£617,203.00
Communities, Health & Adult Social Care - Public Health	Tender	2	£3,600,000.00
Public Health	Quote	1	£125,000.00
Public Health - CYP	Quote	2	£57,000.00
		32	£9,073,692.00
HQ - Customer & Communications	Quote	1	£35,000.00
HQ - Strategy & Policy	Quote	2	£37,000.00
HQ - Strategy & Policy - Business Intelligence	Quote	1	£24,000.00
HQ - Strategy & Policy - Civic & Events	Quote	1	£10,000.00
HQ - Strategy & Policy - Member Services	Quote	1	£17,000.00
		6	£123,000.00
Transport, Economy & Environment	Quote	11	£456,420.00
Transport, Economy & Environment	Tender	5	£4,700,000.00
Transport, Economy & Environment - Environment Services	Quote	4	£160,000.00
Transport, Economy & Environment - Growth & Strategy	Quote	2	£55,000.00
Transport, Economy & Environment - Regeneration & Infrastructure	Quote	19	£396,565.00
Transport, Economy & Environment - Regeneration & Infrastructure	Tender	5	£10,780,987.00
Transport, Economy & Environment - Transport Services	Quote	1	£6,000.00
Transport, Economy & Environment - Transport Services	Tender	1	£400,000.00
		48	£16,954,972.00

Regulatory and Audit Committee

Title:	Whistleblowing Policy - incidents and effectiveness
Date:	Wednesday 27 April 2016
Author:	Anne Nichols, Senior HR Officer, HQ People and Organisational Development
Contact officer:	Samantha Watts, Senior HR Officer, HR Operations, Business Services Plus. 01296 382197
Local members affected:	John Chilver, Cabinet Member for Resources Zahir Mohammed, Cabinet Member for Education & Skills

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The Whistleblowing Policy was reviewed and streamlined in line with the Future Shape principles in March 2015. This policy was approved by the Regulatory and Audit Committee in April 2015.

The Government has recently updated its list of 'Prescribed Persons' to whom a protected disclosure can be made. The Council's Whistleblowing Policies (for Schools and Services) have been updated to reflect the revised list. The revised policies dated April 2016 are attached.

The policy is brought to the attention of new joiners to the Council through Appendix 1, County Wide Confidentiality Statement, attached to Contracts of Employment. The Whistleblowing Policy is highlighted in the Employee Handbook and is available to all employees on the Council's intranet and Schoolsweb. The policy also appears on the Council's internet for access by those working with the Council who do not have access to the intranet.



INVESTOR IN PEOPLE



During the last financial year, there have been 3 Whistleblowing cases, 1 in Schools and 2 in Services:-.

Schools

1. Case relating to performance and governance issues. This is currently being investigated.

There is no outcome as yet.

Services

2. Case involving the Council's policies and practices around the placement of children with SEN in residential provision.

This was followed up by an internal audit review and an action plan is in place to implement the audit recommendations.

3. Case involving the proposal to enter into a shared legal service with the London Borough of Harrow.

Whilst the allegations were not upheld, actions were taken to strengthen communication and engagement with the employees in the Council's legal team around the proposed service transfer.

Recommendation

That the Regulatory and Audit Committee approve the revised Whistleblowing policy.

Background Papers

See the attached Appendices

WHISTLEBLOWING POLICY AND PROCEDURE

1. INTRODUCTION

- 1.1 BCC encourages all individuals to raise any concerns that they may have about the conduct of others in the Council or the way in which the Council is run.
- 1.2 Whistleblowing occurs when an employee or worker raises a concern about a dangerous or illegal activity that they are aware of through their work and that may affect others, e.g. customers, members of the public, or their employer. A concern raised, also known as a protected disclosure under the Public Interest Disclosure Act 1998, must be in the public interest to qualify for protection. Concerns that are covered by this policy include:
- Conduct which is an offence or breach of law
 - Health and Safety risks, including risks to the public as well as employees/workers
 - Damage to the environment
 - Abuse of clients
 - Safeguarding concerns relating to children, young people or vulnerable adults
 - Practice which falls below established standards of practice
 - Possible fraud, corruption or financial irregularity including unauthorised use of Council funds (*please see the BCC Anti Fraud and Corruption Framework*)
 - Unreasonable conduct resulting in unfair pressures on staff
 - Any other unethical conduct
 - Covering up information about anything listed above
- 1.3 This policy applies to all BCC employees, employed under the terms of Bucks Pay Employment Conditions and all workers including agency staff, consultants, self-employed staff, apprentices, trainees, contractors and volunteers. It also applies to organisations working in partnership with the Council.

2. PRINCIPLES

- 2.1 This policy and procedure is founded on the following principles:
- a. Employees/workers have a legal right to report their concerns if they have a reasonable belief that wrongdoing may be occurring, or may have occurred, within the Council.
 - b. The Public Interest Disclosure Act 1998 protects employees/workers from reprisal, victimisation or harassment at work if they raise a concern that they reasonably believe is in the public interest.
 - c. Any matter raised under this procedure will be investigated thoroughly, promptly and confidentially, and the outcome of the investigation reported back to the worker who raised the issue.
 - d. If a concern is raised in confidence, the employee's or worker's identity will not be disclosed without their consent, unless required by law.
 - e. All parties involved in the whistleblowing process will maintain strict confidentiality throughout by ensuring that only the people who need to know have access to details

of the case (with the exception of any legal obligations requiring action from the Council, e.g. in health and safety matters).

- f. The employee/worker has a right to be accompanied by an accredited trade union representative or work colleague at any meeting during the Whistleblowing process.
- g. Maliciously making a false allegation is a disciplinary offence, which may be dealt with under the Conduct and Discipline Policy and Procedure.
- h. Harassment or victimisation of a whistleblower (including informal pressures) will be treated as a disciplinary offence, which will be dealt with under the Conduct and Discipline Policy and Procedure.
- i. Any person who deters or attempts to deter any individual from genuinely raising concerns under this policy may also be subject to the Council's Conduct and Discipline Policy and Procedure.
- j. Issues raised by an employee about their own employment should be dealt with through the Grievance Policy and Procedure.
- k. The Role of the Council's Monitoring Officer (Director of Strategy and Policy) is to promote and maintain high standards of conduct across the Council and to ensure lawfulness and fairness of decision making.
- l. All cases raised will be reported by HR to the Council's Monitoring Officer (Director of Strategy and Policy). The Monitoring Officer will keep a central register of all concerns raised relating to Buckinghamshire County Council and Schools.
- m. As part of the ongoing review of the effectiveness of this policy, an annual report will be issued to the Buckinghamshire County Council Regulatory and Audit Committee of all concerns raised under the Whistleblowing policy.
- n. Not to discriminate against any individual in the application of this policy and procedure on the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, maternity and pregnancy, race, caste, religion or belief, sex, sexual orientation, or other grounds protected in law (e.g. part-time worker status, trade union membership or HIV positive status).

3. SAFEGUARDING

- 3.1 If an employee/worker has a concern that any person who works with children, young people or vulnerable adults, in connection with their employment or voluntary activity, has:
 - a. behaved in a way that has harmed a child, young person or vulnerable adult or may have harmed a child, young person or vulnerable adult
 - b. possibly committed a criminal offence against or related to a child, young person or vulnerable adult
 - c. behaved towards a child, young person or vulnerable adult in a way that indicates they may pose a risk of harm to children, young people or vulnerable adults

the employee/worker should raise the concern via the Whistleblowing Policy as this policy affords the employee/worker protection under the Public Interest Disclosure Act 1998. It is important that a safeguarding concern is raised as a matter of urgency as the safety of others may be dependent upon the concern being dealt with swiftly. The concern may then have to be dealt with under the procedures for Safeguarding Vulnerable Adults and Managing Allegations against Staff and Volunteers working with Children and Young People.

- 3.2 An employee/worker may raise their concern regarding a person who works with children, young people or vulnerable adults with a Local Authority Designated Officer (LADO).

4. RAISING A CONCERN UNDER THE WHISTLEBLOWING PROCEDURE

4.1 Stage 1:

- a. In the first instance, the employee/worker should raise their concern verbally or in writing with their immediate manager, or, if the concern involves the direct line manager, the line manager's manager.
- b. The manager will then either continue to deal with the concern or refer it to another appropriate senior manager. Where concerns raised involve Children, Young People or Vulnerable Adults, the appropriate process should be followed.

Stage 2:

- c. If the employee/worker is dissatisfied with the outcome at Stage 1, they may opt to take the matter to Stage 2 by writing to the manager of the person who dealt with the concern at Stage 1.
- d. Following a Hearing at Stage 2 if the employee/worker is dissatisfied with the way in which procedures were followed and/or the outcome, prior to taking their concerns outside the council, they should put their concerns in writing to the Monitoring Officer in order that concerns may be addressed.

Stage 3:

- e. If the employee/worker is dissatisfied with the outcome at Stage 2, they may opt raise the concern outside the Council to any of the following:
 - A County Councillor or the local Member of Parliament
 - Buckinghamshire County Council's External Auditor
 - The Comptroller and Auditor General
 - The Police
 - Public Concern at Work (www.pcaw.co.uk or telephone 020 7404 6609)
 - A relevant professional body or inspectorate (e.g. OFSTED OR SSI)
 - A trade union or professional association

BUCKINGHAMSHIRE COUNTY COUNCIL

WHISTLEBLOWING POLICY AND PROCEDURE

FOR SCHOOLS

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1. INTRODUCTION

- 1.1 The Council/Governing Body is committed to achieving the highest possible standards of service and ethical standards.
- 1.2 This document sets out the Whistleblowing policy for staff employed in and working for Schools and encourages employees/workers to not overlook any concerns they may have or to take these outside of the School but to raise those concerns internally through a supportive procedure.
- 1.3 The policy forms part of the Council's Anti-Fraud and Corruption strategy and provides a structure for employees/workers to raise serious concerns about any aspect of the School's work without the risk of any subsequent detriment or disadvantage.
- 1.4 This policy is in addition to the School's Complaints and Grievance Procedures. It does not form part of the School's Conduct and Discipline procedure, although disciplinary action may result from the application of this policy.

2. SCOPE

- 2.1 This policy applies to:
 - a. All Teachers on Teachers pay and conditions and Buckinghamshire County Council employees employed in schools under the terms of Bucks Pay Employment Conditions.
 - b. Workers, including agency staff, consultants, self employed individuals and trainees engaged to work in Schools.
 - c. Contractors working for the Council/Governing Body on School premises and suppliers and those providing services under a contract with the Council/ Governing Body on their own premises.
 - d. Organisations working in partnership with the Council/Governing Body.
 - e. Volunteers working with or for the Council/Governing Body (note that Volunteers are not currently covered by Public Interest Disclosures Act 1998).

This policy does not apply to:

- a. Members of the general public including parents and/or guardians of pupils. Concerns raised by the general public should be made via the School's complaints procedure.

- 2.2 Procedures are in place to enable employees/workers to lodge a grievance relating to their own employment. Any serious concerns that a member of staff has about an aspect of service provision or conduct of staff/governors or others acting on behalf of the school, can and should be reported under this Whistleblowing policy.

3. ROLES AND RESPONSIBILITIES

- 3.1 Governors/Headteachers/Teachers/Line Managers and employees/workers have a responsibility within this procedure.

Governors/Headteachers/Teachers/Line Managers will:

- a. Ensure the Whistleblowing procedures are followed correctly, seeking advice from HR where they are unsure/as appropriate.
- b. Support employees/workers who raise concerns under this procedure to ensure that they do not suffer detriment as a result of their action e.g. loss of status/income/conditions of employment/adverse treatment by those implicated.
- c. Inform the Council's Monitoring Officer (Director of Strategy and Policy) when a concern is raised to them.
- d. Protect the identity of an employee/worker who raises concerns and does not want their name revealed, by only telling those who need to know and asking them to respect the confidentiality of this information.
- e. Ensure that, even in the case of anonymity, the employee/worker is aware that any investigation may reveal the source of the information, and that they may be asked to give a statement as part of the process of gathering evidence.
- f. Where managerial or procedural action through a different policy e.g. Conduct and Discipline, is being taken against the employee who has raised concerns, the manager should contact the HR Service Desk who in turn will contact the Council's Monitoring Officer (Director of Strategy and Policy), the Service Director Learning Skills and Prevention and other appropriate colleagues, to decide whether that action should be delayed whilst an investigation under the whistleblowing procedure takes place.

3.2 Governors will:

- a. address any concerns to the Service Director Learning, Skills and Prevention or to an elected Member of the Council.

3.3 Employees/Workers will:

- a. Not whistleblow for personal gain or with malicious intent but use this procedure to raise genuine concerns when they believe that to do so is in the public's interest.
- b. Reasonably believe their allegations and the information they provide are substantially true.

3.4 In relation to employees in Community and Voluntary Controlled Schools with delegated budgets, the obligations of the employer reside with the Governing Body as agent of the County Council.

3.5 In relation to employees in Foundation and Voluntary Aided Schools with delegated budgets, the obligations of the employer reside with the Governing Body.

4. PRINCIPLES

4.1 The policy and procedure contained within this document is founded on the following principles:

- a. That employees/workers have a legal right to report their concerns if they have a reasonable belief that wrongdoing may be occurring, or may have occurred, within the School.
- b. That the Public Interest Disclosure Act 1998 protects employees/workers from reprisal, victimisation or harassment at work if they raise a concern that they reasonably believe is in the public interest.
- c. To encourage employees/workers to raise serious concerns within the School initially, rather than overlooking a problem or whistleblowing directly to an outside organisation.
- d. To encourage and enable individuals to raise concerns about any aspect of the School's work and receive feedback on any action taken without fear of reprisal.
- e. To ensure that individuals receive a timely response to their concerns.
- f. Not to discriminate against any individual in the application of this policy and procedure on the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, maternity and pregnancy, race, caste, religion or belief, sex or sexual orientation, other grounds protected by law (e.g. part-time worker status, trade union membership or HIV positive status).

5. DEFINITION OF WHISTLEBLOWING

5.1 Whistleblowing occurs when an employee or worker raises a concern about a dangerous or illegal activity that they are aware of through their work and that may affect others, e.g. pupils, members of the public including parents and guardians, or the School. A concern raised, also known as a protected disclosure under the Public Interest Disclosure Act 1998, must be in the public interest to qualify for protection.

5.2 The Whistleblower may not be directly or personally affected by the danger or illegality. Consequently, the whistleblower rarely has a personal interest in the outcome of the investigation and as such should not be expected to prove their case. Instead, he or she may raise the concern, also known as a protected disclosure, using the process outlined in this policy, so that others can address it.

5.3 Concerns that are covered by this policy include:

- Conduct which is an offence or breach of law
- Failing to comply with a legal obligation although not usually in terms of an employee's employment unless it is in the public interest
- Health and Safety risks, including risks to pupils as well as employees/workers
- Damage to the environment
- Abuse of pupils
- Safeguarding concerns relating to children or vulnerable adults
- Practice which falls below established standards of practice
- Possible fraud, corruption or financial irregularity including unauthorised use of School funds (*please see the School's Fraud Response*)
- Unreasonable conduct resulting in unfair pressures on staff
- Any other unethical conduct
- Covering up information about anything listed above

5.4 This policy incorporates provisions that are required from the Public Interest Disclosure Act 1998.

6. EXCLUSIONS

6.1 This policy does not cover the following cases:

- a. Issues raised by the general public – in these instances the individual School's Complaints Procedure should be used.
- b. Issues raised by an employee about their own employment – this is dealt with through the School's grievance procedure.
- c. Concerns regarding Safeguarding will be raised under the Whistleblowing Policy to ensure that the employee/worker raising the concern is protected by Public Interest Disclosure Act 1998. However, the concern itself may have to be dealt with under the Managing Allegations Policy.
- d. This policy is not to be used as an appeal mechanism for other procedures i.e. following an unfavourable outcome from a grievance procedure unless employees/workers feel that the process in another procedure was significantly and seriously compromised.
- e. Employees/workers must not use dismissal or redundancy selection as sole reasons for making a disclosure under this policy.

7. MISUSE OF THE POLICY

7.1 The Council/Governing Body will take seriously any concerns raised that are subsequently proven to have been made maliciously. Any employee/worker who is found to have acted maliciously may be subject to the Schools' Conduct and Discipline Policy and Procedure.

7.2 If, however, an employee/worker raises a concern from an honest and reasonable belief that it is in the public interest that is not later confirmed by investigations, no action will be taken against that individual.

8. CONFIDENTIALITY AND ANONIMITY

8.1 If a concern is raised in confidence, the employee's or worker's identity will not be disclosed without their consent, unless required by law. If the situation arises where the Council/Governing Body is unable to resolve the concern without revealing the identity, e.g. because evidence is needed in court, this will be discussed first with the employee/worker who raised the concern to agree how to proceed. However, the Council/Governing Body will not disclose the identity of the whistleblower to the person

who is the subject of the disclosure or others not involved in the investigation unless it is required by law and only with prior consent from the whistleblower.

- 8.2 It is important to note that it will be much more difficult to investigate the matter or proceed in instances where a concern is raised anonymously. Accordingly, whilst the Council/Governing Body will consider anonymous reports, it may not be possible to apply all aspects of this policy for concerns raised anonymously.
- 8.3 It is expected that all parties involved in the whistleblowing process will maintain strict confidentiality throughout by ensuring that only the people who need to know have access to details of the case (with the exception of any legal obligations requiring action from the Council/Governing Body, e.g. in health and safety matters).
- 8.4 Any person found to have breached the terms of this policy in relation to confidentiality may be subject to action under the School's Conduct and Discipline procedures.

9. SAFEGUARDING

- 9.1 If an employee/worker has a concern that any person who works with children, young people or vulnerable adults, in connection with his/her employment or voluntary activity, has:
- a. behaved in a way that has harmed a child, young person or vulnerable adult or may have harmed a child, young person or vulnerable adult
 - b. possibly committed a criminal offence against or related to a child, young person or vulnerable adult
 - c. behaved towards a child, young person or vulnerable adult in a way that indicates they may pose a risk of harm to children, young people or vulnerable adults

the employee/worker should raise the concern via the Whistleblowing Policy as this policy affords the employee/worker protection under the Public Interest Disclosure Act 1998. It is important that a safeguarding concern is raised as a matter of urgency as the safety of others may be dependent upon the concern being dealt with swiftly. The concern may then have to be dealt with under the procedures surrounding Safeguarding Vulnerable Adults and Managing Allegations against Staff and Volunteers working with Children and Young People.

9.2 In addition to guidance below in section 10, an employee/worker may raise their concern regarding a person who works with children, young people or vulnerable adults with a Local Authority Designated Officer (LADO).

10. INITIAL STAGES OF RAISING A CONCERN UNDER THE WHISTLEBLOWING POLICY

10.1 In the first instance, the employee/worker should raise their concern orally or in writing with an appropriate level of line management e.g. Teacher/Headteacher/Line Manager. If the concern raised involves the Headteacher, an approach should be made to the Chair of Governors

10.2 If the employee/worker feels unable to raise a concern to an appropriate level of line manager they may alternatively use the Council's Whistleblowing hotline on **01296 382237** or email audit@buckscc.gov.uk. Using this hotline will ensure that employees/workers are protected under this policy.

10.3 Concerns can also be raised through the employee/worker's trade union representative. The representative should then seek advice on procedures from the branch secretary.

10.4 Workers, such as agency workers or contractors, should raise a concern with their contact within the School, usually the person to whom they report.

10.5 The employee/worker must make it clear that they are raising the concern under the Whistleblowing policy.

10.6 If they wish to remain anonymous, they should make this clear to the person they contact.

10.7 Employees/workers will not be required to provide evidence of the concern but will be expected to demonstrate that there are reasonable grounds for raising the issue.

10.8 Employees/Workers should have nothing to fear by reporting concerns and individuals who do invoke the whistleblowing procedures will be seen as 'witnesses' rather than 'complainants' by the School.

10.9 Any investigations that are deemed necessary following the reporting of a concern will not be influenced by any disciplinary or redundancy procedures that may already affect employees/workers.

10.10 If an initial concern raised within the Authority includes any possible financial irregularity, the Director of Assurance should be informed by the Headteacher/Chair of Governors.

10.11 At any meeting during the whistleblowing process, the employee/worker has a right to be accompanied by an accredited union representative or work colleague.

10.12 The manager may at their discretion allow the employee to bring a companion who is not a colleague or trade union representative where this will help overcome a particular difficulty caused by disability, or where the employee has a difficulty understanding English.

11. FORMAL STAGES OF THE WHISTLEBLOWING PROCEDURE

11.1 There are three possible stages to the School's formal Whistleblowing procedure:

Stage 1:

- a. In the first instance, the employee/worker should raise their concern orally or in writing with an appropriate level of line management e.g. Teacher/Headteacher/Line Manager. If the concern raised involves the Headteacher, an approach should be made to the Chair of Governors. If the concern raised involves the Chair of Governors the employee/worker should approach HR or the Service Director, Learning Skills and Prevention.
- b. The Headteacher/Line Manager will then either continue to deal with the concern or refer it to another appropriate Senior member of staff or the Chair of Governors. Where concerns raised involve Children, Young People or Vulnerable Adults, the appropriate process should be followed. (See Section 11 in the Whistleblowing Toolkit for Managers and Employees for further information).

Stage 2:

- c. If the employee/worker is dissatisfied with the outcome at Stage 1, they may opt to take the matter to Stage 2 by writing to the Headteacher/Chair of Governors.
- d. Following a Hearing at Stage 2 if the employee/worker is dissatisfied with the way in which procedures were followed, prior to taking their concerns outside the School, they should put their concerns in writing to the Chair of Governors in order that concerns may be addressed.

Stage 3:

- e. If the employee/worker is dissatisfied with the outcome at stage 2, they may opt to take the matter to stage 3, by raising the concern externally.

- f. At Stage 3, the employee/worker is entitled to take their concern to any of the following¹:
- A County Councillor or the local Member of Parliament
 - Buckinghamshire County Council's External Auditor
 - The Comptroller and Auditor General
 - Secretary of State for Education
 - The Police
 - Public Concern at Work² (www.pcaw.co.uk or telephone 020 7404 6609)
 - A relevant professional body or inspectorate (e.g. OFSTED OR SSI)
 - A trade union or professional association
 - The Diocesan Director of Education (employees/workers in Voluntary Aided schools only)

12. HEADTEACHERS/GOVERNORS

- 12.1 Headteachers should raise their concern initially to the Chair of Governors and then an elected Member of the Council if they wish to take the concern to a Stage 2.
- 12.2 In the event that a Governor wishes to raise a concern under the Whistleblowing Policy, they should address their concerns to the Service Director Learning, Skills and Prevention or to an elected Member of the Council.

13. INVESTIGATION

- 13.1 When a concern is raised through the Whistleblowing Policy, it may be necessary to carry out an internal enquiry. In this instance, an Investigating Officer will be appointed by the Hearing Officer (the manager conducting the meeting regarding the concern) and is responsible for investigating events surrounding or leading to the concern raised.

¹ In taking their concerns outside the School, the employee/worker should, as far as possible, avoid revealing confidential information (e.g. about pupils, clients or other workers).

² Public Concern at Work is an accredited legal advice centre so an employee/worker who approaches this organisation does not breach the duty of confidence that they owe to their employer.

13.2 The Investigating Officer will meet any other parties or witnesses named in the investigation or deemed to be relevant. At this point, a written summary of interview notes and any findings should be produced for the Hearing Officer.

13.3 If further allegations or information come to light during the course of the investigation the Hearing Office must be kept informed.

14. ACTION UNDER THE WHISTLEBLOWING POLICY

14.1 The employee/worker should be kept informed as to what decision has been made and an explanation given for the decision. However, it may not be possible to tell the employee/worker the precise action that may be taken as a result as this may infringe a duty of confidence owed by the School/Council to another employee/worker.

14.2 Prior to any investigation, the Headteacher/Line Manager/Chair of Governors may decide to:

- Take action without the need for an investigation
- Take urgent action before an investigation takes place, e.g. suspension of an employee/worker, if sufficient initial evidence indicates this is warranted. See the School's Conduct and Discipline Policy for details on Suspension.
- Undertake an investigation e.g. through the disciplinary procedure, Managing Allegations against Staff and Volunteers Working with Children and Young People, Safeguarding Vulnerable Adults process or by internal audit through the Anti-Fraud and Corruption Statement of Policy if the case involves financial irregularity or corruption.
- Refer the concern straight to the police. If a concern is referred straight to the police then an internal investigation **must not** be carried out as the police will wish to speak to all parties involved.
- Arrange an alternative independent enquiry e.g. Health and Safety Executive

14.3 If a decision is made to take action under another policy e.g. Conduct and Discipline or the Managing Allegations, after an investigation, the Headteacher/Line Manager/Chair of Governors should:

- Write to the employee/worker who has raised the concern to inform them of the outcome within 5 working days of the meeting, copying in the Council's Monitoring Officer,
 - Give reasons for the decision made and explain that the employee/worker has a right to take the matter to the next level and give details of how they should do this.
- 14.4 If, following the use of the whistleblowing procedures, an individual believes they are being subjected to detrimental treatment by any person within the School, they must inform their relevant Line Manager immediately and appropriate action will be taken to protect them from any reprisals. In the case of a Governor being subjected to detrimental treatment they should immediately inform the Service Director Learning, Skills and Prevention.
- 14.5 As part of the Council/Governing Body's commitment to dealing with concerns raised via this policy, any person who victimises or harasses an individual as a result of them having raised a concern under the procedure, may be subject to the Schools' Conduct and Discipline Policy.
- 14.6 Similarly any person who deters or attempts to deter any individual from genuinely raising concerns under this policy may also be subject to the Schools' Conduct and Discipline Policy.

15. RECORDS

- 15.1 The Council's Monitoring Officer (Director of Strategy and Policy) will keep a central register of all concerns raised relating to Buckinghamshire County Council and Schools. Confidential HR records of the outcome of any concerns raised will also be maintained.
- 15.2 The Chair of Governors should also keep a record of concerns raised within the School. Records should not be kept on the file of the individual who raised the concern under any circumstances.
- 15.3 As part of the ongoing review of the effectiveness of this policy, an annual report will be issued to the Buckinghamshire County Council Regulatory and Audit Committee of all concerns raised under the Whistleblowing policy.

16. FURTHER GUIDANCE

16.1 Further guidance is contained in the relevant toolkits listed below, for all parties involved during the Whistleblowing process:

- Whistleblowing Toolkit
- Safeguarding Toolkit

16.2 The Toolkits are updated on a regular basis. Managers and Teachers should ensure that they refer to the most up to date copy on the intranet and not a previous printed version.

16.3 Formal advice and guidance is available from the HR Service Desk

Regulatory and Audit Committee

Title:	Outside Bodies Protocol
Date:	Wednesday 27 April 2016
Author:	Mike Appleyard, Deputy Leader
Contact officer:	Sara Turnbull, Head of Member Services
Local members affected:	All

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

1. The purpose of this report is to propose a protocol to set out the Council's approach to outside bodies. Currently there is no protocol or guidance. The benefits of having a protocol are:
 - Enables Council appointees to outside bodies to understand their responsibilities;
 - Enables the Council to have a mechanism for feedback from appointees for the first time;
 - Maximises transparency to the public by providing more information on the full range of activities undertaken by elected Members – via published information.
 - Helps Members who are thinking about taking up a position on an outside body to decide if they want the role.
2. This report also sets out a proposal to further rationalise the number of outside body appointments.

Recommendations

1. **To agree to no longer make Council formal appointments to those organisations whose remit relates primarily to locally specific matters, and instead to encourage Members to consider individually volunteering to the respective organisation. See Appendix 2 (those organisations starred and shaded are those that are proposed to no longer make nominations to in 2016/17).**



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2. To agree to adopt the proposed Protocol on Outside Bodies as set out in Appendix 1.

Background

3. In the audit report on BLT governance considered by the Regulatory & Audit Committee on 25 September 2015, one of the issues identified was that the Council currently had no agreed process in place for ensuring that the Council's representatives on outside bodies are appointed; understand their roles and obligations and report back to Council. This report provides a proposed way forward for addressing these issues.
4. In preparing this report for Regulatory and Audit Committee, Member Services have ensured that the website is fully up-to-date with information in detail on all outside bodies and appointees. See here:
<https://democracy.buckscc.gov.uk/mgListOutsideBodies.aspx?bcr=1>

The Role & Number of Council Appointees to Outside Bodies

5. The Council makes nominations for appointments to outside bodies in order to provide support to those organisations that the Council as a whole wishes to maintain a close relationship with, and upon the request of the respective outside body.
6. Appointees are not expected to 'represent' the County Council but are rather appointed based on an expectation that they will apply their skills and experience in the best interests of the group to which they are appointed to.
7. The Council currently has 69 outside bodies that it makes appointments to as a matter of local choice. In 2013/14 the Deputy Leader led a review of the number of outside bodies and reduced this from over 200.
8. Currently, the Council appoints to a mixture of very strategic organisations such as the LGA or the LEP to very local charities who work within a specific part of Buckinghamshire and may have historically had important links with the Council.
9. In preparing this paper, the current list of outside bodies has been reviewed and it is proposed to ensure that going forwards the Council only makes appointments to those bodies where there is a clear strategic interest in the Council as a whole in maintaining a relationship officially. This will make it easier to appoint to outside bodies and fill vacancies in the future, as well as providing greater clarity on the purpose of making appointments.

10. The Council will continue providing strong support to all the voluntary and community sector in Buckinghamshire, and in particular will encourage the continuing role of County Councillors in personal capacities sitting on the boards of local organisations. However, this can and does happen without the need for a formal Council appointment process.

11. Appendix 2 highlights the 9 outside bodies (shaded and starred) where nominations from the Council are proposed to no longer be made, as whilst very important organisations locally there is no business need for the Council to be formally making an appointment to them. Instead the Council will encourage Councillors to individually volunteer to those organisations concerned directly.

Overview of the proposed Council Protocol on Outside Bodies

12. A copy of the draft protocol is set out in Appendix 1. This includes guidance for Members/other appointees on the following:

- The role of appointees
- The appointment process
- The reporting process

13. The protocol proposed codifies existing practice and clarifies roles. The only area of change proposed is in relation to introducing a reporting/feedback mechanism for the first time so that those appointees who wish to formally report back to the Council are able to do so.

14. Member Services would invite feedback from Members annually and subsequently publish the collated responses on the Council's website for public information, as well as provide a copy to full Council annually in May of each year.

Resource Implications

15. Council appointees are able to claim back expenses from the County Council for serving on outside bodies.

Legal implications

16. This protocol will enable appointees to have a better understanding of their individual legal responsibilities in relation to sitting on an outside body.

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

17. The Deputy Leader has approved this protocol to go forward for the consideration of Regulatory and Audit Committee. Informal feedback to Member Services (and previously Democratic Services) has been that there has been a lack of clarity on

appointments and no mechanism to enable the opportunity for Members to feedback on their work.

18. This protocol provides guidance and a process so to respond to this Member feedback, as well as acting upon the recommendation of Regulatory & Audit Committee in response to issues in relation to BLT.

Next Steps

19. If approved, the next steps proposed are:

- Circulate Protocol for information to all Members alongside invitation to provide feedback from appointees.
- Council AGM – Feedback reports published for Information. (May)
- Key Annual Decision by the Deputy Leader on appointments 2016/17 (May)

Background Papers

Appointments to Outside Bodies 2015/16, Decision of the Deputy Leader – 12 November 2015
<https://democracy.buckscc.gov.uk/ieDecisionDetails.aspx?ID=5131>

Appendix 1: Protocol on Outside Bodies

Version Control

Version No.	Reviewer	Date
DRAFTV6	Sara Turnbull	18 April 2016

This Protocol covers the following information:

- 1. The Appointment Process**
- 2. Role Profile for Council representatives on outside bodies**
- 3. Types of appointments**
- 4. Personal Liability**
- 5. Member Interests**
- 6. Annual Cycle for Member Appointments & Feedback**
- 7. Checklist for new Council Appointees**

1. The Appointment Process

The Council makes appointments to outside bodies that have organisational objectives that the Council supports and where there are areas of mutual interest. The purpose of the appointments is to assist these organisations and support effective communications with the Council.

As outlined in the Council’s Constitution, appointments to outside bodies are made by the Council’s executive by the Leader. Currently, these appointments are delegated to the Deputy Leader. A key decision is required for all appointments. Normally this key decision will be annually for all outside bodies, however where changes are needed in-year then a separate key decision may be made.

In making the appointments the Deputy Leader will have regard to the following:

- Where applicable, the contribution made by the existing Council appointee over the course of the previous year.
- To only put forward the names of Council Appointee with the agreement of those proposed.
- To minimise the potential for conflicts of interest arising via consideration of existing Member interests – for example Cabinet Members who will be taking commissioning decisions will not be appointed to sit on the board of a provider organisation.
- To only put forward names of Council Appointee who have the potential to meet the requirements for the role as outlined in the role profile.



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2. Role Profile of a Council Appointee on an Outside Body

The Council makes appointments to sit on outside bodies based on merit. Appointees are not expected to 'represent' the County Council but are rather appointed based on an expectation that they will apply their skills and experience in the best interests of the group to which they are appointed to.

Whilst each outside body is unique, the following role description is applicable to all appointees of the Council on outside bodies:

- To champion the interests of the people of Buckinghamshire on the outside body.
- To attend, generally, all meetings of the outside body as required.
- To understand, underpinned by appropriate experience or knowledge, the purpose and work of the outside body.
- To annually report on the work of the outside body to all Members of Council, as well as throughout the year as required to Committees and Members.
- To understand the procedure for dealing with conflicts between their own interests, those of the Council and those of the outside body.
- To have an appropriate understanding of any regulatory framework that affects the outside body, operating within the rules of the outside body at all times.
- To have or gain the skills needed to properly fulfil his or her role in the outside body.
- To behave ethically and follow the Council's Member Code of Conduct.
- To inform Member Services if they wish to resign from their role on the outside body.

3. Types of Appointments

There are different types of organisations that the Council makes appointments to. The types of appointments are:

- a) **Companies**
- b) **Charity Trusts**
- c) **Unincorporated Associations**
- d) **Other (Steering/Partnership Groups/Committees)**

The sections below describe the key duties in relation to different types of appointments.

a) Appointments as Directors of Limited Liability Companies

Legal Status

1. Upon incorporation a company becomes a separate legal entity, which can hold property in its own right, enter into contracts and sue and be sued in its own name.

2. Companies limited by shares are those which have a share capital e.g. 1000 shares of £1 each. Each member holds shares and receives a share in the profits made by the company in the form of a dividend. Shares can be sold. Liability in the event of a winding-up is limited to any amount unpaid on the shares held.

3. Companies limited by guarantee do not have shares. Instead, each member agrees that in the event of the company being wound up they will agree to pay an agreed amount e.g. £1. This is most common in the public and voluntary sector, particularly where charitable status is sought.

Directors' Duties

4. The council should not nominate a councillor for appointment as a director of a company where there is a realistic possibility that the interests of the company may come into conflict with those of the council and, in the event of such a conflict the director should seek independent legal advice.

5. A councillor should not accept nomination to be a director of a company where there is a realistic possibility that the interests of the company may conflict with those of the council and the councillor would not feel able, in those circumstances, to act in the interest of the company rather than the council.

6. The role of a councillor who has been appointed as a director will depend upon the company's constitution. A company's constitution will vest most of its powers in the board of directors and the board will exercise these either directly or through managers appointed by the board. Directors must understand the requirements of the Company's constitution and the law in order to fulfil their responsibilities properly.

7. Directors will need to be aware of the requirements of the UK Corporate Governance Code published by the Financial Reporting Council to the extent that this has been adopted by the company, including general management of the company, rules on directors' remuneration, internal financial and operational controls and risk management.

8. Directors must:

- act in good faith in what they believe to be in the best interests of the company (not the Council);
- act with reasonable care, diligence and skill;
- exercise their powers reasonably and for the purpose for which they are given;
- keep an open mind when making decisions on company business, in particular a councillor director must exercise independent judgment and not simply follow Council policy when voting on company matters;
- avoid placing themselves in a position where their private interests or their position as a councillor conflict with their duties to the company;
- be aware of the company's financial position through attendance at board meetings and reading the accounts, agendas and minutes, it is not sufficient to assume that the other directors are doing a good job.

9. Some directors may be given special responsibilities under the company's constitution, for instance a managing director or finance director. Those with special roles will be expected to have the personal and technical skills to perform the duties associated with that role, which may be onerous.

10. The above duties apply to non-executive directors as well as executive directors.

11. There are other statutory requirements which may be relevant depending on the company's business. Directors will need to be familiar with these. For example, if the company is an investment vehicle which engages in fundraising activity, financial services legislation will apply.

b) Charity Trusts Appointments

Legal Status

1. The role and responsibilities of a trustee will depend upon the provisions of the trust's governing documents, and the general law relating to trusts and charities. A trust's governing document can be a trust deed or a scheme made by the charity commission.

2. It is quite common for companies to be set up by trusts with charitable objects. Councillors involved with charitable companies should ensure that they understand the capacity in which they have been appointed.

Duties

3. The role of a trustee is generally to fulfil the objects of the trust and apply the income and, if appropriate the capital of the trust in accordance with the provisions of its governing documents

4. Trustees are subject to various duties, including the duty to:

- act for the benefit of the charity and its beneficiaries;
- make sure income is spent only on the things authorized in the governing documents;
- invest the capital only in authorized investments, having first taken professional advice;
- produce annual accounts;
- act with reasonable care and skill in administering the trust, and
- to act unanimously (unless the trust deed allows majority decisions);
- comply with the Charities Acts and other legislation affecting the charity.

5. The Charity Commission's website – www.charitycommission.gov.uk – contains useful guidance in particular Publication CC3. -'The Essential Trustee' which outlines the basic principles that should guide trustees when administering their charity:

- the income and property of the charity must be applied for the purposes set out in the governing document and for no other purposes;
- the trustees must act reasonably and prudently in all matters relating to the charity and must always bear in mind the interests of the charity. They should not let their personal views or prejudice affect their conduct as trustees;
- trustees should exercise the same degree of care in dealing with the administration of their charity as a prudent businessman would exercise in managing his or her own affairs or those of somebody else for whom he or she was responsible, and

- where trustees are required to make a decision which affects a personal interest of one of their members that person should not be present at any discussion or vote on the matter.

c) Unincorporated Associations Appointments

Legal Status

1. Most societies, clubs and similar organizations (other than companies and trusts), are unincorporated associations. This is an informal organisation which may arise where several people join together, with the intention of creating legal relations, to carry out a mutual purpose otherwise than for profit.

2. There is no statutory definition of an unincorporated association but it has been described by the court as ‘an association of persons bound together by identifiable rules and having an identifiable membership’. Unlike a company it does not have a separate legal status distinct from its members.

3. Because unincorporated associations are not set up under a particular legislation, their structures may vary. However, the rules of an unincorporated association are usually found in its constitution, which sets out the roles and responsibilities of its members.

Duties

4. An unincorporated association will typically have an executive or management committee with its powers and composition defined by the constitution. Key decisions will usually be made by the members at general meetings. The day to day administration of an association is usually undertaken by the officers and members of the executive or management committee.

5. Broadly, executive or management committee members must act within the constitution and must take reasonable care in exercising their powers.

6. Where an unincorporated association is a registered charity the members of the executive or management committee may also be charity trustees. As such, their role and responsibilities will be determined not only by the association’s constitution but also by the general law relating to trusts and charities, as set out Appendix D.

Other (Steering/Partnership Groups/Committees) Appointments

1. The responsibilities of a councillor who is appointed as a member of any of these bodies will be determined by the terms of reference, constitution or partnership agreement under which they are established and governed.

2. It is necessary to ensure that the councillor’s role on the body is clear, and, in particular, whether they are acting as a delegate or representative of the Council to further the interests of the Council, or whether they are expected to exercise independent judgment in the best interests of the body concerned.

4. Personal Liability

The County Council has in place an Indemnity Policy which covers all County Councillors and Council staff who are appointed by the County Council onto outside bodies. This means that those appointees will not be personally liable for actions that they take in the capacity of representing the Council.

The Council's Indemnity Policy does not extend to appointees who are not County Councillors or BCC employees. Where appointments of this nature are made it is advised that the individual appointee contacts the outside body to enquire if Indemnity Insurance is in place as needed.

5. Member Interests

Where Councillors serve as members or directors of outside bodies, it is inevitable that conflicts will arise, from time to time, between the duties they owe to the outside body, and the duties they owe to the Council. Conflicting interests should be declared on every occasion. It will be a matter for the individual judgement of the Councillor as to whether he or she participates in discussion of, and votes on, the particular item of business, whether at a meeting of the outside body, the Council or a Council committee. Decisions will be required to be made against the background of the Code of Conduct and the rules applicable to the outside body and, where appropriate, any advice be sought and obtained from the Monitoring Officer.

Provided Members are sensitive to the possibility of conflicts of interest, there is no reason why they should not express a "Council" view when acting on an outside body. However, they should make clear that they do not represent the Council on the outside body, and so cannot bind the Council by what they say. In many cases Members will be able to act as valuable links between outside bodies and the Council.

6: Appointments & Feedback Annual Cycle

Timing	Process Step	Actions
March annually	Feedback request	Request feedback from Members who serve on outside bodies
May annually	Council AGM - Feedback from previous year	Publish an Information Report for Council (28 April) with feedback provided from Members
May annually	CM Key Decision on appointments (Deputy Leader), Immediately following Council	List of <i>proposed</i> appointments circulated to all Members & BUs with request to notify Member Services if a Member wishes to not take up the opportunity.
June annually	Take up new roles	Confirmation of appointments provided to all appointees; Managing Directors; contact officers in outside bodies Appointees arrange their own introductory meetings & information on their outside bodies
June-April subsequent year	Appointees undertake roles	Any proposed changes in membership reported to Member Services Email: democracy@buckscc.gov.uk Feedback by Members on outside bodies encouraged via use of personal websites; update reports to Cabinet Members and others as needed.

7: Checklist for newly appointed Members on outside bodies

Prior to commencing any duties relevant to the membership of an outside body organisation, Members need to ensure that they take the following steps:

- ✓ Arrange an introductory meeting with the relevant officers on the outside body (this is the responsibility of each member to arrange).
- ✓ Confirm what meetings attendance is needed at and include these in your diary.
- ✓ Obtain a copy of the outside bodies' Constitution/Articles etc...
- ✓ Read last year's annual report & financial accounts.

Each outside bodies is normally clerked by the relevant external organisation, and not the Council's Member Services team, therefore all appointees should liaise directly with the relevant external organisation for administrative arrangements such as checking meeting dates and times.

Appendix 2: Current County Council Appointments

Community Engagement Portfolio Area

Name of Organisation	Appointee	Type of Organisation	Type of Appointment
AV Multicultural Centre Executive Committee*	Brian Roberts	Unincorporated Association	Board member
Buckingham Partnership*	Warren Whyte	Other	Committee member
Buckinghamshire & Milton Keynes Association of Local Councils (BMKALC)	David Martin	Unincorporated Association	Board member
Buckinghamshire County Show Management Committee	Bill Chapple OBE	Other	Committee member
Bucks County Museum Trust	Bill Chapple OBE	Charity/Trust	Trustee
Buckinghamshire Scout Council	David Watson	Charity/Trust	Trustee
Chiltern Open Air Museum Advisory Council	David Martin Tim Butcher	Charity/Trust	Trustee
Evreham Sports Centre Management Committee*	Ruth Vigor-Hedderly Trevor Egleton	Unincorporated Association	Committee member
Healthy Communities Partnership	Martin Phillips	Other	Committee member
Joint Trading Standards Committee	Martin Phillips Margaret Aston	Other	Committee members
Kederminster Library Trust*	Ruth Vigor-Hedderly Bruce Allen (non-Member appointment)	Charity/Trust	Trustee
Marlow Community Forum*	Richard Scott	Other	Forum member
Milton's Cottage Trust	Tim Butcher	Charity/Trust	Trustee
National Paralympic Heritage Trust	Martin Phillips Phil Dart	Charity/Trust	Trustee
Safer and Stronger Bucks Partnership Board	Martin Phillips	Other	Board member
SE Reserve Forces & Cadets Association	Richard Pushman (non-Member/Officer appointment)	Unincorporated Association	Committee member
Stoke Mandeville Stadium Management Committee	Andy Huxley	Unincorporated Association	Committee member

*Organisations where appointments by the Council will not be made for 2016/17 onwards.

Deputy Leader Portfolio

William Harding's Charity	Bill Chapple OBE	Charity/Trust	Trustee
Thames Valley Police & Crime Panel	Patricia Birchley	Other	Committee Member
Bucks & MK Fire Authority (<i>approved by Council on 21 May 2015</i>)	Adrian Busby Bill Bendyshe-Brown Lesley Clarke OBE Netta Glover Phil Gomm Andy Huxley Steven Lambert Wendy Mallen Roger Reed David Schofield Ruth Vigor-Hedderly David Watson	Other	Committee Members

Health & Wellbeing Portfolio

Oxford Health Trust Board	Mike Appleyard	Trust	Committee Member (not on the Executive Board)
Carers Bucks	Margaret Aston	Charity/Trust	Trustee
Frimley Hospital NHS Foundation Trust	Trevor Egleton	Charity/Trust	Committee Member (not on the Executive Board)
Relate Mid Thames and Bucks	Vacancy	Charity/Trust	Trustee
SECASC (South East Councils Adult Social Care)	Mike Appleyard	Unincorporated Association	Committee member

Education and Skills Portfolio

Adventure Learning Trust	Mike Appleyard Bill Chappell	Company Company	Director Director
South East Councils for Education	Zahir Mohammed	Unincorporated Association	Committee member
University of Buckingham Governing Body	Warren Whyte Mike Appleyard	Company	Committee member (Governing Body not executive board)
Roger's Education Trust*	John Chilver	Charity/Trust	Trustee
Bucks University Technical College (UTC) Governing Body	Mike Appleyard	Charity/Trust	Committee Member
Aylesbury Vale Academy*	2 Vacancies	Charity/Trust	Trustee
BLT Board	4 Vacancies	Charity/Trust	Trustee
Connexions Bucks	Noel Brown	Charity/Trust	Trustee
Faith Beaumont Charity*	Paul Irwin	Charity/Trust	Trustee
Frogmoor Foundation (checking)*	Zahir Mohammed Julia Wassell 2 Vacancies	Charity/Trust	Trustee
SACRE	David Watson Marion Clayton (non-Member appointment) Anne Beaton (Non-member)	Unincorporated Association	Committee member
School Governance Consultative Board	Zahir Mohammed	Unincorporated Association	Committee member

Children's Services Portfolio

No outside bodies	N/A	N/A	N/A
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*Organisations where appointments by the Council will not be made for 2016/17 onwards.

Planning & Environment Portfolio

Buckinghamshire Historic Buildings Trust	Warren Whyte Bill Chapple OBE	Charity/Trust	Trustees
Buckinghamshire Historic Environment Forum	Warren Whyte Bill Chapple OBE	Unincorporated Association	Committee Members
Bucks Local Access Forum	Warren Whyte Janet Blake Netta Glover	Other	Committee Members
Aylesbury Town Centre Partnership	Bill Chapple OBE	Other	Committee Members
Chiltern Woodlands Project	Richard Pushman (non-Member appointment)	Charity/Trust	Trustee
Chilterns Conservation Board	Bill Bendyshe-Brown	Other	Committee Members
Colne Valley Park CIC	David Martin	Company	Company Director
Groundwork South Local Area Board for Thames Valley	David Martin	Unincorporated Association	Committee Members
Joint Waste Committee	Warren Whyte Netta Glover	Other	Committee Members
River Thames Alliance	Richard Scott	Other	Committee Members
Regional Flood and Coastal Committee – Anglian Region	Warren Whyte	Other	Committee Members
Regional Flood and Coastal Committee – Thames Region	Warren Whyte	Other	Committee Members
Natural Environment Partnership Board	Warren Whyte Netta Glover	Other	Committee Members

Resources Portfolio

South East Employers	Vacancy	Other	Committee Members
iESE Ltd Board (Improvement and Efficiency South East)	John Chilver	Company	Company Director
LHC	David Martin John Chilver	Other	Committee Members

Leader Portfolio

Aylesbury Vale Advantage Legacy (LEP body)	Martin Tett	Other (Legacy Company under LEP)	Company Director
Bucks Advantage	Martin Tett Neil Gibson	Company	Company Director (NG) Member Body Committee Member (MT)
Bucks Thames Valley Local Enterprise Partnership (LEP)	Martin Tett	Other	Committee Members
Bucks Business First	Martin Tett Mike Appleyard John Chilver Warren Whyte	Company	Committee Members (Reference Group not on the Company Board of Directors)
Bucks Skills Sub-Committee (LEP)	Mike Appleyard (new)	Other	Committee Member
CCN (County Council Network)	Mike Appleyard Warren Whyte Martin Tett Martin Phillips Avril Davies	Other	Committee Members
LGA General Assembly	Mike Appleyard Martin Tett John Chilver Lin Hazell Avril Davies	Other	Committee Members
LGA Economy, Environment, Housing & Transport	Martin Tett	Other	Committee Members
South East Strategic Leaders	Martin Tett	Other	Committee Members

Transportation Portfolio

East West Rail Western Section Delivery Board	Mark Shaw	Other	Committee Members
Strategic Aviation Special Interest Group	Mark Shaw	Other	Committee Members
London-Luton Airport Consultative Committee	Netta Glover Avril Davies	Other	Committee Members
PATROL Adjudication Joint Committee	Mark Shaw/ Ruth Vigor- Hedderly	Other	Committee Members

Appendix 3 – Template Annual Feedback Form for Appointees on Outside Bodies

Elected Member	
Date Completing this form	
Name of Outside Body	
Role and responsibility of the Council Appointee (For example – Trustee; Company Director etc..)	
What activity have you undertaken through this role?	
What have you achieved through this role?	
Are there any issues relating to the work of the outside body that you would like to report to full Council?*	

*Please note that the contents provided will be published and therefore should not include any confidential information.

Regulatory and Audit Committee

Title:	Bucks Learning Trust update
Date:	Wednesday 27 April 2016
Author:	Nick Wilson
Contact officer:	Nick Wilson, Interim Director of Education, 01296 387849

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

During August 2015 Internal Audit and Risk Management conducted an audit of Buckinghamshire Learning Trust (BLT); the final report was issued in September 2015.

The overall conclusion on the system of internal control of BLT was that BLT provided a limited level of assurance. The Learning Trust is an educational charity that delivers on behalf of Buckinghamshire County Council (BCC) a range of education support services to schools and early years' settings. It is governed by a Board of Trustees. BLT works with BCC to enable it to discharge its statutory duties. The Committee last received a progress report on BLT on the 03 February 2016.

To address the findings of the audit a project plan was initiated, supported by a cross Council team with officers from legal, procurement and commissioning and services managers from Children's Social Care and Learning.

Status Update

1. The project group continue to meet on a fortnightly basis to review progress against the project plan, related risk register and recommendations from the audit.
2. Of the 26 recommendations within the audit, 24 have been completed. The remaining 2, which are related, are in progress with the aim for them to be completed prior to the end of the current contract year (July 2016).



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3. As part of the revised Governance arrangements, the “BLT Commissioning Group” made up of members and senior officers from the Council met with the BLT CEO and Finance Director on 07 February 2016 to review and challenge performance. Similarly, the “Contract Management Group” met with the BLT on 03 February 2016. These arrangements will form part of the “business as usual” governance moving forward.

4. Negotiations are in place to agree the BLTs service delivery for the academic year 2016/17. It needs to be noted that service delivery for 16/17 will be impacted by the MTP budget reduction and other financial adjustments, which means service delivery will need to be prioritised.

5. It is anticipated that the project group will shortly disband, with a new project group starting in June 2016 to focus on reviewing options for when the current contracting arrangement finishes in July 2018.

Recommendation: The Committee is asked to note the report.

Regulatory and Audit Committee

Title: Business Assurance Progress Report

Date: Wednesday 27 April 2016

Author: Chief Internal Auditor

Contact officer: Maggie Gibb, 01296 387327

Local members affected: N/A

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

This report provides a summary of the work completed by the Business Assurance Team, including the outcomes of Internal Audit and counter-fraud activity, and a status update of the outstanding planned work.

Recommendation

The Committee is **recommended** to note the report.

Resource implications

None

Legal implications

No new legal implications

Other implications/issues

None

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

N/A

Background Papers

None



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Buckinghamshire County Council

Business Assurance Progress Report 2015/16

Regulatory and Audit Committee

April 2016



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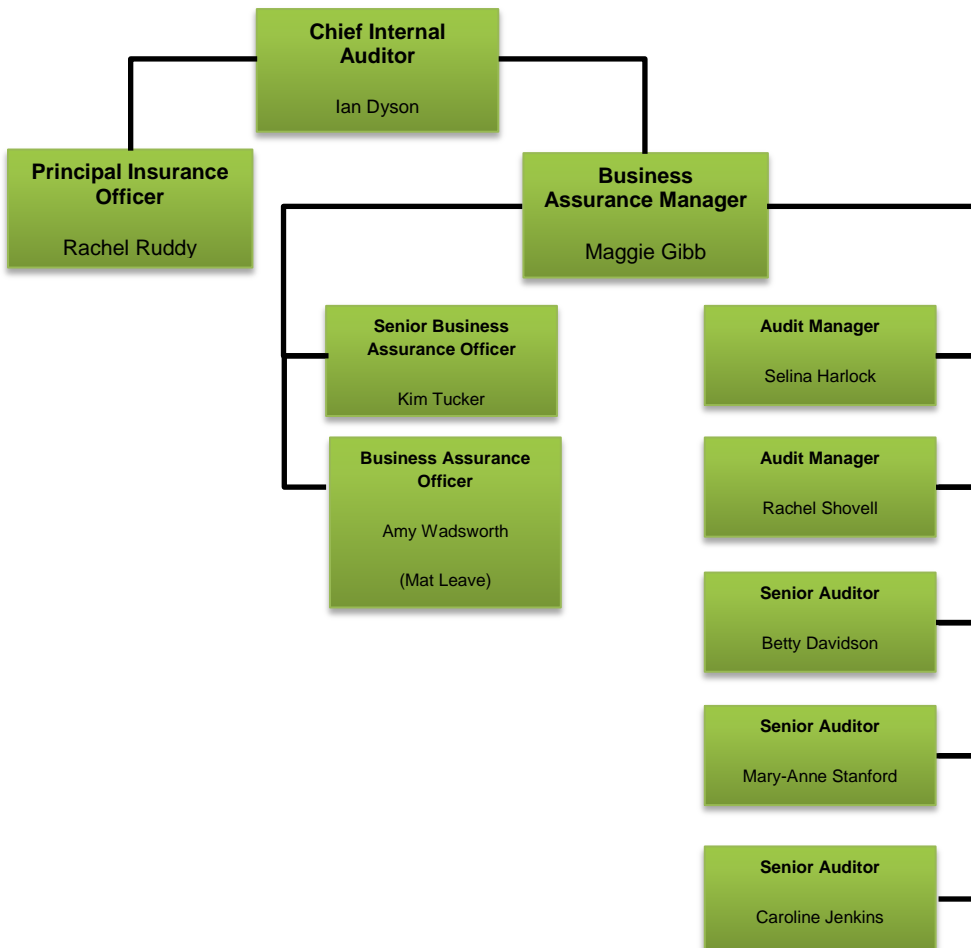
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Introduction

1. The Internal Audit Plan is attached as Appendix 1 to this report, and includes a progress status on the previously reported planned activity.

Resources

2. The Business Assurance Team resources have remained stable during Q4 of 2015/16.



However, Oxfordshire County Council has given notice to end the current audit collaboration that involves sharing the role of the Chief Internal Auditor, Ian Dyson, with effect from 1 June 2016.

The impact will be mitigated by the skills that exist within the Internal Audit Function and the Business Assurance Team. In the short term Maggie Gibb, Business Assurance Manager will act up as the Interim Chief Internal Auditor with effect from 1 April 2016. Ian Dyson will retain responsibility for 2015/16, including the Chief Internal Auditors annual report and the preparation of the 2015/16 Annual Governance Statement, which he will present to the Committee at what will be his last meeting on 25 May 2016.

Internal Audit

3. There have been four audits completed since the last report, and four that are currently at draft report stage:

Service	Audit	Opinion
HQ	<p>Contract Management Application</p> <ul style="list-style-type: none"> ➤ The audit followed up on the progress of implementing the actions raised in the 2014/15 Limited Assurance Internal Audit Report. 	Draft
BSP	<p>Payroll</p> <ul style="list-style-type: none"> ➤ The audit focused on controls in place in relation to: Policies and Procedures; System Access and Data Integrity; Starters and Leavers; Expenses; Variations; Overpayments; Pay Runs; and Reconciliations. 	Draft
BSP	<p>General Ledger</p> <ul style="list-style-type: none"> ➤ The audit focused on controls in place in relation to: Risk Management; Policies and Procedures; System Access and Data Security; Financial Information and Reporting; Coding Structure; Feeder Systems; Journals and Internal Transactions; Suspense and Holding Accounts; Bank Reconciliations and Final Accounts. 	Limited
BSP	<p>Accounts Receivable</p> <ul style="list-style-type: none"> ➤ The audit focused on controls in place in relation to: Risk Management; Policies and Procedures; System Access, Data Security and Integrity; Customer Creation; Cash Receipting; Debt Recovery; Debit and Credit Card Payments; Control Accounts; and Bank Reconciliations. 	Draft
TEE	<p>Financial Management</p> <ul style="list-style-type: none"> ➤ The audit focused on controls in place in relation to: Risk Management; Policies and Procedures; System Access and Data Security; Financial Information and Reporting; Coding Structure; Feeder Systems; Journals and Internal Transactions; Suspense and Holding Accounts; Bank Reconciliations and Final Accounts. 	Reasonable
CSC&L	<p>Commissioning – Residential Placements</p> <ul style="list-style-type: none"> ➤ The audit was commissioned following an investigation into residential placements, and focused on confirming of the adequacy and effectiveness of the system of internal controls in place. ➤ The audit covered the following key areas: Selection of Residential Providers, Contracts, Ofsted Judgements, Invoice Payments and Monitoring of Residential Providers. ➤ Seven high priority and one medium priority recommendations raised. 	Limited

CSC&L	<p>Beechview School</p> <ul style="list-style-type: none"> ➤ The audit focused on controls in place in the following key areas: ➤ Governance; Financial Management and Control (including budget setting and budget monitoring); Procurement, Contracts and Leases; Accounts Payable (including Local Bank Account and Purchasing Cards); Income and Cash Management (including School Voluntary Fund) 	Final Draft (for OCB)
ASC	<p>Payments to Providers – Follow Up Audit</p> <ul style="list-style-type: none"> ➤ The original audit covered the arrangements in place for the payments to providers of adult social services for domiciliary, residential, and nursing care. This audit was reported in Q1 15/16 with a “limited” level of assurance. ➤ The follow-up audit involved interviews with those senior management and those officers responsible for implementing the management actions, a review of supporting documentation as evidence where possible and limited testing of the effectiveness of the controls 	Reasonable
CSC&L	<p>AMEY Contract – Follow Up Audit</p> <ul style="list-style-type: none"> ➤ The follow-up audit included interviews with senior management and key officers involved in the implementation of the management actions. The scope of the audit was to understand the process that have been implemented and gain comfort over the effectiveness of the controls through limited testing and, review of supporting documentation ➤ 10/19 management actions had been fully implemented at the time of the audit, 4/19 partially implemented and 3/19 are no longer applicable. Two actions remained outstanding at the time of the audit. 	Management Letter - Reasonable

Note:

BSP – Business Services Plus

CH & ASC – Communities, Health and Adult Social Care

CSC & L – Children Social Care and Learning

TEE – Transport, Environment and Economy

The audits relating to Families First; ADEPT Accounts; Joint Waste Committee and DEFRA Grant are all verification audits, checking the accuracy and completeness of grant claims and statement of accounts. There were no significant issues arising from these audits. A summary of the completed audits is attached as appendix 2 to this report.

Counter - Fraud

4. There have been a number of irregularities reported to Internal Audit, under the Anti-Fraud and Corruption Strategy that have required investigation and management review. Internal Audit are either involved in the investigation, or overseeing the management activity:
5. Internal Audit received a referral from DWP relating to a potential security breach of their CIS by a member of BCC staff. The Internal Audit investigation has concluded and has been reported to management for action. The DWP have been updated on the outcome of the investigation.
6. Internal Audit is currently investigating a report of potential conflicts of interest and financial irregularity in a school following a referral from the Buckinghamshire Learning Trust.
7. The Monitoring Officer referred a whistleblowing allegation to Internal Audit for investigation within CSC&L regarding the commissioning process. The investigation is on-going.
8. Internal Audit are, in conjunction with Managers in CSC&L, still conducting an investigation into financial irregularity within a specific service area relating to contractor payments. The irregularities were identified by the manager of the service, through their internal check processes. They highlighted weaknesses in the control process which the Manager has taken immediate corrective action to address. The investigation is on-going and is now proceeding as a criminal investigation with Thames Valley Police.
9. Internal Audit are currently working with managers in CHA&SC to consider the fraud risk within the Direct Payments system, and the effectiveness of the controls to mitigate that risk. The work includes reviewing a small number of cases identified by management.

Business Assurance

10. The Business Assurance Manager has been working with the One Council Board (OCB) to review and refresh the Strategic Risk Register. Individual meetings will now be held with each of the Managing Directors to update the scores and action plans ahead of reporting to the next meeting of the Risk Management Group (RMG). The Strategic Risk Register was last updated in February 2016.
11. The Chief Auditor and Business Assurance Manager have completed the exercise to collate the results from the Operating Framework compliance self assessments carried out within the Business Units. The output has been used to inform the review and update of the Operating Framework, which is being presented to One Council Board on 20 April 2016.
12. Professional Leads have been identified for each of the key corporate processes detailed within the Operating Framework, and each of the leads have now completed their end of year assurance statement outlining their key controls, risks, areas for improvement and an overall opinion on the effectiveness of the process. This provides the 2nd line of assurance to inform the Annual Governance Statement. Regular reports on the Professional Leads Assurance Frameworks will be presented to the HQ Leadership Team.

Risk Management

13. The Risk Management Group met on 13 April 2016, and a separate report is being presented to the Regulatory and Audit Committee
14. The Business Assurance Team continues to work with the Business Units to embed a robust risk management process, and we have identified “Risk Champions” within each of the Business Units to strengthen the capacity to do this.
15. Key financial risks have been identified by the Finance Directors in each Business Unit and are being reported by Portfolio. The risk registers have been used to inform the Budget Scrutiny process, and will be reported to HQ Board on a quarterly basis in 2016/17.

Ian Dyson, Chief Internal Auditor, April 2016

APPENDIX 1 Regulatory & Audit Committee 27 April 2016 - Progress against 2016/17 Plan

Business Unit	Quarter Start	Audit	Progress as at 15 April 2016 (Bold = complete)
HQ	1	<p>Annual Governance Statement</p> <p>This work will involve collating and analysing the self-assessment Annual Governance Statement questionnaires returned from Managing Directors. This will form key evidence for the production of the Annual Governance Statement. The Chief Internal Auditor will also be liaising with the Professional Leads on the key control processes in compiling the AGS.</p>	Complete
HQ	2	<p>Governance & Financial Management</p> <p>This audit will focus on reviewing key control processes within the AGS across HQ, specifically:</p> <ul style="list-style-type: none"> - Performance Monitoring; - Budget Monitoring (incl. General Financial Management and Budget Setting); - Scheme of Financial Delegation (incl. any changes); and - Relationship between HQ and Bus 	In progress
HQ	3	<p>Compliance with Operating Framework</p> <p>The audit will review the compliance with the Council's Operating Framework, including reporting and escalation processes within the BUs and to HQ</p>	Complete
HQ	3	<p>Contract Management Application – Follow Up Audit</p> <p>This audit will follow up on the progress of actions raised in the 2014/15 Internal Audit Report.</p>	Complete (draft report)
HQ	4	<p>ICT Audits</p> <p>Areas to be confirmed</p>	Delayed to 16/17
BSP	3	<p>Financial Management</p> <p>The audit will review the financial management arrangements in place within the newly set up business units to ensure that systems and processes are in place which are compliant with agreed Council policies and support the delivery of the business unit's objectives.</p>	In progress
BSP	3	<p>Payroll</p> <p>The Payroll process from starter to leaver is managed by HR and the 'Reward' and 'Employee Lifecycle' Teams which are part of the BSP Business Unit. Payroll services are also provided by Bucks County Council to external organisations and some academy schools. The audit will review the processes for delivering payroll services to ensure that employees are paid correct amounts on a timely basis.</p>	Complete (draft report)

Business Unit	Quarter Start	Audit	Progress as at 15 April 2016 (Bold = complete)
BSP	3	Pensions This audit will review the Council's processes for managing the Pension Fund, as well as the processes for administering members of the scheme.	In progress
BSP	4	General Ledger (incl. interfaces) The audit will review the internal controls in place for managing and monitoring the Council's General Ledger, to ensure they are adequate and effective.	Complete
BSP	3	Accounts Receivable (incl. Cash Receipting) This review will focus on the effectiveness of the processes and controls adopted by the Council for administering income due and managing its debts. The audit will also include a review of the Council's cash receipting processes.	Complete (draft report)
BSP	4	Accounts Payable The audit will review the Council's process for raising orders and paying invoices, to ensure only authorised goods are paid for.	In progress
BSP	4	Purchasing Cards The audit will cover the arrangements in place for the operation of purchasing cards from April 2015 to date and will include school purchasing cards. The audit will consider any fraud risks posed.	Delayed to 16/17
BSP	3	Bucks Law Plus This audit will look at the governance arrangements in place and the effectiveness of key management controls within BLP.	Delayed to 16/17
TEE	3	Financial Management The audit will review the financial management arrangements in place within the newly set up business units to ensure that systems and processes are in place which are compliant with agreed Council policies and support the delivery of the business unit's objectives.	Complete
TEE	1	Joint Waste Committee Return This work is an audit of the Annual Return 2014/15 for the Buckinghamshire Joint Committee on Waste.	Complete
TEE	2	ADEPT Accounts This work is an audit of the Association of Directors of Environment, Economy, Planning & Transportation accounts, of which the Strategic Director, Communities and Built Environment, is the Honorary Secretary & Treasurer.	Complete

Business Unit	Quarter Start	Audit	Progress as at 15 April 2016 (Bold = complete)
TEE	3	TfB Contract This review will focus on the contract management arrangements in place over the TfB contract, including financial management. The audit will focus specifically on the Street Lantern Replacement Scheme.	In progress
TEE	4	Bucks Local Enterprise Partnership Whilst the Bucks LEP is independent from Buckinghamshire County Council, the S151 Officer has accountability for ensuring there are adequate and effective accounting systems in place. This audit will review the financial systems and procedures, reporting to both the S151 Officer, and the Bucks LEP Board.	In progress
CSC&L	1	Client Transport – Safeguarding This audit covered the governance arrangements currently in place in relation to client transport safeguarding both under the AMEY contract and through other providers.	Complete
CSC&L	1	Families First Grant This work involves a review of the governance arrangements and data control processes in place in order to verify and sign off the grant claim for the government's Troubled Families results-based payments claim.	Complete
CSC&L	2	AMEY Contract – Follow Up The audit will follow up on the 13/14 "limited" assurance AMEY Contract audit and review progress in actioning any improvements required.	Complete
CSC&L	2	CYP Safeguarding – Follow Up Audit A detailed follow up audit will be undertaken to confirm the status of the management actions agreed during the 2013/14 CYP Safeguarding audit (limited assurance).	Complete
CSC&L	2	BLT Governance The audit will focus on the adequacy and effectiveness of the system of internal controls and governance arrangements that are in place at BCC to enable robust management of the service agreement with the BLT; including due diligence over their operations and financial management.	Complete
CSC&L	3	Commissioning – Residential Placements The audit was commissioned following an investigation into residential placements, and focused on confirming of the adequacy and effectiveness of the system of internal controls in place. The audit covered the following key areas: Selection of Residential Providers, Contracts, Ofsted Judgements, Invoice Payments and Monitoring of Residential Providers.	Complete

Business Unit	Quarter Start	Audit	Progress as at 15 April 2016 (Bold = complete)
CSC&L	3	<p>Financial Management</p> <p>The audit will review the financial management arrangements in place within the newly set up business units to ensure that systems and processes are in place which are compliant with agreed Council policies and support the delivery of the business unit's objectives.</p>	Delayed to 16/17
CSC&L	3	<p>Schools S151 Assurance Processes</p> <p>The S151 Officers financial management assurance framework for Schools has been under development, with roles and responsibilities and management reporting being designed and established. This audit will review the effectiveness of the framework.</p>	In progress
CSC&L	4	<p>DSG</p> <p>The audit will review the process for allocating the Dedicated Schools Grant. This will include the approval and application of the grant formula and tracing through a sample of transactions to ensure compliance with the formula.</p>	Delay to 16/17
CSC&L	4	<p>Special Education Needs</p> <p>The audit will review the adequacy of and compliance with controls for mitigating risks in the following SEN areas: Policies, Procedures and Training; EHC Needs Assessment; Special School Admissions; SENDIST Appeals; Transfer of SEN Statements to EHC Plans; Annual Reviews of EHC Plans and Statements; and Budgetary Control</p>	Complete (draft report)
CSC&L	2 - 4	<p>School Audits</p> <p>Four school audits will be undertaken as part of the 2015/16 Internal Audit plan. Testing will focus on the adequacy and effectiveness of the system of internal control that is in place to manage and mitigate financial and non-financial risks. (NB Mandeville and Meadows Schools – Follow Up Audits)</p>	<p>Beechview – complete</p> <p>Hannah Ball - complete</p> <p>Mandeville - complete</p> <p>Elmhurst – complete (draft report)</p> <p>Meadows School – complete (draft report)</p>
CHASC	3	<p>Financial Management</p> <p>The audit will review the financial management arrangements in place within the newly set up business units to ensure that systems and processes are in place which are compliant with agreed Council policies and support the delivery of the business unit's objectives.</p>	Fieldwork in progress

Business Unit	Quarter Start	Audit	Progress as at 15 April 2016 (Bold = complete)
CHASC	3	ASC Payments to Providers – Follow Up Audit A detailed follow up audit will be undertaken to confirm the status of the management actions agreed during the 2014/15 AFW Payments to Providers audit (limited assurance).	Complete
CHASC	3	Client Charging The audit will review the system of control designed to ensure that policies, systems and procedures in relation to charging for adult social care services, are being properly applied and maintained, including financial assessments.	Delayed to Q1 16/17
CHASC	4	AFW Safeguarding - Follow Up Audit A further detailed follow up audit will be undertaken to confirm the status of the management actions agreed during the 2013/14 AFW Safeguarding audit (limited assurance).	Delayed to Q1 16/17
CHASC	4	Direct Payments The audit will review the system of control designed to ensure that policies, systems and procedures in relation to Direct Payments, are being properly applied and maintained, including assessments, client contributions and Direct Payment use.	In progress
CHASC	4	Better Care Fund	Benchmarking exercise complete
CHASC Public Health	3	Financial Management The audit will review the financial management arrangements in place within the newly set up business units to ensure that systems and processes are in place which are compliant with agreed Council policies and support the delivery of the business unit's objectives.	Included in CHASC Financial Management Audit

APPENDIX 2 Summary of completed audits

Note for information:

We categorise our management actions according to their level of priority:

High	Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management.
Medium	Significant issue that requires prompt action and improvement by the local manager.

GENERAL LEDGER

The General Ledger is an essential part of Buckinghamshire County Council's accounting system. Financial data recorded on the General Ledger is used to prepare the annual accounts. The audit review covered 11 integral areas and included sample testing to ensure sufficient internal controls are in place.

The audit activity focussed on the following key risk areas identified in the processes relating to the General Ledger System:

- Risk Management
- Policies and Procedures
- System Access and Data Security
- Financial Information and Reporting
- Coding Structure
- Feeder Systems
- Journals and Internal Transactions
- Suspense and Holding Accounts
- Bank Reconciliations
- Final Accounts

The overall conclusion for General Ledger is **Limited** Assurance. This is based on the adequacy of risk management techniques, the existing control framework and compliance with the existing framework. There have been eight high and 12 medium priority actions agreed with Senior BSP Managers.

The key issues identified during the audit are:

- Scheme of Delegation not approved and published (implemented since audit);

- Feeder systems (K2) – inappropriate authorisation limits, lack of exception reporting and inadequate segregation of duties;
- Feeder systems (K2) – reconciliations not reviewed and discrepancies not investigated;
- Feeder systems (K2) – interface file formats not aligned with SAP;
- Lack of supporting evidence for journals;
- Inappropriate access to critical transactions on SAP;
- Suspense and holding accounts not cleared on timely basis; and
- SystemsLink – inadequate authorisation controls and no reconciliations.

The report was presented to One Council Board in March 2016, and their response was as follows:

The One Council Board has considered the final audit report and the service response. The report raises a series of significant issues which need to be addressed as a matter of priority. We support the management actions raised and monitoring of implementation of the actions will be reported to Regulatory and Audit Committee through the Internal Audit Action Tracker.

TEE FINANCIAL MANAGEMENT

The TEE Business Unit was formed as part of Council's Future Shape programme in early 2015; as such the Business Unit has not been subject to a previous Financial Management audit. The audit reviewed the financial management arrangements in place within the newly set up TEE business unit to ensure that systems and processes are in place which are compliant with agreed Council policies and support the delivery of the business unit's objectives.

The audit activity focussed on the following key risk areas identified in the financial processes within TEE Business Unit:

- **Financial Management** – SAP structures, SAP feeder systems, local finance systems, budget setting, budget monitoring, staff costs, journals and scheme of delegation.
- **Income** – Scale of charges, cash receipting, payment cards, online payments, refunds, VAT and debt management.
- **Payments** – Purchase to pay, procurement cards, imprest accounts, vendor set up, VAT, link to contracts, Contract Management Application.
- **Grants** – income and payments, compliance with grant conditions.

The TEE Financial Management audit has an overall opinion of **Reasonable** assurance. There have been three high and six medium priority actions agreed with Senior BSP Managers.

The main areas of weakness were identified as:

- Capital scheme of delegation had not been updated;
- Suspense and holding accounts not cleared on a timely basis; and
- Lack of debt recovery action.

There were several areas where testing demonstrated that the Business Unit had good controls in place such as risk management, budget monitoring, accounts payable and grant compliance.

CSC&L COMMISSIONING – RESIDENTIAL PLACEMENTS

Following receipt of whistleblowing allegations received in relation to residential placements made by Buckinghamshire County Council (BCC) in Bedfordshire, Internal Audit performed an independent investigation of the processes followed for making out of county residential placements.

Whilst the investigation sought to address the allegations raised, our approach included a review of the adequacy and effectiveness of the system of internal controls that are in place to manage and mitigate financial and non-financial risks of the system in the following areas:

- Selection of Residential Placement Providers;
- Contracts;
- Ofsted Judgements;
- Invoice Payments; and
- Monitoring of Residential Providers.

The Commissioning – Residential Placements audit provided a **Limited** level of assurance. This is because there were several audit areas where we were unable to determine the adequacy of controls in place. Seven high priority and one medium priority management actions were raised.

The One Council Board has considered the final audit report and the service response. The report raises some very significant issues which need to be addressed as a matter of priority, and we are reassured of the action taken to date.

We support the management actions raised and monitoring of implementation of the actions will be reported to CSC&L Board and Regulatory and Audit Committee through the Internal Audit Action Tracker.

Regulatory and Audit Committee

Title:	Future External Audit Arrangements
Date:	Wednesday 27 April 2016
Author:	Richard Schmidt
Contact officer:	Richard Schmidt, Head of Strategic Finance, 01296 387554
Local members affected:	All

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The external audit arrangements for local authorities put in place following the expiry of the Audit Commission will shortly be coming to an end. Each council will therefore need to put in place new arrangements. The Local Government Association is offering councils the opportunity to enter into a joint procurement arrangement.

Recommendation

The Regulatory and Audit Committee are recommended to:

- **note the contents of the letter from the Local Government Association;**
- **note the actions taken by the Head of Strategic Finance to date;**
- **consider the issues discussed in this report and advise upon what future action the Council should take.**

Supporting information:

The Government decided to wind up the Audit Commission and put in place alternative external audit arrangements making use of the large audit companies. These transition arrangements were extended by a year in October 2015, so that the current contracts will now cover the 2017/18 accounts. Local authorities will need to appoint new auditors by December 2017.

Each local authority will need to determine how to go about making those new appointments. The options are:

- setting up an independent Auditor Panel



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- joining with other councils to set up a joint independent Auditor Panel
- opting-in to a sector led body that will negotiate contracts and make the appointment on behalf of councils, removing the need to set up an independent Auditor Panel.

The Chief Executive of the Local Government Association (LGA) recently wrote to the Director of Assurance (see Appendix) seeking expressions of interest to be involved in early consideration about establishing a sector led body to negotiate new contracts. In response the Head of Strategic Finance has expressed interest on behalf of Buckinghamshire County Council, without giving any commitment to be part of any future arrangements.

Being part of a sector led approach has the potential to both bring down the cost of the procurement itself and through the aggregation of contracts achieving a stronger position in the market place and thus drive a better deal.

Members of the Committee are asked to consider the issues here at an early stage and provide a steer on the actions to be taken going forward, including the points at which they would wish to be involved in the process.

Resource implications

There are only minimal resource implications arising directly from this report at this stage. Later in the process there will be some costs associated with the procurement, which will be dependent upon the route chosen and are uncertain at this point in time. The current value of the external audit fees is in the region of £100k p.a. (+ £25k p.a. for the audit of the pension fund accounts).

Legal implications

The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.

Following this extension the Council has a legal obligation to put in place a new appointment by 31 December 2017.

Background Papers

None

From the LGA's Chief Executive

Dear colleague,

Sector-led body for the appointment of external auditors – opt-in sought

You will recall that the LGA established an independent company, Public Sector Audit Appointments Ltd (PSAA), to take on the management of the external audit contracts for local public bodies following the closure of the Audit Commission. We also secured the extension of contracts by an additional year which maintains the reduction in fees of 55 per cent for every single council achieved in the last few years and by doing so saves a further £24 million.

The LGA has successfully lobbied for the legislation to include provision for the establishment of a sector-led body to procure future audit contracts. We intend to support the appointment of PSAA as the Sector-led body for local government. Our analysis indicates that this would be far cheaper for councils than every council procuring their external auditor separately. It would avoid the need for hundreds of separate procurement exercises and also has the advantage for councils making use of this procurement vehicle that it saves the time and costs which would otherwise be required to establish an independent Auditor Panel (as required in Schedule 2 of the Local Audit and Accountability Act 2014 (LAA Act)).

Our survey of Directors of Finance last year indicated a significant majority in favour of our proposal and we now need to move forwards towards the process of signing councils up. For this to be a success we need councils to opt-in to the sector-led body approach.

So that we can continue to progress our efforts on behalf of the sector to secure efficient, cost effective and good quality arrangements we would like your council to express an interest by 30 April 2016. This is not a binding commitment and we hope to be able to issue formal invitations later in the year.

The [LGA website](#) will feature regular updates on the development of PSAA's proposed sector-led body role. However, if you would like further information or have any feedback on how this approach would work best for councils please contact Fiona Daley on fiona.daley@local.gov.uk.

Best wishes,

Mark Lloyd
Chief Executive,
Local Government Association

[@MarkLloydLGA](#)

Regulatory and Audit Committee

Title:	2016/17 Draft Business Assurance Strategy (Internal Audit and Risk Management Plans)
Date:	Wednesday 27 April 2016
Author:	Maggie Gibb, Business Assurance Manager
Contact officer:	Maggie Gibb, 01296 387327
Local members affected:	None

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

This paper details the draft Business Assurance Strategy, including Internal Audit and Risk Management Plans, the resources available and how we will be delivering our service in 2016/17.

The Business Assurance Team delivers the Council's Risk Management, Assurance and Internal Audit services. The team operates under the Director of Assurance and is part of Headquarters.

The draft Internal Audit and Risk Management plans have been discussed with the Chief Executive, Director of Assurance, Director of Strategy and Policy and the Managing Directors of the Business Units.

The draft plans will be presented to the relevant Leadership Teams to enable the outline scope for each activity to be agreed.

Recommendation

The Regulatory and Audit Committee approve the 2016/17 Business Assurance Strategy.

Supporting information to include the following if a decision is being requested:

The Business Assurance Strategy and corresponding plans will be delivered within the agreed budget, and areas for business improvement will continued to be identified in order to improve efficiency.



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Background Papers

2016/17 Draft Business Assurance Strategy

2015/16 Internal Audit Strategy

Assurance and Risk Strategy

BUCKINGHAMSHIRE COUNTY COUNCIL
DRAFT BUSINESS ASSURANCE STRATEGY
INTERNAL AUDIT AND RISK MANAGEMENT PLAN
2016/17

Maggie Gibb
Business Assurance Manager (Interim Chief Internal Auditor)

April 2016

BUSINESS ASSURANCE STRATEGY 2016/17

1. Introduction

- 1.1 This paper details the Business Assurance Strategy, including Internal Audit and Risk Management Plans, the resources available and how we will be delivering our service in 2016/17.
- 1.2 The Business Assurance Team delivers the Council's Risk Management, Assurance and Internal Audit services. The team operates under the Director of Assurance and is part of Headquarters.
- 1.3 The outline Internal Audit and Risk Management work plan for 2016/17 is attached as appendix 2. The work plan will remain flexible and evolve during the year as the assurance framework matures and to meet the needs of unplanned demands.

2. Internal Audit Strategy

- 2.1 The Accounts and Audit Regulations 2015 (S5) state that the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance; these are defined as the Public Sector Internal Auditing Standards 2013.
- 2.2 The Public Sector Internal Auditing Standards defines "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."
- 2.3 The Chief Internal Auditor is required to provide an annual report on the System of Internal Control which is used to inform the Council's Annual Governance Statement. In providing this opinion we are required to review annually the financial management, risk management and governance processes operating within the Council. This includes reviewing internal control systems for key processes on a risk basis.
- 2.4 Under its Operating Framework, the Council is adopting a combined assurance model, with Internal Audit operating as the third line of assurance. The first line of assurance is achieved by the management controls and systems, and the second line of assurance from the professional leads monitoring the key governance systems.
- 2.5 The combined assurance model is an integral part of the Assurance and Risk Strategy. The model will continue to become embedded into the governance reporting process during 2016/17, which will include to the One Council Board and the Regulatory and Audit Committee.
- 2.6 During 2015/16, the Chief Internal Auditor and the Business Assurance Manager have been mapping the first line assurances for the key business

activities within TEE and BSP Business Units; and, have been working with the professional leads on the design of their assurance processes for the key governance systems. This is an evolving process and has taken more capacity to embed than first planned, and as such the work continues into 2016/17. The assurance mapping work within CHASC and CSC&L (including the new Joint Commissioning Unit) will take place in Q1 of 2016/17 now that the revised structures have been confirmed. Initial discussions have taken place with the Managing Directors to start this exercise.

- 2.7 The Internal Audit Plan will evolve during the year as the combined assurance model matures; as the assurance mapping exercises in CHASC and CSC&L develop, and as new risks emerge. A priority in the first quarter is to complete the audit activity which has been “carried forward” from the 2015/16 Internal Audit Plan due to a number of unplanned investigations and urgent audit activity placing constraints on the Business Assurance Team. The number of days of Internal Audit activity carried forward from 2015/16 is approximately 80 days.
- 2.8 To provide an opinion on the System of Internal Control, the Chief Internal Auditor will use the work undertaken by the Business Assurance Team:
- The Business Assurance Officers focus on the system of risk management, and the performance risks within the key services, including the development of Alternative Delivery Vehicles and major projects. It is also the responsibility of this team to co-ordinate the combined assurance reporting which includes monitoring and reviewing the completeness of the management control, (first line of assurance) and the professional lead statements, (second line of assurance).
 - The Internal Audit team reviews the key control processes across the organisation, including those supporting critical service areas. The activity focusses on governance, and internal control, including financial management and fraud risk. As the third line of assurance, it is the role of Internal Audit to consider the adequacy and effectiveness of the first two lines of assurance.
- 2.9 The Business Assurance Team will continue to support the Professional Leads and Managing Directors in developing their assurance frameworks, by providing advice and guidance.
- 2.10 The Chief Internal Auditor will be undertaking a review of the Counter-fraud arrangements in 2016/17, to consider whether the current methodology and resourcing is adequate and effective, and will be developing a programme of proactive fraud activity to raise awareness across the Council.

3 Audit Planning Methodology

- 3.1 The Internal Audit and Risk Management Plan will be produced with reference to the Strategic and Business Unit Risk Registers. The plan is also informed through discussion with the Managing Directors, Finance Directors, Director of Assurance, Director of Strategy and Policy and the Chief Executive. Quarterly meetings with the Managing Directors and the Statutory Officers Group are scheduled to ensure the plan is kept under continuous review.
- 3.2 The plan will also be reviewed quarterly in conjunction with the combined assurance reports and strategic risk register, and presented to the Regulatory and Audit Committee for consideration and comment.
- 3.3 The Audit Plans will continue to be influenced by external organisations and statutory bodies we work with and provide assurance to.
- 3.4 Counter-fraud remains a key responsibility for the Business Assurance Team to lead on, and in 2016/17 this will continue to be focussed on overseeing the investigation of NFI data matches, and responding to referrals of suspected fraud and financial irregularity, as well as the proactive activity detailed above. The audit planning will include a review of the fraud risks with the Finance Directors.
- 3.5 The audit activity in relation to contracts will focus on a sample of major contracts and the overall management control in particular the refresh of the Contract Management Application as a key assurance tool, and the key financial processes including procurement of goods and services and payments to providers.

4. Resources

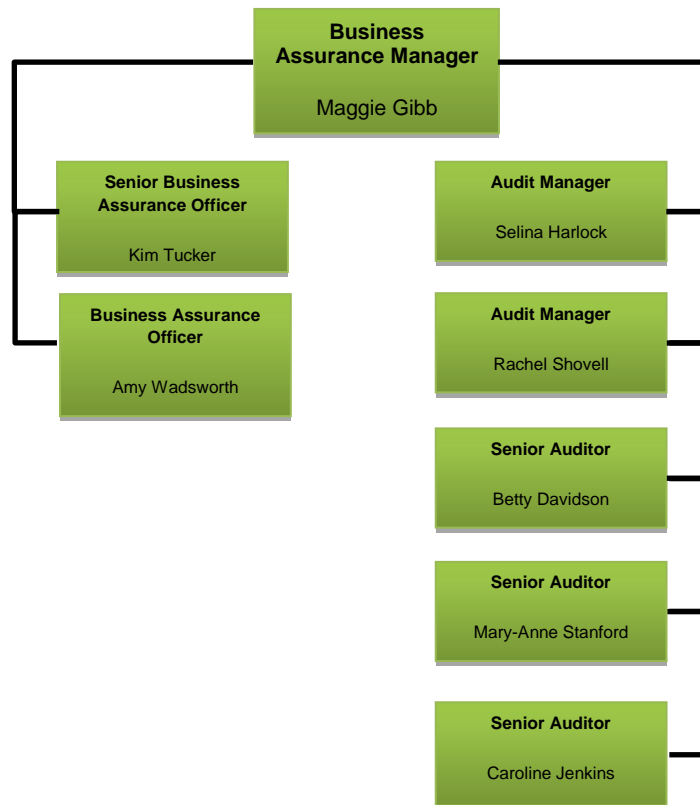
- 4.1 A change to the resourcing of the Business Assurance Team as of 1 April 2016 has occurred due to Oxfordshire County Council giving notice to end the audit collaboration that involves sharing the role of Chief Internal Auditor, with effect from 1 June 2016. In their letter, Oxfordshire emphasised that it was with regret they were ending what has been a mutually successful collaboration but the decision was necessary to support their transformation agenda.

The impact will be mitigated by the skills that exist within the Business Assurance Team, specifically within the Internal Audit function. The Business Assurance Manager will act as the Interim Chief Internal Auditor with effect from 1 April 2016.

4.2 The Business Assurance Team is currently resourced in-house, with no current vacancies. There will be an in year procurement of an outsourced provision to support delivery of the Internal Audit activity, including specialist areas such as computer audit and contract audit where the in-house team do not have the appropriate technical skills. is also a small budget available for procuring specialist Internal Audit Services should they be required. This arrangement will also be used to provide cover for one of the Audit Managers who will be on maternity leave from August of this year.

We are currently exploring the possibility of recruiting an Apprentice to the Business Assurance Team to provide a valuable learning opportunity and strengthen capacity, and will also have a CIPFA Trainee placement in post for six months to assist with the Internal Audit activity.

Current Business Assurance Structure:



- 4.3 The number of days available for the Business Assurance activity can be broken down as follows:

Resource	Available days
Business Assurance Manager (Interim Chief Auditor)	200
Internal Audit Managers	200
Senior Auditors	600
Senior Business Assurance Officer	200
Business Assurance Officer	140
CIPFA Trainee	85
Specialist/Outsourced	130
Contingency	60
Total	1615

Overall the total days spent on Business Assurance activity is 1615 days, of which 100 days is delivering an Internal Audit service to Buckinghamshire and Milton Keynes Fire Authority. Approximately 900 days relate to the third line of assurance activity from Internal Audit.

- 4.4 A small number of contingency days have been set aside for unplanned events / issues that inevitably arise.

5 Performance Monitoring / Reporting

- 5.1 The proposed Business Assurance performance indicators for 2016/17 are attached as appendix 1 to this report, and will form part of the HQ Assurance Business Plan monitoring.
- 5.2 The Regulatory and Audit Committee will receive a quarterly report, including the next quarters plan for approval, a status update on the approved work plans, and a summary of the outcomes of completed audits.

6. Recommendation

The Committee are **RECOMMENDED** to approve the Business Assurance Strategy

Maggie Gibb

Business Assurance Manager (Interim Chief Internal Auditor)

April 2016

APPENDIX 1 Proposed PERFORMANCE INDICATORS 2016/17

	Performance Measure	Target	Frequency reporting	of	Method
1	Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 Days	Quarterly report to R&A Committee.		Internal Audit Performance Monitoring System
2	Elapsed Time between issue of Draft report and issue of Final Report	15 Days	Quarterly report to R&A Committee.		Internal Audit Performance Monitoring System
3	% of planned audit activity completed by 30 April 2017	100%	Quarterly report to R&A Committee.		Internal Audit Performance Monitoring System
95 4	% of management actions implemented	90% of all management actions	Quarterly report to R&A Committee.		Action Management Tracking System

APPENDIX 2 – Planned Risk Management and Internal Audit Activity 2016/17

Area	INTERNAL AUDIT ACTIVITY
GENERAL	Business Improvement
	Business Assurance Planning
	Business Assurance 1/4ly Meetings (MDs and Directors)
	Updates to Action Tracker
	Reporting to Regulatory and Audit Committee
	Reporting to One Council Board
	Reporting to Director of Assurance
	Assurance Framework
	Compliance with Operating Framework
	Annual Governance Statement

Area	Link to Strategic Risks	
Corporate / Cross Cutting	<i>Risk ID</i>	<i>Strategic Risk</i>
	322	Major contract/commissioning and/or market failure
	647	Increased capacity issues
	326	Technology breaches/failure
	317	Governance Failure
	648	Fraud and corruption
	Follow Ups	
	National Fraud Initiative	
	Pro-Active Anti-Fraud Activity	
	Reactive Anti-Fraud Activity/Investigations	
	Follow Ups	
	ICT Audits	
	Contract Management Audits	
	Data Quality	
	Workforce Planning/Resilience	
	Property (BSP, HQ & TEE)	
	Accounts Closing Process	
	Continuous Auditing	

Area	Link to Strategic Risks	
HQ	<i>Risk ID</i>	<i>Strategic Risk</i>
	646	Failure to deliver financial plans
	333	Ability to operate as a commissioning Authority
	328	Adverse media coverage
	Decision Making/Business Cases	
	Capital Programme	
	Income Generation	
	Complaints Process	
	HQ Management Audit	
BSP	<i>Risk ID</i>	<i>Strategic Risk</i>
	646	Failure to deliver financial plans
	322	Major contract/commissioning and/or market failure
	317	Governance failure
	Key Financial Systems	
	P Cards*	
	P2P	
	Contract Management – Bilfinger Contract	
	BU Management Audit	

Area	Link to Strategic Risks	
CHASC	<i>Risk ID</i>	<i>Strategic Risk</i>
	646	Failure to deliver financial plans
	321	Unintentional consequences on the vulnerable (Adults)
	328	Adverse media coverage
	323	Changes in national and local policy
	Public Health Contracts & Commissioning/Payment to Providers	
	Client Charging*	
	Better Care Fund	
	Safeguarding	
	Care Act	
	Market Resilience	
	Joint Commissioning Unit – Assurance Mapping	
	CHASC – Assurance Mapping	
	BU Management Audit	

Area	Link to Strategic Risks	
CSC&L	<i>Risk ID</i>	<i>Strategic Risk</i>
	646	Failure to deliver financial plans
	318	Failure to improve services to children
	328	Adverse media coverage
	323	Changes in national and local policy
	Schools	
	DSG*	
	Safeguarding	
	Safeguarding – Transport Follow Up	
	Financial Management*	
	Families First - Grant Funding	
	Market Resilience	
	CSC&L – Assurance Mapping	
	BU Management Audit	
TEE	<i>Risk ID</i>	<i>Strategic Risk</i>
	646	Failure to deliver financial plans
	323	Changes in national and local policy
	328	Adverse media coverage
	324	Failure to keep Bucks special
	Client Transport	
	TfB Contract (Quality of Information/Open Book Accounting)	
	Waste	
	Planning Development Management	
	BU Management Audit	

RISK MANAGEMENT ACTIVITY	
Corporate / Cross Cutting	Reporting to Risk Management Group/One Council Board
	Development/Implementation of Risk System
	One Council Board Risk Register
	Risk Monitoring
	Prevention Agenda
	Health and Safety
	Alternative Delivery Vehicles
	Key Financial Risks
	Business Planning
BSP	BCC - Harrow Legal Service
	BCC – Harrow Procurement
CHASC	Health and Social Care Integration
	Learning Disability Placements
CSC&L	Transformation to Academies Programme
	Regional Adoption Agency
TEE	Enterprise Zones
	Strategic Alliance
	LEP

The Business Assurance Team will present and discuss the planned Internal Audit and Risk Management activity with Business Unit and HQ Leadership Teams to confirm the draft scope and priority level of the audit during April 2017.

The Audit Plan

Buckinghamshire County Council Pension Fund

Year ended 31 March 2016

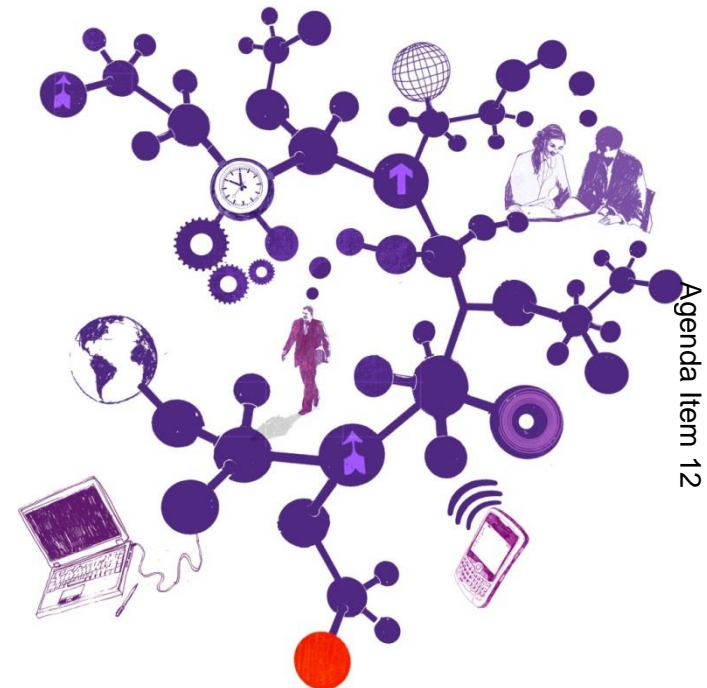
April 2016

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Agenda Item 12

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Buckinghamshire County Council Pension Fund
County Hall
Walton Street
Aylesbury
Buckinghamshire
HP20 1XF

February 2016

Dear Members of the Regulatory and Audit Committee

Audit Plan for Buckinghamshire County Council Pension Fund for the year ending 31 March 2016

This Audit Plan sets out for the benefit of those charged with governance (in the case of Buckinghamshire County Council Pension Fund, the Regulatory and Audit Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Pension Fund and your environment. The contents of the Audit Plan have been discussed with management.

We are required to perform our audit in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015.

Our responsibilities under the Code are to:

- give an opinion on the Fund's financial statements
- give an opinion on the Pension Fund Annual Report.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Yours sincerely

Emily Hill

Engagement Lead

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Chartered Accountants

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Understanding your business

In planning our audit we need to understand the challenges and opportunities the Buckinghamshire County Pension Fund (the Fund) is facing. We set out a summary of our understanding below.

Challenges/opportunities

1. Pooling of Investments

- As part of the summer budget 2015 the government has invited LGPS administering authorities to submit proposals for investing their assets through pools of at least £25 billion, with the intention of reducing investment management costs and potentially improving returns.
- The government anticipates that this will improve both capacity and capability to invest in large scale infrastructure projects.
- Initial proposals have been submitted to DCLG by mid February, with final plans agreed by 15 July 2016.

2. Changes to the investment regulations

- In November 2015 DCLG published draft proposals in relation to the investment regulations governing LGPS funds.
- The proposals seek to remove some of the existing prescribed means of securing a diversified investment strategy and instead give funds greater responsibility to determine the balance of their investments and take account of risk.

3. Governance arrangements

- Local pension boards have been in place since April 2015, and were introduced to assist with compliance and effective governance and administration of the scheme.
- There remains a continued focus on the affordability, cost and management of the scheme, and as such it remains critical that appropriate governance arrangements are in place for the Fund.

4. Funding deficit pressure

- In December 2015, a report from the Centre for Policy Studies concluded that the Local Government is unsustainable in its current form.
- The LGPS collectively had a £47bn deficit as at the 31 March 2013 triennial valuation and is expected to increase following the new revaluation for 2016.
- Your Fund had an actuarial deficit of £1.6bn as at the most recent actuarial valuation.

5. Earlier closedown of accounts

- The Accounts and Audit Regulations 2015 require fund's to bring forward the approval of draft accounts and the audit of financial statements to the 31 May and 31 July respectively by the 2017/18 financial year.
- For 2015/16 you have moved the date for approval of the final version of the accounts by the Regulatory and Audit Committee forward from September to 28 July.



Our response

- We will continue to discuss with officers their plans for asset pooling and the implications that this will have on both the investment policy and governance arrangements of the Fund.
- We are able to provide support and challenge to your plans based on our knowledge of LGPS pooling plans in other regions.

- We will discuss with officers their plans to respond to these changes and consider the impact on the Fund's investment strategy and its risk management approach to investments.

- We will continue our on-going dialogue with officers around their governance arrangements, particularly in light of their proposals for pooling investments.
- We will continue to share emerging good practice with officers.

- We will discuss with you the implication of initiatives by DCLG to manage the increasing deficit position.

- We will work with you to identify areas of your accounts production where you can learn from good practice in others.
- We aim to complete all substantive work in our audit of your financial statements by 31 July 2016.
- We will present our Audit Findings Report to the 28 July meeting of the Regulatory and Audit Committee.

Developments and other requirements relevant to your audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

Developments and other requirements

1. Financial Pressures

- Pension funds are increasingly disinvesting from investment assets to fund cash flow demands on benefit and leaver payments that are not covered by contributions and investment income.
- Pension fund investment strategies need to be able to respond to these demands as well as the changing nature of the investment markets.

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2. Financial Reporting

- There are no significant changes to the Pension Fund financial reporting framework as set out in the CIPFA Code of Practice for Local Authority Accounting (the Code) for the year ending 31 March 2016, however the Pension Fund needs to ensure on going compliance with the Code.

3. LGPS 2014

- Funds have implemented the requirements of LGPS 2014 and moved to a career average scheme.
- This will continue to increase the complexity of the benefit calculations and the arrangements needed to ensure the correct payment of contributions.
- In addition, this places greater emphasis on the employer providing detailed information to the scheme administrator, while also requiring the scheme to have enhanced information systems in place to maintain and report on this data.

4. Accounting for Fund management costs

- There continues to be a spotlight on the costs of managing the LGPS, and in particular investment management costs.
- Last year CIPFA produced guidance aimed at improving the transparency of management cost data and suggested that funds should include in the notes to the accounts a breakdown of management costs across the areas of investment management expenses, administration expenses and oversight and governance costs.
- This guidance is currently being updated.

Our response

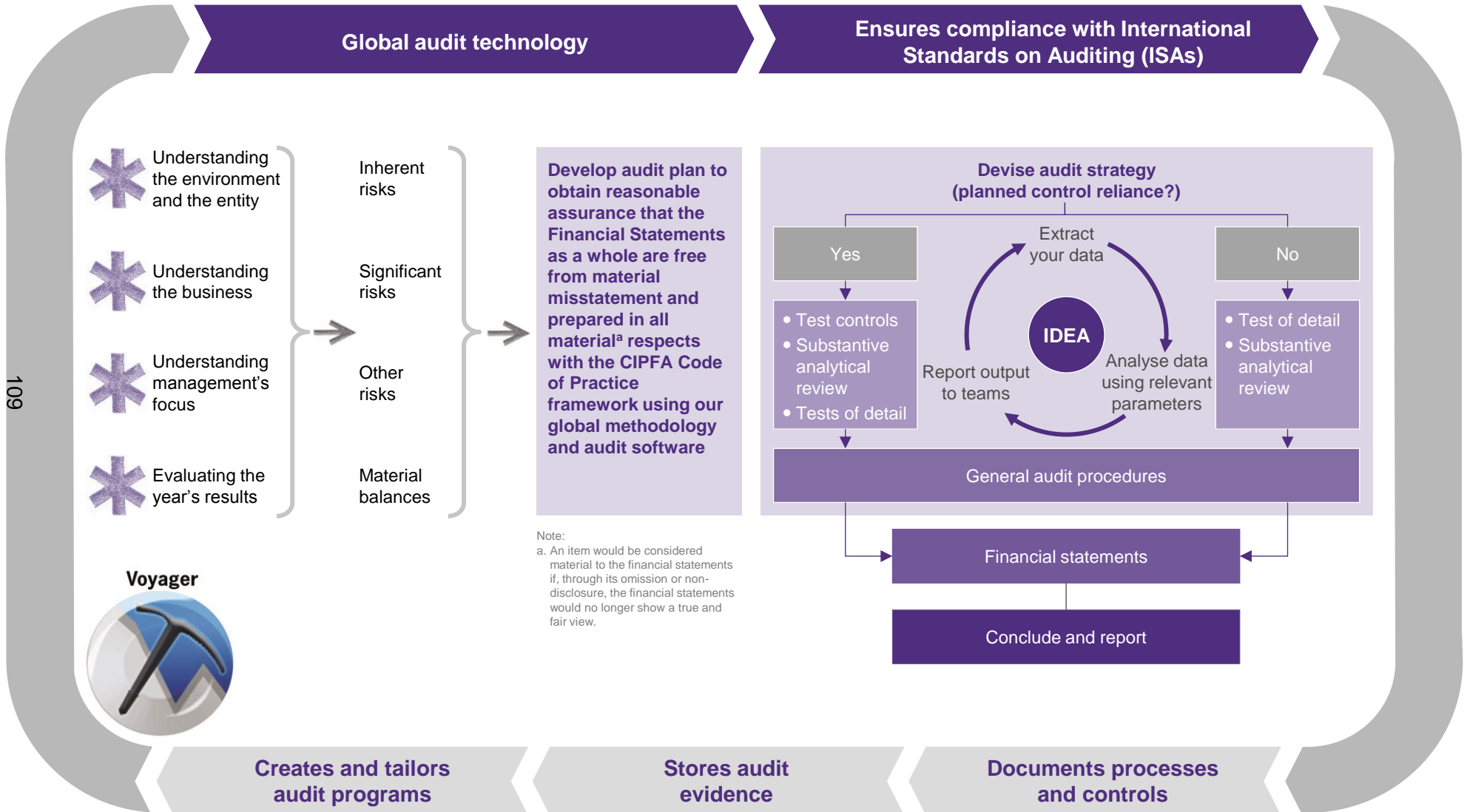
- We will monitor any changes to the Fund investment strategy through our regular meetings with management.
- We will consider the impact of changes on the nature of investments held by the Fund and adjust our testing strategy as appropriate.

- We will ensure that the Pension Fund financial statements comply with the requirements of the Code through our substantive testing.

- We will continue to review the arrangements that the Fund has in place for the quality of its' membership data.

- We will continue to discuss with officers their plans for increasing the level of transparency associated with the costs of managing the fund.

Our audit approach



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Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit.

The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As is usual in public sector entities, we have determined materiality for the statements as a whole as a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £22,058k (being 1% of net assets as per the 2014/15 net assets statement). We will consider whether this level is appropriate during the course of the audit and will advise you if we revise this.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £1,102k.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'. We have identified no such items that warrant a lower materiality level to be set.

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Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. The first two risks are presumed significant risks which are applicable to all audits under International Standards on Auditing (UK & Ireland) (ISA(UK&I)). Further details are set out below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA(UK&I)240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA(UK&I)240 and the nature of the revenue streams at Buckinghamshire County Pension Fund, we have determined that the risk of fraud arising from revenue recognition relating to contribution and investment income can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Buckinghamshire County Council Pension Fund who act as the administrators of the Fund, mean that all forms of fraud are seen as unacceptable.
Management over-ride of controls	<p>Under ISA(UK&I)240 the presumption that the risk of management over-ride of controls is present in all entities.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Risk assessment of accounting estimates, judgments and decisions made by management <p>Work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries • Review of unusual significant transactions.
Level 3 Investments – Valuation is incorrect	<p>Under ISA(UK&I)315 significant risks often relate to significant non-routine transactions and judgemental matters.</p> <p>Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Walkthrough of expected controls on investments <p>Work planned:</p> <ul style="list-style-type: none"> • For a sample of private equity investments, test valuations by obtaining and reviewing audited accounts at latest date for individual investments and agreeing these to the fund manager reports at that date. Reconciliation of those values to the values at 31st March with reference to known movements in the intervening period. • To review the nature and basis of estimated values.

Other risks identified

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA(UK&I)315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit Approach
Investment purchases and sales	Investment activity not valid (Valuation gross)	<p>Work completed to date:</p> <ul style="list-style-type: none"> Walkthrough of expected controls on investments <p>Work planned:</p> <ul style="list-style-type: none"> Test a sample of purchases and sales
Investment values Level 2 Investments	<p>Fair value measurements priced using inputs that are observable either directly or indirectly not correct (Valuation gross)</p> <p>Fair value measurements priced using inputs not based on observable market data not correct (Valuation gross)</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> Walkthrough of expected controls on investments <p>Work planned:</p> <ul style="list-style-type: none"> Test a sample of level 2 investments to independent information from custodian/manager on units and on unit prices.
Contributions	Recorded contributions not correct (Occurrence)	<p>Work completed to date:</p> <ul style="list-style-type: none"> Walkthrough of expected controls on contributions <p>Work planned:</p> <ul style="list-style-type: none"> Controls testing over occurrence, completeness and accuracy of contributions Trend analysis of scheme contributions across the year Rationalise contributions received with reference to changes in member body payrolls and numbers of contributing pensioners to ensure that any unexpected trends are satisfactorily explained.

Other risks identified (continued)

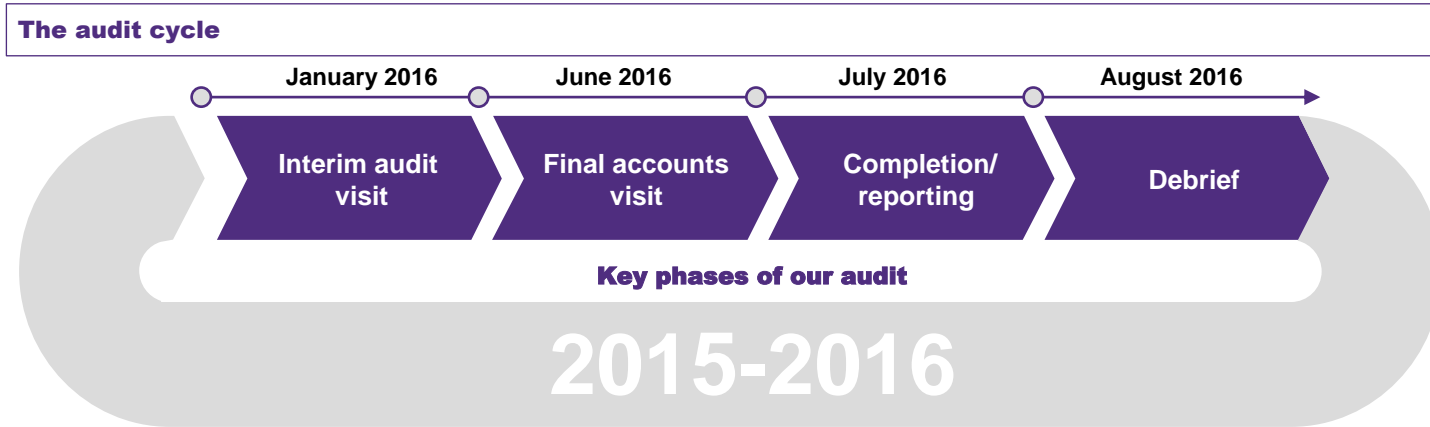
Other risks	Description	Audit Approach
113 Benefits payable	Benefits improperly computed/claims liability understated (Completeness and Accuracy)	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Walkthrough of expected controls on benefits payable <p>Work planned:</p> <ul style="list-style-type: none"> • Controls testing over accuracy and occurrence of benefit payments • Test a sample of individual pensions in payment by reference to member files • Trend analysis of benefit payments across the year to assess the completeness of benefit payments • We will rationalise pensions paid with reference to changes in pensioner numbers and increases applied in the year to ensure that any unusual trends are satisfactorily explained.
Member Data	Member data not correct (Rights and Obligations)	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Walkthrough of expected controls on member data <p>Work planned:</p> <ul style="list-style-type: none"> • Controls testing over annual/monthly reconciliations and verifications with individual members • Sample testing of changes to member data made during the year to source documentation

Results of interim audit work

	Work performed and findings	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work to date has not identified any issues which we wish to bring to your attention.</p> <p>We also reviewed the work completed to date by internal audit work on the Fund's key financial systems. This review has not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Our review of internal audit work to date has not identified any weaknesses which impact on our audit approach.</p>
Walkthrough testing	<p>We have completed walkthrough tests of controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our walkthrough of controls on investments identified one control failure on level 3 investments. We note there is an absence of control for agreeing level 3 Fund Manager valuations against the audited statements of the private equity fund. As these types of investments are not quoted, we would expect level 3 valuation provided by the Fund Manger valuations are independently validated.</p> <p>As at 31 March 2015, these types of investments represented approximately 52% of the Fund's value of investments.</p> <p>No other issues have been identified from our walk through testing that we would like to bring to your attention at this time.</p>	<p>As level 3 investments by their very nature require a significant degree of judgement in reaching an appropriate valuation at year end, we recommend officers (or the custodian) test these valuations by obtaining and reviewing audited accounts at latest date for individual investments and agreeing these to the fund manager reports at that date.</p> <p>We will undertake additional substantive testing at year on level 3 investments.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • communication and enforcement of integrity and ethical values • commitment to competence • participation by those charged with governance • management's philosophy and operating style • organisational structure • assignment of authority and responsibility • a selection of human resource policies and practices 	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Fund's financial statements</p>

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Key dates



Date	Activity
January 2016	Planning
27 th April 2016	Presentation of Audit Plan to Regulatory and Audit Committee
23 rd May 2016	Presentation of Audit Plan to Pension Fund Committee
20 th June 2016	Audit of Pension Fund statements commences
Mid-July 2016	Audit findings clearance meeting with Pensions and Investments Manager and Service Director
28 th July 2016	Report audit findings to those charged with governance (Regulatory and Audit Committee)
31 st July 2016	Issue opinion on the Pension Fund statements

Fees and independence

Fees

	£
Total fees (excluding VAT)	25,033

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, the Fund, and its activities, have not changed significantly
- The Fund will make available management and accounting staff to help us locate information and to provide explanations

Fees for other services

	£
None	Nil

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings Report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (UK & Ireland) (ISA(UK&I)) 260, as well as other ISA(UK&I)s, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings Report will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Fund.

Respective responsibilities

This Audit Plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Fund's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>).

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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Regulatory and Audit Committee

Title: Inspection RIPA - Covert Surveillance Inspection

Date: Wednesday 27 April 2016

Author: Sarah Ashmead, Director of Strategy & Policy

Summary

The Council has a number of functions which involve the enforcement of laws and regulation. On occasion, officers may need to conduct investigations and, in exceptional circumstances, the Council has the power to carry out surveillance activity under the Regulation of Investigatory Powers Act 2000 (RIPA). The County Council's RIPA procedures and activity are subject to inspection by the Office of the Chief Surveillance Commissioner. The OCSC conducted an inspection of the Council's arrangement on 20 January 2016 and the purpose of this report is to feed back on the inspection.

Recommendation

That the Committee should note the inspection findings at Appendix 1 and endorse the action plan at Appendix 2.

Background

The Regulation of Investigatory Powers Act 2000 (RIPA) and associated Codes of Practice regulate the way in which the County Council conducts surveillance for the purposes of law enforcement. The fundamental requirement of RIPA is that when the Council considers undertaking directed surveillance or using a covert human intelligence source it must only do so if: a) the activity has been authorised by an officer with appropriate powers, and b) the relevant criteria are satisfied. The Regulatory and Audit Committee reviewed the arrangements in November 2015.

RIPA Inspection

1. The Office of the Chief Surveillance Commissioner visited the Council in January 2016 to carry out an inspection. A copy of the inspection report is attached at Appendix 1.
2. The overall finding of the inspection was that "the Council has adopted a good system for the management of RIPA and authorisation is concentrated in very capable hands". The



INVESTOR IN PEOPLE



inspection also noted that the Council has substantially reduced its reliance on covert surveillance as a tool of investigation.

3. Three specific recommendations were made:

- a) Amend the central record of authorisations and ensure that it reflects all the authorisations approved by the Council
- b) Address by training the weaknesses highlighted in the examination of documents and establish a programme of regular refresher training of authorising officers and likely applicants
- c) Amend the Covert Surveillance Policy and Procedure in accordance with the inspection report feedback

An action plan to address these issues is attached at Appendix 2.

The Committee may wish to note that the Council did not undertake any directed surveillance or use a covert human intelligence source in 2015/16.



Office of Surveillance
Commissioners



Chief
Surveillance
Commissioner

Official - Sensitive

Covert Surveillance

Sarah Ashmead

24 February 2016

Dear

Mr Williams

I enclose a copy of the report dated 31 January prepared by His Honour Norman Jones QC, an Assistant Commissioner, following his inspection of the arrangements made by the County Council to ensure compliance with the legislative provisions relating to covert surveillance.

I have studied the report and endorse it. Perhaps the starting point is that the Commissioner acknowledges that the Council has indeed adopted a good system for dealing with these problems, and that the authorisation responsibilities are in "capable hands".

I note that there has been a significant diminution in the use by the County Council of its statutory powers, and that no significant increase is anticipated. I further note that there have been organisational and management changes. These provide the background to the areas of possible concern found in the report.

Following the inspection, now nearly 4 years ago, five express recommendations were made. Although some had been sufficiently addressed to enable them to be discharged, some, set out in paragraph 15.1, 15.11, and 15.V, have only been partially completed. Unsurprisingly, therefore, it is a specific recommendation of this year's report that those recommendations should now be completed, and in view of the time which has elapsed since they were first made, perhaps this could be done as a matter of fairly urgent attention. I recognise that there are other demands being made on reducing resources, but these recommendations all relate to ensuring that as and when the statutory powers are exercised, they are exercised lawfully.

I note the arrangements which have been put in place for training purposes, and as far as they go, they are welcome. Paragraph 26 addresses the issue of regular training. This should be seen as a feature bearing on the outstanding recommendations and the new ones for this year. In other words regular training would, for example, help to avoid any omissions in the central record of authorisations. Indeed as the recommendations appear to me to arise as a result of inadvertence or oversight, perhaps the training arrangements will be at the heart of significant improvements.

I look forward to hearing that the recommendations made in the report will be adopted, and as far as practicable, addressed at an early stage.

Chris Williams Esq
Chief Executive
Buckinghamshire County Council
County Hall
Walton Street
Aylesbury
Bucks HP 20 1UA

*Yours sincerely,
John Judge*

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Office of Surveillance
Commissioners

OFFICE OF SURVEILLANCE COMMISSIONERS

INSPECTION REPORT

Buckinghamshire County Council

20th January 2016

**Assistant Surveillance Commissioner:
HH Norman Jones, QC.**

OFFICIAL- SENSITIVE

DISCLAIMER

This report contains the observations and recommendations identified by an individual surveillance inspector, or team of surveillance inspectors, during an inspection of the specified public authority conducted on behalf of the Chief Surveillance Commissioner.

The inspection was limited by time and could only sample a small proportion of covert activity in order to make a subjective assessment of compliance. Failure to raise issues in this report should not automatically be construed as endorsement of the unreported practices.

The advice and guidance provided by the inspector(s) during the inspection could only reflect the inspectors' subjective opinion and does not constitute an endorsed judicial interpretation of the legislation. Fundamental changes to practices or procedures should not be implemented unless and until the recommendations in this report are endorsed by the Chief Surveillance Commissioner.

The report is sent only to the recipient of the Chief Surveillance Commissioner's letter (normally the Chief Officer of the authority inspected). Copies of the report, or extracts of it, may be distributed at the recipient's discretion but the version received under the covering letter should remain intact as the master version.

The Office of Surveillance Commissioners is not a public body listed under the Freedom of Information Act 2000, however, requests for the disclosure of the report, or any part of it, or any distribution of the report beyond the recipients own authority is permissible at the discretion of the Chief Officer of the relevant public authority without the permission of the Chief Surveillance Commissioner. Any references to the report, or extracts from it, must be placed in the correct context.

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Office of Surveillance
Commissioners

Chief Surveillance Commissioner,
Office of Surveillance Commissioners,
PO Box 29105,
London,
SW1V 1ZU.

31st January 2016.

INSPECTION REPORT BUCKINGHAMSHIRE COUNTY COUNCIL

Inspection 20th January 2016.
Inspector His Honour Norman Jones, QC.
Assistant Commissioner

Buckinghamshire County Council.

1. Buckinghamshire County Council is a non metropolitan county council serving a population of about 507,000 and administering a geographic area of 604 square miles within the ceremonial County of Buckinghamshire. Not administered by the County Council within the historic boundaries of the County is the unitary authority of Milton Keynes.
2. The Senior Management Team is headed, as at the previous inspection, by Mr. Chris Williams, the Chief Executive, who is supported by two Managing Directors and three Directors. They in turn are supported by 29 senior officers who are Service Directors, Directors or Heads of Services.
3. The *Senior Responsible Officer (SRO)* for RIPA and *RIPA Co-ordinating Officer*, is the Director of Strategy and Policy and the Council Monitoring Officer, Ms. Sarah Ashmead.
4. I conducted the previous inspection of Buckingham CC in May 2012.
5. Since the last inspection the Council has granted seven *directed surveillance authorisations* and none for *CHIS* (to be compared with 27 *directed surveillance authorisations* granted in a shorter period prior to the last inspection). Six of these were for operations conducted by the Trading Standards Department and one by Environmental Services. The exercise of the *urgency* provisions, acquisition of *confidential information* or *self authorisation* did not feature. Only two authorisations have been granted since the commencement of the *Protection of Freedoms Act 2012*, the last being in June 2013. Both received magistrate's approval.
6. The address of the Council Offices is The County Hall, Walton Street, Aylesbury, Bucks, HP20 1UA.

Inspection.

7. Ms. Ashmead and Ms. Linda Forsyth, Assistant Director of Legal Services, a solicitor and authorising officer, extended a warm welcome to Buckinghamshire County Council.

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They were later joined by Ms. Amanda Poole, Assistant Head of Trading Standards for the joint Buckinghamshire and Surrey Trading Standards Unit and Mr Phil Dart, Director for Communities who, since April 2015, has been an authorising officer. Prior to its amalgamation with Surrey Trading Standards Mr Dart had been Chief Trading Standards Officer for Buckinghamshire and Ms. Poole had been an authorising officer for that authority. It is to be noted that Ms. Ashmead and Ms. Forsyth both adopted their *RIPA* responsibilities as recently as July 2015. All officers displayed a good working knowledge of *RIPA* and its regulatory framework and their enthusiastic and ready assistance was much appreciated.

8. The Inspection was conducted by means of discussion and interview with the officers followed by an examination of the Central Record of Authorisations and a sample of the authorisations undertaken. Thereafter feedback was provided to the officers concerning issues arising from the documentary examination. Among the issues discussed were reasons for reduction in authorisation, actions taken on past recommendations, the *RIPA* management structure, unauthorised surveillance, authorising officers, *Covert Human Intelligence Sources (CHIS)*, Social Media, the provisions of the Protection of Freedoms Act 2012, training, policy and procedures and the responsibilities of elected members.

Examination of Records.

9. The **Central Record of Authorisations** is retained on a computerised spreadsheet and is compliant with the *Code of Practice for Covert Surveillance and Property Interference*, 8.1 save that it requires a column for recording self authorisation (a previous recommendation) and columns to represent appearances for approval at a magistrate's court. The Central Record was, in the main, appropriately populated and up-to-date though it contained no entries since June 2013 reflecting the lack of resort to covert surveillance since that time. However an authorisation granted to Environmental Services on 11 May 2012, 10 days after the last inspection, had not been recorded in the Central Record, nor can the original authorisation be found, it clearly having not been filed with the Central Record. The Central Record is an essential document for the oversight of the *RIPA* process and is invaluable to those officers responsible for exercising that oversight. Whilst it is unlikely that such may occur again, all authorisations now requiring magistrate's approval with the original being filed with the Central Record, nevertheless this is an unfortunate occurrence and care must be taken to ensure that it is not repeated.

See recommendation

10. Four of the most recent authorisations were examined in detail. The two most recent of these provided good detail of the intelligence upon which the operation was based and of the proposed covert surveillance activity. The statutory provisions relied upon in the most recent were quoted and it is good practice to do so together with the maximum penal provisions. In both *proportionality* was poorly considered by applicants and authorising officer. Such requires a consideration of the three elements: (a) that the proposed covert surveillance is proportionate to the mischief under investigation; (b) that it is proportionate to the degree of anticipated intrusion on the target and others; (c) it is the only option, other overt means having been tried or considered and discounted. In each case only the issue of seriousness was articulated. *Collateral intrusion* was unrealistically said to be "unlikely" in an operation involving observations being kept on those using a petrol filling station.
11. In each of these cases the authorising officer paid meticulous attention to the "5W's" dealing with each in turn. This provided a comprehensive description of all that had been authorised. However in neither were first review dates set and the expiry date was not set in one and inaccurately set in the other, reflecting the date of the authorisation rather than that of magistrate's approval. The most recent was reviewed on three appropriate occasions. By the time of the first review no activity had been undertaken and by the time of the second three surveillance operations had produced no evidence. It was noted that appropriate consideration was given by the reviewing officer at that stage and reasons were given for continuing the operation but when three

further surveillance operations produced no evidence by the time of the third review, being the date when the authorisation ceased to have effect, the surveillance was ordered to cease. However the authorisation was not cancelled resulting in its remaining in existence. Attention should be paid to cancelling the authorisation whenever it is considered it is no longer required. The other authorisation was cancelled appropriately

12. The third authorisation examined related to the underage sale of alcohol and the fourth to the unlawful sale of cigarettes. That relating to the sale of alcohol was based on "police intelligence" which was not otherwise outlined. Four premises were concerned and if operations are to be mounted against identified premises the intelligence relied upon pertinent to each should be stated. In each similar problems arose in relation to the articulation of "Proportionality" as those seen in the most recent authorisations. Both applicant and authorising officers must pay greater attention to the essential elements of the legislation. Again the "5W's" were well considered and both were appropriately cancelled.

See recommendation.

Reduction in Authorisation

13. Since the last inspection there has been a 75% reduction in authorisation by Buckinghamshire CC. Reasons for that were explored with the officers and the following were considered most likely:
- Authorisations relating to fly tipping (which represented 15 of the 27 authorisations between 2010 and 2012) are no longer required, the Environmental Services Department now relying entirely upon the examination of materials deposited and the use of overt, signed cameras.
 - The commencement of the *Protection of Freedoms Act 2012* and the *RIP(Directed Surveillance and CHIS)(Amendment)Order 2012, SI 2012/1500* has had a direct effect on the volume of authorisation undertaken.
 - Anti-social behaviour is now addressed in part by the usage of overt, signed cameras placed in visitors' doorways.
 - The appointment of two Financial Investigations Officers and the secondment of a police officer to the Trading Standards Unit have led to new overt avenues of approach to investigations. The police now lead on some trading standards operations and provide the necessary authorisation.
 - There has been a lack of adequate intelligence relating to underage sales of alcohol but it is hoped that an intelligence team within the Unit may cause an improvement in this field.
14. It was interesting to note that the officers considered resourcing as not being an issue in any reduction in authorisation.

Past Recommendations.

15. Five recommendations were made in the previous inspection report.

I. *Future training to address the weaknesses disclosed in this report.*

It was believed by the officers that the training received since the last inspection did cover these issues and, in the case of the Trading Standards Department, a note had been circulated to all officers outlining the problems. Nevertheless it was disappointing to note that a number of the issues raised at the last inspection have again appeared in the examination of documents at this inspection. This recommendation has been discharged but more needs to be done.

II. *Discharge fully the recommendations in the last inspection report.*

In her report of May 2010 Mrs Ringshaw-Dowie raised a number of issues which had not been addressed by the time of the last inspection. Whilst most of those have now been addressed her observation that “--- proportionality--- should be commented on consistently and meaningfully by both applicants and authorising officers” remains to be addressed. This recommendation has been partly discharged.

III. *Establish a robust management and oversight system for RIPA.*

The examination of documents tends to indicate that such a system was not in existence as recently as mid-2013. However there were very substantial changes in the management of RIPA in mid-2015 with Ms. Ashmead undertaking the responsibilities of *SRO/RIPA Co-ordinating Officer* and the appointment of Ms. Forsyth and Mr Dart as authorising officers. In the absence of authorisation it has not been possible to assess the overall effect of these changes but it was clear that the officers had paid very close attention to the previous reports and were alert to the repeated comments relating to management and oversight. Insofar as it was possible to make an assessment it should be considered that this recommendation has been discharged.

IV. *Ensure sufficient authorising officers are designated to satisfy the Council's requirements and that they are fully trained.*

The Council is reliant on only two active authorising officers with the SRO also able to authorise in exceptional circumstances. At present it is considered that this is adequate although the officers indicated that they would review the situation. All have received recent training. This recommendation has been discharged.

V. *Amend the Covert Surveillance Policy and Procedure.*

Three recommendations were made of which one and a half have been completed. Outstanding is the recommendation that the responsibilities of a *RIPA Co-ordinating Officer* should appear in the document and that the management requirements for *CHIS* should appear in the attached flow chart. This recommendation has been partly discharged.

See recommendation

RIPA Management

16. Ms. Ashmead as *SRO* and *RIPA Co-ordinating Officer* holds ultimate and day-to-day responsibility for the *RIPA* process within the Council. Both she and Ms. Forsyth were clearly concerned about the criticisms previously made concerning the limited degree of oversight of the *RIPA* process exercised. Indeed they remarked that those concerns had been to the forefront of their minds in recent months. Ms. Ashmead had no experience of *RIPA* prior to her appointment in July 2015. Since that time she has received training undertaken, together with Ms. Forsyth and Mr Dart, at Harrow and Barnet LBCs where it was conducted by two of those authorities prosecuting solicitors.
17. It is Ms. Ashmead's intention to exercise robust oversight both on the overall *RIPA* process and on individual applications/authorisations, reviews, renewals and cancellations. She requires that any officer seeking application must first approach her for a URN. At that stage she will commence the population of the Central Record and thereafter anticipate the submission of the application to an authorising officer. She intends to work closely to the authorising officers and would anticipate her advice being sought at the time of authorisation. She is aware of the necessity to ensure that any decision is that of the authorising officer alone. She will ensure that the current Home Office forms are in use, that appropriate review dates have been set and will chase up officers to ensure that reviews are undertaken. Following the obtaining of approval by a magistrate she would ensure that the original authorisation/renewal was returned to her with the approval, these to be contained with the Central Record. The Trading

Standards Unit will seek authorisation from Buckinghamshire authorising officers for any operation undertaken by the Unit within Buckinghamshire. Ms. Ashmead recognises that that will require her to keep oversight on the progress of the authorisation within the Unit.

18. She will be responsible for organising the training both of authorising officers and likely applicants. In addition she recognises the importance of ensuring a good level of *RIPA* awareness within the Council an effective system for which had been established at the time of the last inspection.

Authorising Officers

19. As reported above there are now two active authorising officers within the Council, Ms. Forsyth and Mr Dart. Both are of appropriate rank and both have been appropriately trained though neither has engaged in authorisation. The CEO, and in his absence whoever deputises for him, is responsible for the authorisation of juvenile or vulnerable *CHIS* or the acquisition of *confidential information*. There is no evidence that these officers have received training to authorise and although it is appreciated to be unlikely that they will be required to authorise nevertheless they should be trained to do so and this issue should be addressed. Ms. Ashmead should be an authorising officer (see *Code of Practice for Covert Surveillance and Property Interference, note 28*) but should only authorise in exceptional circumstances since to do so conflicts with her oversight role. Although as such she can provide some resilience it would be preferable if the number of authorising officers were marginally increased to provide resilience.
20. Currently an authorising officer is required not to authorise for his/her own Department. Whilst the reasons for such a requirement are understood nevertheless an authorising officer should be competent to authorise for all departments. Additionally the present requirement could cause resilience problems.

Trading Standards

21. Trading Standards is the only current user of *RIPA*. That Department is embraced within a joint Unit with Surrey CC the latter authority having overall responsibility and employing the trading standards officers though a contribution is made by Buckinghamshire CC. A process has been developed, as briefly related above (see paragraph 17), for the submission of applications to a Buckinghamshire authorising officer when the operation is to be conducted within that County. The application would be sent in hardcopy to the authorising officer, likely to be Ms. Forsyth, who, if she grants the authorisation, will return the original to the Trading Standards Unit. Arrangements will be made by Legal Services for an appointment at the magistrates' court to seek approval. In each of the two cases previously presented the applicant attended in one case with a solicitor and in the other with the Trading Standards Team Leader. On obtaining approval the original document is returned to the *SRO* and the Unit operates from a copy.
22. The practice of sending the applicant alone to seek approval from a magistrate, which concerns the whole of the Council as well as trading standards, was discussed with the officers and the advisability of the authorising officer attending was considered and appreciated.

CHIS and Social Media

23. The Council continues to consider itself unlikely to employ *CHIS*. Nevertheless there is an ever present possibility that it may be required to do so. In such an event the Council must have the facility to manage the *CHIS*. The requirement to train officers to act as controller or handler was raised in the last inspection report. Such officers have as yet to be trained and the Trading Standards Unit likewise has no officers trained to undertake this function. Such training does not need to be to the standard required by the police but does require officers to understand the responsibilities of undertaking those roles and the basic requirements of doing so.

24. The use of social media for the obtaining of intelligence and evidence was discussed. With the departure of trading standards into the joint unit the likelihood of such activity occurring within the Council has been substantially reduced. Nevertheless it is important to be aware of the authorisation requirements in the event that social media sites are explored with such intention. The basic guidance was considered and may be briefly outlined as:

Reviewing open source sites does not require authorisation unless the review is carried out with some regularity, usually when creating a profile, in which case *directed surveillance* authorisation will be required. If it becomes necessary to breach the privacy controls and become, for example, a "friend" on the Facebook site, with the investigating officer utilising a false account concealing his/her identity as a Council officer for the purposes of gleaning intelligence, this is a covert operation intended to obtain private information and should be authorised, at the minimum, as *directed surveillance*. If the investigator engages in any form of relationship with the account operator then s/he becomes a *CHIS* requiring authorisation as such and management by a Controller and Handler with a record being kept and a risk assessment created.

See recommendation

25. It was considered that currently any exploration of social media sites, in particular Facebook, would be confined to open source material. The Trading Standards Unit does use covert identities and credit card when ordering counterfeit goods but does not do so in circumstances which could be regarded as surveillance.

Training

26. Buckinghamshire CC has established a *RIPA* training programme which provides training for all authorising officers and a substantial number of identified likely applicants. The only criticism which may be levelled is that there is some inconsistency in the periods between training. A training schedule was made available before the inspection which discloses:

- 12 July 2012 - a half day training course entirely related to Part II of *RIPA* attended by all authorising officers and a number of applicant officers and delivered by a Queen's Counsel and a barrister.
- 4 December 2012 - two authorising officers attended a course provided by a professional external trainer directed to the effects of the *Protection of Freedoms Act 2012* legislation.
- 28 February 2013 - all authorising officers and applicant officers from the Trading Standards and Waste Departments attended a *RIPA* Refresher and Introduction to the Use of the NAFN System course which was provided by NAFN.
- 22 December 2015 - the authorising officers and *SRO* attended a half day refresher seminar conducted by two prosecuting officers from the joint Harrow and Barnet LBC Legal Service (HB Law) (Buckinghamshire CC Legal Services and HB Law have a close relationship sharing their Head of Service).
- 27 April 2015 - Mr Dart and likely applicants from trading standards attended a *RIPA* refresher course conducted by an experienced barrister in this field of work.

27. Attention was drawn to the advisability of ensuring that officers receive refresher training at regular intervals to ensure that they do not become stale. Intervals of about 18 months are advisable and these need to embrace the CEO and whoever deputises in his absence. It is appreciated that the present CEO is likely to retire in March 2016 and this requirement should be taken up with his successor. As an alternative to face-to-face training the adoption of an e-learning *RIPA* module could be considered as part of the already existing e-learning system within the Council.

See recommendation

Policy and Procedures.

28. Buckinghamshire CC's policy and procedural guide to *RIPA* is to be found in its *Covert Surveillance Policy and Procedure, RIPA Part 2* document. Described at the time of the last inspection as a "concise and informative document which provides an excellent guide for any applicant or authorising officer", it remains so. It was last revised in December 2015. Web links are provided to Home Office sites for the downloading of current forms and the *Codes of Practice*. It would be useful to add to those a link to the OSC website. The document currently, but inadvertently, refers to the most recent codes as 2010 which should be amended to 2014. A few further amendments were discussed with the officers, in particular:
- indicating where relevant that the duration of an authorisation commences with the approval of a magistrate;
 - that the controller and handler managing a source must be two separate individuals and not "an individual officer" as presently described;
 - include *reviews* within the information database maintained by the *SRO*;
 - add a section relating to social media investigations.

See recommendation

Councillor Responsibilities

29. An annual *RIPA* report is delivered to the Regulatory and Audit Committee of the Council and since November 2015 Ms. Ashmead has commenced the delivery of a quarterly report to the same committee. This is in accordance with the *Code of Practice for Covert Surveillance and Property Interference*, 3.35. Quarterly reports should indicate both activity and inactivity.

CCTV

30. CCTV cameras are operated on Council buildings for security purposes and other cameras are used for traffic control. All are appropriately signed and overt.

Conclusions

31. Buckinghamshire County Council has undergone considerable organisational changes in the recent past and they include, in 2015, changes to the management and authorising personnel engaged with *RIPA*. It was most encouraging to note that those officers who had undertaken new roles were conscientiously concerned to ensure that the Council remains compliant with the legislation. Changes directed to a more robust approach to oversight were clear and if maintained should ensure a further improvement in the standard of application and authorisation.
32. The Council has substantially reduced its reliance on covert surveillance as a tool of investigation. Reasons for that had been given above and it is likely that the reduced levels of authorisation will continue. The only area actively concerned is trading standards and, although now embraced by the joint Trading Standards Unit within the responsibility of Surrey CC, authorisations affecting Buckinghamshire will still be granted by the Council's authorising officers. This will continue to require the oversight of the Buckinghamshire *SRO/RIPA Co-ordinating Officer*.
33. Ms. Ashmead is confident that she can retain both overall and day-to-day responsibility for *RIPA* whilst authorisation remains at its present level. Further consideration may have to be given to the separation of these roles in the event that the level of authorisation increases.
34. Whilst it was encouraging to note that most of the recommendations of the previous report had been discharged it was somewhat disappointing that some of the proposed amendments to the *Covert Surveillance Policy and Procedure* document remain outstanding and to further note that some of the weaknesses in application/authorisation identified in the last report remain to be addressed. It is to be hoped that these will be among the first issues addressed following this report. Overall

the Council has adopted a good system for the management of *RIPA* and authorisation is concentrated very capable hands.

Recommendations

35.

- I. Amend the central record of authorisations and ensure that it reflects all authorisations granted by the Council. (paragraph 9).
- II. Address by training the weaknesses highlighted in the examination of documents and establish a programme of regular refresher training of authorising officers and likely applicants. (paragraphs 10-12, 27).
- III. Fully discharge the recommendations of the last inspection report and amend the *Covert Surveillance Policy and Procedure* in accordance with this report. (paragraphs 15,24 and 28).

**His Honour Norman Jones, QC,
Assistant Surveillance Commissioner.**

RIPA INSPECTION 2016 – ACTION PLAN

Inspection Recommendation	Action	Deadline	Accountable Officer
Amend the central record of authorisations and ensure that it reflects all the authorisations approved by the Council	Add column for self-authorisations	31 March 2016	Sarah Ashmead
	Add column to record appearances for approval at Magistrates Court	31 March 2016	Sarah Ashmead
	Provide guidance on intranet about process for obtaining a unique number and filing papers in Central Record	30 April 2016	Sarah Ashmead
Address by training the weaknesses highlighted in the examination of documents and establish a programme of <u>regular</u> refresher training of authorising officers and likely applicants	Provide guidance to authorising officers and regular applicants about the completion of forms – particularly around ‘proportionality’	30 April 2016	Linda Forsythe
	Review and restate quality assurance arrangements around forms	30 April 2016	Sarah Ashmead
	Develop programme of regular refresher training and log take-up on central training schedule	31 May 2016	Linda Forsythe
	Develop Council wide RIPA awareness raising communications	30 June 2016	Sarah Ashmead
Amend the Covert Surveillance Policy and Procedure in accordance with the inspection report feedback	Revise Policy to include reference to the responsibilities of the RIPA Coordinating Officer and include the CHIS responsibilities in the form	31 March 2016	Sarah Ashmead

Regulatory and Audit Committee

Title: Risk Management Group Update

Date: Wednesday 27 April 2016

Author: Maggie Gibb, Business Assurance Manager

Contact officer: Maggie Gibb 01296 387327

Local members affected:

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The Risk Management Group met on 13 April 2016, and was attended by:

- Cllr Richard Scott (Chair)
- Cllr Peter Hardy
- Cllr David Martin
- Ian Dyson, Chief Internal Auditor
- Maggie Gibb, Business Assurance Manager
- Richard Schmidt, Head of Strategic Finance (Deputy S151)

The following items of business were covered:

Business Services Plus:

A report was presented by the Commercial Director on the key risks faced by the business unit and how they are being mitigated and managed, including escalation and review by the Business Unit Board.

Communities, Health and Adult Social Care

The Policy, Assurance and Risk Manager presented an overview of the risk management and reporting process within the business unit, and highlighted the key risks identified and being managed within the Adult Social Care service.

Transport

The current risk register for the Transport service was presented by the Interim Director of Highways and the Contract Director for Transport for Bucks. The officers provided a detailed



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update on how the current risks are being managed through the partnership with Ringway Jacobs, and the escalation process within the Business Unit.

The following items were presented by the Business Assurance Manager.

One Council Board Risk Register

The latest One Council Board risk register was reviewed and challenged by the RMG, and the Business Assurance Manager provided an update on the ongoing review process for the strategic risks.

Key Financial Risks

Key financial risks are being reported on a portfolio basis and are reviewed and updated by the Finance Directors within each Business Unit. The key financial risk registers were used to inform the Budget Scrutiny process.

The Business Assurance Manager will provide a more detailed verbal update for each of the items listed above at the Regulatory and Audit Committee meeting, as the minutes of the Risk Management meeting are currently being drafted.

Recommendation

The Committee is asked to note the report.

Background Papers

Risk Management Group Terms of Reference
Risk Management Group minutes
