

Notice of Meeting

AUDIT AND STANDARDS COMMITTEE

Monday, 27 April 2020 - 5:00 pm
Meeting to be held virtually

Members: Cllr Princess Bright (Chair), Cllr Adegboyega Oluwole (Deputy Chair), Cllr Toni Bankole, Cllr Simon Bremner, Cllr Josie Channer, Cllr Rocky Gill, Cllr Mohammed Khan and Cllr Faraaz Shaukat

Independent Advisor: Stephen Warren

By Invitation: Cllr Dominic Twomey

Date of publication: 17 April 2020

Chris Naylor
Chief Executive

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Please note that this meeting will be webcast to enable the press and public to listen in to the proceedings of this 'virtual' meeting'. To view the webcast click [here](#) and select the relevant meeting (the weblink will be available at least 24-hours before the meeting).

AGENDA

- 1. Apologies for Absence**
- 2. Declarations of Interest**
- 3. Minutes - To confirm as correct the minutes of the meetings held on 3 February 2020 (Pages 3 - 7)**
- 4. Interim Audit Completion Report**

The papers relating to this item are to follow.

- 5. Certificate of Grants and Claims**

A verbal update will be provided by a representative of BDO.

6. **Accounting Policies for the 2019/20 Statement of Accounts (Pages 9 - 25)**
7. **Preparation of the 2019-20 Statement of Accounts & External Audit (Pages 27 - 30)**
8. **External Audit Plan 2019/20**

A verbal update will be provided by a representative of BDO.
9. **Internal Audit Charter, Strategy & Plan 2020/21 (Pages 31 - 55)**
10. **Information Governance Annual Report (Pages 57 - 92)**
11. **Standards: Complaints Update (Pages 93 - 95)**
12. **Any other public items which the Chair decides are urgent**
13. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted**

Private Business

The public and press have a legal right to attend Council meetings such as the Audit and Standards Committee, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 as amended). ***There are no such items at the time of preparing this agenda.***

14. **Any other confidential or exempt items which the Chair decides are urgent**



Our Vision for Barking and Dagenham

ONE BOROUGH; ONE COMMUNITY; NO-ONE LEFT BEHIND

Our Priorities

A New Kind of Council

- Build a well-run organisation
- Ensure relentlessly reliable services
- Develop place-based partnerships

Empowering People

- Enable greater independence whilst protecting the most vulnerable
- Strengthen our services for all
- Intervene earlier

Inclusive Growth

- Develop our aspirational and affordable housing offer
- Shape great places and strong communities through regeneration
- Encourage enterprise and enable employment

Citizenship and Participation

- Harness culture and increase opportunity
- Encourage civic pride and social responsibility
- Strengthen partnerships, participation and a place-based approach

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MINUTES OF AUDIT AND STANDARDS COMMITTEE

Monday, 3 February 2020
(7:00 - 8:35 pm)

Present: Cllr Princess Bright (Chair), Cllr Adegboyega Oluwole (Deputy Chair), Cllr Toni Bankole, Cllr Simon Bremner, Cllr Josie Channer, Cllr Rocky Gill, Cllr Mohammed Khan and Cllr Faraaz Shaukat

Also Present: Stephen Warren

9. Declarations of Interest

There were no declarations of interest.

10. Minutes (23 July 2019)

The minutes of the meeting held on 23 July 2019 were confirmed as correct, subject to the following amendment:

The final sentence in paragraph 4 of minute 3 should read:

“The BDO representative explained that the audit focussed on compliance with *accounting policies adopted by the Council* and accounting practice, value-for-money and ‘reasonableness’ considerations, the impact on the Council’s medium-term financial strategy and the robustness of the arrangements, as opposed to the detail of individual decisions taken by the Council.”

11. Progress Update on External Audit of 2018-19 Accounts

Further to the report the Committee received on 23 July 2019 (minute 3 refers) on the draft statement of accounts, the Council’s Chief Accountant presented a report on the progress made on the external audit of 2018-19 Accounts. The delay in completing the audit was due to the external auditors, BDO, identifying adjustments needed to the draft accounts as a result of misstatements made, which were down to a number of reasons, including the complexities of the Council’s Group structure, with the group accounts consolidating 17 subsidiaries. The accounts for all subsidiaries, except Reside, were complete. The finance team had accepted amendments to the accounts and subject to further work, was on track to achieve an unqualified opinion on the Statement of Accounts and the Value for Money Conclusion. The Chief Accountant added that BDO had raised the bar this year by undertaking greater scrutiny of the accounts, and the finance team would be working constructively with BDO to complete the audit and reflect on what needed to be put in place to ensure a smoother, more timely process for next year’s external audit.

A BDO representative referred to papers circulated to the Committee earlier in the day (referred to as ‘Supplementary 1’) which provided an update on the audit from BDO’s perspective. Council officers had been very cooperative in working with BDO in providing them with information to progress the audit and the final audit completion report would reflect on how BDO and the Council could work more effectively going forward. This year’s audit had been subject to extra processes

around quality control as a result of regulators raising the bar. She summarised the findings of the audit so far, highlighting the risks of misstatements and deficiencies in internal control. However, she assured members that nothing had been identified to suggest that the accounts would be deemed materially inaccurate and based on the actions being taken by council officers, it was envisaged that the Council would achieve an unqualified opinion on its external audit.

Members expressed serious concerns regarding the findings of the audit to date, referring to the risk of material misstatements and shortcomings in internal control, and the time remaining to complete the audit. The responses provided to a number of questions posed by Members regarding the completion of the audit are set out below:

- The Council's Chief Operating Officer (COO) stated that the meeting of this Committee scheduled for 22 October 2019 had been cancelled as it became clear to officers prior to the meeting that it would not be quorate due to a clash with another meeting, and the meeting scheduled for 18 December 2019 was cancelled due to its proximity to the general election. She assured members that the work to progress the audit had continued and the cancellation of these meetings did not contribute to the delay in completing the external audit.
- The COO stated that Members were right to raise concerns regarding the nature and number of misstatements; however, there were complex reasons for this; for example, the audit identified prior year adjustments which meant that accounts that had previously been signed-off had to be revisited, which was a new area of work and required time to understand. Furthermore, the Council, having undergone a massive transformation programme in recent years, was now a very complex organisation with 17 different subsidiaries, which further complicated the process. Nevertheless, officers were working hard to correct the errors identified and the Council was still anticipating an unqualified opinion on its accounts.
- The BDO representative stated that there was also a broader context behind the delay in completing the audit, referring to the reduced timeline to complete audits for all local government bodies, which had had a substantial impact on local government bodies nationwide, and had caused significant concern amongst auditors generally. Members of various national audit bodies had formed a group to review the impact of the delayed audit opinions, particularly the potential knock on effect on the audit process over the coming years.
- The BDO representative stated that the field work for completing the audit was almost complete; however, discussions with the Council's finance team were ongoing as to additional testing and quality reviewing. When BDO is in a position to give an opinion, its audit completion report containing all its findings would ask for ??? of any statements that management decide not to correct, and this Committee would need to accept them, or otherwise. It was felt that approximately another two months was needed to get to this stage.

In response to further questions, it was confirmed that:

- 'Prior period adjustments' by their nature, were always 'material';
- After the completion of the audit, the Head of Assurance would meet with

the external auditors to discuss whether the deficiencies identified in internal control posed a risk that needed to be incorporated into the Council's Corporate Risk Register for next year; and

- Ideas for presenting accounts and audit information in a simpler, more user-friendly way were being considered by those in the sector, and it was likely that it would be one of the issues arising from this year's audits to develop further.

The Independent Advisor to the Committee suggested that given the nature of the concerns raised, the Committee consider requesting an additional meeting to receive the final audit report and also a report on the planning for next year's audit, including the learning from this year and the timescales involved. A discussion on when the Committee should receive the audit completion report took place and it was suggested that it may be possible for the report to be presented at the prescheduled meeting on 27 April 2020, depending on the number and nature of the agenda items, or alternatively, an additional meeting could be arranged for earlier in April. It was noted that the agenda papers would have to be published and circulated at least five clear days before the meeting as stipulated by the Access to Information rules.

The Committee **resolved** to agree to request that officers confirm as soon as possible the date of the meeting that would receive the final audit completion report for approval.

12. Counter Fraud 2019-20, Q1 - Q3 and Counter Fraud Policies & Strategy Report

The Council's Head of Assurance presented a report on counter fraud work undertaken in Quarters 1 to 3 of the financial year and the Counter Fraud Policies and Strategies.

The Chair referred to a statement in the report that as part of the outcomes of the counter fraud work, two cases were identified that did not involve fraud, but did raise serious concerns in relation to the procurement process. She asked what action would be taken to address these concerns and the Head of Assurance confirmed that these cases formed part of the internal audit plan which would be reported on in the summer.

In response to a question, the Head of Assurance confirmed that the majority of the properties recovered as a result of counter fraud intervention related to cases where the property was not the tenant's principle home and could be recovered to provide homes to people more in need of them.

The Committee agreed to note the contents of the report and the Council's updated Counter Fraud Policies and Strategy; and commend its principles to school governing bodies, and where appropriate to other stakeholders, including partnerships, arm-length organisations, and to contractors.

13. Internal Audit Report 2019/20 Q1 - Q3 (April to December 2019)

The Head of Assurance presented the Internal Audit Report 2019/20 for quarters 1 to quarter 3 of the financial year, which brought together all aspects of internal

audit work and included details of high-risk recommendations which were overdue.

In response to a question regarding nine new audits added to the Risk and Compliance Audit Plan, the Head of Assurance stated that internal audit was a totally independent function; however, the service did work collaboratively with managers and would undertake audit work requested if it would add value and would not impact on existing audit priorities.

In response to questions, the Head of Assurance stated that:

- The target of 50% of school audits to be at draft stage at the end of Q3 had not been met; however, this was for planned reasons to allow the Council's contractor to focus on some short notice urgent work on the Risk and Compliance Plan; and
- With regards to recommendations in relation to critical and high risk findings, internal audit tracked management progress by following these up and in some cases, asking management to corroborate progress with evidence; and
- With regards to the reference in the report to the outcomes of internal audit work and the audit of five schools, a given number of internal audit days were always in the plan to do this work and an example of the issues contributing to the risk assessment of schools was the extent of oversight on the level of buy-back of council services.

The Committee's Independent Advisor suggested the amendments below to the presentation of the next progress report and the internal audit plan for 2020/21, with which the Head of Assurance agreed:

- The inclusion of a column with some words to explain why a matter had been regarded a risk and included in the plan; and
- The inclusion of an executive summary for audits that gave limited assurance and a full report for audits that gave no assurance.

The Committee noted the report.

14. Corporate Risk Register Update

The Head of Assurance presented a report on an update on the Corporate Risk Register. There were 14 corporate risks identified in the Register and the next stage of the risk management journey was to get underneath corporate strategic risks and how the risks worked their way across the organisation.

In response to questions, the Head of Assurance stated that:

- The target risk for safeguarding failures was rated amber rather than green in recognition that this area involved a large inherent risk which could be managed but not eliminated;
- If a risk (such as an environmental or weather related risk), was not covered in the Corporate Risk Register it did not mean that it did not feature in other risk management consideration, as the Corporate Risk Register captured the 14 biggest corporate risks;
- With regards to the gross risk relating to the financial management of the Council being rated amber, this related partly to the Council's companies

and the risk that unrealistic financial modelling of company income could lead to the Authority's funding model no longer being sufficient. This work would form part of his ongoing review and the risk updates that were presented to the companies' shareholder panels, could be included in his next update to this Committee; and

- In his next date he could present the update so the movement and journey of the risks could be seen, rather than just the current positions.

The Committee noted the report.

15. Work Programme 2019/20

The Chief Operating Officer (COO) presented a report with details of the reports submitted to the Committee during the past 12 months and those scheduled to be presented under the current Work Programme, which was noted.

The COO asked Members to note that some items on the current version of the Work Programme due to be presented at this meeting would need to be rescheduled, which would be done once it was clearer as to when BDO would be in a position to present its audit completion report.

The Chair stated that it would be beneficial to reflect on the full range of the Committee's terms of remit when developing the 2020-21 Work Programme.

The Chair reminded the Committee that the COO would in due course confirm the date of the meeting where BDO's report on the completion of the 2018-19 audit would be presented to the Committee.

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AUDIT AND STANDARDS COMMITTEE**27 April 2020**

Title: Accounting Policies for the 2019/20 Statement of Accounts	
Report of the Chief Operating Officer	
Open Report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Thomas Mulloy, Chief Accountant	Contact Details: E-mail: Thomas.Mulloy@lbbd.gov.uk
Accountable Director: Philip Gregory, Finance Director	
Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer & S151 Officer	
Summary	
<p>The accounting policies to be used in preparing the Council's 2019/20 Statement of Accounts are set out in Appendix A.</p> <p>There are no significant changes to the Accounting Policies for 2019/20.</p>	
Recommendation(s)	
<p>The Committee is asked to approve the accounting policies applicable to financial year 2019/20.</p>	
Reason(s)	
<p>In preparing the Statement of Accounts, the Section 151 Officer is responsible for selecting suitable accounting policies and ensuring that they are applied consistently. Accounting policies are the specific principles, conventions, rules and practices applied in preparing and presenting the financial statements and set out how transactions are recognised, presented and measured in the accounts.</p> <p>Reviewing of accounting policies by Members ensures that the Committee follow the CIPFA Better Governance Forum toolkit for local authority Audit Committees.</p>	

1. Introduction and Background

- 1.1 This report sets out the accounting policies that will be applied during the financial year 2019/20.

- 1.2 The CIPFA Better Governance Forum has produced a tool-kit for local authority Audit Committees that recommends Members review accounting policies on an annual basis.

2. Accounting Policies

- 2.1 The Council's Accounting Policies are disclosed as a note to the annual accounts.
- 2.2 The accounting policies to be used in the preparation of the 2019/20 Statement of Accounts are attached at Appendix 1. There are no significant changes to the accounting policies for 2018/19. In general the accounting policies do not change significantly between years because the accounts would not be comparable from one year to the next.

5. Financial Implications

- 5.1 These have been addressed in the body of this report.

6. Legal Implications

Implications completed by: Dr Paul Feild Senior Governance Lawyer

- 6.1 The method of carrying out the Council Accounting is prescribed by law, being the Local Audit and Accountability Act 2014 (the '2014 Act').
- 6.2 The Act requires that the Council as a relevant body must have its accounts audited. The procedure is set out in the Accounts and Audit Regulations 2015. Furthermore the application of the policies will be in accordance with the professional standards guidance as set by the Chartered Institute of Public Finance & Accountancy.
- 6.3 As explained in the body of this report and the appendix, it is a requirement that there is a consistency in approach in terms of treatment of accounting of the Council's finances to ensure that proper comparison is made of the transactions and that there is sound stewardship and governance of the Council's financial affairs.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

- Appendix 1 – Statement of Accounting Policies 2019/20

Statement of Accounting Policies 2019/20

i. General Principles

The Statement of Accounts provides a true and fair view of the Council's transactions for the 2019/20 financial year and its financial position at the year end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments

ii. Accruals of Income and Expenditure

Activity is accounted for in the year when it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant rewards and risks of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet;
- Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected; and
- The above policies are applied in an appropriate manner to avoid material misstatement in the financial statements. For the financial year in question, a de minimis of £10,000 was applied to both debtors and creditors.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management strategy.

iv. Exceptional Items

When items of income or expenditure are material, their nature and value are disclosed separately on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to understanding the Council's financial performance.

v. Prior Period Adjustments, changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vi. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Minimum Revenue Provision (MRP) is equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisations are therefore replaced by the MRP contribution in the General Fund Balance. This is done by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two (MRP is one amount, with depreciation, revaluation and impairment losses, or amortisations being the other amount).

vii. Council Tax and Business Rates

The Council acts as agents, collecting Council Tax and Business Rates on behalf of the preceptors and, as principals, collecting Council Tax and Business Rates for themselves. The Council is required by statute to maintain a separate fund (ie the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and Business Rates. Under the legislative framework for the Collection Fund, the Council, major preceptors and central government share proportionately the risks and rewards that the amount of Council tax and Business Rates collected could be less or more than predicated.

viii. Accounting for Council Tax and Business Rates

The Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However,

regulations determine the amount of Council Tax and Business Rates that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and Business Rates relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

ix. Employee benefits

a) Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and any non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render services to the Council.

An accrual is made for the cost of annual leave entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that annual leave entitlements are charged to revenue in the financial year in which the absence occurs.

b) Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the relevant service, or where applicable, to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

c) Post Employment Benefits – Teachers' and NHS Pensions

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- The NHS Pension Scheme, administered by NHS Pensions and
- The Local Government Pensions Scheme, administered by London Borough of Barking and Dagenham Pension Fund.

All schemes provided defined benefits to members, earned as employees of the Council.

The arrangements for the Teachers' and NHS Pension Schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they had been a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement was charged with the employer contributions payable to Teachers' Pensions in the year, while NHS pension contributions are included in the Public Health line.

d) The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the London Borough of Barking and Dagenham pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees.

Liabilities are measured on an actuarial basis discounted to present value, using the projected unit method. The discount rate to be used is determined in reference to market yields at balance sheet date of high quality corporate bonds.

The assets of London Borough of Barking and Dagenham pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities - current bid price;
- unquoted securities - professional estimate;
- unlisted securities - current bid price;
- property - market value; and
- limited partnerships - fair value on net asset value.

The change in the net pension liability is analysed into the following components:

Service costs comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost - the increase in liabilities arising from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years;
- net interest on the net defined benefit liability (asset), ie net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the

actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Contributions paid to the London Borough of Barking and Dagenham pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

e) Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

x. Events after the Reporting Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. There are two types of events, adjusting and non-adjusting:

- Where the event is supported by evidence of conditions that existed at the end of the reporting period the Statement of Accounts is adjusted to reflect the impact of the event; and

- Where the event is supported by evidence of conditions that arose after the reporting period the Statement of Accounts is not adjusted, but where the impact of the event is material the nature of the event is disclosed in a separate note setting out the nature of the event and the estimated financial impact.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

xi. Financial Instruments

Financial Liabilities

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost. For the Council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest).

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets

Financial assets are classified into one of three categories:

- 1) Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.
- 2) Fair Value Through Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.
- 3) Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.

Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits to the Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the assets multiplied by the effective rate of interest for the instrument.

For loans made by the Council, this means that:

- the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest); and
- interest credited to the Comprehensive Income and Expenditure Statement reflects the amount due for the year in the relevant loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event such that payments due under the contract will not be made, the asset is written down and a charge reflected in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement or to the relevant service. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains or losses that arise on the de-recognition of an asset are credited or debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Available for Sale Assets

Available for sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits (to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement) for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income is credited to the Comprehensive Income and Expenditure Statement when it becomes due to the Council.

Assets are maintained in the Balance Sheet at fair value based on the following principles:

- Instruments with quoted market prices - the market price;
- Other instruments with fixed determinable payments - discounted cash flow analysis; and
- Equity shares with no quoted market prices - independent analysis of company valuation

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs - unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available for Sale Reserve, and the gain/loss is recognised in the surplus or deficit in Revaluation of Available for Sale Financial Assets. Where impairment losses are incurred, these are charged to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available for Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

xii. Government Grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to either the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiii. Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

xiv. Interest in Companies and Other Entities

The authority has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

xv. Investment Properties

Investment properties are those that are used solely to earn rentals (to generate a minimum yield of 6% in accordance with the Council's Standing Orders) and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods (operational assets) or is held for sale (assets for disposal).

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvi. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability; and
- a finance charge - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two (MRP is one amount, with depreciation, revaluation and impairment losses, or amortisations being the other amount).

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the start of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the

carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvii. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2019/20 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

xviii. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. It should be noted that Voluntary-aided schools are not recorded in the Council's balance sheet.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Any expenditure which does not add value to the asset is written off in accordance with the accounting policy on impairment as set out below. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

Infrastructure, Assets Under Construction	Depreciated Historical Cost
Community Assets	Depreciated Historical Cost or Valuation
Council Dwellings	Existing use value - social housing (EUV - SH)
Other Land & Buildings, Vehicles Plant & Equipment	Existing use value (EUV) or depreciated replacement cost (DRC) using the 'instant build' approach if EUV cannot be determined
Surplus Assets	Fair value applying the same assumptions relating to the level of usage etc, as those of the most recent revaluation as an operational asset

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains). Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since inception, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain community assets) and assets that are not yet available for use (ie assets under construction).

- Depreciation is calculated on the following bases:
- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 20 years.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services.

Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were

classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of Page 412 the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government [England only]. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment [or set aside to reduce the authority's underlying need to borrow (the capital financing requirement) (England and Wales)]. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xix. Private Finance Initiatives (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the authority at the end of the contracts for no additional charge, the authority carries the assets used under the contracts on its Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

xx. Reserves

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies [not Scotland]. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the

appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

xxi. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxii. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (ie those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

xxiii. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxiv. Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

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AUDIT AND STANDARDS COMMITTEE**27 April 2020**

Title: Preparation of the 2019-20 Statement of Accounts & External Audit	
Report of the Chief Operating Officer	
Open Report	For Information
Wards Affected: All	Key Decision: No
Report Author: Thomas Mulloy, Chief Accountant	Contact Details: E-mail: Thomas.Mulloy@lbbd.gov.uk
Accountable Director: Philip Gregory, Finance Director	
Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer & S151 Officer	
<p>Summary</p> <p>The Council is required by the Accounts and Audit Regulations 2015 to publish its audited Annual Accounts by the 31 July each year. However, due to the current Covid-19 circumstances, the regulations have been amended to move the following deadlines:</p> <ul style="list-style-type: none"> - Draft Statement of Accounts 2019-20 – previously due by 31 May 2020, now changed to 31 August 2020 - Audited Statement of Accounts 2019-20 – previously due by 31 July 2020, now changed to 30 November 2020 <p>This report outlines the process, plan and timetable for preparing the Statement of Accounts for 2019/20 to enable the Council to discharge its statutory responsibilities and publish the audited accounts by the 30 November 2020.</p> <p>The report also considers the lessons learned from the 2018/19 audit process in order to ensure continuing improvements in the closing processes for the future.</p>	
<p>Recommendation(s)</p> <p>The Committee is recommended to note the preparatory work which has been undertaken by Officers to plan and prepare for the closure of the 2019/20 Statement of Accounts to enable the audited accounts to be published by 30 November 2020.</p>	
<p>Reason(s)</p> <p>To advise members of the Audit and Standards Committee of the preparatory work and planning and timetable for which have been put in place to ensure that the Council achieves the statutory deadline of publishing the Annual Accounts.</p>	

1. Introduction and Background

- 1.1 The Accounts and Audit Regulations (Coronavirus) (Amendment) 2020 require the Statement of Accounts for 2019/20 are prepared by the 31 August and audited by the Council's external auditors by the 30 November with the publishing of the audited accounts immediately following the audit.
- 1.2 The audit of the annual accounts forms an important element of the overall financial control framework for a Local Authority. The process gives local taxpayers a public right of access to examine the Council's statement of Accounts and supporting records enabling them to hold to account the Council in relation to its spending and financial performance. This provides local electors with confidence that the Council is exercising proper stewardship over monies raised by the Council and that the Council is discharging its fiduciary responsibility to tax payers by achieving value for money in the disbursement of monies upon the services for which the Council is responsible.
- 1.3 Given the audit of 2018/19 Statement of Accounts is still on-going, the above deadlines will help ensure the Council has maximum time to review all the working papers and to incorporate any findings from 2018/19 accounts audit into the production of 2019/20 Statement of Accounts.
- 1.4 This report updates members on all of the work that has been undertaken to ensure that the Council achieves the statutory deadlines for 2019/20.

2. Closing of Final Accounts Timetable & Guidance to Finance Managers

- 2.1 The Council has opted not to change the timetable for closing accounts from last year. This is because the Council managed to deliver the draft Statement of Accounts by 31 May last year.
- 2.2 Instead, the extension in the deadline this year will be used for a detailed Quality Assurance programme to be carried out on the Council's draft 2019/20 Statement of Accounts and its working papers. The Council will work with our external auditors, BDO, to agree on a certain format of working papers for audit purposes.
- 2.2 As this is an annual process, a series of training workshops have been delivered for Finance Managers who have been through the process previously, but who needed an update on any changes. These workshops have incorporated lessons learnt from errors identified during the 2018/19 audit.
- 2.3 The Council is mindful of the potential impact of the Coronavirus and is working within the guidelines from government. There may be a detrimental impact on staffing resources either within the Council or BDO. This will be kept under review.

3. 2018/19 Closing of Accounts – Lessons Learnt

- 3.1 Although the audit of 2018/19 Statement of Accounts has not been concluded, there are clear areas identified as requiring significant improvements which the Council and BDO agree upon. These fall under the following categories:
 - Grant Income

- Debtors/Creditors
- Group Accounts

The above areas are explained in detail below:

3.2 Grant Income

A new monitoring process has been set up and was in use for the duration of 2019/20. As a result, the finance team has been able to coordinate the collection of data relating to grant income. A reconciliation has been carried out on a monthly basis for each finance directorate.

3.3 As part of the reconciliation process, all working papers including the grant notification letter, award letter and confirmation of amounts along with a description of any stipulation (i.e. restriction and/or conditions attached to the grant) is collected throughout the year. Where the grant is collected in instalments, it is shown as one line in the consolidated grant register list.

3.4 As a result, the finance team has a clear list of all grant income and this list, once consolidated at year end, will form the basis for audit sampling and all the working papers will be clearly referenced. These working papers will be uploaded to BDO's secure online portal. This will help reduce the amount of time spent in audit sampling and testing as all the information will be made available at the outset of the audit.

3.5 Debtors/Creditors

Work has been carried out to make year end debtors and creditors more transparent. This has involved:

- Regular balance sheet reconciliations
- Creation of new balance sheet cost centres to represent each owner
- Year end accruals being reviewed centrally i.e. all year end accruals are subject to additional sign-off internally
- More emphasis on reviewing PO variances and correcting variances ahead of year end
- Coordination of balances into a schedule for ease of sampling and testing by BDO

As a result, the above work should help provide a clear audit trail for BDO in their sample testing.

3.6 Group Accounts

This has been problematic during the 2018/19 accounts audit. Last year was the first year the Council has had to produce Group Accounts consolidating all the wholly owned subsidiaries. Due to the complexities of the subsidiaries, the time taken to produce a set of fully compliant Group Accounts was longer than expected and also the fact the subsidiaries were subject to audit at the same time as the Council's accounts meant assurance could not be gained until the audits of the subsidiaries were concluded.

The extension of the original set of deadlines will help with the logistics. The Council will aim to complete the audits of the subsidiaries ahead of the audit finalisation of the Council's accounts audit. This will mean BDO will gain the necessary assurance

over the figures. This will then provide them with the necessary assurance over the Council's Group Accounts.

- 3.7 There were also some issues relating to data from Schools for the purposes of year end accounting. Work has been put in place to strengthen the procedures for collecting data from schools in a timely manner so that more up to date data can be included in the draft accounts. The extra time due to Coronavirus will enable the Council to use the most recent data from Schools.
- 3.8 Going forward, the Council has BDO as external auditor for the next four years and is keen to build on our working relationship. This is particularly important as the Council will acquire a new Financial System which will come into use by the end of 2021.

4. Financial Implications

- 4.1 These have been addressed in the body of this report.

5. Legal Implications

Implications completed by: Dr Paul Feild Senior Governance Solicitor

- 5.1 The Local Audit and Accountability Act 2014 (the '2014 Act') requires that the Council as a relevant body must have its accounts audited. The procedure is set out in the Accounts and Audit Regulations 2015 (the 'Regulations'). Regulation 9 sets out a timetable and requires certification by the Council's responsible finance officer of the statement and then consideration by a committee to consider the statement and approve by resolution.
- 5.2 As mentioned in the body of this report the final date for the Council to publish its audited Annual Accounts by has been extended by the Accounts and Audit Regulations (Coronavirus) (Amendment) 2020 to 30 November 2020.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

- None

AUDIT AND STANDARDS COMMITTEE

27 April 2020

Title: Draft Internal Audit Charter, Strategy and Plan for 2020/21	
Open Report	For Agreement
Wards Affected: None	Key Decision: No
Report Author: Christopher Martin, Head of Assurance	Contact Details: Tel: 07870 278188 E-mail: Christopher.Martin@lbbd.gov.uk
Accountable Director: Claire Symonds, Chief Operating Officer	
<p>Summary:</p> <p>The Internal Audit Charter defines the purpose, activity and responsibility of Internal Audit activity and is reviewed and presented annually for approval. It has been updated by the Head of Assurance and contains minor amendments detailed below.</p> <p>The Internal Audit Strategy 2020/21 onwards details how the Internal Audit service will be delivered and is reviewed and presented annually for approval. It has been updated by the Head of Assurance to reflect current practice, which has been developed throughout the year to further improve the delivery of the Internal Audit service.</p> <p>The Internal Audit Plan 2020/21 has been developed in line with the Charter and Strategy. It has been fully funded to enable production of an effective annual Internal Audit opinion.</p>	
<p>Recommendations:</p> <p>The Audit and Standards Committee is asked to:</p> <ul style="list-style-type: none"> (i) Approve the draft Internal Audit Charter. (ii) Approve the draft Internal Audit Strategy 2020/21 onwards (iii) Approve the draft Internal Audit Plan 2020/21. 	

1 Internal Audit Charter (“the Charter”)

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the purpose, authority and responsibility of the Internal Audit activity to be formally defined in an internal audit charter. The PSIAS require periodic review of the Charter by the Chief Audit Executive and to be presented to senior management and the board for approval.
- 1.2 The Charter is reviewed at least annually by the Head of Assurance and presented for approval. The Charter was last presented to the Audit and Standards Committee on 3 April 2019.
- 1.3 The Charter has been updated by the Head of Assurance to ensure compliance with the Public Sector Internal Audit Standards and reflect current practice. Additional measures have been put in place to ensure that any audits carried out in areas for which the Head of Assurance has strategic control (i.e. Counter Fraud, Insurance and Risk Management) are done so in a robust fashion and are able to report more transparently, directly to the Finance Director.

1.4 The Internal Audit Charter is set out at Appendix 1 of this report and is presented for approval.

2 Internal Audit Strategy (“the Strategy”) 2020/21

2.1 The Strategy details how the Internal Audit service will be delivered, in line with the Charter and includes:

- resources;
- approach to preparing and delivering the internal audit plan;
- quality assurance;
- reporting;
- follow-up;
- annual opinion; and
- performance monitoring.

2.2 It is presented at least annually for approval. The Strategy was last presented to the Audit and Standards Committee on 3 April 2019.

2.3 The Strategy has been updated by the Head of Assurance to reflect changes in practice moving forward as well as further clarity on the work of Internal Audit within the organisation during times of emergency. This approach has been developed and implemented with a focus on providing a risk-based internal audit plan tailored to the Council’s key objectives, priorities and risks following feedback from senior stakeholders.

2.4 As noted at Section 3 of the Strategy, the Internal Audit service is provided by a small in-house team supported by externally provided resources. The in-house team currently consists of the Head of Assurance whose remit amongst other related services includes Internal Audit. There is also a newly appointed fully qualified Audit Manager and a Principal Auditor who is continuing to work towards the IIA qualification.

2.5 It is proposed that the existing arrangement to co-source external support from both Mazars and PwC via the appropriate framework contacts is continued into 2020/21.

2.6 As noted at section 4 of the Strategy, all London Borough of Barking and Dagenham’s activities (including those delivered by external providers) and legal entities are within the scope of Internal Audit. As a result, the internal audit plan includes risk-based audit activity – focusing on Council’s risks and not those of the entities which may be aligned or may differ – in the Council’s related entities. The Internal Audit activity will not cover all activities of the related entities, although the entities may request this activity at a cost to the entity. Discussions with the related entities have taken place to this effect.

2.7 There are interim management arrangements in place whilst the CEO is on secondment at Birmingham City Council. The Head of Assurance will report to the Director of Law and Governance for this period but as this is a temporary arrangement the Strategy has not been updated to reflect the change.

2.8 The Strategy is set out at Appendix 2 and is presented for approval.

3 Internal Audit Plan (“the Plan”) 2020/21

3.1 The Plan has been developed in line with the Charter and Strategy. It details the planned use of internal audit resources for 2020/21, including draft audit titles and proposed audit objectives. It is compiled at least annually prior to the commencement of each financial year and reviewed periodically to reflect any relevant changes.

- 3.2 The plan now includes the number of days allocated to each project for transparency, clarity and ease of planning. A number of days within the plan has been held back as contingency to reflect the fact that some risks and challenges present themselves during the year and require an immediate response.
- 3.3 The Plan is set out at Appendix 3 and is presented for approval.

4 Financial Implications

- 4.1 The budget for the full plan has been approved by the Chief Operating Officer.

5 Legal Implications

This has no legal implications.

6 Other Implications

- 6.1 **Risk Management** – The internal audit plan is risk-based and therefore supports effective risk management across the Council.
- 6.2 **Contractual issues** – As detailed above, delivery of the internal audit service will utilise two contracts, one with PwC and one with Mazars. Contracts for both organisations are in place following procurement processes undertaken by other London Boroughs.
- 6.3 **Staffing issues** – There is no impact on current staff.
- 6.4 **Corporate policy and customer impact** – The internal audit service is aligned to corporate objectives. No impact on race, gender, disability, sexuality, faith, age or community cohesion.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

- Appendix 1: Internal Audit Charter
- Appendix 2: Internal Audit Strategy 2020/21
- Appendix 3: Internal Audit Plan 2020/21

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Appendix 1: Internal Audit Charter

Contents:

1. Introduction
2. Purpose
3. Scope
4. Authority
5. Responsibility
6. Independence
7. Professional competence and due care
8. Reporting and monitoring

1. Introduction

Regulation 5 (1) of the Accounts and Audit Regulations 2015 requires that; '*A relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector Internal audit standards and guidance*'.

This Internal Audit Charter provides the framework for the conduct of the Internal Audit function in the London Borough of Barking and Dagenham and has been approved by the Audit and Standards Committee. It has been created with the objective of formally establishing the purpose, authority and responsibilities of the Internal Audit function.

It is reviewed and updated as required and reported to the Audit and Standards Committee for consideration at least annually.

2. Purpose

Internal Audit is an independent, objective assurance and consulting activity designed to add value to and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Internal Audit is defined by the Institute of Internal Auditors' International Professional Practices Framework as "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".

In a local authority, Internal Audit provides independent and objective assurance to the organisation, its Members, the Senior Leadership Team and in particular the Chief Operating Officer to help them discharge their responsibilities under s151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.

Within an organisation, there are three lines of defence in place to effect controls. The first line of defence is the day-to-day operational controls, the second is the management controls (budget & performance monitoring, trend analysis) and the third is independent inspection, both internal & external. Internal audit forms part of the third line of defence and provides assurance on the effectiveness of governance arrangements, risk management and internal controls, and this includes an assessment of the effectiveness of the first two lines of defence. Internal audit can place reliance on assurances provided by third parties, although depending on the source, this may require some independent validation.

3. Scope

All London Borough of Barking and Dagenham's activities (including activities delivered by external providers) and legal entities are within the scope of Internal Audit. Internal Audit determines what areas within its scope should be included within the annual audit plan by adopting an independent risk-based approach. Internal Audit does not necessarily cover all potential scope areas every year. The audit programme includes obtaining an understanding of the processes and systems under audit, evaluating their adequacy, and testing the operating effectiveness of key controls. Internal Audit can also, where appropriate, undertake special investigations and consulting engagements at the request of the Audit and Standards Committee and the Strategic Leadership Team through the Assurance Group.

Notwithstanding Internal Audit's responsibilities to be alert to indications of the existence of fraud and weaknesses in internal control which would permit fraud to occur, the Internal Audit activity will not undertake specific fraud-related work. Fraud-related work is carried out by the Counter-Fraud team.

Internal Audit will coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimise duplication of efforts.

4. Authority

The Internal Audit function of the London Borough of Barking and Dagenham derives its authority from the 'Financial Regulations and Rules' which form part of the Council's constitution. The Head of Assurance is authorised to have full and complete access to any of the organisation's records, properties and personnel. The Head of Assurance is also authorised to designate members of the audit staff to have such full and complete access in the discharging of their responsibilities and may engage experts to perform certain engagements which will be communicated to management. Internal Audit will ensure confidentiality is maintained over all information and records obtained in the course of carrying out audit activities. All records, documentation and information accessed in the course of undertaking internal audit activities shall be used solely for that purpose. All Internal Audit staff are responsible and accountable for maintaining the confidentiality of the information they receive in the course of their work.

5. Responsibility

The Head of Assurance is responsible for preparing the annual audit plan in consultation with the Audit and Standards Committee and the Assurance Group, submitting the audit plan, Internal Audit budget and resource plan for review and approval by the Audit and Standards Committee, implementing the approved audit plan, and issuing periodic audit reports on a timely basis to the Audit and Standards Committee and the Assurance Group.

The Head of Assurance is responsible for ensuring that the Internal Audit function has the skills and experience commensurate with the risks of the organisation. The Audit and Standards Committee should make appropriate inquiries of management and the Head of Assurance to determine whether there are any inappropriate scope or resource limitations.

Internal Audit provides individual assurance ratings and an annual overall opinion of the internal control environment based on the results of audit work conducted. This annual opinion is reported to the Audit and Standards Committee and the Assurance Group and forms an important part of the formation of the Annual Governance Statement.

It is the responsibility of management to identify, understand and manage risks effectively, including taking appropriate and timely action in response to audit findings. It is also management's responsibility to maintain a sound system of internal control and improvement of the same. The existence of an Internal Audit function, therefore, does not in any way relieve them of this responsibility.

Management is responsible for fraud prevention and detection. As Internal Audit performs its work programs, it will be observant of manifestations of the existence of fraud and weaknesses in internal control which would permit fraud to occur or would impede its detection.

In some instances, Internal Audit may rely on assurances provided by other providers of assurance but this will be dependent on the level of associated risk and some degree of independent verification may be required.

6. Independence

Internal Audit staff will remain independent of the business and they shall report to the Head of Assurance who, in turn, shall report functionally to the Audit and Standards Committee and administratively to the Section 151 Officer via the Finance Director.

The Head of Assurance has full and unrestricted access to the following:

- The Chief Operating Officer (S151 officer);
- The Chief Executive;
- The Chair of the Audit & Standards Committee
- The Monitoring Officer
- All members of the Senior Leadership Team

All staff (including agency and contract staff) are required to make annual declarations of any potential conflicts of interest and adhere to confidentiality requirements. As far as resources permit, auditor rotation will be implemented to ensure Auditors' objectivity is not impaired.

Internal Audit must ensure that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. Internal Audit will however offer advice on the design of new internal controls in accordance with best practice. Where Internal Audit do provide consultancy services, any audit staff involved in this consulting activity will not be involved in the audit of that area for at least 12 months.

Internal Audit must remain independent from the activities that it audits to enable Auditors to make impartial and effective professional judgements and recommendations.

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Head of Assurance has the freedom to report without fear or favour to all Members and officers, and particularly to those charged with governance.

Accountability for the response to the advice and recommendations of Internal Audit lies with management. Managers must either accept and implement the advice and recommendations, or formally reject them accepting responsibility and accountability for doing so.

7. Professional competence and due care

The internal audit function will adhere to / comply with the following:

- Institute of Internal Auditor's International Code of Ethics
- Seven Principles of Public Life (Nolan Principles)
- UK Public Sector Internal Audit Standards
- All Council policies and procedures
- All legislation

All audit work is subject to in house quality control procedures whereby each audit review is

subject to senior peer review. The audit service will be subject to an annual self-assessment to assess its compliance with the UK Public Sector Internal Audit Standards and an external review and assessment at least once every 5 years by a suitably qualified, independent assessor.

The Head of Assurance is required to hold a relevant professional qualification (CCAB or CMIIA) and be suitably experienced. All staff are required to maintain a programme of Continuous Professional development (CPD) to ensure auditors maintain and enhance their knowledge, skills and audit competencies.

8. Reporting and monitoring

At the end of each audit, the Head of Assurance or designee will prepare a written report and distribute it as appropriate. Internal Audit will be responsible for appropriate follow-up of significant audit findings and validation of agreed action plans. All significant findings will remain open file until cleared by Internal Audit or the Audit and Standards Committee.

The Audit and Standards Committee will be updated regularly on the work of Internal Audit through quarterly and annual reports. The Head of Assurance shall prepare reports of audit activities with significant findings along with any relevant agreed action plans and provide periodic information on the status of the annual audit plan.

Periodically, the Head of Assurance may meet with the Chair of the Audit and Standards Committee in private to discuss internal audit matters.

The performance of Internal Audit will be monitored through the implementation of a Quality Assurance and Improvement Programme. The results of external and internal assessments will be reported upon completion to the Assurance Group and the Audit and Standards Committee.

Appendix 2: Internal Audit Strategy 2020/21

Contents:

1. Introduction
2. Objectives
3. Resources
4. Approach to preparing the internal audit plan
5. Approach to delivering the internal audit plan
6. Quality assurance
7. Reporting, including rating definitions
8. Annual opinion
9. Follow up of findings and agreed action plans
10. Internal audit performance monitoring

1. Introduction

The Internal Audit service will be delivered in accordance with the Internal Audit Charter.

The work of Internal Audit is structured through an approved Internal Audit Plan. This is compiled at least annually prior to the commencement of each financial year and reviewed periodically to reflect any relevant changes.

The Internal Audit plan is driven by the Council's organisational objectives and priorities, and the risks that may prevent the Council from meeting those priorities.

2. Objectives

Internal Audit will provide independent and objective assurance to the organisation, its Members, senior management and in particular to the Chief Operating Officer to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.

It is the Council's intention to provide a best practice, cost efficient Internal Audit service which adds value to the organisations it serves.

The Internal Audit service is an assurance function that primarily provides an independent and objective opinion on the degree to which the internal control environment supports and promotes the achievement of the Council's objectives.

Under the direction of a suitably qualified and experienced Head of Assurance, Internal Audit will:

- Provide management and Members with an independent, objective assurance and consulting activity designed to add value and improve the Council's operations.
- Assist the Audit Committees to reinforce the importance of effective corporate governance and ensure internal control improvements are delivered;
- Drive organisational change to improve processes and service performance;
- Work with other internal stakeholders and customers to review and recommend improvements to internal control and governance arrangements in accordance with regulatory and statutory requirements;
- Work closely with other assurance providers to share information and provide a value for money assurance service and;
- Participate in local and national bodies and working groups to influence agendas and

developments within the profession.

Internal Audit will ensure where possible that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. However, Internal Audit will offer advice on the design of new internal controls in accordance with best practice.

The Head of Assurance does however have strategic responsibility for Risk Management, Insurance and Counter Fraud. Since this role may involve establishing and maintaining the control environment in these areas, these functions will be audited independently when appropriate by one of the co-sourced providers and aided where necessary by the Audit Manager who has no remit outside of Internal Audit. The co-sourced providers will report directly to the Finance Director in these instances. Internal Auditors have no other operational responsibilities towards the systems and functions audited.

3. Resources

The Internal Audit service is provided by a small in-house team, focusing on stakeholder management, solid ongoing working relationships and providing detailed local knowledge. The in-house team is supported by externally provided resources to enable the Council to commission the volumes and specialist skills as required.

In-house skills are refreshed, in line with best practice through such bodies as CIPFA's Better Governance Forum and the London Audit Group. Appropriate training is identified through the Council's appraisal process and Continued Professional Development of qualified staff.

4. Approach to preparing the Internal Audit plan

The work of Internal Audit is structured through an approved Internal Audit Plan. This is compiled at least annually prior to the commencement of each financial year and reviewed periodically to reflect any relevant changes.

All London Borough of Barking and Dagenham's activities (including activities delivered by external providers) and legal entities are within the scope of Internal Audit. As a result, the Internal Audit plan includes risk-based audit activity – focusing on Council's risks and not those of the entities which may be aligned or may differ – in the Council's related entities. The Internal Audit activity will not cover all activities of the related entities, although the entities may request this activity at a cost to the entity.

Internal Audit determines what areas within its scope should be included within the annual audit plan by adopting an independent risk-based approach. Internal Audit does not necessarily cover all potential scope areas every year.

The internal audit plan is driven by the Council's organisational objectives and priorities, and the risks that may prevent the Council from meeting those priorities. This has been achieved through:

- Understanding the Council's vision for the borough and priorities.
- Identifying the auditable areas within the Council aligned to the 'Service Delivery Blocks'.
- Engaging with management throughout the Council to understand key risks, areas of significant change, assurance work to date and other assurance providers.
- Engaging with external audit to consult on audit plans and to seek opportunities for co-operation in the conduct of audit work.
- Understanding emerging issues and potential audit areas from sector and assurance knowledge and understanding.

5. Approach to delivering the Internal Audit plan

The Internal Audit plan will be delivered in line with the Internal Audit Manual. This includes the following key steps:

- 1) Preparation for an audit, including research, a planning / scoping meeting and production of a written Terms of Reference.
- 2) Fieldwork, in line with the stated audit approach in the Terms of Reference. During fieldwork, the auditors will keep the key audit contact updated with progress and potential issues arising. Fieldwork will conclude with an exit meeting confirming all issues arising and discussion of action plans to address.
- 3) Formal reporting of the audit objective and scope, issues identified and agreed action plans. The reporting process will include issue of a draft to confirm factual accuracy and agreement of actions plans prior to finalising.

Terms of Reference and Internal Audit reports will include the relevant Strategic Director.

It should be noted that circumstances outside of the control of Internal Audit or service management may prevent an audit from starting as planned or indeed being finished as planned once started. Such occasions will be rare but include short-notice external inspections of the service such as Ofsted or unforeseen emergency demands on either the service or Internal Audit.

6. Quality assurance

Quality will be assured by adherence to professional auditing standards and through supervision by senior audit staff. The internal audit service is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- The relevant Code of Ethics for the professional bodies that members of the service are members of, such as the Chartered Institute of Internal Auditors and the six accountancy professions that constitute the CCAB;
- UK Public Sector Internal Audit Standards (PSIAS);
- All Council Policies and Procedures; and
- All relevant legislation.

In accordance with the Accounts & Audit Regulations 2015, an annual review of internal audit against the PSIAS will be undertaken. This will be conducted externally at least once every five years in line with PSIAS requirements. Results of reviews will be reported to the Audit and Standards Committee. The Head of Assurance may also carry out the external reviews of other London Borough Internal Audit services as part of reciprocal arrangements in place.

7. Reporting, including rating definitions

At the end of each audit, the Head of Assurance or designee will prepare a written report detailing the audit objective and scope, findings and agreed action plans.

Each audit finding will be rated critical, high, medium or low risk in line with the following risk rating definitions:

Critical ●●	Immediate and significant action required. A finding that could cause: <ul style="list-style-type: none">• Life threatening or multiple serious injuries or prolonged work place stress.• Severe impact on morale & service performance (e.g. mass strike actions); or
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	<ul style="list-style-type: none"> • Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny (i.e. front-page headlines, TV). Possible criminal or high profile civil action against the Council, members or officers; or • Cessation of core activities, strategies not consistent with government's agenda, trends show service is degraded. Failure of major projects, elected Members & Senior Directors are required to intervene; or • Major financial loss, significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council. Critical breach in laws and regulations that could result in material fines or consequences.
High ●	<p>Action required promptly and to commence as soon as practicable where significant changes are necessary. A finding that could cause:</p> <ul style="list-style-type: none"> • Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff; or • Significant impact on the reputation or brand of the organisation. Scrutiny required by external agencies, inspectorates, regulators etc. Unfavourable external media coverage. Noticeable impact on public opinion; or • Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome medium-term difficulties; or • High financial loss, significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences.
Medium ●	<p>A finding that could cause:</p> <ul style="list-style-type: none"> • Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff; or • Moderate impact on the reputation or brand of the organisation. Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage; or • Significant short-term disruption of non-core activities. Standing orders occasionally not complied with, or services do not fully meet needs. Service action will be required; or • Medium financial loss, small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences.
Low ●	<p>A finding that could cause:</p> <ul style="list-style-type: none"> • Minor injuries or stress with no workdays lost or minimal medical treatment, no impact on staff morale; or • Minor impact on the reputation of the organisation; or • Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule; or • Handled within normal day to day routines; or • Minimal financial loss, minimal effect on project budget/cost.

Each audit report will give an overall assurance level of substantial, reasonable, limited or no assurance, in line with the following assurance level definitions:

Substantial ●	There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Findings will normally only be Advice and Best Practice.
Reasonable ●	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority findings indicating weaknesses, but these do not undermine the system's overall integrity. Any Critical findings will prevent this assessment, and any High findings would need to be mitigated by significant strengths elsewhere.

Limited ●	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High findings indicating significant failings. Any Critical findings would need to be mitigated by significant strengths elsewhere.
No ●	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.

Reports will be distributed to the key contacts detailed in the audit Terms of Reference, including the appropriate senior manager and relevant strategic director. Reports rated 'No' or 'Limited' assurance will be provided in full to the Assurance Group.

Summary reports will be provided to the Assurance Group and the Audit and Standards Committee quarterly. These will detail changes to the Internal Audit plan, progress against the plan, summaries of 'Limited' or 'No' assurance reports, performance of Internal Audit in delivery of its service and management's performance in implementing critical and high rated findings.

8. Annual Opinion

Internal Audit provides an annual overall opinion of the internal control environment based on the results of audit work conducted. In arriving at the opinion, the Head of Assurance also places reliance on other assurance activities and the governance framework and risk management processes in place.

This annual opinion is reported to the Audit and Standards Committee and the Assurance Group and forms an important part of the formation of the Annual Governance Statement.

9. Follow up of findings and agreed action plans

Internal Audit will be responsible for appropriate follow-up of critical and high rated audit findings and validation of agreed action plans. Management provide corroborating evidence to the auditor demonstrating that the recommendations made have been implemented and a risk-based approach, focusing on critical and high rated findings, is taken to review and validate the information provided.

Internal Audit will perform a full follow up of an area where the audit rating was 'No Assurance' in the following year.

Findings will remain open until cleared by Internal Audit or the Audit and Standards Committee.

Where reasonable progress is not achieved in the addressing findings, the Audit and Standards Committee may request that the responsible manager / Strategic Director prepare and/or present a report to the Audit and Standards Committee setting out the action plan to address the findings and how residual risks are to be addressed until the action plan is fully delivered.

10. Internal Audit performance monitoring

The following performance indicators will be reported against quarterly to the Assurance Group and the Audit and Standards Committee:

Purpose	Target	What it measures
% of Audit Plan completed (Audits at draft report stage)	>25% by end of Q2	Delivery measure
	>50% by end of Q3	
	>80% by end of Q4	
	100% by end of May of the following year	

Meet standards of Public Sector Internal Audit Standards	Substantial assurance or above from annual review	Compliant with professional standards
High Risk Recommendations not addressed within timescales	<5%	Delivery measure
Overall Client Satisfaction	> 85% satisfied or very satisfied over rolling 12-month period	Customer satisfaction

Appendix 3: Internal Audit Plan 2020/21

Contents:

1. Introduction
2. Approach to preparing the Internal Audit plan
3. Basis of the Internal Audit plan 2020/21
4. Internal Audit plan 2020/21
5. Resource requirement and financial implications
6. Internal Audit opinion
7. Changes to the plan

1. Introduction

This Internal Audit plan has been developed in accordance with the Internal Audit Charter and Internal Audit Strategy.

All London Borough of Barking and Dagenham's activities (including outsourced activities) and legal entities are within the scope of Internal Audit. Internal Audit determines what areas within its scope should be included within the annual audit plan by adopting an independent risk-based approach. Internal Audit does not necessarily cover all potential scope areas every year.

2. Approach to preparing the Internal Audit plan

The internal audit plan has been developed in accordance with the Internal Audit Strategy through:

- Understanding the Council's vision for the borough and its themes and priorities:

Vision: One borough; one community; no-one left behind.

Themes and Priorities:

Theme 1: A New Kind of Council

Priorities:

1. Build a well-run organisation
2. Ensure relentlessly reliable services
3. Develop place-based partnerships

Theme 2: Empowering People

Priorities:

1. Enable greater independence whilst protecting the most vulnerable
2. Strengthen our services for all
3. Intervene earlier

Theme 3: Inclusive Growth

Priorities:

1. Develop our aspirational and affordable housing offer
2. Shape great places and strong communities through regeneration
3. Encourage enterprise and enable employment

Theme 4: Citizenship and Participation

Priorities:

1. Harness culture and increase opportunity
2. Encourage civic pride and social responsibility
3. Strengthen partnerships, participation and a place-based approach

- Identifying the auditable areas within the Council aligned to the 'Service Delivery Blocks':



* "Public Realm" is the terminology being used in practice for "Clean and Green".

- Engaging with management throughout the Council to understand key risks, areas of significant change, assurance work to date and other assurance providers. The Head of Assurance has held meetings with the Senior Leadership Team and other senior Council officers during the formation of this plan.
- Engaging with external audit to consult on audit plans and to seek opportunities for co-operation in the conduct of audit work. BDO, the current external auditors, are in the second year of their contract.
- Understanding emerging issues and potential audit areas from sector and assurance knowledge and understanding.

3. Basis of the internal audit plan 2020/21

The table below sets out the strategic audit plan by service delivery block, including relevant Internal Audit work from 2016/17, 2017/18, 2018/19 and 2019/20, relevant external sources of assurance and the suggested plan for 2020/21.

Audit planning comments	Internal Audit plan 2020/21
The Core – Finance	
Previous relevant Internal Audit work: <u>2019/20</u> <ul style="list-style-type: none"> Budgetary Control and Savings Management (assurance TBC) Budgetary Control & Savings Management (assurance TBC) Oracle system (assurance TBC) <u>2017/18</u> <ul style="list-style-type: none"> Transformation Governance review including review of the Investment and Acquisitions Strategy programme (N/A) Insurance (reasonable assurance) 	<ul style="list-style-type: none"> ERP Pensions Administration Treasury Management

<p><u>2016/17</u></p> <ul style="list-style-type: none"> • Treasury Management (substantial assurance) • Pensions (substantial assurance) <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> • External audit 	
<p>The Core – HR and Payroll</p>	
<p>Previous relevant Internal Audit work:</p> <p><u>2019/20</u></p> <ul style="list-style-type: none"> • HR on and off boarding (assurance TBC) • Payroll (reasonable assurance) <p><u>2018/19</u></p> <ul style="list-style-type: none"> • Recruitment (Limited Assurance) • Sickness Absence compliance review (N/A) IR35 compliance (reasonable assurance) <p><u>2017/18</u></p> <ul style="list-style-type: none"> • Payroll (substantial assurance) <p><u>2016/17</u></p> <ul style="list-style-type: none"> • Payroll (substantial assurance) • Agency Staff (substantial assurance) <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> • External audit • Disability Confident Employer accreditation 	<ul style="list-style-type: none"> • Recruitment Governance & Vetting • Talent Link System • Overtime Payments
<p>The Core – other corporate processes</p>	
<p>Previous relevant Internal Audit work:</p> <p><u>2019/20</u></p> <ul style="list-style-type: none"> • Key Performance Indicator Monitoring and Reporting (Limited Assurance) • Public Health Grant (reasonable assurance) • Information Security – initial review (reasonable assurance) • Freedom of Information Requests (Limited Assurance) • Data Transparency (reasonable assurance) <p><u>2018/19</u></p> <ul style="list-style-type: none"> • Information Governance – Subject Access Requests (substantial assurance) • Cyber Security (Limited Assurance) • Gifts and Hospitality (reasonable assurance) • Governance (reasonable assurance) • Brexit Impact (N/A) • Follow-up of Security of Corporate Buildings (rating TBC) 	<ul style="list-style-type: none"> • Climate Change • Risk in the Supply Chain • Information Security Part 2 • Contact Centre

<p><u>2017/18</u></p> <ul style="list-style-type: none"> • Transformation Governance review (N/A) • Fire Safety (reasonable assurance) • Security of Corporate Buildings (Limited Assurance) • Electoral Registration (substantial assurance) <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> • HSE inspections • SEQOHS accreditation. 	
We Fix	
<p>Previous relevant Internal Audit work:</p> <p><u>2019/20</u></p> <ul style="list-style-type: none"> • Voids (Limited Assurance) • Stewardship of Council Vehicles (limited assurance) • 2017/18 - Housing Service Contracts – Responsive Repairs (Limited Assurance) • 2016/17 - Decent Homes (Limited Assurance) 	<p>No specific audit requirements for 2020/21.</p>
Leisure	
<p>Previous relevant Internal Audit work:</p> <ul style="list-style-type: none"> • 2018/19 - Everyone Active Contract Management (reasonable assurance) 	<p>No specific audit requirements for 2020/21.</p>
Elevate – ICT	
<p>Previous relevant Internal Audit work:</p> <p><u>2018/19</u></p> <ul style="list-style-type: none"> • IT Risk Diagnostic (N/A) <p><u>2017/18</u></p> <ul style="list-style-type: none"> • IT Asset Management (reasonable assurance) • Security Framework (Limited Assurance) <p><u>2016/17</u></p> <ul style="list-style-type: none"> • Mobile Phones (substantial assurance) 	<p>No specific audit requirements for 2020/21.</p>
Elevate – Revenues and Benefits	
<p>Previous relevant Internal Audit work:</p> <p><u>2019/20</u></p> <ul style="list-style-type: none"> • Accounts Receivable (assurance TBC) • Debt Recovery / Write-off (Limited Assurance) • Elevate Contract Exit (reasonable assurance) <p><u>2018/19</u></p>	<ul style="list-style-type: none"> • NNDR

<ul style="list-style-type: none"> • Parking Income Collection (reasonable assurance) <u>2017/18</u> • Council Tax (reasonable assurance) • Housing Rents (Limited Assurance) 	
Elevate – Procurement and Accounts payable	
<p>Previous relevant Internal Audit work: <u>2019/20</u></p> <ul style="list-style-type: none"> • Accounts Payable (reasonable assurance) • Elevate Contract Exit (reasonable assurance) • Procurement (reasonable assurance) • Procurement Cards (Limited Assurance) • Retrospective Purchase Orders (assurance TBC) <u>2017/18</u> • Accounts Payable (reasonable assurance) <u>2016/17</u> • Procurement Gainshare (substantial assurance) • Purchasing Cards (Limited Assurance) 	<p>No specific audit requirements for 2020/21.</p>
Heritage	
<ul style="list-style-type: none"> • 2019/20 – Management of Heritage Assets (assurance TBC) • 2018/19 - Museum Accreditation compliance audit (N/A) <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> • Annual inspections under the Visitor Attraction Quality Service accreditation • Heritage Lottery Fund grant funding monitoring • National Accreditation Scheme for Museums and Galleries • Local Studies Centre’s Archive Service Accreditation 	<p>No specific audit requirements for 2020/21.</p>
Enforcement	
<p>Previous relevant Internal Audit work: <u>2019/20</u></p> <ul style="list-style-type: none"> • Emergency Planning and Business Continuity (reasonable assurance) <u>2018/19</u> • Parking Income Collection (reasonable assurance) <u>2017/18</u> • Licensing (Limited Assurance) • Planning Enforcement (Limited Assurance) 	<ul style="list-style-type: none"> • Parking Permits • PCNs • Barking Market • Body Worn Equipment • New Parking System

<ul style="list-style-type: none"> Transformation Governance review, including review of the Enforcement programme (N/A) <u>2016/17</u> Barking Market (Limited Assurance) Enforcement – Parking and Street Crime (Limited Assurance) <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> Food Standards Agency. Health and Safety Executive. 	
BDT Legal	
<p>Previous relevant Internal Audit work:</p> <ul style="list-style-type: none"> 2019/20 – Right To Buy Sales & Leasing (limited assurance) <p>No relevant assurance work identified in 2016/17, 2017/18 or 2018/19.</p>	<p>No specific audit requirements for 2020/21.</p>
Public Realm	
<p>Previous relevant Internal Audit work:</p> <ul style="list-style-type: none"> <u>2019/20</u> Commercial Waste (reasonable assurance) Passenger Transport (limited assurance) <u>2018/19</u> Commercial Waste (N/A) Parks and Grounds Maintenance follow up and compliance audit (reasonable assurance) Fleet Management (substantial assurance) <u>2017/18</u> Transformation Governance review, including review of the Public Realm programme (green) Parks and Grounds Maintenance (N/A) <u>2016/17</u> Vehicle workshop (Limited Assurance) <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> Institute of Cemetery and Crematorium Management – gold standard accreditation 2019 	<p>No specific audit requirements for 2020/21.</p>
My Place	
<p>Previous relevant Internal Audit work:</p> <ul style="list-style-type: none"> <u>2019/20</u> Voids (Limited Assurance) Housing System Implementation (N/A) 	<ul style="list-style-type: none"> Building/Fire Safety Tenant & Leaseholder Act Requirements

<p><u>2018/19</u></p> <ul style="list-style-type: none"> • My Place Procurement and Contract Management (limited assurance) • Asset Management (limited assurance) <p><u>2017/18</u></p> <ul style="list-style-type: none"> • Housing Service Contracts – Responsive Repairs (limited assurance) • Street Lighting Contract (substantial assurance) • Highways maintenance (reasonable assurance) • Highways asset management – (reasonable assurance) <p><u>2016/17</u></p> <ul style="list-style-type: none"> • Leaseholders (substantial assurance) • Decent Homes (Limited Assurance) • Barking Market (Limited Assurance) <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> • ROSPA Independent Yearly Playground Inspections 	<ul style="list-style-type: none"> • Transfer of Properties from Reside • LMS - post implementation review • Tenancy Data Quality
Community Solutions	
<p>Previous relevant Internal Audit work:</p> <ul style="list-style-type: none"> • 2019/20 – Private Sector Housing (assurance TBC) • 2018/19 - Homelessness Reduction Act (reasonable assurance) • 2017/18 - Transformation Governance review, including review of the Community Solutions programme (green) <p>Other relevant assurance providers:</p> <ul style="list-style-type: none"> • 2018 London SCB Review of MASH 	<ul style="list-style-type: none"> • Homelessness & Temporary Accommodation • Rent Arrears • Welfare Reform • Over/Under Occupation
Care and Support – Children’s (including children’s disability service)	
<p>Previous relevant Internal Audit work:</p> <p><u>2019/20</u></p> <ul style="list-style-type: none"> • School Audits <p><u>2018/19</u></p> <ul style="list-style-type: none"> • Adoptions (no assurance – improved to reasonable assurance at follow-up) • Risk Assessment of Schools • School Audits <p><u>2017/18</u></p> <ul style="list-style-type: none"> • Looked After Children (substantial assurance) • Foster Care (substantial assurance) • Schools Admissions (substantial assurance) <p><u>2016/17</u></p> <ul style="list-style-type: none"> • School Audits 	<ul style="list-style-type: none"> • Specialist Intervention Service • Youth Offending Team • Adoptions Service • ARPs Safeguarding • Pupil Referral Unit • Special Guardianship Orders • Education, Health and Care Plans • Homelessness - Southwark Judgement

Care and Support – Adults (including adult’s disability service)	
Previous relevant Internal Audit work: <u>2019/20</u> <ul style="list-style-type: none"> • Liquidlogic System Implementation (limited assurance) • Social Care Forecasting (assurance TBC) • 2018/19 audit of Direct Payments (limited assurance) • 2017/18 - Adaptations Grant Scheme (no assurance, improved to reasonable assurance at follow-up) • 2016/17 audit of Mental Health Safeguarding (limited assurance) 	<ul style="list-style-type: none"> • Direct Payments • Liberty Protection Safeguards • Charging Policy • Disability Relief Entitlement • CM2000 system
Traded Entities (from the Council’s risk perspective)	
Previous relevant Internal Audit work: <u>2019/20</u> <ul style="list-style-type: none"> • Be First - Capital Programme (assurance TBC) <u>2018/19</u> <ul style="list-style-type: none"> • Be First – Procurement on behalf of LBBB (reasonable assurance) <u>2017/18</u> <ul style="list-style-type: none"> • Reside – Housing Rents (Limited Assurance) • Be First - Scheme of Delegation (N/A) • Be First - Community Infrastructure Levy / Section 106 (Limited Assurance) • Be First - Planning Applications (reasonable assurance) <u>2016/17</u> <ul style="list-style-type: none"> • BDTP - Schools Catering Services & ParentPay (full assurance) 	<ul style="list-style-type: none"> • Be First Governance

4. Internal Audit plan 2020/21

The Audit plan details the draft audit title and draft audit objective or reason for inclusion in the plan.

Audit Title	Days	Reason for Inclusion
Specialist Intervention Service	15	A new Council team that pulls together existing teams in a new model of service delivery
Youth Offending Team	15	New national standards
Direct Payments	10	Link with PWC Investment Fund
Liberty Protection Safeguards	10	Replacement of Deprivation of Liberty Standards under Mental Capacity (Amendment) Bill

Charging Policy	15	Review of new policy introduced in 2019/21
Disability Relief Entitlement	15	Development and implementation of new policy
CM2000 system	15	Input into IT project for new Homecare system
Adoptions Service	15	Review of the operation of the Regional Adoptions Agency since resources transferred in 2019/20
ARPs Safeguarding	15	High profile area
Pupil Referral Unit	5	No previous coverage
Special Guardianship Orders	15	Risk area deferred from 2019/20 as agreed by ASC
Education, Health and Care Plans	15	Risk area deferred from 2019/20 as agreed by ASC
Homelessness - Southwark Judgement	15	Approach to children who present themselves as being homeless or at risk of homelessness. High profile.
Audit Title	Days	Reason for Inclusion
Risk and transparency in the Supply Chain	15	Assessment of whether LBBB understand and monitor risks in the supply chain that could affect our own risk, delivery and reputation
Homelessness & Temporary Accommodation	15	Homelessness Reduction Act – high profile
Rent Arrears	15	Assessment of whether rent collection and arrears processes are robust and are being complied with.
Welfare Reform	15	Cumulative impact and overarching management of the different projects and their consequences
Over/Under Occupation	15	Managing inefficient use of the Council stock
Be First Governance	15	Balancing autonomy and governance requirements.
Information Security Part 2	15	Agreed next steps in review of information security and governance
Contact Centre	10	Review of internal control, practice and procedure. Support control design for new service head
NNDR	15	High profile area of income collection
Parking Permits	15	Review of control operation in new and existing CPZs
PCNs	15	Review of quality of PCNs - processes, recovery, appeals, cancellations. High profile area
Barking Market	10	Controls surrounding payments, agreements, H&S, governance
Body Worn Equipment	15	Guidance, process controls, regulatory considerations
New Parking System	15	Input into IT project for new Parking system
ERP	20	Input into IT project for new Parking system
Pensions Administration	15	Control assessment in high profile area
Treasury Management	15	Control assessment in high profile area
Recruitment Governance & Vetting	15	A review of the existing controls and control redesign where necessary
Talent Link System	10	Control assessment in high profile area
Overtime Payments	15	Review of controls regarding high profile payments
Building/Fire Safety	15	A review of the LBBB approach to a high risk area in the light of the Hackett Report amongst others
Tenant & Leaseholder Act Requirements	15	Review of Section 20 consultations to maximise income collection and safeguard reputation
Transfer of Properties to Reside	20	Control design of the process by which properties transfer ownership
LMS - post implementation review	10	Post implementation review of the new Housing system
Tenancy Data Quality	15	Review of controls in place to ensure that data held is current and accurate

Climate Change	10	UK declared climate emergency - air pollution, carbon & energy reduction, recycling, electric charging points etc.
School Audits	50	Review of control effectiveness in identified schools.
School Follow-ups	5	
Prior year completion	10	Completion of the 2019/20 audit programme post 31 March 2020.
Prior year annual opinion	5	Drafting of the 2019/20 annual audit opinion.
Annual quality assessment	5	Annual review of Internal Audit against the PSIAS.
Internal audit methodology review	10	Review and update of the internal audit methodology, including review of the Internal Audit Manual and drafting of the quality assurance and improvement programme.
Grant claims	10	Review and sign off of grant claims where internal audit scrutiny is required / requested.
Proactive assurance support and advice	20	Attendance at relevant meetings to provide proactive assurance and advice including Assurance Group and Programme Boards.
Management requests	10	Responding to ad hoc management requests for audit support and advice.
Follow ups	30	Tracking management implementation of agreed action plans for critical and high rated findings; review and validation of evidence provided of implementation.
Audit planning	20	Periodic review and updating of the annual audit plan throughout the year and production of the internal audit plan 2020/21.
Committee reporting	5	Quarterly reporting to Assurance Group and Audit & Standards Committee.
External audit engagement and support	15	Engagement with external audit to work collaboratively and delivery of any control assignments identified by external audit to reduce the external audit costs.
Stakeholder engagement	20	Engagement with key stakeholders including ongoing updates to understanding of keys, activities and the performance of internal audit.
Management time	20	Management time of the audit team and the external provision.
Contingency	80	Contingency for ad hoc activity.

5. Resource requirement and financial implications

The 2020/21 Internal Audit plan is estimated to consist of 865 days, the same as that agreed for 2019/20. Within the 865 days, contingency of 80 days has been included to allow for unplanned Internal Audit work. This level of contingency is less than that agreed for 2019/20, a reflection of the Head of Assurance's greater understanding of the risk environment following his first full year in post but still enough to allow Internal Audit to respond quickly to emerging and changing risks.

The budget for the full plan has been approved by the Chief Operating Officer.

6. Internal audit opinion

The annual Internal Audit opinion will be based on and limited to the internal audits completed over the year and the control objectives agreed for each individual internal audit as set out in each Terms of Reference.

In developing the Internal Audit risk assessment and plan, the requirement to produce an annual internal audit opinion has been considered by determining the level of internal audit coverage over the audit universe and key risks.

7. Changes to the plan

The plan is a live document and therefore audits will be added and removed to the plan where there are significant changes, including changes to activities, risks and assurances. Quarterly updates to Assurance Group and the Audit and Standards Committee throughout the year will include details of changes to the plan.

It may also be the case that more changes are necessary to the agreed audit plan than normal as 2020/21 develops. The Council's response to the Covid-19 crisis will create a demand for new and unforeseen audits and the plan may also change with some services being closed and many disrupted. It may also be the case that staff become unavailable through sickness or redeployment. That said, the Assurance Board have acknowledged that audit remains a vital function of the Council.

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Audit and Standards Committee

27 April 2020

Title: Information Governance Annual Report	
Report of the Chief Operating Officer	
Open Report	For Information
Wards Affected: None	Key Decision: No
Report Author: Danielle Bridge Complaints and Information Manager	Contact Details: Tel: 020 8277 2111 E-mail: Danielle.Bridge@lbbd.gov.uk
Accountable Director: Natalia Monvoisin; Head of Customer Contact	
Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer	
<p>Summary</p> <p>The report provides insight into the work undertaken by the Feedback Team. It incorporates information relating to complaints, members casework, Freedom of Information (FOI) and Subject Access Requests (SAR)</p> <p>This report aims to detail how as a council we perform against our performance targets in relation to complaints and members casework and how after reviewing them we identify and implement service improvements.</p> <p>Legislation dictates that an annual separate report is developed and published for Care and Support. A copy of this can be found at Appendix A</p>	
<p>Recommendation:</p> <p>The Audit and Standards Committee is asked to note and comment on the contents of the report.</p>	

1. Introduction and Background

- 1.1 The Feedback Team are responsible for monitoring and tracking all complaints, members casework, Freedom of Information and Subject Access Requests which are submitted. This report focuses on complaints and members casework as this is where we can gather the most insight into how we can not only improve our services but learn from our residents and members.
- 1.2 All casework is tracked on the Council's complaints handling system I-Casework. This system was implemented in January 2016. Due to organisational changes, monitoring can only be compared between 2018 and 2019. The figures shown in this report are for calendar years.

1.3 The council has a number of information governance processes which are managed by the Feedback Team. The four main processes are set out below providing timescales and expected performance.

Complaints – The Council encourages complaints and has a corporate process which allows residents to complain about services. This process has two stages, in the first stage, which many raise through our on line form, we aim to respond within 10 working days.

If a complainant is not satisfied with the answer, they receive at stage one they may within 28 days of the response ask for a review. The aim is to respond to a request for a review within 30 working days and if this target cannot be met a progress report will be sent.

If the complainant is still not satisfied with the response they can approach the [Ombudsman](#) or the [Housing Ombudsman Service](#) if the complaint is about housing.

The performance target for all complaints is currently to answer 90% within the timeframes described

In addition to this process, there are certain services where there is a statutory complaints process that has to be followed and these are for complaints regarding:

- [adult social care services](#)
- [children's social services](#)
- [a school](#)
- [a councillor](#)
- [report fraud](#)

Members Casework – Both elected members of parliament and councillors are able to submit casework from their residents. This casework has a 10-working day target for a response. The performance target is currently to respond to 90% within this time frame.

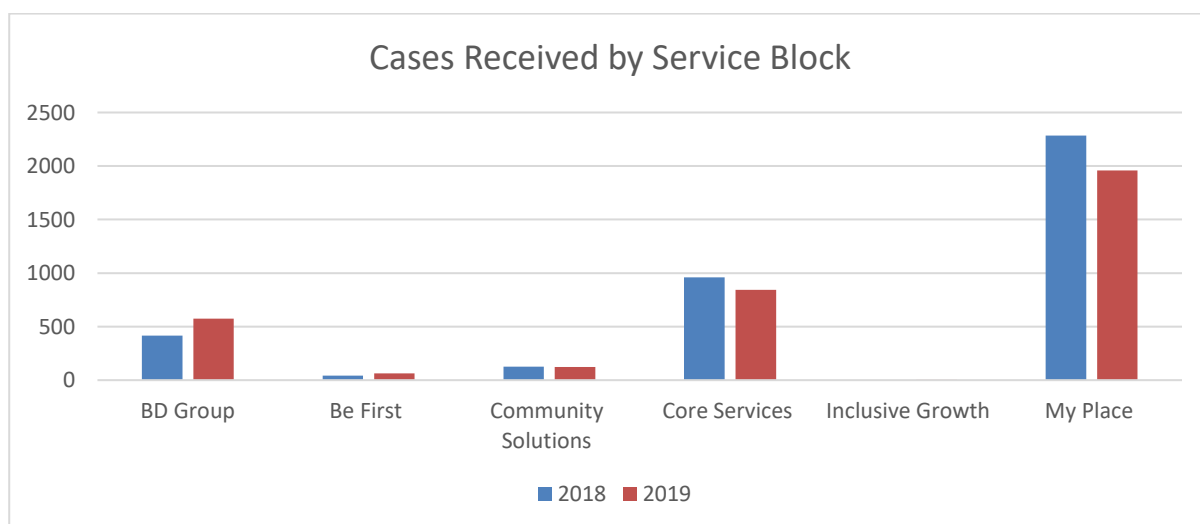
Freedom of Information/Environmental Information Regulations – Under the Freedom of Information Act, the council has to make available to applicants' information which is held. This Act does allow for the council, if necessary, to apply exemptions to certain requests. The timeline for dealing with requests is currently 20 working days. The performance target for FOI's and EIR's is set by the Information Commissioners Office and they currently expect that 95% of requests are dealt within these time frames.

Subject Access Requests – Under the General Data Protection Regulations the council have to allow for any information which is held on a person to be made available to them upon request. Once a request is received, we have one calendar month to provide all relevant information. The performance target for SAR's is 90% within this timeframe.

2. Corporate Complaints

- 2.1 The Local Authority as an organisation must provide a procedure which enables our residents to raise concerns with us directly about the services which are offered by the Local Authority and our partnership companies. We welcome complaints as a way in which we improve our services and publicise the complaints process through our website
- 2.2 Whilst reviewing the data which is included in this report it is important to note the number of services we provide to our residents and consider the number of complaints alongside this information. For example, we pick up 77,136 bins per week and this generated 1,260 complaints over the year, We Fix who look after the Council's housing stock received 574 complaints but completed 81,301 jobs. This translates to 0.7% of jobs generating a complaint.
- 2.3 The data below shows complaints received by service. This does not include Care and Support complaints, legislation dictates that an annual separate report is developed and published for these services and a copy of this can be found at Appendix A
- 2.4 For 2019, the number of complaints decreased minimally (7%) from that received in 2018 and although this is positive, it does indicate that there is more work to be done in order that the residents feel that the Local Authority are improving services. 78% of complaints were answered with within timescale. This is below the corporate target of 90%

Stage 1 Complaints Received		
	2018	2019
BD Group	417	574
Be First	42	64
Community Solutions	125	123
Core Services	959	845
Inclusive Growth	0	2
My Place	2,283	1,958
Total	3,826	3,566

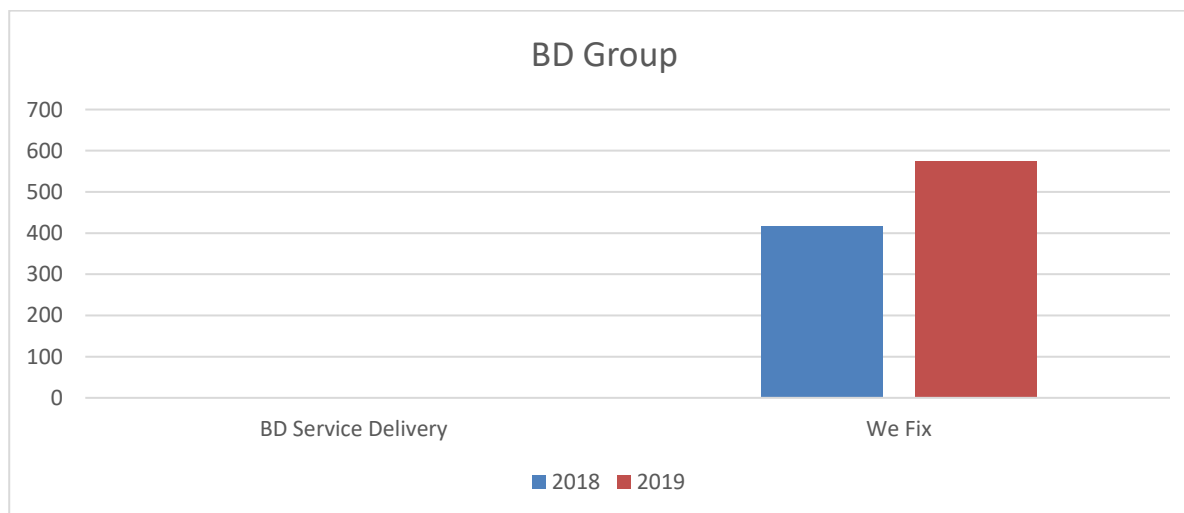


2.5 The table below shows the outcome for each complaint received which has been responded to. The upheld complaints provide a good basis for us to consider how we can improve services offered. You will note that the figure below differs from our overall complaints total. This is due to a small number of complaints still remaining open and therefore no outcome can be provided.

Outcomes from Complaints		
Upheld	2,066	59%
Not Upheld	799	23%
Partly Upheld	444	12%
Resolved at first point of contact	15	0.4%
Withdrawn	204	5.6%
TOTAL	3,528	

3. BDTP

Stage 1 Complaints Received BD Group		
	2018	2019
BD Service Delivery	0	0
We Fix	417	574
Total	417	574



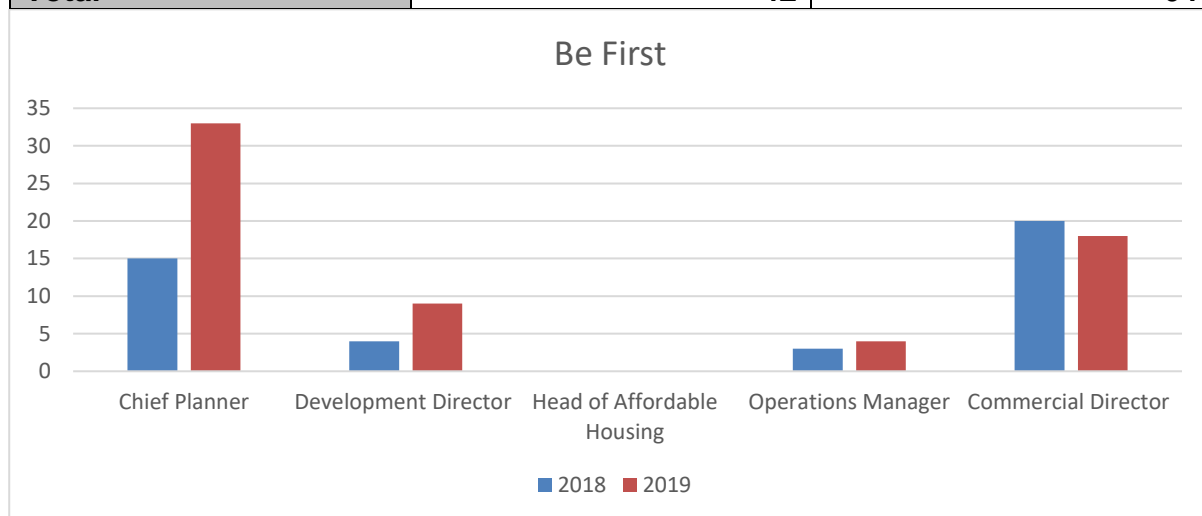
3.1 BDTP offers paid services to schools including catering and cleaning as well as repairs and maintenance. Within the services they provide, We Fix undertakes housing repairs for the council's housing stock.

3.2 In the main, the complaints received relate to works not being completed within timescale, follow up jobs not being followed through and dissatisfaction with workmanship. Work has been done to develop an improvement plan with WeFix to address the repeated issues. They are seeking to increase the resource to audit works undertaken by operatives and sub-contractors. A decision has also been made that operatives when attending jobs will if necessary, contact the work planning section direct to arrange any follow on works whilst still at the address. This will assist in making sure that follow up jobs are being actioned. As stated in 2.2 the number of complaints received as a proportion of the number of repairs completed is very small.

- 3.3 The council does not record complaints which relate to the other services which are provided by the rest of the BD Group.
- 3.4 Of those complaints received for We Fix 56.4% were completed within timescale.
- 3.5 In terms of case outcomes, 13.7% were not upheld, 17.4% partly upheld, 0.5% resolved at first point of contact, 62.7% upheld and 5.5% withdrawn.

4. Be First

Stage 1 Complaints Received Be First		
	2018	2019
Chief Planner	15	33
Development Director	4	9
Head of Affordable Housing	0	0
Operations Manager	3	4
Commercial Director	20	18
Total	42	64

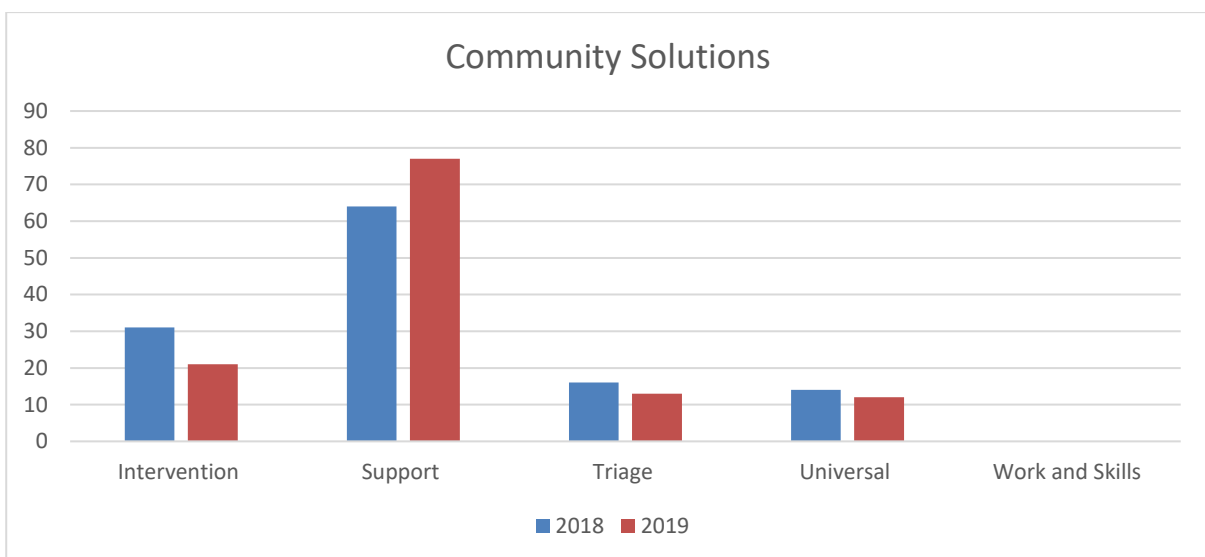


- 4.1 Be First offers a range of services including Building Control, Planning Applications, Regeneration of Council Stock and Regeneration of the Local Area.
- 4.2 From reviewing the complaints which have been submitted the main issue which is reported is delays within Building Control and issues with the Planning Portal.
- 4.3 The delays reported within building control relate to appointments not being carried out within the timeline expected by residents and completion certificates not being generated and sent to residents once assessments have been completed.
- 4.4 Be First have been aware of the issues which we were experiencing with the Planning Portal and have been identifying ways in which we could make this more reliable. If the Planning Portal not live, residents are concerned that objections to planning applications would not be registered. This was not the case and any objections were placed against the appropriate application and considered before permission granted or denied.

- 4.5 Of the complaints received for Be First 50% were answered within timescale.
- 4.6 In terms of the case outcomes 17.1% were not upheld, 12.5% partly upheld, 48.4% upheld and 12.5% withdrawn.

5. Community Solutions

Stage 1 Complaints Received Community Solutions		
	2018	2019
Intervention	31	21
Support	64	77
Triage	16	13
Universal	14	12
Work and Skills	0	0
Total	129	123

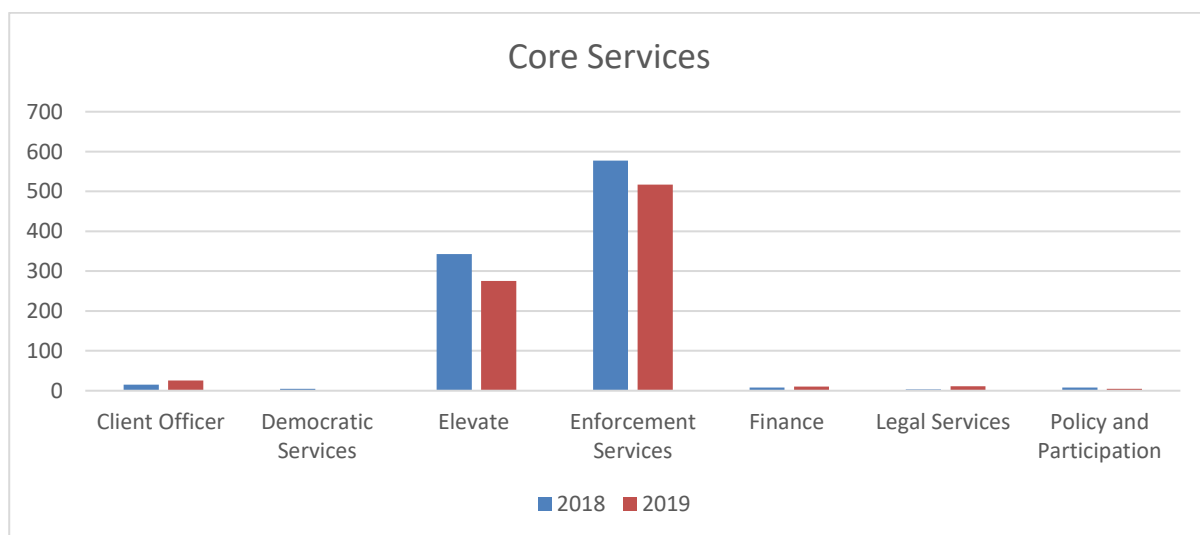


- 5.1 Community Solutions offers a range of services for our residents including maintaining housing allocations, tenancy sustainment, early intervention services and Home and Money Hub which offers valuable advice and support to those residents who require assistance.
- 5.2 From reviewing complaints within Community Solutions, the main issues which are reported relate to housing allocations and tenancy sustainment.
- 5.3 Tenancy sustainment relates to Anti-Social Behaviour between neighbours, residents complain that when issues are reported they are not dealt with as they would like.
- 5.4 Housing allocations and the time taken to get allocated is an ongoing theme and in the main relates to the wait for appropriate housing. Those who are applicable to bid for housing will raise concerns that when bidding they are not being successful and complain that they are having to wait extended periods of time.
- 5.5 Of those complaints received within Community Solutions 68.2% were answered within timescale.

5.6 In terms of case outcomes 41.4% were not upheld, 18.6% partly upheld, 21.1% upheld and 13.8% withdrawn.

6. Core Services

Stage 1 Complaints Received Core Services		
	2018	2019
Client Officer	15	26
Democratic Services	5	1
Elevate	343	275
Enforcement Services	577	517
Finance	8	10
Legal Services	3	11
Policy and Participation	8	5
Total	975	845



- 6.1 Core Services are a grouping of a number of services which are used by our residents. These include enforcement services, Elevate, Registrars and the contact centre.
- 6.2 Core services also maintain oversight of the leisure contract. It should be noted that in the main complaints about the leisure centre are directed to SLM and Everyone Active who have their own complaints procedure. SLM provide to the Local Authority an overview of how many complaints are generated against the number of visits which are recorded. For 2019 they recorded 1,666,973 visits and 494 complaints made this equals a complaint rate of 0.03%.
- 6.3 For Enforcement Services, the complaints generated in the main relate to parking services. A large number of complaints raise concerns with Penalty Charge Notices (PCN's). These allege that letters have not been generated and when they need assistance with either challenging or paying for a notice the resident is unable to speak directly with someone from parking services. Work is being undertaken to ensure that the appropriate advice and support can be provided via our contact centre.

- 6.4 Elevate provide a number of services covers services from the Contact Centre to collection of Council Tax. Complaints surrounding Council Tax are the largest volume. The complaints cover issues which relate to arrears, setting up payment plans and disagreement with charge received.
- 6.5 Of those complaints received in Core Services 83.3% were answered within timescale.
- 6.6 In terms of case outcomes, 48.4% were upheld, 12.6% partly upheld, 0.3% resolved at first point of contact, 27.4% not upheld and 10% withdrawn.

7. Inclusive Growth

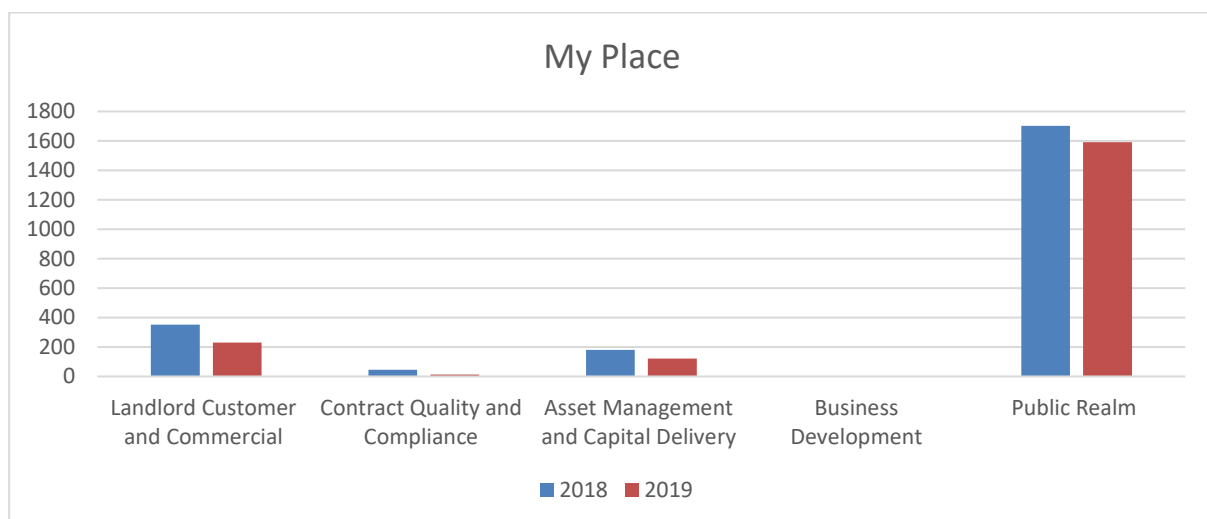
Stage 1 Complaints Received Inclusive Growth		
	2018	2019
Place Shaping and Regeneration Strategy	0	2
Housing and Asset Strategy	0	0
Enterprise Job and Skills	0	0
Commissioning and Programmes	0	0
Total	0	2



- 7.1 Inclusive Growth has 3 key priorities which they continue to work towards. Develop our aspirational and affordable housing offer, shape great places and strong communities through regeneration and encourage enterprise and enable employment and as a commissioning function they do not directly deliver services.
- 7.2 Although the work inclusive growth undertakes has a direct impact on the Authority and the residents in the main the work is placing focus on strategy and achieving our borough vision. As this is not a customer facing service they receive few complaints.
- 7.3 Of the two complaints which were received in this area 50% were answered within timescale.
- 7.4 The case outcomes 50% were not upheld with 50% upheld.

8. My Place

Stage 1 Complaints Received My Place		
	2018	2019
Landlord Customer and Commercial	353	230
Contracts Quality and Compliance	46	12
Asset Management and Capital Delivery	180	122
Business Development	2	2
Public Realm	1,702	1,592
Total	2,283	1,958

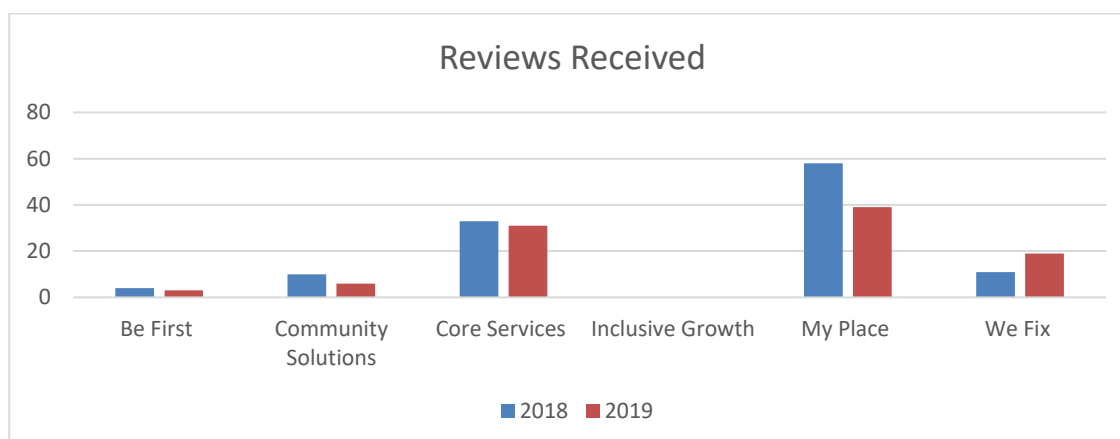


- 8.1 My Place is responsible for maintaining a large range of services which are used by our residents. They manage and provide all Public Realm services which include refuse collections, street cleansing as well as highways and landlord services for our tenants.
- 8.2 it is not surprising and in line with other authorities that My Place receives the most complaints.
- 8.3 We have reviewed the number of complaints which are received and 81% of these complaints relate to Public Realm. These teams offer services which are used by all tenants within the Borough.
- 8.4 When we review the data for 2019 the main themes of complaints relate to refuse collections, replacement bins and street cleansing. This is a re-occurring issue and one which the Local Authority continues to invest time and resources into finding solutions to rectify the issues moving forward.
- 8.5 Of those complaints received in My Place 82.5% were answered within timescale.
- 8.6 In terms of case outcomes, 12.6% were not upheld, 10.5% partly upheld, 0.4% resolved at first point of contact, 72.3% upheld and 3.1% withdrawn.

9. Reviews (Stage 2)

- 9.1 The Local Authority strives to undertake a full investigation into complaints. But on occasion complainants will feel that more could have been done. As such the Local Authority offers a review. The reviews are undertaken by the Feedback Team as an independent service to ensure that a thorough investigation has been provided.
- 9.2 In the main the responses which are sent to residents provide satisfactory resolution to the initial complaint submitted. Only 3% of cases were reviewed in 2019.

Reviews Received		
	2018	2019
Be First	4	3
Community Solutions	10	6
Core Services	33	31
Inclusive Growth	0	0
My Place	58	39
We Fix	11	19
Total	116	98



10. Local Government Ombudsman

- 10.1 In relation to Local Government Ombudsman (LGO) Complaints an annual report is shared with the Local Authority which is produced directly by the LGO. This report highlights how many cases were received and the decisions made on those cases. For further information on these are published at the following link www.lgo.org.uk/your-councils-performance/london-borough-of-barking-dagenham/annualletters/
- 10.2 From the cases which were submitted to the LGO the table below shows those cases which were received, and the decisions reached. Of the 121 cases submitted to the LGO only 16 cases required detailed investigations.

Decisions Made	
Incomplete or Invalid	3

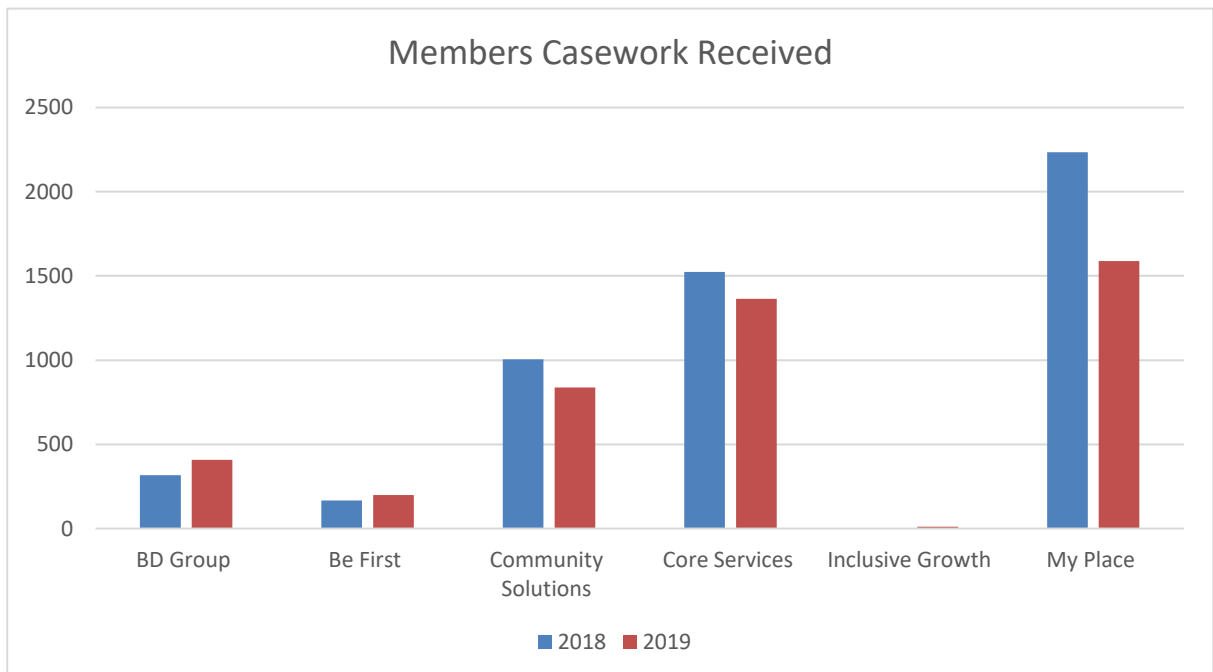
Advice Given	9
Referred back for Local Resolution	53
Closed After Initial Enquires	40
Detailed Investigations	
Not Upheld	5
Upheld	11
Total	121

11. Members Casework

11.1 There is a comprehensive members casework system in place to answer Councillors and Members of Parliament queries and concerns. We aim to respond to 90% of these cases in 10 working days

11.2 A noticeable decrease in casework can be noted within 2019. 93% of case work was answered within timescale.

Members Casework Received		
	2018	2019
BD Group	316	409
Be First	166	199
Community Solutions	1,004	838
Core Services	1,523	1,364
Inclusive Growth	4	10
My Place	2,234	1,588
Total	5,247	4,408



11.3 Member case work, in the main, mirrors the issues which are reported by our residents directly to services.

- 11.4 One significant increase in members casework is enquires submitted for Community Solutions. The cases submitted relate to housing allocations and the wait for appropriate housing.
- 11.5 We continue to try and work proactively with the elected members to ensure that we address the issues which are being raised with them.

12. Learning from corporate complaints

- 12.1 Complaints are a valuable source of information which can help to identify recurring or underlying problems and improvements. All complaints will be taken into account as part of all service's continuous improvement cycle. Equally the council can also identify where there is a need to amend policies and procedures, as well as improving customer communication. Data integrity can also be improved from complaints where our residents can point out information that is lacking, erroneous or out of date.
- 12.2 A sample of positive improvements the Council has made in response to feedback is set out below:

You said that	We have
Our Street Cleansing Service was not meeting expectations.	Remodelled the service which is offered to residents taking into consideration the complaints and members data to ensure that key areas were identified and dealt with.
Process for refund payments taking too long to issue and deal with.	We have implemented GovPay across services allowing them to handle customer issues and provide refunds instantly.
Information surrounding replacement bins not being correct.	Continued web content update to provide relevant information to residents about timescales for replacement bin requests.
Not being able to review online reports which have been made to find resolutions.	Web service updated to allow for customers to chase online reports made for existing reports.
Reporting issues on website took too much time to work through all the pages.	We implemented reporting which allows for reports to be made without the need for My Account.
Too many options included when phoning the council.	IVR system has been updated to reduce the options available keeping those that are most valuable to the residents.
Incorrect information on website in relation to collection days.	Improved collection day search accuracy and functionality. Including the addition of more flats.
Inaccurate information present on the website relating to bin collections.	Implemented web form allowing customers to report missing or inaccurate collection day information.
Information sharing regarding Housing Application status not being provided.	IVR options changed to enable information to be shared relating to

	application backlog. Web accompanying content updates being provided.
Communication around the removal of larger bins being offered not customer facing.	Consultation with waste service and removal of bin request option (larger bin request)
Delays in ascertaining current status of service requests when calling the contact centre.	Enhanced contact centre chase process eform with integrations to two LOB systems allowing them to read the latest content of each report.

13 Benchmarking Data

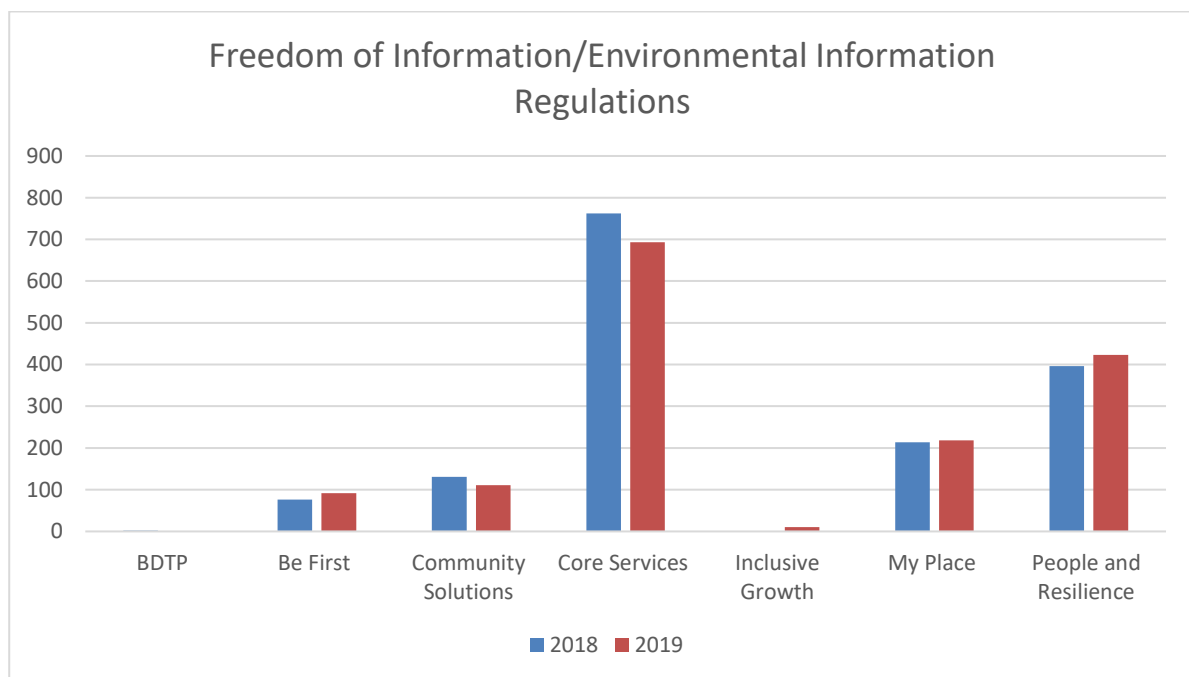
- 13.1 We have approached several boroughs and have asked for information to be shared with us in regard to levels of complaints and those services which are the largest generators. The information which has been shared relates to a quarter 2 within 2019.
- 13.2 The purpose behind this exercise was to establish if the issues which generate the most communication with residents are mirrored within other London Local Authorities. This exercise provided context that the issues which we face are not unusual and in fact all Boroughs aside from Havering report that refuse concerns are the biggest generator of communication alongside Housing Repairs and parking.

Local Authority	Total – July, August and September
London Borough of Barking and Dagenham Population 211,998	611 Complaints
London Borough of Havering Population 257,810	562 Complaints
London Borough of Lambeth Population 321,984	1,108 Complaints
London Borough of Waltham Forest Population 271,200	1,536 Complaints
London Borough of Ealing Population 372,000	1,619 Complaints

14. Freedom of Information Requests

Freedom of Information/EIR Received		
	2018	2019
BDTP	2	0
Be First	76	92
Community Solutions	131	111
Core Services	762	693
Inclusive Growth	0	10
My Place	214	218

People and Resilience	396	423
Total	1,581	1,547

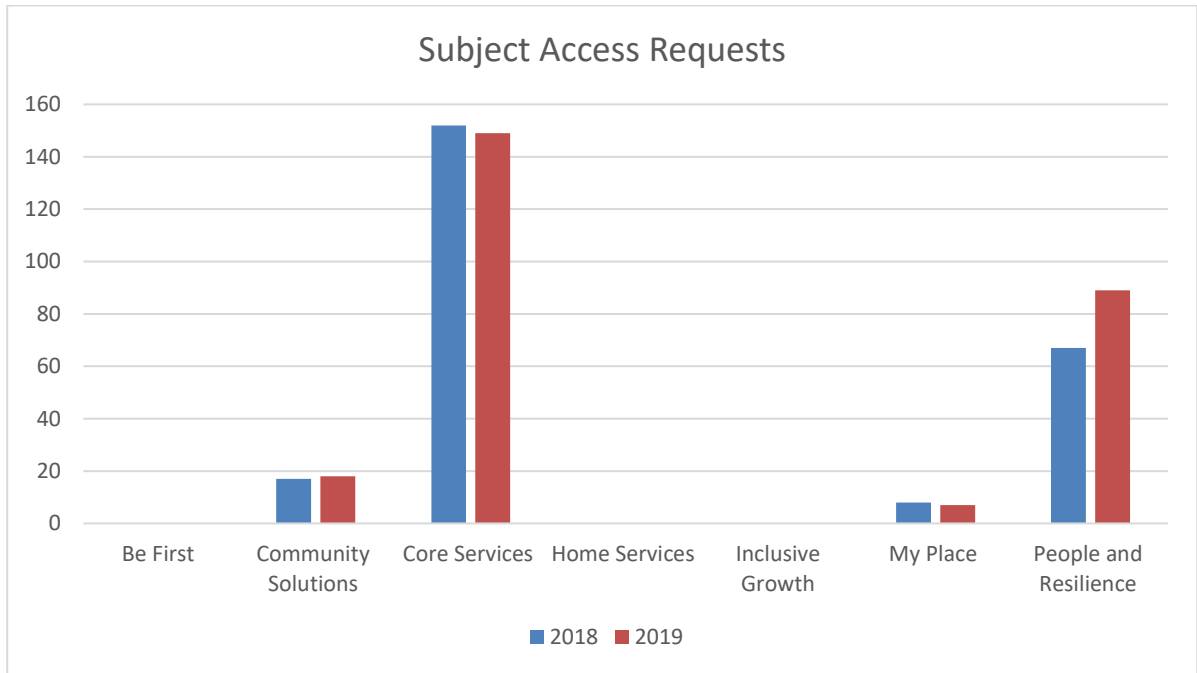


- 14.1 In line with the Information Commissioners Office guidance, the council now publish all FOI and EIR's which have been responded on the Council's website. Most FOI and EIR's relate to Enforcement Services, People and Resilience and NNDR.
- 14.2 Enforcement services deal with a high volume which relate to FPN's, dog fouling, private sector licensing and flytipping. Whilst People and Resilience's requests fall to transactional information such as number of children who are supported via services, number of Early Education Health Care Plans and our timescales.
- 14.3 During the calendar year Internal Audit have reviewed the service for both Freedom of Information and Environmental Information Regulations. This audit provided limited assurance and has recommended several actions to complete in order to improve the services which are offered.
- 14.4 Of those FOI and EIR's received 89.7% were completed within timescale.

15. Subject Access Requests

Subject Access Requests Received		
	2018	2019
BDTP	0	0
Be First	0	0
Community Solutions	17	18
Core Services	152	149
Inclusive Growth	0	0
My Place	8	7

People and Resilience	67	89
Total	244	263



15.1 The area of which receives the most Subject Access Requests remains CCTV. These requests relate to images which are required by residents, insurance companies and solicitors. The second highest level of requests remains People and Resilience. This directorate will deal with requests from families and children who have been in the care of the council. These request can be time consuming and require a review of many thousand pages of documents.

15.2 Of those Subject Access Requests received 96.1% were completed within timescale.

16. Financial Implications

16.1 None.

17. Legal Implications

17.1 None.

Public Background Papers Used in the Preparation of the Report: None.

List of appendices:

- Appendix 1 - Annual Social Care Complaints and Education Complaints Report 2018/19

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London Borough Barking and Dagenham Social Care and Education Annual Report for Complaints

1st April 2018 -31st March 2019

Childrens Services

81 Stage 1 Complaints Closed
3 Stage 2 Investigations Commenced
0 Stage 3 Reviews Undertaken
2 Ombudsman Investigations Undertaken
7 Compliments
58 Members & MP's Casework

Adults Services

54 Stage 1 Complaints Closed
5 Ombudsman Investigations Undertaken
18 Compliments
130 Members Casework

Education Services

18 Stage 1 Corporate Complaints
5 Compliments
71 Members Casework

Children's Services

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Learning and Service Development	Page 4
Stage 2 Investigations	Page 6
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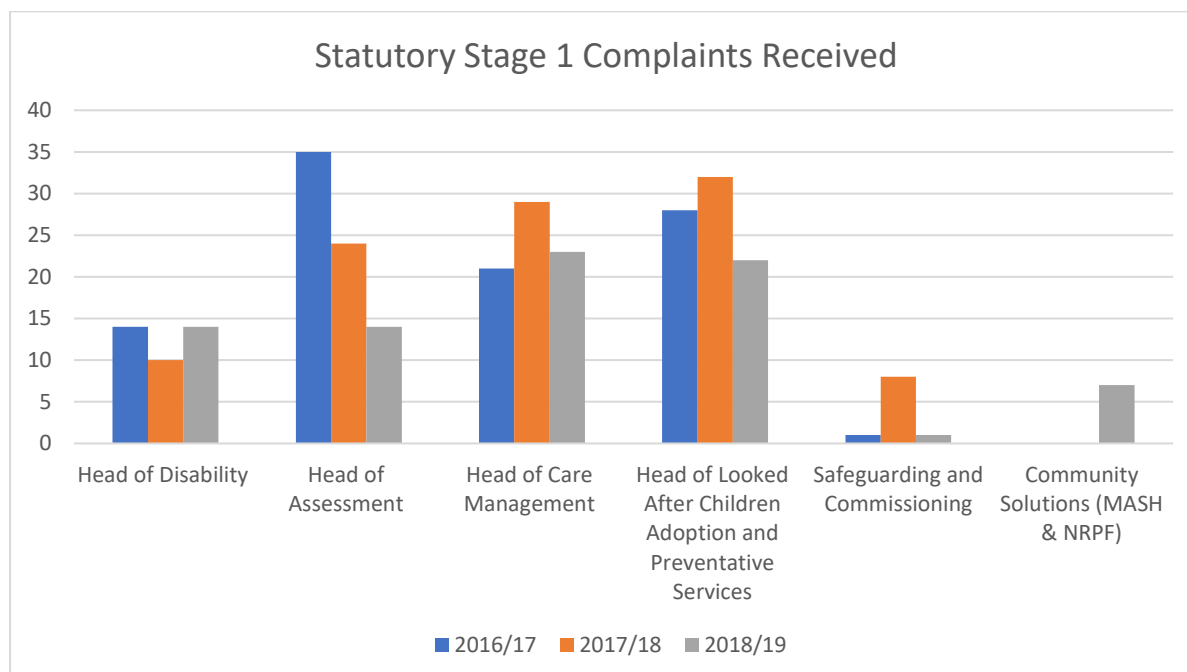
Adult's Social Care

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Education

New Stage 1 Complaints	Page 17
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Stage 1 Complaints Received		
Children's Services	2018/19	2017/18
Head of Disability	14	10
Head of Assessment	14	24
Head of Care Management	23	29
Head of Looked After Children, Adoption and Preventative Services	22	32
Safeguarding and Commissioning	1	8
Community Solutions (MASH & NRPF)	7	N/A
Total	81	103



Timeliness of dealing with statutory social care complaints

In 2018/19 78% (63 of 81) of complaints were answered within 20 working days which is a decrease on the 2017/18 figure of 86%. As noted, performance is again slipping in Children's Social Care and as such reports will be shared with Senior Managers on a quarterly basis to monitor and maintain improvement in this area. The Team will also be holding regular surgeries with Operational Managers to support improved timeliness.

Volume of Statutory Social Care Complaints

There is a noted decrease in the volume of complaints which have been received in Children's Social Care. It is hoped that this can be attributed to our service users being more aware of reason for interventions and better communication with our social workers as the relational practice framework is embedded. It is believed that the cause of some of this decrease can also be noted as down to the work which is undertaken by our in-house advocate. The advocate works with children directly to raise concerns they may have about how their cases are progressing. The work which is undertaken by our advocate provides to the young person a chance to be

heard and feel valued.

Quality of Statutory Social Care Complaints

We uphold a large volume of complaints which are investigated in children's social care. This has a positive impact on the number of cases which require further intervention through the complaints process. As a Local Authority we are self-aware on where we can improve and can communicate this to the service users. As we move forward the focus remains in children's social care complaints is to investigate with the family and provide information which can be used to clarify as to why interventions are taking place and improve their experience which is often difficult and confusing.

Concerns and Outcomes of Complaints

Nature of Stage One Children's Services Complaint	2018/19	
Challenge to Assessment Outcome	8	10%
Challenge to Conference Outcome	0	0%
Challenge to Section 17 Support	5	6%
Challenge to Savings	0	0%
Challenge to Support Provided	13	16%
Contact Worker Issues	0	0%
Delays in Service/Minutes	5	6%
Foster Carer Issues	1	1%
Inaccurate Recording	1	1%
Other Service Failure Cause	2	2%
Poor Communication	46	57%

Outcome	2018/19	
Upheld	60	74%
Partly Upheld	15	19%
Not Upheld	6	7%
Resolved Upon Receipt	0	0%

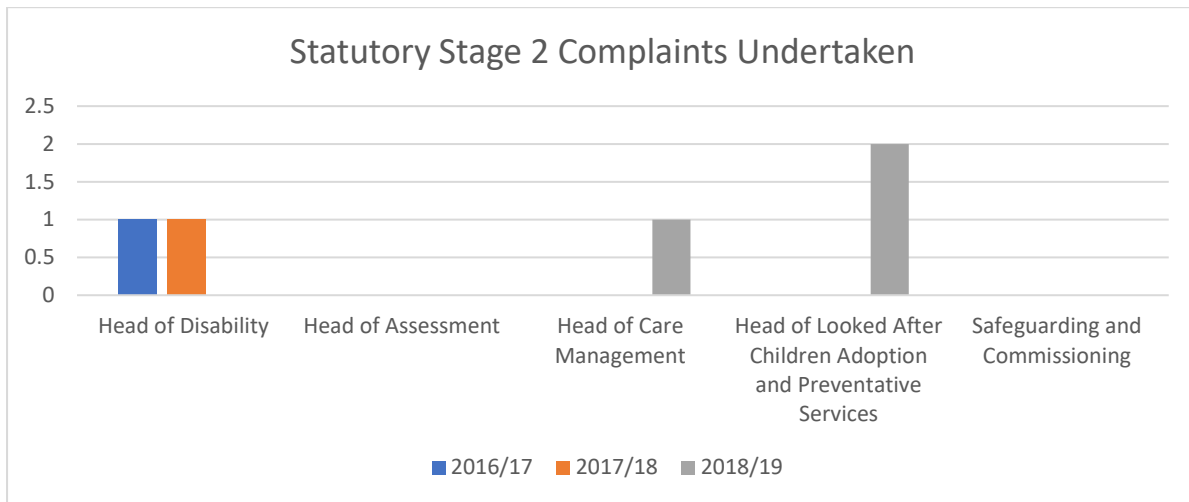
Learning and Service Development

At the end of every investigation, it is expected that the Investigating Officer should be able to identify service improvements resulting from the complaint. These should then be shared with all staff at team meetings. A summary of the noted service improvements resulting from the complaints are:

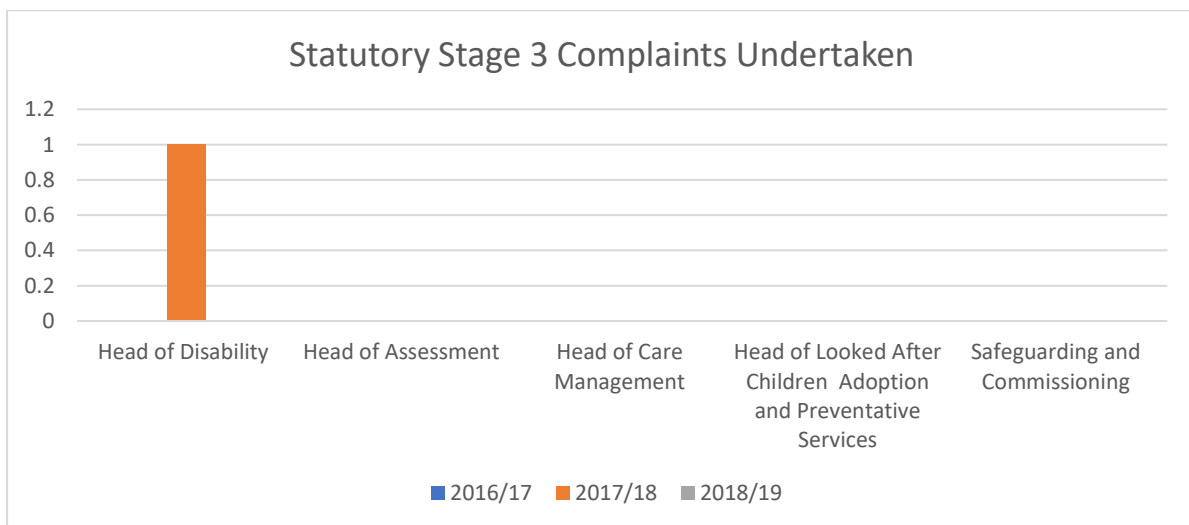
- It is clear that year on year that poor communication is the main cause for complaint when dealing with Children's Social Care. Social Workers and Team Managers are reminded of the importance of maintaining clear and regular communication with those cases which are allocated.
- When working with families, decision making should be clear and clearly explained and followed through by the Social Workers. Decisions should also be monitored through the use of supervision.

- Social Workers at initial meetings should always ensure that parents and children are aware of how to contact should they have a concern which needs addressing. These concerns should be noted on case file so that any further allocated social workers are aware of the issues which have been raised.
- All allocated workers to ensure that case notes are kept updated when visits have occurred, and decisions made. Poor case recording impacts on the ability to not only produce comprehensive investigation responses but places the Local Authority at the risk of more complaints and could potentially impact on Child Protection and Court Cases.
- The role of the Children's Rights Advocate to be explained to Children in Care so that they can utilise the internal services provided by the Local Authority.
- It is important that families/children feel comfortable in making complaints to the Local Authority and should not fear that this will adversely affect the work which is being undertaken.
- Children's wishes, and feelings should be kept updated and clearly communicated to families in terms of contact. Contact schedules should be at the earliest opportunity finalized and disseminated to families.

Stage 2 Complaints Commenced		
Children's Services	2018/19	2017/18
Head of Disability	0	1
Head of Assessment	0	0
Head of Care Management	1	0
Head of Looked After Children, Adoption and Preventative Services	2	0
Safeguarding and Commissioning	0	0
Total	3	1



Stage 3 Reviews Undertaken		
Children's Services	2018/19	2017/18
Head of Disability	0	1
Head of Assessment	0	0
Head of Care Management	0	0
Head of Looked After Children, Adoption and Preventative Services	0	0
Safeguarding and Commissioning	0	0
Total	0	1



Recommendations for Stage 2 and 3 Complaints Undertaken

In 2018/19 the Local Authority undertook 3 Stage 2 investigations none of these investigations have progressed to Stage 3.

Of the 3 Stage 2's undertaken 2 have been completed and recommendations have been made and shared with the complainants. The 1 remaining complaint is still within the initial stages and will be ongoing for some time due to the complex nature of the complaint which is being raised.

Concerns raised within the Stage 2 centered around the practice of the Social Workers and the communication the families were experiencing from the teams in question.

Stage 2 Recommendations

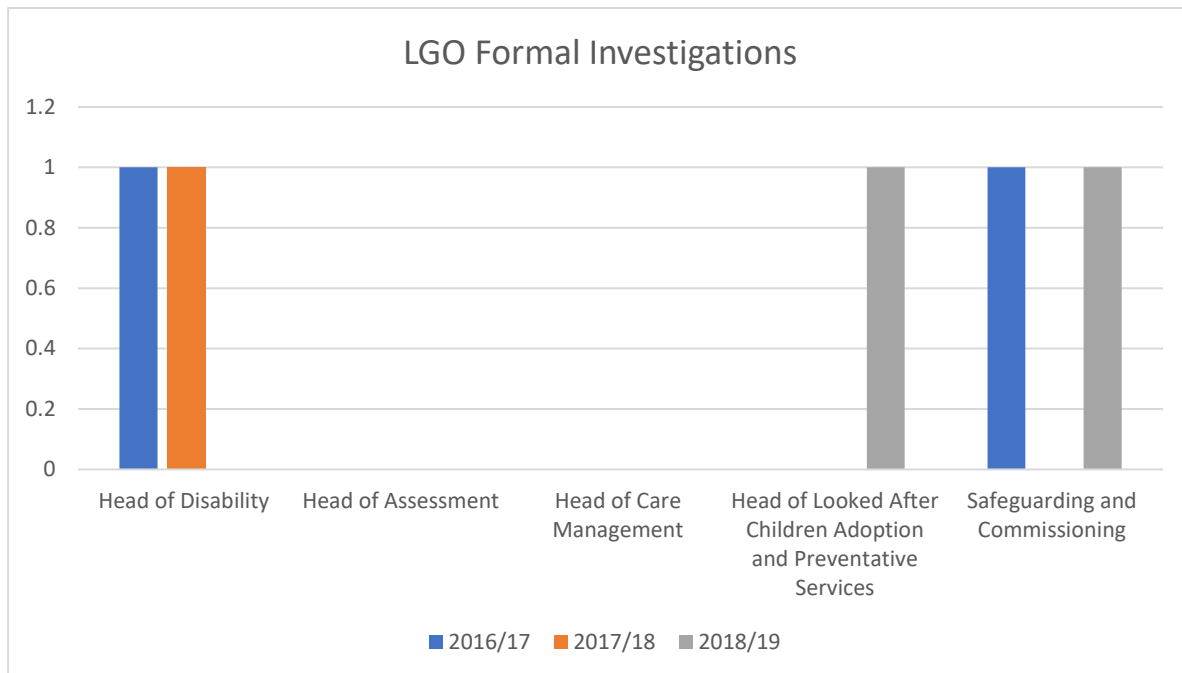
Within the Stage 2 Reports the independent investigators fully upheld 3 complaints, 3 were partially upheld and 7 were not upheld. The investigation reports provided an insight into not only how the Local Authority could improve the services which are offered to families and young people, they also provided advice to the specific complainants about how best to manage their communication with the Local Authority.

Some of the recommendations which were put forward by the investigators and agreed by the Local Authority include the following;

- That the Learn 2 Live Team improves its arrangements for providing young people with a list of essential items when they move to a new property.
- That the Local Authority reviews systems whether the systems, currently in place for establishing how much money is in each young person's leaving care grant.
- The Adjudicating Officer reviews the contact centre used for parental contact to establish if this remains a suitable venue, if a further venue can be identified and used for such sessions.

There are further recommendations made but as these remain case specific it is not felt that they should be included within the annual report to be published.

Local Government & Social Care Ombudsman		
Children's Services	2018/19	2017/18
Head of Disability	0	1
Head of Assessment	0	0
Head of Care Management	0	0
Head of Looked After Children, Adoption and Preventative Services	1	0
Safeguarding and Commissioning	1	0
Total	2	1



Recommendations from Local Government Ombudsman

The Local Government Ombudsman only undertook 2 formal investigations into the actions by the Local Authority. The complaint in relation to Safeguarding and Commissioning remains ongoing.

The investigation in relation to the Head of Looked After Children Adoption and Preventative Services after consideration the Local Government Ombudsman found no fault with the actions of the Local Authority

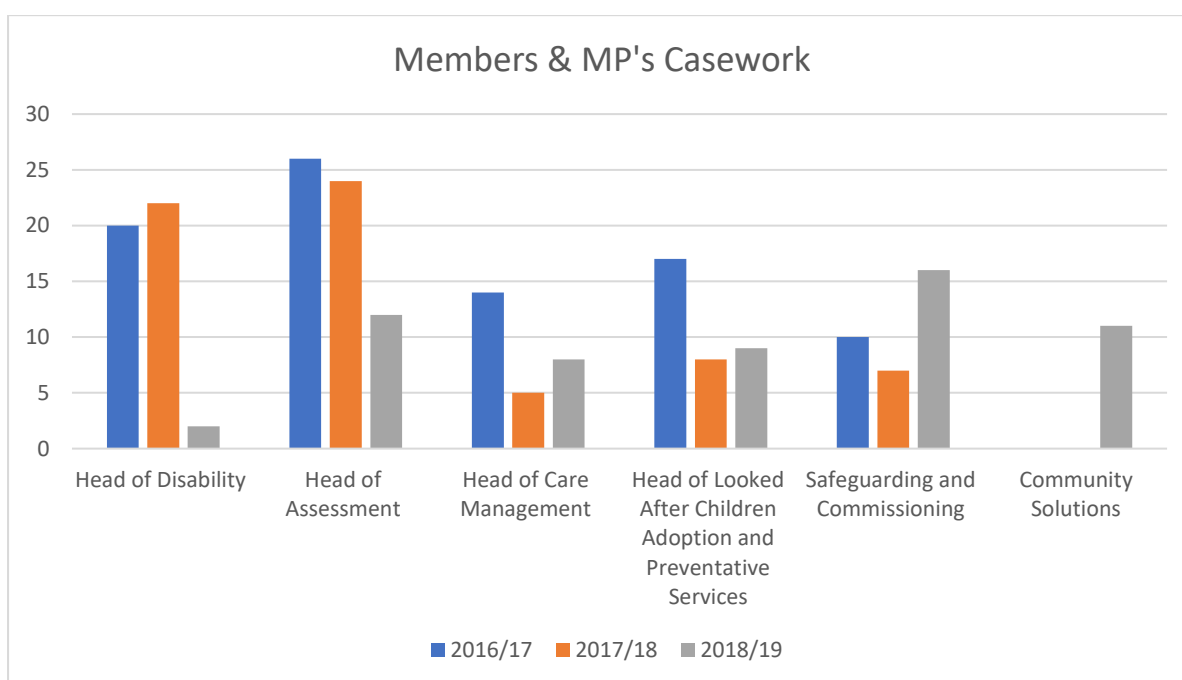
Compliments Received		
Children's Services	2018/19	2017/18
Head of Disability	0	1
Head of Assessment	0	2
Head of Care Management	6	4
Head of Looked After Children, Adoption and Preventative Services	1	11
Safeguarding and Commissioning	0	0
Total	7	18

Excerpts from some of the compliments received include:

- You say it how it is you've helped me whilst I was having trouble when internet was down, sorted through school application with me, persisted with helping me and my son getting a nice safe home that isn't known to Mr X, you've even helped us with a grant. Last but not least you don't make me uncomfortable. Thank you. Plz forward this to your manager coz I ain't got her address, but your help should not go unnoted. From my heart thanx.
- Finally, I just wanted to put in writing what I have said to you on the phone a couple of times about how hard O has worked on this case and what an impressive witness she made ' and all in the face of the horrendous vitriol and racism she had been receiving from the family. Other parties' advocates have also complimented her to me for her commitment to the children and how well she gave evidence.
- I just wanted to alert you to the high standard of work that S is doing. I have had the pleasure of working with her on a couple of cases and she has also filled in for other workers on duty. She has always come prepared, has a great work ethic and is always on time, despite using public transport!

The Director of Care and Support has a process in place to receive all compliments about practitioner practice across the child's journey. Weekly compliments are received from school, parents, carers, Judges, Legal Services and internally from Managers and the Principal Social Worker. Next reporting period will reflect the actual level of compliments received.

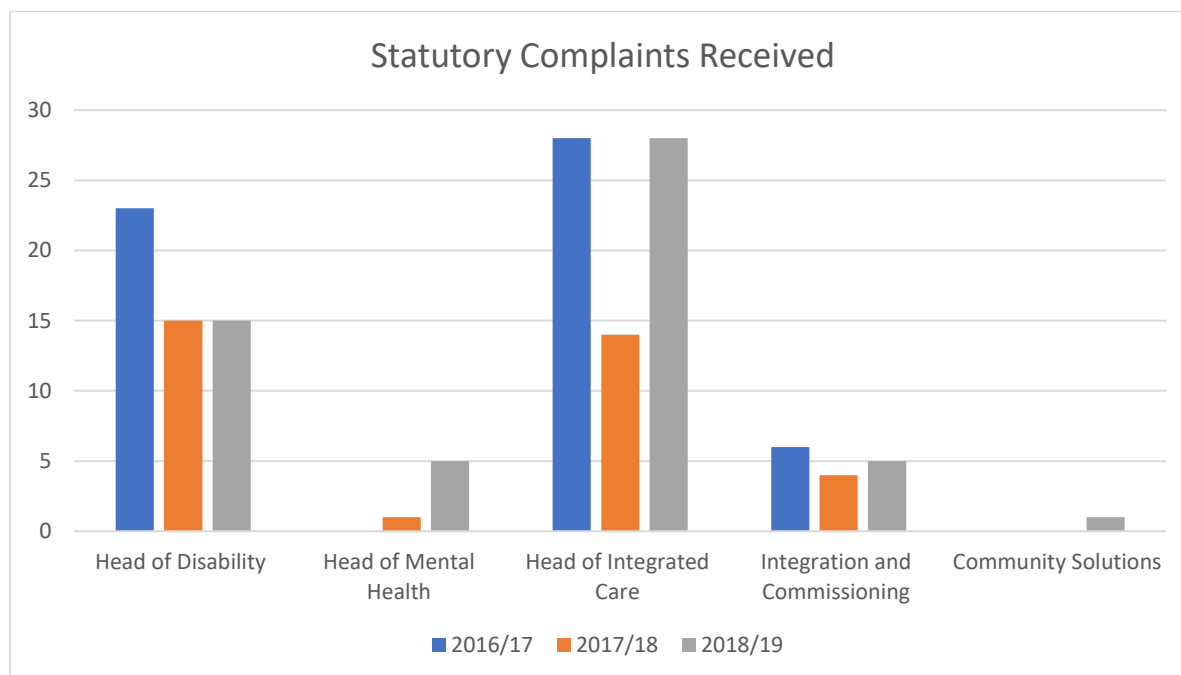
Members & MP's Casework		
Children's Services	2018/19	2017/18
Head of Disability	2	22
Head of Assessment	12	24
Head of Care Management	8	5
Head of Looked After Children, Adoption and Preventative Services	9	8
Safeguarding and Commissioning	16	7
Community Solutions	11	N/A
Total	58	66



Timeliness of dealing with Members & MP's Casework

In 2018/19 95% (55 of 58) of Members & MP's Casework were responded to within the 10 working days. This is an increase from 2017/18 in which 89% (59 out of 66) of Members & MP's Casework were answered within 10 working days. Children's Social Care has shown improvement in the response times for Members and now fall within the corporate target of 90%.

Stage 1 Complaints Received		
Adults Services	2018/19	2017/18
Head of Disability	15	15
Head of Mental Health	5	1
Head of Integrated Care	28	14
Integration and Commissioning	5	4
Community Solutions	1	N/A
Total	54	34



Timeliness of dealing with statutory social care complaints

In 2018/19 83% (45 out of 54) of complaints were answered within 20 working days which is a decrease on the 2017/18 figure of 97%. Not only is this a significant decrease, this is also below the corporate set target of 90%. The Feedback Team will continue working with the relevant service managers to ensure compliance is met moving forward.

Volume of Statutory Social Care Complaints

From information contained in the report we can clearly see an increase in the number of complaints which have been received in service. In a year there is a reported increase of 20 Cases. This can be seen as positive because it clearly shows the residents are confident to raise concerns with the Local Authority which allows us to rectify any concerns. It also provides the Local Authority greater perspective into how we can improve the services offered.

Quality of Statutory Social Care Complaints

We continue to strive as a service to improve the quality of the investigations and

responses which are provided to our residents. You can see from the number of investigations not upheld, in conjunction with the Local Government Ombudsman approaches that as a Local Authority we seriously consider and investigate complaints fully.

Concerns and Outcomes of Complaints

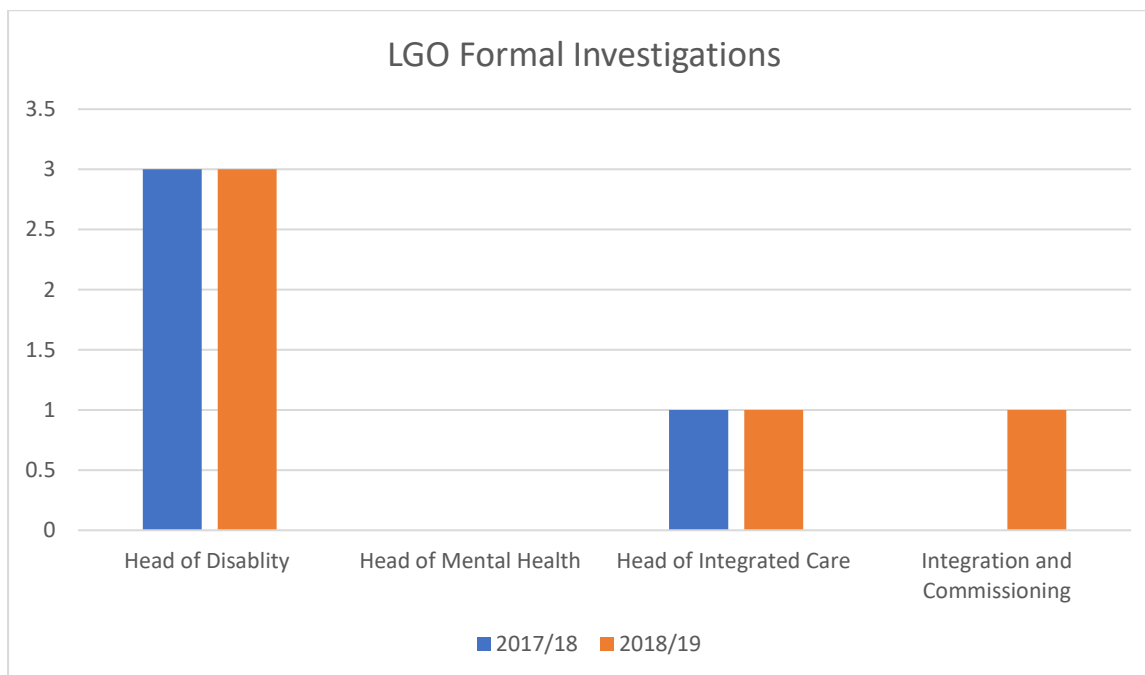
Nature of Statutory Adult Services Complaint		2018/19	
Delay In Communication	5	9%	
Delays In Service	8	15%	
Disagree with Charge Received	0	0%	
Dissatisfied with Financial Support Offered	0	0%	
Failure to do something	9	17%	
Inadequate Services Provided by a Third Party	2	4%	
Inappropriate Behavior	1	2%	
Incorrect Information or advice given	4	7%	
Not to the quality or standard expected	11	20%	
Poor Communication	14	26%	
Outcome	2018/19		
Upheld	8	15%	
Partly Upheld	17	31%	
Not Upheld	29	54%	

Learning and Service Development

At the end of every investigation, it is expected that the Investigating Officer should be able to identify service improvements resulting from the complaint. These should then be shared with all staff at team meetings. A summary of the noted service improvements resulting from the complaints are:

- Services need to ensure that timely carers assessments are offered to ensure that carers feel supported in their role by the Local Authority.
- Communication with families and services users needs to improve. A large portion of complaints received relate to poor communication. Allocated workers need to ensure that responsibility is taken to update the necessary people.
- When delays are expected to occur, it is important that service users and families are fully aware and are kept informed.
- Once the package of re-ablement has been completed clients should be re-allocated in a timely way so that the financial assessments can be undertaken to prevent clients having to excessively contribute to their care packages.
- Communication to be improved with families of those who have vulnerabilities including learning disabilities so that they are aware of the work being undertaken.

Local Government & Social Care Ombudsman		
Adults Services	2018/19	2017/18
Head of Disability	3	3
Head of Mental Health	0	0
Head of Integrated Care	1	1
Integration and Commissioning	1	0
Total	5	4



LGO Recommendations

At the time of writing this report not all Local Government Ombudsman cases had resulted in a final decision. The complexities of Local Government Ombudsman cases often mean they remain at the investigating stage for a lengthy period of time.

Whilst the Local Government Ombudsman were investigating a case a decision was taken to take this to report. Below is a summary of reasons as to why the case was investigated and for the full report you can follow this link

<https://www.lgo.org.uk/information-centre/news/2019/apr/london-council-and-care-home-amend-policies-after-giving-confusing-information-about-fees>

A complainant approached the Local Government Ombudsman to ask them to investigate the handling of payments with a provider of residential care. During their investigation, the Ombudsman used their discretion to also focus the investigation on the way in which the Council makes payments for residential care.

The matter principally concerns the practice of the Council making payment to the residential care home for only the Council's contribution, and expecting the care home to pursue the service user contribution directly with them. The LGO holds, and has set out clearly, that this is contrary to the Care Act guidance. There were also related

issues about the approach taken when third parties contribute to the cost of an individual's care, and some deficiencies in the care planning process in this instance.

The resulting report finds fault on the part of the Council, and that this had caused injustice to the complainant. There are a number of councils operating similar processes, and the Ombudsman has therefore chosen to issue a report in the public interest detailing the outcome of this complaint.

As a result, the Council has repaid the complainant the third-party top-ups that have been made, and half of the contributions of the service user. In the longer term, this has substantial implications for the way the Council currently undertakes its social care finance processes, and the necessary changes are being made to the systems and processes around how payments are made for residential care. It has also prompted a thorough look across all social care finance processes. The following link contains the report which prepared and provided to Assembly on this matter. <https://modgov.lbbd.gov.uk/Internet/documents/s130912/Report.pdf>

Further Recommendations from remaining cases investigated;

- The council offered £200 to reflect Mr B's avoidable distress and inconvenience at missed visits. That is an appropriate remedy for Mr B. In addition, I also recommend a payment of £200 to Mr A to reflect his and his family's avoidable distress and an apology.
- The Council and care provider will within a month review the visit arrangements with Mr A and take all reasonable steps to agree a way forward.
- Pay Miss X £600 in recognition of the distress and inconvenience she suffered due to its delay in providing aids and adaptations.
- Carry out a new assessment of Miss X's needs within one month of the date of my decision.

Compliments		
Adults Services	2018/19	2017/18
Head of Disability	7	4
Head of Mental Health	3	0
Head of Integrated Care	8	2
Integration and Commissioning	0	0
Total	18	6

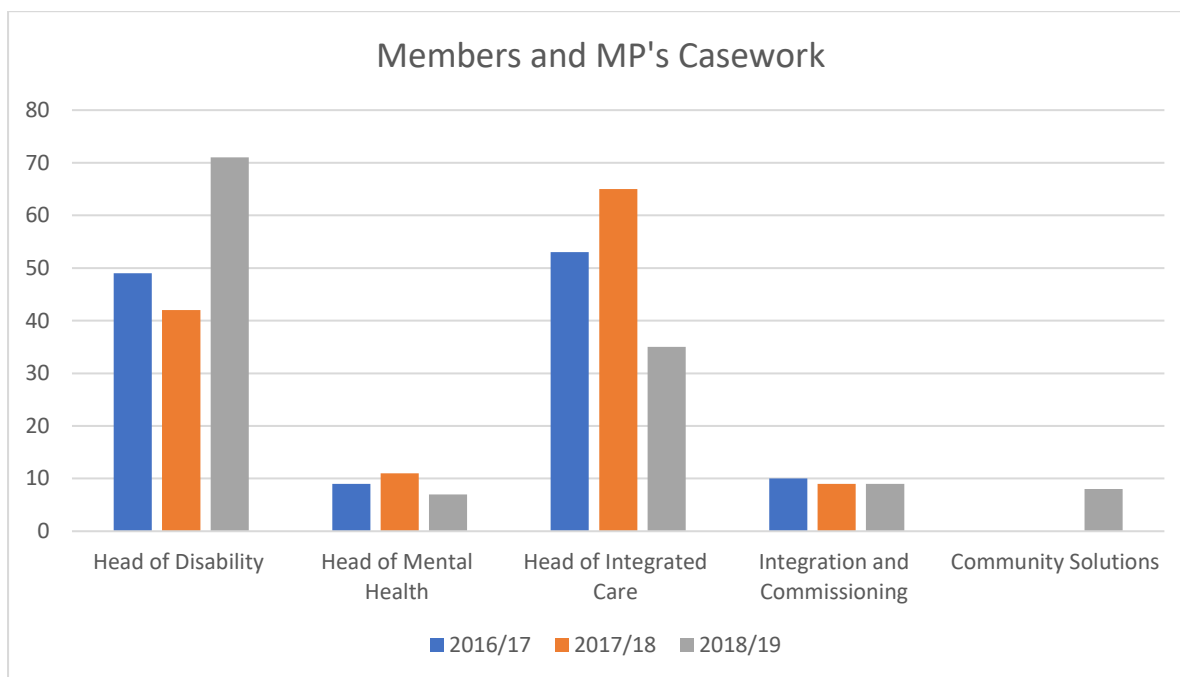
Volume of compliments received

When dealing with residents' positive feedback is appreciated as it is insight into services which are performing above and beyond. It is noted that we have received an increase of 12 compliments which show enhanced engagement from our residents.

Excerpts from some of the compliments received include:

- What a great social worker S is and how much he has made a difference since becoming my Brother's social worker earlier this year! He has sorted out a great care team which has made a lot of difference and obviously makes him more stable in the long run it very rare to see these days someone who is very dedicated to their job especially when a lot of cut backs and pressures are in place!
- I would like to pass my thanks on to my social worker as during my visit she not only put me at ease but made the whole process very dignified. The process seemed so much easier when she was undertaking the work with me.
- I would like to thank-you for all your help you really do go above and beyond in your job. (Not everyone does) Thank-you and helps me to stay positive and feel very supportive. I am very grateful, and I know my mum is too.

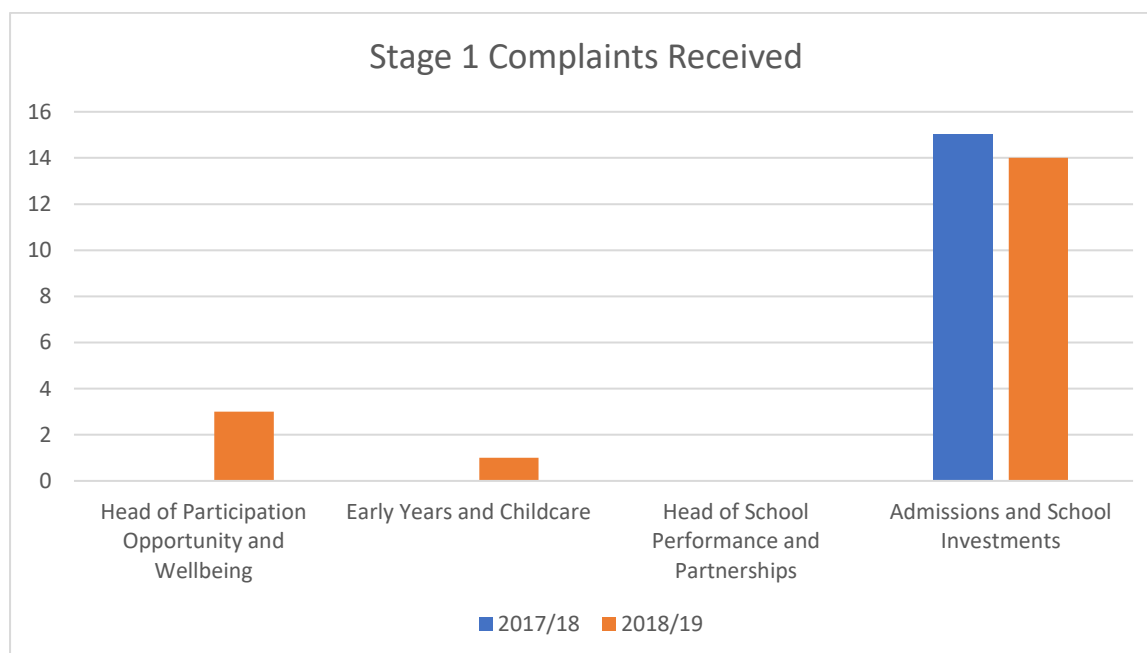
Members Casework		
Adults Services	2018/19	2017/18
Head of Disability	71	42
Head of Mental Health	7	11
Head of Integrated Care	35	65
Integration and Commissioning	9	9
Community Solutions	8	N/A
Total	130	127



Timeliness of dealing with Members & MP's Casework

In 2018/19 85% (111 of 130) of Members & MP's Casework were responded to within the 10 working days. This is a decrease from 2017/18 in which 90% (114 out of 127) of Members & MP's Casework were answered within 10 working days. Adult Social Care is falling below the corporate target of 90%. Performance will be monitored through management meetings and monthly corporate performance meetings.

Stage 1 Corporate Complaints Received		
Education Services	2018/19	2017/18
Head of Participation Opportunity and Wellbeing	3	0
Early Years and Childcare	1	0
Head of School Performance and Partnerships	0	0
Admissions and School Investments	14	15
Total	18	15



Timeliness of dealing with corporate complaints

In 2018/19 78% (14 out of 18) of complaints were answered within 20 working days, which is a slight increase on 2017/18 figure of 73%. The Feedback Team continue working with the relevant managers in order to reach the corporate target of 90%.

Nature of Statutory Education Complaint	2018/19	
Delay in service	3	17%
Disagree with policy or procedure	0	0%
Failure to deliver a service	1	6%
Failure to do something	5	28%
No communication received	4	22%
Not to the quality or standard expected	2	11%
Other communication cause	3	17%

Outcome	2018/19
Upheld	9
Partly Upheld	3
Not Upheld	6

Learning and Service Development

It is difficult to provide learning and service development for Education complaints as the majority are around children not being provided the school place which the parents have requested. These complaints are difficult to learn from as school allocations are taken via a set process and this is not something that the Local Authority are able to address. When reviewing those complaints which have been upheld we have found the following;

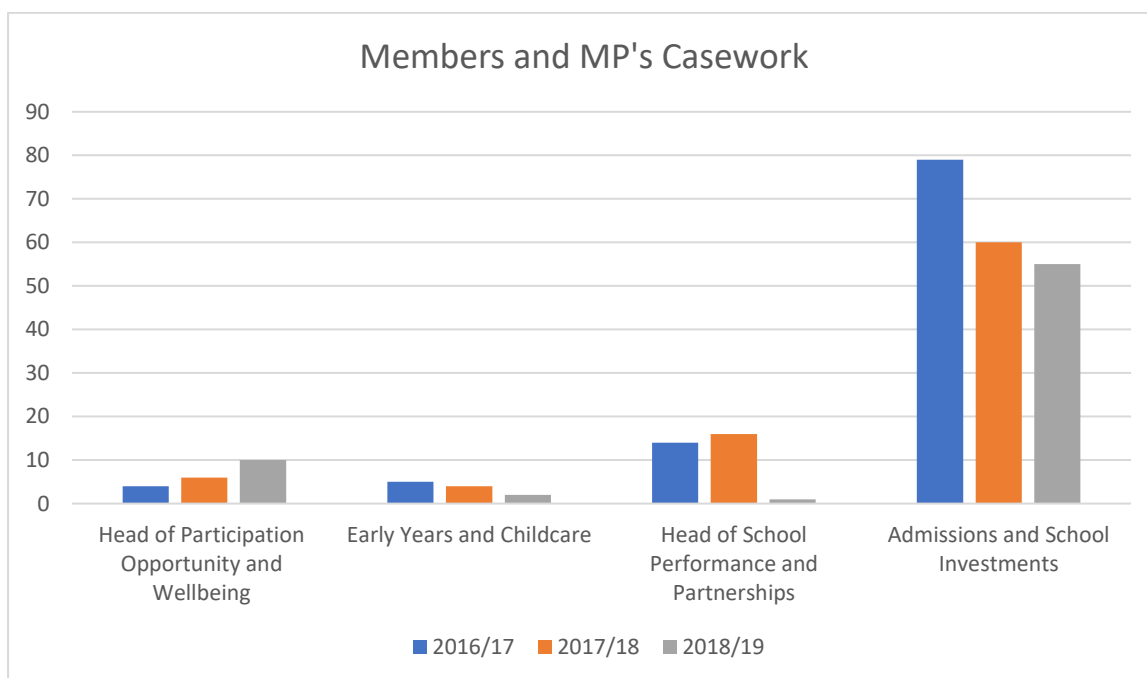
- The communication between teams in the Council could be improved when it comes to dealing with school applications whereby there is also possible Education Health Care Team involvement.

Compliments		
Education Services	2018/19	2017/18
Head of Participation Opportunity and Wellbeing	5	0
Early Years and Childcare	0	2
Head of School Performance and Partnerships	0	1
Admissions and School Investments	0	0
Total	5	3

Excerpts from some of the compliments received include:

- Your response time is excellent. The communication and advice are second to none. It has moved forward so much from the difficulties that were experienced last year. The system works, there is a clear process and a solid follow up.
- I also want to say a big thank you to SW, who treated me and my daughter with kindness and respect during all the time I had contact with her. When SW called me, she arranged an appointment at her earliest convenient to meet with myself at East Brook. During my telephone conversation with SW before meeting her in person, she listened to me and she had genuine concern for my daughter's wellbeing, which also gave me hope that the situation we were in could potentially change.

Members Casework		
Education Services	2018/19	2017/18
Head of Participation Opportunity and Wellbeing	10	6
Early Years and Childcare	2	4
Head of School Performance and Partnerships	1	16
Admissions and School Investments	55	60
Total	71	86



Timeliness of dealing with Members & MP's Casework

In 2018/19 93% (66 of 71) of Members & MP's Casework were responded to within the 10 working days. This is a decrease from 2017/18 in which 98% (84 out of 86) of Members & MP's Casework were answered within 10 working days. Despite the decrease in reported performance in this area the Education Service are still meeting the corporate target of 90%.

AUDIT AND STANDARDS COMMITTEE

27 April 2020

Title: Standards: Complaints Update	
Report of the Monitoring Officer	
Open Report	For Information
Wards Affected: None	Key Decision: No
Report Author: Dr. Paul Field, Senior Governance Lawyer	Contact Details: Tel: 0208 227 2638 E-mail: paul.feild@lbbd.gov.uk
Accountable Divisional Director: Fiona Taylor, Monitoring Officer and Director of Law and Governance	
Accountable Director: Chris Naylor, Chief Executive	
<p>Summary:</p> <p>This report is to provide the Committee with an update of complaints against Members of the Council, their current status, outcome and actions taken.</p> <p>On 1 July 2012 the Assembly adopted, as required by the Localism Act 2011, a new local Code of Conduct and Complaint Procedure. As the Code approached a year in existence, this Committee reviewed the structure and drafting of it so as to make improvements in composition and simplify it where possible.</p> <p>The re-drafted Code was adopted by Assembly on 17th July 2013.</p> <p>In accordance with the Code, the Monitoring Officer conducts an initial assessment of complaints about Members of the Council against approved criteria and may consult with the Independent Person and try to resolve matters informally if possible or appropriate. If the complaint requires further investigation or referral to the Audit and Standards Committee there may still be a hearing of a complaint before its Sub-Committee.</p> <p>Since reporting to the July Audit and Standards Committee, there have been 2 Complaints received by the Monitoring Officer. Both were dismissed at the first stage by the Monitoring Officer by reason of no evidence of a breach.</p>	
<p>Recommendation(s)</p> <p>The Audit and Standards Committee is recommended to note the report.</p>	
<p>Reason(s)</p> <p>For continued good governance and to ensure that the Standards Committee is aware of complaints against Members of the Council.</p>	

1. Options Appraisal

1.1 This report is for information only.

2. Consultation

2.1 This report is for information only.

3. Financial Implications

3.1 There are no financial implications associated with this report.

4. Legal Implications

Implications completed by: Dr. Paul Field, Senior governance Lawyer

4.1 It is a legal requirement that the Council promotes and maintains high standards of conduct by Members and Co-opted Members of the authority. The Audit and Standards Committee contributes to this duty by receiving reports from the Monitoring Officer and assessing the operation and effectiveness of the Code of Conduct for Members. Additionally, the Committee advises on training of Members on matters relating to the Code as well as receiving referrals from the Monitoring Officer into allegations of misconduct in accordance with the authority's assessment criteria.

4.2 This report furthers those objectives by providing timely updates to the Standards Committee with regard to the operation of the Code of Conduct.

Background Papers Used in the Preparation of the Report:

- Council Constitution

List of appendices:

Appendix A – Schedule of Complaints received.

Member Complaints – Monitoring Officer Rolling Record

Ref:	Receipt of Complaint 2020	Member	Complainant	Nature of Complaint	Investigation	Standards Hearing	Outcome	Status (Open/ closed)
MC 1/20	17 Jan	Single Member	Officer	Ditto	ditto	To be determined	O/G	Open
MC 2/20	4 Feb	Single Member	Citizen	Ditto	ditto	No	No form completed	Closed

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