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DATE: 18 November 2014

To: Members of the
AUDIT SUB-COMMITTEE

Councillor Neil Reddin FCCA (Chairman)
Councillor Alan Collins (Vice-Chairman)
Councillors Nicholas Bennett J.P., Ian Dunn, Simon Fawthrop, Keith Onslow and
Stephen Wells

A meeting of the Audit Sub-Committee will be held at Committee Room 1 - Bromley
Civic Centre on **THURSDAY 27 NOVEMBER 2014 AT 7.00 PM**

MARK BOWEN
Director of Corporate Services

Copies of the documents referred to below can be obtained from
<http://cde.bromley.gov.uk/>

A G E N D A

- 1 **APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**
- 2 **DECLARATIONS OF INTEREST**
- 3 **CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 25TH JUNE 2014 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION (Pages 5 - 12)**
- 4 **QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

In accordance with the Council's Constitution, questions to this Committee must be received in writing 4 working days before the date of the meeting. Therefore please ensure questions are received by the Democratic Services Team by 5pm on 21st November 2014.

- 5 **MATTERS OUTSTANDING FROM THE LAST MEETING (Pages 13 - 18)**
- 6 **ANNUAL AUDIT LETTER & LETTER OF REPRESENTATION (Pages 19 - 40)**
- 7 **INTERNAL AUDIT PROGRESS REPORT (Pages 41 - 100)**
- 8 **QUESTIONS ON THE AUDIT SUB COMMITTEE BRIEFINGS**

The briefing comprises:

- Parking Income Audit
- Dorset Road Infants Audit
- Final IT Licences
- Keston Church of England School-Pre Academy Closure
- Learning Disabilities Audit
- Purchase Card Audit
- Princes Plain Primary School Audit
- Lessons Primary School Audit
- PCN Audit Report
- Housing Benefit Audit
- Castelcombe Primary School
- Troubled Families Audit
- Essential Car User Audit
- Family Placements Audit
- Final CRC Internal Audit Report
- St Olaves Audit
- Agency Staff Audit
- Council Tax Audit
- Leaving Care Audit
- St John's Audit
- Single Person's Discount Audit
- Scott's Park Academy
- Southborough Primary School
- SEN Transport Audit
- Treasury Management Audit

Members and Co-opted Members have been provided with advanced copies of the briefing via email. The briefing is also available on the Council website at the following link:

<http://cds.bromley.gov.uk/ieListDocuments.aspx?CId=559&MId=5183&Ver=4>

9 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000

The Chairman to move that the Press and public be excluded during consideration of the item of business listed below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

Items of Business

Schedule 12A Description

10 EXEMPT MINUTES OF THE MEETING HELD ON THE 25TH JUNE 2014 (Pages 101 - 106)

Information which is likely to reveal the identity of an individual.

Information relating to the financial or business affairs of

11 INTERNAL AUDIT , FRAUD & INVESTIGATION REPORT (Pages 107 - 138)

any particular person (including the authority holding that information).

Any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Information which is likely to reveal the identity of an individual.

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

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AUDIT SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 25 June 2014

Present:

Councillor Neil Reddin FCCA (Chairman)
Councillor Alan Collins (Vice-Chairman)
Councillors Nicholas Bennett J.P., Ian Dunn,
Simon Fawthrop and Peter Fortune

Also Present:

Linda Pilkington and Luis Remedios

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS.

Apologies were received from Councillor Onslow.
Councillor Peter Fortune substituted for Councillor Onslow.

2 DECLARATIONS OF INTEREST

Councillor Fortune declared an interest as a Bromley school teacher, and as a member of the Board of Affinity Sutton Homes. Councillor Fortune also declared that his wife was a Bromley school teacher.

Councillor Fawthrop declared an interest as his wife was employed by Bromley Adult Education.

Councillor Reddin declared an interest as a governor of St Olave's School, and as the parent of a child at Warren Road Primary School.

Councillor Fawthrop declared an interest as the parent of a child attending a Bromley school.

Councillor Nicholas Bennett declared an interest as a member of the Scrutiny Board of Affinity Sutton.

3 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

4 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 12th MARCH 2014--EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

RESOLVED that the minutes of the meeting held on 12th March 2014 (excluding exempt information) be confirmed.

5 MATTERS ARISING REPORT

Report CSD 14076

The matter concerning the play equipment at Hookwood Road, Pratt's Bottom had been fully investigated. It was found that the specification of the play equipment was compatible with the rural setting of the park. The matter could now be closed.

It was noted that the issue of placement waivers being scrutinised by PDS Committees had also been resolved subsequent to the Assistant Director for Commissioning forwarding details of the process to the Head of Internal Audit.

The matter of the Value for Money Study offered by CIPFA was ongoing, and the Committee would receive an update at the November 2014 meeting.

RESOLVED

(1) that the Matters Arising report be noted

(2) that the matters arising concerning the placement waivers and the play equipment be closed

(3) that an update on the Value for Money study offered by CIPFA be provided to the Audit Sub Committee in November 2014

6 ANNUAL AUDIT REPORT

This report was written by Luis Remedios, Head of Audit.

Commentary:

The Annual Report of Audit Activity in 2013/14 was written for Member information and was also intended to assist the Council in meeting the financial management and internal control requirements of the Accounts and Audit Regulations 2011. Part of the overall arrangements required the Chief Executive and the Leader to sign an annual governance statement. Included in this report were highlights of the performance of the Internal Audit function, a summary of the audits undertaken and an opinion on the overall adequacy and effectiveness of the organisation's internal control environment based on this work and the Annual Governance Statement. Members noted that schools were now included within the report but there was an annual fraud report elsewhere on the agenda.

It was noted by the Committee that Internal Audit work and outputs had been reviewed by External Audit who concluded that Internal Audit were providing a satisfactory service. It was further noted by the Sub-Committee that Internal

Audit had completed the high risk audit reviews that had been scheduled in 2013/14 and had received positive feedback from client departments.

The Committee was made aware that over the past year there had been five major investigations reported to the Committee. The resulting investigations, other fraud work, and monitoring the Greenwich partnership had used up a lot of officer time. The summary of audit work undertaken so far had resulted in 86 reports, including schools.

The Committee commented and noted Section 3.31 on page 23 of the agenda, "*Recommendations by Category*". It was noted that **Authorisation Issues** had increased by 6% from the previous year, from 1% to 7%. It was also noted that there was an increase in **Breach of Contract/SLA** issues from 4% to 6%. The Committee were impressed by the fact that **Breach of Financial Regulations or Procedures** had decreased from 11% to 3% which was good progress. The Committee expressed some concern that **Supervisory/Monitoring** issues were high at 27%. The Committee were impressed that there was good improvement concerning **School Primary Accounting Documentation**, with issues falling by 11%.

Members were satisfied about the outcome of the **Integration of Public Health Audit** that was referred to on page 45 of the **Annual Governance Statement**. The pre-integration check by Internal Audit had shown that the integration was progressing satisfactorily.

Councillor Fawthrop noted page 35 of the AGS (Annual Governance Statement) with reference to Bromley being a "value for money council." Councillor Fawthrop questioned how LBB could be a value for money council if no value for money audit had taken place. The Chairman pointed out that responsibility for ensuring value for money extended across the council and was not solely that of Audit.

Councillor Fawthrop remarked that there should be less reliance on external audits, and more reliance on internal audits.

RESOLVED that:

(1) the Annual Audit Report 2013/14 be noted

(2) The Sub-Committee approved the Draft Annual Governance Statement

7 INTERNAL AUDIT PROGRESS REPORT

Report CEO 1409

The Internal Audit Progress Report was written by Luis Remedios, Head of Audit.

The report informed Members of recent audit activity across the Council and provided updates on matters arising from the last Audit Sub Committee. It covered:

- Priority One Recommendations
- Audit Activity
- Waivers
- Publication of Internal Audit Reports
- Auditor of the Year
- Housing Benefit Update
- Other Matters
- Risk Management

The Head of Audit introduced the report by explaining that this report covered the last two months of internal audit activity. There would be a further report written in September 2014, and this would be circulated to the Audit Sub-Committee Members by email in October 2014. Much time had been spent on completing work from the previous year, and much time had also been given to the investigation of the part two fraud investigations.

The Committee referred to Section 3.5 of the report on page 50 of the agenda—**Looked After Children (LAC)**. It was noted that two areas of concern had been identified by the London Borough of Wandsworth Audit Team. The first of these was that proper controls for evidencing funding approvals for placement decisions were not in place. In one instance it was identified that an over payment of £11,336.00 had been made; action had been taken to recover the over payment.

A secondary issue that had been identified with respect to LAC, was that the completion of assessments and reviews was often failing to take place within statutory timescales. If this was not rectified, there was a danger of both sanctions and reputational damage.

Recommendations to deal with these issues were being implemented.

The Committee referred to Section 3.7 of the report. This was another audit problem that had been identified by the LBW Audit Team. It was noted that there were problems in many services around the issue of **ordering and invoices**. There were many cases where orders had been raised after invoices had been received. This caused problems in that commitment to expenditure was not reflected in budgets. The Vice Chairman expressed surprise and concern at this, and stated that it was really an easy problem to solve. The matter had been raised by the Chief Executive, in recent meetings with chief officers and senior managers and it was clear that this practice was not acceptable. Members had asked if the worst offenders were being targeted and the Head of Audit responded that they were but given the number of retrospective orders of 3,290 over a four month period it was a corporate problem. This recommendation was accepted by management for implementation.

The Committee noted Section 3.8 (page 51) of the report, which related to **TCES** (Transforming Community Equipment Services). It was noted that there had been numerous problems with the verification of Invoices Submitted as outlined in the report. It appeared that there were no proper audit trails or challenges, no proper stock control, differences in the charge out rate for non-stock items stored to that specified in the contract, no analysis of speed rates charged, no challenge where the number of collection and deliveries charged on the invoice differed to that of the monthly statistics supplied by the contractor, and no challenge where the unit cost of the equipment supplied varied with the contracted specification rate. Performance measures specified in the contract were not being submitted by the contractor other than collections and deliveries. The Chairman commented that the report did outline a lack of competency on the part of the contractors and speculated if this was reflected in their general service levels. The Committee were assured that management had accepted that more detailed checks needed to be made on the monthly invoices before payment was made. In future, managers would be required to check a sample of transactions on the invoices.

The Committee considered Section 3.19 of the report. The introduction of the **FBM** (Full Budget Monitoring) system was noted. The Committee were informed that the budget monitoring review rates over the last five months, varied between 26% and 64%. The Committee were unhappy with these figures, and felt that they were not acceptable. The Committee considered possible reasons why the percentage compliance rates were low and below targets. Councillor Nicholas Bennett felt that middle management was not good enough, and that also there should be more involvement at Director Level to ensure compliance. Councillor Fawthrop commented that there would also be a failure to monitor cumulative spend on the part of budget holders by not engaging in the FBM process. The Committee intended to monitor the FBM compliance statistics, and to see what the figure was in November. Councillor Fawthrop proposed a motion that if the compliance rates were below 85%, then Directors should be called to account to the Sub-Committee. This motion was seconded by the Chairman.

The Committee next considered the matter of the **Waivers Procedure** as outlined in Section 3.27-3.30 of the report. The Committee was happy with the way that Care Services and Education PDS Committees undertook the scrutiny of placements. It was therefore agreed that placement waivers were no longer required to be reported to the Audit Sub-Committee.

The next matter that the Committee discussed were the nominations for "**Auditor of the Year**". The work of two Auditors (A and B) was outlined on the report. The Committee considered the work of both auditors, and they were both highly commended. The Committee decided that Auditor B should receive the nomination.

The Committee noted that the DWP were in the process of setting up a **Single Fraud Integrated Service**, and that this would take effect in LBB from 1st July 2015. It was noted that LBB's fraud contract with RB Greenwich had previously expired in March 2014 and had been extended for a year. LBB were looking into any possibilities that may exist to continue to employ the services of RB Greenwich under the new arrangements subsequent to 1st July 2015.

The Committee next turned their attention to Section 3.46 of the report, which was a review of **Value for Money Arrangements**. The Head of Audit stated that due to conflicting pressures the work had not yet been completed and that two of these audits were outstanding. Councillor Bennett stated that he felt that such matters should be for Departmental Finance Officers to deal with, and not Audit. The Chairman suggested that value for money should be the responsibility of every officer, and that it was a matter for audit to scrutiny. Councillor Bennett averred that each department should be responsible for approximately four reviews per year, and that ultimate responsibility for this should rest with departmental heads. He also felt that the findings of these reviews should be conveyed to PDS Committees. The Vice Chairman (Councillor Collins) agreed with this. Councillor Bennett advocated that the matter of departmental value for money reviews should be referred to the Executive and Resources Committee.

Councillor Bennett stated that when reviewing VFM arrangements departmentally, consideration should be given by department heads as to what assistance could be given to managers, what sort of targets they should be working to, and how processes could be streamlined. These were matters that should be adopted without compromising financial regulations. Councillor Fawthrop asked how VFM studies could be pursued in conjunction with commissioning, and suggested that perhaps there should be benchmark clauses. The Chairman stated that it may be a good idea if contracts had KPI's (Key Performance Indicators). Councillor Fawthrop suggested that it may be a good idea to audit contracts for KPI's. The Vice Chairman suggested that it may be prudent to appoint a delegated person to look at VFM issues for three departments. The Chairman declared that it may be advisable to request the Executive and Resources Committee to set up a Working Party to report on VFM.

It was agreed by the Committee that a referral be made to the Executive and Resources Committee to make provision for a Working Group to consider the matter of how departments could review VFM arrangements.

RESOLVED that:

(1) the Internal Audit Progress Report be noted

(2) a referral be made to the Executive and Resources Committee to make provision for a Working Group to consider the matter of how departments could review VFM arrangements

(3) an email update be sent from the Head of Audit to Committee Members in October 2014 to provide an update on the progress of internal audit activity

(4) if the compliance rate with respect to the Full Budget Monitoring system was below 85%, then Directors should be called to account to the Sub-Committee.

(5) placement waivers were not required to be reported to the Audit Sub-Committee

(6) the list of internal audit reports publicised on the web be noted, and the reports approved where exemptions were sought

(7) auditor B was nominated to receive the award of auditor of the year

(8) the continuing achievements of the counter fraud benefit partnership with the Royal Borough of Greenwich be noted

(9) the impending changes to the counter fraud partnership with RB Greenwich be noted.

8 INTERNAL AUDIT PROGRESS REPORT INFORMATION BRIEFINGS

RESOLVED that the publicised internal audit reports be noted.

9 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000

RESOLVED that the press and the public be excluded during consideration of the items of business referred to below, as it is likely in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press or public were present—there would be disclosure to them of exempt information.

10 EXEMPT MINUTES OF THE MEETING HELD ON 12th MARCH 2014

RESOLVED that the exempt minutes of the meeting held on 12th March 2014 be agreed.

11 INTERNAL AUDIT FRAUD & INVESTIGATION REPORT

Report CEO 1410

This report was written by Luis Remedios, Head of Audit.

This report informed Members of recent Internal Audit activity on fraud and investigations across the Council and provided an update on matters arising from previous Audit Sub Committee meetings. The report detailed updates on previously reported cases, expanded on cases of interest, detailed cases on the fraud register, provided a further update on the results of the 2012 National Fraud Initiative (NFI) and detailed the reasons given for exemptions sought for not publicising four investigation reports.

RESOLVED that the Internal Fraud and Investigation Report be noted.

12 ANNUAL INTERNAL AUDIT FRAUD & INVESTIGATION REPORT

Report CEO 1407

This report was written by Luis Remedios, Head of Audit.

This was the fourth annual fraud report that summarised all fraud and investigations undertaken for 2013/14. The report informed Members of all the fraud and investigation activity for 2013/14. It summarised all the allegations of fraud that had been received, investigations of matters not fraud related but breach of financial regulations/procedures, results of the housing benefit partnership with the Royal Borough of Greenwich and findings from the National Fraud Initiative (NFI) data matching exercise. The report also referenced other matters such as trends in fraudulent activity, training staff in fraud awareness, proactive exercises in council tax, addressing key fraud risks, the fraud training toolkit for staff and future arrangements for the investigation of benefit fraud.

RESOLVED that the contents of the Annual Internal Audit Fraud and Investigation Report be noted.

The Meeting ended at 8.45 pm

Chairman

Report No.
CSD 14119

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **27th November 2014**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **MATTERS ARISING**

Contact Officer: Stephen Wood, Democratic Services Officer
Tel: 020 8313 4316 E-mail: Stephen.Wood@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Resources

Ward: n/a

1. Reason for report

To update the Sub-Committee on progress with Matters Arising from previous meetings. Some of these updates relate to part 2 matters, and details are in the part 2 report.

2. **RECOMMENDATION(S)**

To note progress on matters outstanding from previous meetings.

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £367,636
 5. Source of funding: 2014/15 revenue budget
-

Staff

1. Number of staff (current and additional): 8.75fte
 2. If from existing staff resources, number of staff hours: Completion of "Matters Arising" reports for the Audit Sub Committee normally takes a few hours per meeting.
-

Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of members of the Sub-Committee.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

Attached is a schedule of matters outstanding from previous meetings of the Audit Sub Committee with a note of progress made. Most of these issues are taken up in more detail in the progress reports on this agenda (parts 1 and 2). Once an outstanding matter has been completed it will be removed from the schedule.

Non-Applicable Sections:	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact Officer)	Previous Minutes of Audit Sub Committee.

Appendix 1

Issue & Date	Summary	Action being taken ...	By	Estimated Completion
Internal Audit Progress Report Minute 67 Resolution 6 12 th March 2014	It was resolved that LBB pursue the Value for Money study offered by CIPFA and an update be provided to the Committee.	Peter Turner has commissioned CIPFA to undertake the review later in this financial year after local authorities have published their accounts.	Director of Finance	November 2014 Update to be provided to November Committee
Internal Audit Progress Report Minute 7 FBM 25 June 2014	The Committee agreed to monitor the % rate of compliance with the Full Budget Monitoring Process. It had been agreed that if the percentage rate of compliance was below 85%, then Directors should be called to the Committee to give an account.	Percentage rate of compliance being monitored.	Head of Internal Audit	Reporting to Audit Sub Committee in November 2014.
Internal Audit Progress Report Minute 7 Single Fraud Integrated Service. 25 June 2014	It was agreed that LBB look to extend the contract with RB Greenwich after 1 st July 2015.	This is being investigated.	Head of Audit	Update will be provided to the Committee in November.
Internal Audit Progress Report Minute 7 Value for Money 25 June 2014	The Committee agreed that a Working Group be set up by the Executive and Resources Committee to look at VFM issues.	E and R Committee to be requested to initiate the setting up of this working group.	Head of Audit	Update will be provided to the Committee in November.
Internal Audit Progress Report Internal Audit Activity 25 June 2014	It was agreed that an email update be sent to Members in October 2014 to provide an update with regard to Internal Audit Activity.	Email to be sent in October 2014	Head of Audit	October 2014

<p>Internal Audit Fraud and Investigation Report</p> <p>Part 2</p> <p>Minute 11/1</p> <p>25 June 2014</p>	<p>Matters relating to:</p> <p>Insurance Investigation</p> <p>Learning Disabilities Audit</p> <p>Library Fraud</p> <p>Castlecombe Children and Family Centre</p> <p>Ravensbourne School</p> <p>Internet Mis-Use</p> <p>Purchase Card Fraud</p> <p>Housing T/A</p> <p>Referred Fraud Cases</p>	<p>See updated Part 2 reports on the November Agenda</p> <p>Update on has been provided and circulated to Members by email.</p> <p>Closed.</p>	<p>Head of Internal Audit</p> <p>Director of Environmental, Care and Health Services.</p>	<p>November 2014</p> <p>Ongoing</p>
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Report No.
1404

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **Thursday 27 November 2014**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **ANNUAL AUDIT LETTER & LETTER OF REPRESENTATION**

Contact Officer: Luis Remedios, Head of Audit
Tel: 020 8313 4886 E-mail: luis.remedios@bromley.gov.uk

Chief Officer: Chief Executive

Ward: (All Wards);

1. Reason for report

This Committee normally receives the Annual Audit Letter. The letter summarises the results of the External Auditors (PWC) audit work for 2013/14. In addition The Letter of Representation is also attached for information which details key undertakings given by the Director of Finance to the External Auditors (PWC) in preparing the 2013/14 Statement of Accounts

2. **RECOMMENDATION(S)**

- a. **Members are asked to note the Annual Audit Letter from PWC our External Auditors.**
- b. **Members are asked to note the Letter of Representation from the Director of Finance**

Corporate Policy

1. Policy Status: Not Applicable:
 2. BBB Priority: Excellent Council:
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: External Audit
 4. Total current budget for this head: £193K
 5. Source of funding: General Fund
-

Staff

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 Annual Audit Letter

3.2 The final Annual Audit Letter that summarises the results of the audit work undertaken by PWC in respect of 2013/14 is attached for information.

3.3 Members should note that the 2013/14 external audit cannot be concluded and a certificate issued as there had been an objection to the 2012/13 accounts in relation to the Authority's parking enforcement contract. The 2012/13 has still not been formally concluded due to this objection.

3.4 The External Auditors issued an unqualified opinion on the 2013/14 accounts. . There are however 4 recommendations in respect of providing accruals training to surveyors, use of a pension bank account, amend and review of the bank mandate, and pension leavers on the administration system.

3.5 Members should note the proposed fee of £25.4k quoted in the annual audit letter in respect of the objection relating to parking enforcement is now estimated to be between £30k to £35k. The increase is due to counsel costs and further work needed to engage with the objector and draft a response.

3.6 The Annual Audit Letter does not go to General Purposes and Licensing Committee.

3.7 Letter of Representation

3.8 The Letter of Representation is attached to this report for information. It sets out the key undertakings given by the Director of Finance to the External Auditors in relation to the 2013/14 Statement of Accounts, the information provided, accounting policies, fraud and non-compliance with laws and regulations, related party transactions, employee benefits, contractual arrangements/agreements, litigation and claims, taxation, using the work of experts, pension fund assets and liabilities, pension fund registered status, bank accounts, subsequent events, retirement benefits, provisions, assets and liabilities, disclosures and items specific to local government.

3.9 Members should note that the Letter has been signed off by the Director of Finance and Chairman of the General Purposes and Licensing Committee.

4. POLICY IMPLICATIONS

None

5. FINANCIAL IMPLICATIONS

External audit fees are estimated to be in the region of £193k including certification work. There is an additional cost estimated to be between £30k to £35k in fees incurred in respect of the responding to the objection to the accounts.

6. LEGAL IMPLICATIONS

The Annual Audit Letter is a requirement under the Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies.

7. PERSONNEL IMPLICATIONS

None

Non-Applicable Sections:	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	[Title of document and date]

London Borough of Bromley

Annual Audit Letter

2013/14

Government and
Public Sector

October 2014

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Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In April 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and of audited bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

An audit is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters.

Introduction

The purpose of this letter

This letter summarises the results of our 2013/14 audit work for members of the London Borough of Bromley (“the Authority”).

We have already reported the detailed findings from our audit work to the General Purpose and Licensing Committee (“GP&L”) in the following reports:

- Audit opinion for the 2013/14 financial statements, incorporating conclusion on the proper arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- Report to those charged with Governance (ISA (UK&I) 260).

We expect to issue our audit report on the London Borough of Bromley Pension Fund Annual Report 2013/14 in November 2014.

In addition, we expect to issue the Annual Certification Report for 2013/14 in March 2015.

Lastly, the certificate remains open because there is an outstanding matter in relation to an objection on the 2012/13 Statement of Accounts.

The matters reported here are the most significant for the Authority.

Scope of Work

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As an administering Authority of a pension fund, the Authority is also responsible for preparing and publishing Accounting Statements for the London Borough of Bromley Pension Fund.

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan that we issued to the Audit Sub-Committee in March 2014 and is conducted in accordance with the Audit Commission’s Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

We met our responsibilities as detailed on the next page.

Audit Responsibility	Results	Audit Responsibility	Results
<i>Perform an audit of the accounts and pension fund accounting statements in accordance with the Auditing Practice Board's International Standards on Auditing (ISAs (UK&I)).</i>	<p>▶ We performed an audit of the statement of accounts and pension fund accounting statements.</p> <p>We issued an unqualified opinion for both on 22 September 2014.</p>	<i>Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.</i>	<p>▶ We are currently responding to an objection to the 2012/13 financial statements.</p> <p>No other action has to date been necessary in relation to our responsibilities under the Audit Commission Act.</p>
<i>Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.</i>	<p>▶ We undertook our work on the Whole of Government Accounts consolidation pack. The assurance statement was certified on 22 September 2014 and the audited pack was submitted on 26 September 2014.</p> <p>We found no areas of concern to report in this context.</p>	<i>Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.</i>	<p>▶ Our audit cannot be formally concluded as at October 2014 and a certificate issued in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.</p> <p>This is because there is an outstanding matter in relation to an objection on the 2012/13 Statement of Accounts that relates to the Authority's parking enforcement contract and the legality of its performance targets.</p> <p>We will update the Audit Sub-Committee when we are able to do so.</p>
<i>Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.</i>	<p>▶ We issued an unqualified conclusion on 22 September 2014 in respect of the two criteria detailed by Audit Commission requirements.</p>		
<i>Consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.</i>	<p>▶ We reviewed the Annual Governance Statement to consider whether it complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to us from our audit work.</p> <p>We found no areas of concern to report in this context.</p>	<i>Issue a report noting whether or not the pension fund financial statements in the pension fund annual report and accounts are consistent with those in the Authority's Statement of Accounts.</i>	<p>▶ We requested management to produce an addendum to reflect the updated guidance CIPFA provided in preparing the contents of a Pension Fund Annual Report. This was issued on 18 August 2014, which was after the pension fund financial statements and pension fund annual report had been completed.</p> <p>In accordance with the Secretary of State's covering letter, that report has been reviewed to ensure compliance with the guidance and any additional disclosures required are included in the addendum.</p> <p>We expect to issue our audit report on the London Borough of Bromley Pension Fund Annual Report 2013/14 in November 2014.</p>
<i>Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.</i>	<p>▶ No matter was noted in the course of the audit that required a report in the public interest.</p>		

Audit findings

Accounts

We audited the Authority's accounts in line with approved Auditing Standards and issued an unqualified audit opinion on 22 September 2014.

We identified four accounting issues during the course of our work that we wish to draw to your attention.

1) Medium term financial strategy

As a result of the Local Government Financial Settlement, the Authority has set out a financial strategy from 2014/15 to 2017/18. There is a notable "budget gap" in the financial forecast up until 2017/18 as reported to the Executive in February 2014 and detailed below:

Financial year	Budget gap (£m)
2014/15	0.1
2015/16	7.9
2016/17	30.2
2017/18	53.1

We are aware the Authority is in the process of determining actions to reduce the Authority's medium term "budget gap"

However, there are still outstanding issues and areas of uncertainty remaining in closing the budget gap.

2) Depreciation of fixtures and fittings

The way the Authority accounts for the capitalisation of fixtures and fittings is not in line with Accounting Standards. Upon discussing this with management and performing further work, we are comfortable that the potential impact on

the balance sheet and comprehensive statement of income and expenditure is immaterial.

3) Pensions liability

The Authority's pension liability is the most significant estimate in the financial statements. The 2013 triennial valuation has been finalised and the effect has been to calculate a new deficit position (82% funded), set a common employer contribution rate of 15.3% and an annual lump sum past-deficit contribution of £5.9m from 1 April 2014 to recover that deficit over 15 years. For 2013/14, we gained assurance over the assumptions underlying the pension liability, and we validated the data supplied to the actuaries which was used in calculating the liability.

4) Changes to IAS 19 - employee benefits

From 2013/14 there have been changes to the accounting for defined benefit schemes and termination benefits. These changes have been reflected in the Authority's financial statements. We consider these have been dealt with adequately.

Use of Resources

We carried out sufficient, relevant work in line with the Audit Commission's guidance, so that we could conclude on whether you had in place, for 2013/14, proper arrangements to secure economy, efficiency and effectiveness in your use of the Authority's resources.

In line with Audit Commission requirements, our conclusion was based on two criteria:

- the organisation has proper arrangements in place for securing financial resilience; and
- the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified conclusion on the ability of the organisation to secure proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

However, we found the following matter which we wish to bring to your attention:

- the Authority will need to ensure actions are underway to resolve the "budget gap" as identified by its medium term financial strategy up until 2017/18.

Annual Governance Statement

Local authorities are required to produce an Annual Governance Statement (AGS) that is consistent with guidance issued by CIPFA/SOLACE. The AGS accompanies the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Whole of Government Accounts

We undertook our work on the Whole of Government Accounts consolidation pack as prescribed by the Audit Commission. The audited pack was submitted on 26 September 2014. We found no areas of concern to report in this context.

Certification of Claims and Returns

We presented our most recent Annual Certification Report for 2012/13 to those charged with governance in March 2014. We certified three claims worth £236 million. In two cases a qualification letter was required to set out the issues arising from the certification of the claim. These details were also set out in our Annual Certification Report for 2012/13. We will issue the Annual Certification Report for 2013/14 in March 2015.

Other Matters

In auditing the Statement of Accounts of a Local Authority, the auditors must consider:

- Whether we need to report on any questions or objections made to us as auditors.

We have been considering an objection in relation to the 2012/13 financial statements that relates to the Authority's parking enforcement contract and the legality of its performance targets.

This resulted in our 2012/13 audit not being able to formally conclude and a certificate issued in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

We provided a verbal update to members of the GP&L on 17 September 2014 as to the status of the work over the objection, explaining that the 2013/14 certificate will remain open as a result until such time where the objection is resolved.

An audit is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters.

Other matters reported to those charged with governance

We have to report to those charged with governance any deficiencies in internal control that we found during the audit. Other, less significant recommendations have been brought to the attention of the Director of Finance

As part of our audit work in 2014/15, we will follow up the recommendations we have made.

Recommendation	Management response	Target implementation date
Main audit		
<p>Use of surveyors</p> <p>We recommend management should review the controls in place to account for development accruals at year end, by providing refresher training to surveyors to ensure they are comfortable with the accruals concept and the importance of only providing costs incurred up to year end.</p>	<p>▶ Refresher training will be provided in advance of the 2014/15 closedown to ensure relevant officers are aware of year end accounting requirements regarding accruals.</p>	<p>Responsible Officer – Senior Accountant</p> <p>Timescale – 31 March 2015</p>
Pension fund		
<p>Use of Pension Fund bank account</p> <p>This is a point consistent with the prior year.</p> <p>We understand from speaking with management that a cost / benefit analysis was undertaken during the year to determine if it would be effective to use the Pension Fund bank account as required. It was decided that such arrangement would be not be efficient or economical.</p> <p>We recommend that the Authority continue to assess the rationale for not using the bank account of the fund. This is because technically such an account should be as per the cited regulations.</p>	<p>▶ A cost/benefit analysis was carried out during 2013/14 and it was reviewed during the 2013/14 closedown.</p> <p>It remains the view of management that there is little to be gained from using a separate Pension Fund bank account. Management are satisfied that our robust coding structure sufficiently separates out the pensions transactions in an effective manner. This will continue to be reviewed in light of forthcoming changes to pension fund governance arrangements.</p>	<p>Responsible Officer – Principal Accountant</p> <p>Timescales – Ongoing</p>

Recommendation	Management response	Target implementation date
<p>Bank mandate</p> <p>We recommend that the mandate is amended appropriately and is reviewed regularly in future and when relevant personnel leave to ensure signatories remain valid.</p>	<p>The mandate has been updated to reflect the change in personnel and will be maintained for any further staffing changes.</p>	<p>Responsible Officer – Principal Accountant</p> <p>Timescales – Complete</p>
<p>Pensions leavers on the administration system</p> <p>We recommend that the criteria used to create the daily ResourceLink reports are updated to reflect the issues identified through our testing.</p>	<p>To remove the risk of running this manual process daily Liberata have implemented a process of running a weekly report. This task will be added to the Control List which is checked on a daily basis.</p> <p>At year end Liberata will continue to upload a file taken from ResourceLink so a check is carried out that the volume of leavers matches the Pension database.</p>	<p>Responsible Officer – Liberata Pensions</p> <p>Timescale – Immediate</p>

Final fees

Final fees for 2013/14

We reported our fee proposals in our audit plan.

We varied our fee because of the reasons below and reported our revised fees to GP&L on 17 September 2014.

- It is proposed to increase the main audit fee by £3,150.

During 2013/14, the Audit Commission stated that we were not required to certify the scheme regarding National Non Domestic Rates Return (LA01) or the Council Tax Benefit element as part of the Housing Benefit Subsidy Claim (BEN01).

In prior years, we relied upon this work as part of work to audit the Authority's Statement of Accounts. Therefore, in 2013/14, we have had to obtain audit comfort over Business Rates income and Council Tax Benefit expenditure in the Statement of Accounts from additional audit procedures.

The fee is based upon the length of fieldwork, which is assumed to be the same as prior years. However, there is no need to perform the planning and reporting procedures as when performing certification work. Therefore, this element has been excluded.

- The certification fee has reduced by £4,980.

The fee for the certification of claims and returns in 2013/14 relates to the certification of just the Housing Benefit Subsidy Claim.

Therefore, following on from the point above, the fee has been reduced to reflect the removal of Council Tax

Benefit from the scheme as we not required to certify this element in 2013/14 as part of the Housing Benefit Subsidy Claim.

Our fees charged were therefore:

	2013/14 proposed outturn (£)	2013/14 fee proposal (£)	2012/13 final outturn (£)
Audit work performed under the Code of Audit Practice *	159,318	156,168	156,168
- Statement of Accounts			
- Conclusion on the ability of the organisation to secure proper arrangements for the economy, efficiency and effectiveness in its use of resources			
- Whole of Government Accounts			
Pension fund	21,000	21,000	21,000
Certification of claims and returns**	14,520	19,500	33,485
Objection***	25,400	-	-
TOTAL	220,238	196,668	210,653

*We are currently in the process of agreeing the fee over and above the scale element with the Audit Commission and will report the final position in due course.

**Our fee for certification of claims and returns is yet to be finalised for 2013/14 and will be reported to the Audit Sub-

Committee in March 2015 within the Certification Report to Management in relation to the 2013/14 claims and returns.

***Lastly, the work regarding the objection to the 2012/13 Statement of Accounts is ongoing and therefore the fee for this is not finalised. At the time of presenting this report, the total cost to date for this work is £25k.



In the event that, pursuant to a request which the London Borough of Bromley has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. The London Borough of Bromley agrees to pay due regard to any representations which PwC may make in connection with such disclosure and the London Borough of Bromley shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, the London Borough of Bromley discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for the London Borough of Bromley and solely for the purpose and on the terms agreed through our contract with the Audit Commission. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

17th September 2014

Dear Sirs

Representation letter – audit of the London Borough of Bromley’s (“the Authority”) Statement of Accounts for the year ended 31 March 2014

Your audit is conducted for the purpose of expressing an opinion as to whether the Statement of Accounts of the Authority give a true and fair view of the affairs of the Authority as at 31 March 2014 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 supported by the Service Reporting Code of Practice 2013/14.

I acknowledge my responsibilities as Director of Finance for preparing the Statement of Accounts as set out in the Statement of Responsibilities for the Statement of Accounts. I also acknowledge my responsibility for the administration of the financial affairs of the Authority and that I am responsible for making accurate representations to you.

I confirm that the following representations are made on the basis of enquiries of other chief officers and members of the Authority with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy myself that I can properly make each of the following representations to you.

I confirm, to the best of my knowledge and belief, and having made the appropriate enquiries, the following representations:

Statement of Accounts

- I have fulfilled my responsibilities for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 supported by the Service Reporting Code of Practice 2013/14; in particular the Statement of Accounts give a true and fair view in accordance therewith.
- All transactions have been recorded in the accounting records and are reflected in the Statement of Accounts.
- Significant assumptions used by the Authority in making accounting estimates, including those surrounding measurement at fair value, are reasonable.
- All events subsequent to the date of the Statement of Accounts for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 requires adjustment or disclosure have been adjusted or disclosed.

Information provided

- I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that you, the Authority’s auditors, are aware of that information.
- I have provided you with:
 - access to all information of which I am aware that is relevant to the preparation of the Statement of Accounts such as records, documentation and other matters, including minutes of the Authority and its committees, and relevant management meetings;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- So far as I am aware, there is no relevant audit information of which you are unaware.

Accounting policies

I confirm that I have reviewed the Authority's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of Statement of Accounts are appropriate to give a true and fair view for the Authority's particular circumstances.

Fraud and non-compliance with laws and regulations

I acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I have disclosed to you:

- the results of our assessment of the risk that the Statement of Accounts may be materially misstated as a result of fraud.
- all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the Statement of Accounts.
- all information in relation to allegations of fraud, or suspected fraud, affecting the Authority's Statement of Accounts communicated by employees, former employees, analysts, regulators or others.
- all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing Statement of Accounts.

I am not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations which provide a legal framework within which the Authority conducts its business and which are central to the Authority's ability to conduct its business or that could have a material effect on the Statement of Accounts.

I am not aware of any irregularities, or allegations of irregularities including fraud, involving members, management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the Statement of Accounts.

The Authority pension fund has not made any reports to the Pensions Regulator nor am I aware of any such reports having been made by any of our advisors. I confirm that I am not aware of any late contributions or breaches of the schedule of contributions that have arisen which I considered were not required to be reported to the Pensions Regulator. I also confirm that I am not aware of any other matters which have arisen that would require a report to the Pensions Regulator.

There have been no other communications with the Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.

Related party transactions

I confirm that the attached appendix to this letter is a complete list of the Authority's related parties. All transfer of resources, services or obligations between the Authority and these parties have been disclosed to you, regardless of whether a price is charged. We are unaware of any other related parties, or transactions between disclosed related parties.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Section 3.9 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

We confirm that we have identified to you all senior officers, as defined by the Accounts and Audit Regulations 2011, and included their remuneration in the disclosures of senior officer remuneration.

Employee benefits

I confirm that we have made you aware of all employee benefit schemes in which employees of the Authority participate.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the Authority have been properly reflected in the accounting records or, where material (or potentially material) to the Statement of Accounts, have been disclosed to you.

Litigation and claims

I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the Statement of Accounts and such matters have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Taxation

I have complied with UK taxation requirements and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any direct tax or any indirect taxes. I am not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and I have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In particular:

- In connection with any tax accounting requirements, I am satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with UK law or in accordance with any agreement reached with such authorities.
- I have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities including any return requiring us to disclose any tax planning transactions that have been undertaken the Authority's benefit or any other party's benefit.
- I am not aware of any taxation, penalties or interest that are yet to be assessed relating to either the Authority or any associated company for whose taxation liabilities the Authority may be responsible.

Using the work of experts

I agree with the findings of Wilks, Head & Eve LLP ("WH&E"), experts in evaluating the valuation of investment property and property, plant and equipment and Mercers LLP, experts in evaluating the valuation of the net pensions liability and have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the Statement of Accounts and underlying accounting records. The Authority did not give or cause any instructions to be given to experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

Pension fund assets and liabilities

All known assets and liabilities including contingent liabilities, as at the 31 March 2014, have been taken into account or referred to in the Statement of Accounts.

Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the 31 March 2014 have been properly valued and that valuation incorporated into the Statement of Accounts.

The pension fund has satisfactory title to all assets and there are no liens or encumbrances on the pension fund's assets.

The value at which assets and liabilities are recorded in the net assets statement is, in the opinion of the Authority, the market value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the pension fund. Any significant changes in those values since the date of the Statement of Accounts have been disclosed to you.

Pension fund registered status

I confirm that the London Borough of Bromley Pension Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.

Bank accounts

I confirm that I have disclosed all bank accounts to you including those that are maintained in respect of the pension fund.

Subsequent events

Other than as described in the Statement of Accounts, there have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the Statement of Accounts or in the notes thereto.

Retirement benefits

- All significant retirement benefits that the Authority is committed to providing, including any arrangements that are statutory, contractual or implicit in the Authority's actions, wherever they arise, whether funded or unfunded, approved or unapproved, have been identified and properly accounted for and/or disclosed.
- All settlements and curtailments in respect of retirement benefit schemes have been identified and properly accounted for.
- The Authority participates in the Teachers' Pension Scheme that is a defined benefit scheme. I confirm that the Authority's share of the underlying assets and liabilities of this scheme cannot be identified and as a consequence the scheme has been accounted for as a defined contribution scheme.

Provisions

- Provisions for depreciation and diminution in value including obsolescence have been made against property, plant and equipment on the bases described in the Statement of Accounts and at rates calculated to reduce the net book amount of each asset to its estimated residual value by the end of its probable useful life in the Authority's business. In this respect I am satisfied that the probable useful lives have been realistically estimated and that the residual values are expressed in current terms.
- Full provision has been made for all liabilities at the balance sheet date including guarantees, commitments (in particular in relation to redundancy plans) and contingencies where the items are expected to result in significant loss. Other such items, where in my opinion provision is unnecessary, have been appropriately disclosed in the Statement of Accounts.

Assets and liabilities

- The Authority has no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the Statement of Accounts.
- In my opinion, on realisation in the ordinary course of the business the current assets in the balance sheet are expected to produce no less than the net book amounts at which they are stated.
- The Authority has no plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
- The Authority has satisfactory title to all assets and there are no liens or encumbrances on the Authority's assets, except for those that are disclosed in the Statement of Accounts.

- I confirm that we have carried out impairment reviews appropriately, including an assessment of when such reviews are required, where they are not mandatory. I confirm that we have used the appropriate assumptions with those reviews.

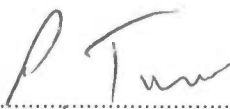
Disclosures

- Where appropriate, the following have been properly recorded and adequately disclosed in the Statement of Accounts:
 - The identity of, and balances and transactions with, related parties.
 - Losses arising from sale and purchase commitments.
 - Agreements and options to buy back assets previously sold.
 - Assets pledged as collateral.
- I confirm that the Authority has recorded or disclosed, as appropriate, all formal or informal arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.
- I confirm that the Authority has recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and has disclosed in the Statement of Accounts all guarantees that we have given to third parties, including oral guarantees made by the Authority on behalf of an affiliate, member, officer or any other third party.

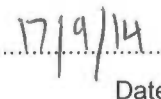
Items specific to Local Government

- I confirm that the Authority does not have plans to implement any redundancy/early retirement for which we should have made provision in the Statement of Accounts.
- I confirm that the Authority has determined a prudent amount of revenue provision for the year under the Prudential Framework.
- I confirm that the Authority has determined a proper application of the statutory provisions for the neutralisation of the impact of Single Status provisions on the General Fund balance
- I confirm that the Authority has determined a proper application of the statutory provisions for the deferral of the impact of impairment losses in relation to investments held in Icelandic Banks on the General Fund balance.
- I confirm that the Authority has determined a proper application of the statutory provisions for the treatment of leases that have changed status on transition to IFRS.
- I confirm that the Authority has determined a proper application of the statutory provisions for the neutralisation of the impact of accumulating compensated absences on the General Fund balance.

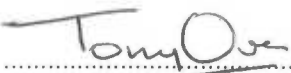
As minuted by the General Purposes and Licensing Committee at its meeting on 17 September 2014



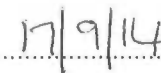
Director of Finance



Date



Chairman of the General Purposes and Licensing Committee



Date

Appendix 1 - Related parties and related party transactions

The following related parties were identified during the audit:

Age Concern Penge & Anerley	Crystal Palace Community Development Trust
Association of the British Pharmaceutical Industry	Crystal Palace Park Management Board
Beckenham Conservative Association	EISAI Europe Ltd
Biggin Hill Airport Consultative Committee	Greater London Enterprise
Bromley & Downham Youth Club	Greater London South East Scout Council
Bromley Adult Education College Governing Body	Kent Refurbishment Ltd
Bromley and Sheppard's Colleges	Liberata
Bromley Arts Council	London Borough of Bromley Pension Fund
Bromley Clinical Commissioning Group	MNOPF Trustees Limited
Bromley Economic Partnership	Orpington Town FC
Bromley Healthcare Community Interest Company	Oxleas NHS Foundation Trust
Bromley Mytime	Pro-Active Bromley
Bromley Youth Music Trust	Reddin Associates Limited
Broomleigh Housing Association (Affinity Homes Group)	Russell Mellor & Co. Ltd
Burnt Ash Primary School	Shortlands Ward Conservative Committee
CentreForum	Thomas Stringer Charity

Transactions were identified between the Authority and the following related parties:

Broomleigh Housing Association (Affinity Homes Group)
Bromley Youth Music Trust
Bromley & Downham Youth Club
Bromley Healthcare Community Interest Company
Age Concern Penge & Anerley
Liberata
London Borough of Bromley Pension Fund
Bromley Clinical Commissioning Group
Oxleas NHS Foundation Trust

Report No.
CEO 1402

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **Thursday 27 November 2014**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **INTERNAL AUDIT PROGRESS REPORT**

Contact Officer: Luis Remedios, Head of Audit
Tel: 020 8313 4886 E-mail: luis.remedios@bromley.gov.uk

Chief Officer: Chief Executive

Ward: (All Wards);

1. Reason for report

This report informs Members of recent audit activity across the Council and provides updates on matters arising from the last Audit Sub Committee. It covers:-

- 3.1 Priority One Recommendations
- 3.102 Audit Activity
- 3.107 Waivers
- 3.111 Publication of Internal Audit Reports
- 3.116 VfM arrangements
- 3.123 Housing Benefit Update
- 3.128 Other Matters
- 3.143 Risk Management

2. **RECOMMENDATION(S)**

- a. **Note the report and comment upon matters arising from the Internal Audit Progress report.**
- b. **Note the waivers sought since the last report to this committee in March 2014. Members are requested to query any waivers prior to the meeting so that they can be extracted by officers for discussion.**
- c. **Note the list of Internal Audit Reports publicised on the web and approve the reports where exemptions are sought.**

- d. Note the continuing achievements of the counter fraud benefit partnership with the Royal Borough of Greenwich and impending changes.**
- e. Note the arrangements around risk management.**

Corporate Policy

1. Policy Status: Not Applicable:
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Internal Audit
 4. Total current budget for this head: £660k including £313K fraud partnership costs
 5. Source of funding: General fund, Admin subsidy, Admin penalties, Legal cost recoveries, Provision of sold services to academies
-

Staff

1. Number of staff (current and additional): 6.5 FTE including 0.5 FTE for a Risk Officer
 2. If from existing staff resources, number of staff hours: 221 audit days per quarter is spent on the audit plan and fraud and investigations plus a further 110 days per annum bought in from LB Wandsworth to augment the audit plan but excluding RB Greenwich investigators time.
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Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 150 including Chief Officers, Head Teachers and Governors.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 Priority One Recommendations

3.2 The latest list of outstanding priority one recommendations is shown in Appendix A. There have been a number of additions detailed below since the last meeting of this Committee. There have also been some movement in priority one recommendations brought forward that are detailed below.

3.3 Progress on implementation of recommendations for Insurance (4 outstanding priority one recommendations out of a previous total of 11 priority ones), Learning Disabilities (2 outstanding priority ones and 3 partially implemented priority out of a previous total of 12 priority ones), Libraries Investigation (1 priority one) and the Mobile Phone Investigation (1 priority one) are all expanded on in detail in Part 2 of the agenda. Rent arrears – is currently being tested as part of the ongoing audit of temporary accommodation and therefore the recommendation shows up as outstanding. Creditors -1 priority one on raising of orders is covered below. TCES- 3 priority one recommendations –see below; Looked After Children -2 priority one recommendations- see below; and Main Accounting System – 1 priority one recommendation- see below.

3.4 **Creditors** –we had previously reported to this committee that the priority one recommendation related to orders being raised retrospectively i.e. after the invoice date. Over a four month period from February 2013 to May 2013 3,290 retrospective orders were raised. An effect of this was that the commitment to incurring expenditure was not reflected in the budget reports. The audit follow up showed that when a further report was run there was still an issue with raising retrospective orders. An analysis of services where this was persistent, was undertaken by the Exchequer Manager and the service heads were written to asking them to address the problem. Internal Audit will carry out a further follow up and report back to this committee. There will be circumstances where it will not be possible to raise orders prior to receipt of invoices e.g. in Public Health some services can be provided by any number of health clinics in the country and raising orders prior to invoices being received is not possible as the providers are not known in advance.

3.5 **Transforming Community Equipment Services (TCES)** – We had previously reported that this audit identified three priority one findings relating to :

- *Invoicing*- having audited two months invoices covering October 2013 and November 2013 received from the supplier there were a number of queries that should have been challenged as part of the checking/verification process. The issues were, a lack of information on delivery costs, stock storage costs, standard stock items charged at almost double rates without a clear reason for this, credits not actioned for returned/collected items, invoice period was not specified, delivery and collection figures on performance monitoring did not match up to figures used for charging in the invoices. As a result it was recommended that there should be a more robust method for checking these invoices in compliance with Financial Regulations. This was accepted by management. The follow up on this recommendation showed that. The interim arrangement for random checking of orders and invoices has remained in place whilst Finance have been working on a system that complies with the Financial Regulations.
- Finance have developed electronic systems to identify discrepancies between orders and invoices and staff are able to check and verify them. This includes a system for a 2% random check resulting in robust monitoring. There is a guide for staff and a training programme was planned to ensure that all relevant staff are aware of the process and are skilled up to use it. This system includes orders, delivery and collections.
- Faster speed delivery rates -a thorough check was completed of the cases highlighted by Audit. The TCES Lead Officer worked with the CCG regarding this. This has resulted in the

CCG agreeing with LBB that the faster speeds were to be limited and micro managed. This has now been implemented with only the Head of Service and the CCG Lead Officer being authorised to agree a 4hr speed. All other speeds have been limited to 5 day with the 2 day requiring more senior health staff making the decision. LBB staff have no option for using the 2 day speed. There is ongoing work regarding the list of staff who are authorising and this task requires regular attention given staff turnover. This has resulted in improvements in the delivery speeds.

- Other aspects on issues identified by Internal Audit in the invoices submitted by the contractor have been queried by management and satisfactorily resolved. We consider that as a result of the progress made, this recommendation is regarded as implemented.
- *Stock reconciliation/stock charges*- Queries arose on the charging rates for storing non stock items at the depot as well as reconciling stock held at the depot to what records Bromley believed should have been held. As a result a recommendation was made to review the whole process of charging for non- stock items. This was accepted by management. The follow up showed that management have investigated the issue of non-stock items and the charges made. As a result of visits made to the depot and reclassification of non-stock items to stock items (which do not incur charges) a credit of almost £2k has been made by the contractor.
- The contractor will forward a non-standard /specials stock list to the TCES Lead Officer (with a copy to the Contracts Officer) on a monthly basis in order to identify items to be scrapped; wrongly held in non-stock; that can be converted to a close technical equivalent i.e. standard stock item; to be continued to be offered for sale as a shared specials all of which will assist in reducing costs. We consider that as a result of the progress made this recommendation is regarded as implemented.
- *Contract monitoring*- it was found that apart from collection and delivery figures no other performance measures stated in the contract were being monitored. In addition there were no minutes to evidence contract meetings and complaints were not being discussed at monitoring meetings. Management agreed to review these matters. The follow up showed that feedback procedures were updated with management providing examples of this; A number of email exchanges with front line staff to ensure they are using the correct process.
- Complaint return is reported monthly and follow up by management and the contractor
- Performance reports are presented by the contractor to budget holders and the strategy group on a monthly basis. The TCES lead officer can run further reports as required tailored to specific performance areas. The contracts officer will raise any performance issues that are not satisfactorily resolved with the contractor and or the London Consortium Board, the TCES lead officer and occupational therapists (OT)/manual handling risk assessors (MHRA) representatives from teams attending the operational meetings which are held to monitor the contract . It has been agreed that the formal contracts meeting needed to be separate and this is being arranged. The TCES lead officer will be attending the contracts meeting and will be feeding back the OT/MHRA views. We consider that as a result of the progress made this recommendation is regarded as implemented.

3.6 **Looked After Children** –we had previously reported that this audit identified two priority one recommendations relating to:

- *Payment authorisation*- there was a lack of evidence for authorising funding approvals in a number of placement decisions. In one incident, payments continued to be processed after the child had changed placement, resulting in an overpayment of £11,336. There was a further overpayment to the same foster carer that is covered in the Family Placement audit mentioned in paragraph 3.34. The follow up showed that the overpayment has not been recovered and is

further compounded by a second overpayment to the same foster carer. Follow up testing on authorisation procedures evidenced that the service has developed a weekly check on all LAC cases to identify change and update the Central Placement Team accordingly. A movement sheet has been developed for Care First that will improve control however, as this is not yet in place the recommendation is still outstanding.

- Timely completion of assessments and reviews- testing showed that various requirements/deadlines of the Care, Planning, Placement & Case Review Regulations 2010 were not effective. In the absence of effective control there was a risk that external inspections may give rise to reputational damage and/or sanction for failing to comply with the requirements of the said act. Management have introduced a monthly report generated from CareFirst to identify LAC placements and Care plan due dates, however this is too soon to test effectiveness. The follow up showed that of the 5 cases tested 2 did not have a current care plan and therefore we consider that further work needs to be done by management that will be tested and reported to the next cycle of this Committee.

3.7 **Main Accounting System-** we had previously reported that the requirements of full budget monitoring where budget holders were required to review/forecast their budgets was not occurring, with a significant percentage not engaging in the process. Budget monitoring ranged from 26% to 64%. As a result this Committee decided to set a target of 85% of budget holders within directorates engaging in the full budget monitoring process. Failure to meet this target could result in Chief Officers having to explain to this Committee the reasons for non-compliance. The follow up showed that in the latest report run for October 2014, 92% of managers had accessed their budgets and approved them. This is well above the 85% target set by this Committee. We therefore consider that this recommendation has been implemented.

3.8 Learning Disabilities Follow Up

3.9 The findings of this report was previously reported in Part 2 due to an ongoing management inquiry that is now completed. The follow up audit to assess implementation of the 12 priority one audit recommendations has now been finalised.

3.10 From the previous review, sixteen recommendations were made of which 12 were priority one and four were priority two. Eight recommendations, of which 6 were priority one, were found to have been fully implemented; five (including three priority one recommendations) had been partially implemented; two priority one recommendations, were found to still to be outstanding; and for one priority 1, relating to the panel process, there had been a procedural change. One new recommendation (priority two) has also been made with regard to the authorisation of support plans. Therefore, in our opinion, since the original Internal Audit report, where a nil assurance was given, we can conclude that there has been satisfactory progress towards implementing the audit recommendations, but in some areas—specifically the timely authorisation of cases and issues identified as a result of budget monitoring, sufficient progress has not been demonstrated on the evidence reviewed.

3.11 **Leaving Care (Payments to Clients)** –Members should note that the full redacted report is available on the web. The management summary that explains the key issues is elaborated below:

3.12 This audit was commissioned from the London Borough of Wandsworth. As a result of their findings 8 priority one recommendations were reported. It should be noted that the conclusion of this audit was that nil assurance can be placed on the effectiveness of the overall controls for the areas reviewed this time, namely cash handling, supporting documentation, monitoring, reconciliation and review of pathway plans. The audit opinion is not applicable to staffing and placements costs, accounting for some £1.2m, as these areas were excluded from this audit review. Management have agreed all recommendations for implementation.

3.13 This review focused on the predominantly cash-based financial support including meeting accommodation and maintenance needs, provided from the leaving care grant. This grant was set up to enable a young person to be set up in independent living accommodation. Each child receives a total leaving care grant of £2,500 with an extra £300 allocated for a young person with childcare responsibilities. The review also incorporated clothing and subvention payments.

3.14 *Policies and Procedures:* There are limited policies and procedures in place. The Auditor was provided with documents that define procedures from a service user perspective but not with any internal LBB policies and procedures that govern working practices and financial procedures for leaving care grants and payments.

3.15 *Documents to Support Payments*

3.16 There was evidence of cash payments being made to 14 of the 20 clients sampled.

- Of the 200 Petty Cash Vouchers (PCV) tested, 44 vouchers did not have a complete set of signatures (33 not signed by the client, 10 not signed by the social worker and 1 not signed by social worker and certifying officer). The incomplete documents related to 8 clients in the sample.
- 6 PCV's had not been retained and were not available for audit examination; relating to 5 clients.
- 3 PCV's evidenced in the LCT did not match the copy held in Finance, signatures differed and signatures were missing. It is not clear why these prime documents are not identical.

3.17 *Authorisation*

- Of the 200 Request For Finance forms (RFF) tested 17 had not been retained and available for audit examination.
- 3 cash transactions were not supported by adequate documentation either signature or dates
- RFF forms can be authorised by any one of the four managers. Without procedure notes to define the payment initiation, client checks and authorisation function and with no reference to the client-specific payment spreadsheet prior to authorising these forms, there is a risk of duplicating allowances.

3.18 *Cash Payments to Bank Accounts*

- For 4 clients petty cash payments were made to bank accounts where client details had not been verified and for one of these cases supporting documentation such as the receipt was not available.
- For 1 of the 15 bank deposits tested it was identified that the social worker had obtained the petty cash and split the associated deposit into the client's account across two separate days, £53.60 on one day and a further £60 ten days later.
- For 1 of the 15 bank deposits tested, the deposit amount did not match the amount on the authorised RFF form, the deposit being £30 more than on the authorised request form.

3.19 *Monitoring of Payments*

- There is no centralised log of payments maintained to ensure that the grant limit is not breached. A client-specific payment spreadsheet was maintained at the time of testing for 14

of the 20 clients tested with a further 5 being created as a result of audit testing. 1 remained outstanding at the end of fieldwork with no evidence of monitoring.

- Concerns raised that the Monitoring Officer stated that she was the only officer to use this payment spreadsheet. Interviews with the Group Manager established he does not refer to this payment spreadsheet prior to authorising payment request forms and therefore raises issues regarding roles and responsibilities and clarity with regard to the authorisation function.
- A spreadsheet of overpayments totalling to £13,094.14 was provided by the Monitoring Officer however as this document was not dated, it cannot be identified to which periods these overpayments relates to. Management explained that these overpayments related to agreed payments exceeding the £2,500 grant. It was not clear that these overpayments were subject to additional authorisation or that the overpayment report was used to reconcile and agree payments exceeding the guideline threshold.

3.20 Reconciliations

- Reconciliations are not undertaken by the service. Audit testing identified differences between the client record held on CareStore and actual expenditure coded to the client T reference on ORACLE for 16 cases. As the department cannot identify the exact amount provided to the young person there is a risk that overpayments are made.
- A review of LCT spend for 2013-14 identified £70K allocated to a default code. This is due to insufficient characters available on CareFirst to detail the client T code; the monitoring controls therefore need to be robust to account for all CareFirst spend to client level.
- An ORACLE report detailed £23.5 K coded to the default code for leaving care grants in 2013-14. A sample of payments from this report was satisfactorily checked to the client payment record, however 4 payments totalling £1, 744 could not be traced to a specific client given the generic term "CYP imprest or reimbursement". The monitoring Officer has now traced these payments to 5 clients, however Internal Audit could not evidence that the client payment record had been updated in one case (£230).

3.21 Pathway Plans

- From the sample of 20 cases tested, in one instance there was no Pathway Plan in place and seven instances where the pathway plan was flagged as incomplete by the CareFirst system.
- Whilst the legislation states that '*a Pathway Plan...must be prepared as soon as possible...*', in 2 of the 20 cases tested Pathway Plans were not in place within 3 months of the young person's 16th birthday.
- For 21 of the 24 Pathway Plans examined, these were not subjected to a 6 monthly review.

3.22 Purchase of storage space/Purchase Card

- Noncompliance with Financial Regulations as costs have exceeded the threshold for 3 competitive quotes.
- No policy or procedure to operate the storage of client belongings.
- No evidence that the £355 per month offers value for money or is a space required by the items secured.
- Client payment made on the purchase card not recorded on the client payment record.

3.23 *Cash Security*

- Client cash payments awaiting collection are kept in a cash box, secured in the safe. During the site visit the auditor observed that access to the cash box, whilst temporarily outside of the safe, was not controlled, social workers removed client payments without being formally issued or signed for. There is no record of these cash holdings, no ownership or accountability and an inadequate audit trail as cash is stored, removed and issued. Without any record the LCT cannot evidence what cash holdings are in the safe
- It was established that this cash box stored client cash payments awaiting collection. However there is no record of these cash holdings or signatory evidence when cash is removed. There are no effective controls, ownership or accountability, an inadequate audit trail as cash is stored, removed and issued. Without this record the LCT cannot evidence what cash holdings are in the safe.

3.24 There has been a positive response from management to implement recommendations made in respect of the above findings.

3.25 **Review of Family Placements** –Members should note that the full redacted report is available on the web. The management summary that explains the key issues is elaborated below:

3.26 The audit was carried out as part of the 2014/15 audit plan and was at the request of the Assistant Director –Safeguarding and Social Care. As a result of our findings we issued a nil assurance. There were 8 priority one recommendations, 4 priority twos and 1 priority three.

3.27 For background purposes, the Performance Digest showed that as at March 31st 2014, there were 277 looked after children, of these 184 were in Foster Care and 21 children had been placed for adoption. The budgets for this service are held within the children's placements budget which includes residential placements. The budget for the children's placements budget in 2013-14 was £10,468,620 and actual spend was £10,451,111. For Fostering the actual spend was £6,115,089 (against a budget of £5,484,710) and the actual spend for Adoption was £512,358 (against the budget of £389,430). For 2014-15 the children's placement budget was £12,800,250. The budget for children's placement is managed differently to other service areas, the costs associated with the child follow the child, they are not specific to a team.

3.28 *Overpayments*

3.29 A list of aged debts was provided by the Strategic Commissioner, in respect of the fostering service. These were debts that had been invoiced. From the report dated 6/6/14, it could be seen that between the period of 18/8/10 and 2/6/14 £90,923.92 (relates to 34 transactions) had been overpaid and £77,295.71 remains outstanding and £816.70 from this has been sent for write off. The breakdown of debt is shown in paragraph 3.31 below.

3.30 The Exchequer Manager provided a spreadsheet that detailed credits held within Carefirst which were overpayments that would be recouped against a future placement, but have not yet been invoiced. Also detailed were credit notes raised in Oracle Financials. This report showed that for the period January to June 2014 there was a total of £20,363.58 of which £3,201.36 remains outstanding, at the time of the audit. The Exchequer Manager, has since written a new procedure in June 2014 to ensure that credits do not remain within Carefirst for more than two months. After this time, the amount will be removed from Carefirst and the carer will be invoiced. Significant weakness continue to exist within the financial controls.

3.31 See below for the fostering overpayments identified across each financial year:-

Breakdown of Overpayments		
2010-11		£22,136.14
2011-12		£0.00
2012-13		£7,409.69
2013-14		£46,806.57
2014-15 to date		£943.31
2014-15 (Carefirst)		£3,201.36
		£80,497.07

3.32 The overpayments discussed in paragraphs 3.28 to

3.31 indicate that there is still a significant problem with foster carer accounts going in to overpayment. Audit testing indicated that reasons identified include;-

- Service agreements not being closed in a timely manner.
- Lack of understanding of roles & responsibilities.
- Lack of understanding of how Carefirst operates now that it is a financial system.
- Insufficient monitoring to identify early alerts.

3.33 The previous audit for Children's Social Care (CSC) payments in 2012-13 identified a priority one finding regarding overpayments monitoring and recovery. This was also reported to Audit Sub Committee in November 2012. Management at the time confirmed the following:- 'Overpayments are currently recorded and monitored within the Exchequer Service and information can be provided to CSC as required. CSC will ensure that the information received from Exchequer is used to take action to prevent further overpayments being made'. At this time, £69,707 overpayments were identified, relating to 29 transactions.

3.34 During the Looked After Children Audit for 2013/14 (finalised May 14), it was reported that in respect of a case mentioned in paragraph 3.6 above an overpayment had been made of £11,336 (relating to the period 12/6/13-4/01/14). A further overpayment was made in respect of another child to the same carer also for £11,809.86 (for the period 9/7/13-1/3/14). Both these payments are included within the aged debt amount of £80,497.07. To date no money has been recovered from the carer but there is ongoing action to pursue this further. As a result of the Audit, the department have since introduced a process whereby as soon as there is a placement change the Adoption Manager and the Fostering Manager will notify the CCT, however, the effectiveness of this procedure has not yet been tested. It has only been during the audit that a repayment plan has been discussed with the carer. It was also found that this carer also provided Outreach and it was agreed to pay this carer a one off payment of £102.63 relating to Outreach on 17/6/14 and plans were being made for a new placement to be made with this carer.

3.35 The fostering allowances were reviewed and reconciled back to the actual payments. A sample of 32 was selected, 24 in house and 8 independent fostering agency (IFA) placements. Queries arose in three of the in house cases sampled relating to the actual payments being received. Allowances are based on the age of the child and these three payments could not be reconciled. In each of the three cases, the carer received the enhanced professional fee despite the children being below the qualifying age band of 13. For the IFA placements, three queries were raised regarding one overpayment of £480 and two placements where an annual agency fee of £6,800 was charged over and above the weekly care costs.

3.36 At the time of the audit, the allowances in payment related to those agreed for 2013-14. The 2014-15 rates went to Committee on 26/6/14 for approval. Over a year, the total cost of the maintenance and professional fees currently in payment, would be £2,923,017.03.

3.37 Retainers in payment were also reviewed. A standard retainer of £100 can be paid to the foster carer for a maximum of eight weeks. From a list provided by the Fostering Deputy Group Manager, it was found that out of the standard retainers 6 out of 11 cases were found to be in overpayment totalling circa £2,500. These are over and above the overpayments detailed above in paragraph 3.31. The Auditor was informed by the Fostering Deputy Group Manager, that once a retainer is set up for payment, an end date cannot be input as the retainer may not be for the full eight weeks, during this time a child may be placed with the carer. Therefore, as Carefirst cannot be used to trigger the end date, departmental management must have a robust monitoring system in place, to ensure that overpayments do not continue to occur.

3.38 *Savings*

3.39 Included within the maintenance amounts paid to foster carers is a savings element included. As detailed on the 2013-14 allowances sheet, saving elements for the following age bands are as follows; 5-10 is £10, 11-15 is £15 and 16+ is £25. However, the Auditor was informed by the Deputy Fostering Manager that the saving bands for 5-10 were actually £5, 11-15 £10 and 16+ £10. Queries were raised in relation to the saving element included within the maintenance of the foster carer allowance for age bands 5-10, 11-15 and 16+ and the Deputy Fostering Manager informed the Auditor that the age bands were incorrect. It is unclear what has been done to update the rates and correct the maintenance figures.

3.40 It was found that there is no policy surrounding the transfer of savings for the child when the placement ends or changes. There is no central log of what amount should have been saved and which amount should transfer with the child when a placement ends or changes. Foster carers were notified of responsibilities re savings via a newsletter, as advised by the Head of Social Care.

3.41 Guidance on transfer of the ISA's and trust funds from the local authority's responsibility to the adoptive parent should be readily available.

3.42 *Legal Orders*

3.43 Residence orders- A Residence Order is an order which decides where a child should live. The Residence Order gives shared parental responsibility for as long as the order is in place. Unless specified in the order the LB Bromley rate would apply.

3.44 Special Guardianship Orders- A Special Guardian will have parental responsibility for the foster child until they are 18 unless discharged earlier by the court. They will be able to make most day to day decisions regarding caring for the child and their upbringing. Special Guardianship Allowances are subject to a financial assessment and will depend upon the income and expenditure of the carer.

3.45 Adoption order- Once an adoption order has been made, the adoptive parent becomes the child's parent and acquires parental responsibility; the child is no longer looked after. From this point onwards the child becomes ordinarily resident in the authority where they now live with their adoptive parent. Adoption allowances are subject to a financial assessment of the adoptive carers and the needs of the child.

3.46 Carefirst and Carestore was reviewed to locate the legal orders to support the payments made to carers in respect of the Special Guardianship Orders and Residence Orders, of which 2 out of 18 orders selected for audit examination were located. All records are now held electronically, so there is no paper file. Cases that remain in payment have since had their paper files archived. The Auditor contacted Legal to obtain copies of the relevant court orders. Legal only hold a limited number of the orders as they may not always be involved in proceedings.

- 3.47 Legal evidenced an email dated 19/6/14 highlighting concerns that copies of legal orders were not being retained and uploaded onto Carefirst/Carestore. Legal confirmed that at the end of care proceedings the relevant Solicitor will provide copies of the legal order to the Social Worker and asking that the legal orders are to be placed on Carestore. Key documentation is not being retained
- 3.48 *Connected Persons CP's (Kinship) Allowances*
- 3.49 From sample testing, it was found that queries arose in three cases and these were referred to the Strategic Commissioner, Children's Commissioning Team (CCT). For two of the cases the incorrect rate was in payment resulting in underpayments. These have since been amended
- 3.50 There are currently 30 Connected Persons (kinship) allowances in payment (according to the Carefirst report) and payments at the time of the audit would be £302,609.48 per annum
- 3.51 *Residence Orders (RO's)*
- 3.52 There are currently 46 Residence Order allowances in payment at the time of the audit and over a year the total cost would be £349,235.66 per annum. RO's in payment in respect of 36 out of 46 children could not be reconciled back to the agreed allowances, in the absence of the key documentation namely the residence order (which may or may not specify rates) and the previous original financial assessment. Reviewing the list of the residence orders and reconciling this back to the agreed allowances it appears that 23 were in overpayment and 13 in underpayment.
- 3.53 As discussed in paragraphs 3.42 -3.47, legal orders for Residence Orders were found not to be held as expected. Under the Children's Act 1989, residence orders are not subject to any formal financial assessment. It is at the discretion of the local authority. On reviewing the residence order allowances in payment and reconciling this to the agreed allowances, sample testing showed that for three of the cases sampled, residence order allowances were in payment, but all three cases were classified as fostering/kinship cases within Carefirst.
- 3.54 Previously, RO's came under the CCT and they were responsible for undertaking the welfare checks to confirm that the child continued to be in placement and also a telephone call to the school to confirm the child was still in attendance and that all was well. Generally, checks were undertaken on a rolling programme a year after the order was made or a year from the last review. RO;s transferred from CCT to the Head of Social Care in November 2013 and since that date no welfare checks have been undertaken. There is currently no officer monitoring residence orders. The Head of Social Care, Care & Resources, has asked the Carefirst Support Team to set up a virtual team for these cases to be allocated to.
- 3.55 *Adoption Allowances*
- 3.56 The Head of Social Care, Care & Resources, (HOSC,C&R) informed Audit that the adoption allowances in payment had been financially assessed incorrectly and that that the allowances had not been reviewed for some years, possibly 2 or 3 years. This is not in line with the adoption regulations that state that they should be reviewed annually
- 3.57 During the audit, the HOSC,C&R explained that he would be reviewing all the adoption allowances and write to all the adopters as applicable. Currently, there are adoption allowances paid every two weeks and the payment batch for the period 01/06/14-14/06/14 totalled £15,988.52. Over a year, this would amount to £415,701.52 relating to 46 children (at the time of the audit).

- 3.58 On 1/7/14, a list of cases was provided to the Auditor by the HOSC,C&R detailing cases where the assessments had been re-calculated and therefore the service had identified the errors. It was found that 5 carers had failed to return financial information to support payments.
- 3.59 At the time of the audit, six carers adoption allowances were due to almost double in payment due to an error in the original calculation the Head of Service advised. Equally three allowances are due to be significantly lower and further investigation is required. It needs to be determined the level of over and underpayments that have been made and the outcome of which reported back to Internal Audit. The Head of Service plans not to backdate calculations and pay the new rates from the 1 July 2014, however, the basis for the decision and the authority for this decision has yet to be determined.ie Member approval compliance with the Financial Regulations.
- 3.60 *Special Guardianship Orders*
- 3.61 For the Special Guardianship cases , there are currently 66 SGO's in payment at the time of the audit and over a year the cost would equate to £556,825.23 per annum. Financial assessments are undertaken for the SGOs and these should be reviewed annually. At the time of the audit, it was confirmed by the Special Guardianship Development officer that financial assessment reviews are undertaken for the first three years only. Therefore, it was not possible to verify all payments being made under this classification.
- 3.62 Further inconsistencies arose with the rates currently in payment when matched to the court orders (where allowances were detailed) and then cross referenced to the financial assessment
- 3.63 The department had identified 59 SGO cases that had been mis-classified on Carefirst and required investigation and amendment; this work was still outstanding.
- 3.64 *Training*
- 3.65 During the course of the audit, it was evident that the officers interviewed within the fostering and adoption teams, do undertake financial duties, however, none had been nominated to undertake the Financial Regulation and Contract Procedure Rules training. For those staff identified with financial duties, the training was then mandatory. The Group Manager, Family Placements, had been nominated to undertake this mandatory training for Contract Procedure Rules and Financial Regulations, however, it appears that this officer has still to complete both these courses
- 3.66 As Carefirst is now finance based, the importance of how the system works and keeping the system up to date is crucial to understand how overpayments are continuing to arise. Enquiries have also been made in relation to the level of training that has been undertaken by key members of staff on Carefirst. In some instances, there is not an adequate level of understanding on the use of Carefirst.
- 3.67 In addition to the priority one recommendations listed above there were four priority two recommendations relating to the need for timely DBS (previously CRB) checks; the need to hold adoption records electronically; the need to notify HMRC to terminate child benefit for children that become looked after; and a recommendation on waivers and contract documentation. There was also a priority three recommendation on updating procedures.
- 3.68 All recommendations have been accepted by management for implementation.
- 3.69 **Review of Purchasing cards-** Members should note that the full redacted report is available on the web. The management summary that explains the key issues is elaborated below.

- 3.70 The audit was carried out as part of the 2014/15 audit plan. As a result of our findings we issued a limited assurance opinion. There were 3 priority one recommendations, 7 priority twos and 1 priority three.
- 3.71 In 2013-14 a total of £337,436.13 of expenditure was made using purchase cards in 5,285 transactions. 68 cards are held by the former CYP department, 27 by Environment, 16 by former ACS, 7 each for Resources and Regeneration, 5 for Legal and Democratic Services and one for the Chief Executives.
- 3.72 There were three priority one recommendations on non- claiming back of VAT; non retention of receipts to support expenditure; and splitting of expenditure to circumvent the single transaction card limit normally £500.
- 3.73 VAT:- Examination of all the transactions for February 2014 found that VAT had not been accounted for 110 of the 424 transactions that took place. It was calculated by the Auditor that although £590.70 of VAT was accounted for, £1121.1 was not, where it could have been
- 3.74 Testing of a sample of 25 transactions found that in seven instances, VAT was not accounted for. Three of these transactions actually stated the amount of VAT on the receipt, but was not input. In the other 4 instances a VAT receipt or invoice was not received or kept. Additionally there were 4 other instances where no copy of the receipt or invoice was provided.
- 3.75 A recommendation was made that managers should go back and recheck expenditure to identify previously unclaimed VAT. This exercise is still ongoing but has identified about £6,000 to date.
- 3.76 *Non retention of receipts*
- 3.77 The second significant finding was that it was identified that 4 card holders (covering 22 transactions) have not retained copies of their receipts as requested by the procedure documents. It is thus not possible to accurately determine if expenditure incurred was for a business need and if VAT had been correctly accounted for.
- 3.78 *Splitting of transactions*
- 3.79 The final significant finding was that of the transactions that were made between 1/04/13 to 31/03/14 it was found that on numerous occasions transactions had been made to the same supplier on the same day. In 8 instances the spend with the supplier has been more than £500 and for 4 of these it is apparent that a spend over £500 has been split across 2 cards. Specific requirements are included within the CPR's, Purchase Card Procedures and Financial Procedures and Regulations on all of these matters
- 3.80 The 7 priority two findings related to controls being insufficient to prevent staff leaving without returning their purchase cards; a number of staff have been issued a purchase card who have not undertaken Financial Regulations or Contract Procedure Rules training; transactions are being coded to the wrong subjective code; cards have been issued with little or no use being made of them, although some of these are for emergency control purposes; management are not ensuring that card holders are promptly processing transactions; instances have been identified where sections and staff are sharing cards; expenditure is being made which is not in compliance with Financial Regulations/Procedures and CPR's and which there are not specific business needs. There was a priority three finding on awareness of procedures by some card holders. All recommendations were accepted on corporate basis for implementation.
- 3.81 The findings of the report were raised at a managers meeting and discussed at a Directors' meeting.

3.82 **Review of Essential Car Users-** Members should note that the full redacted report is available on the web. The management summary that explains the key issues is elaborated below.

3.83 This audit was part of the 2013/14 Internal Audit plan and the findings below have been subject to discussion at Directors' meetings. Our audit identified three priority one findings and four priority twos. As a result of our findings we gave a limited assurance opinion.

3.84 Internal Audit reviewed the period from November 2012, when the revised Essential Car User criteria came in to operation following a review by management. The revised criteria applies only to those employees where:

- a) driving a car/vehicle is an integral and regular feature of the job; and therefore
- b) having a current driving licence and use of their own car/vehicle are deemed to be essential and compulsory for the performance of the job.

3.85 *Review of nil and low usage Essential Car Users*

3.86 A report generated from Resource Link of all Essential Car Users and mileage claimed between 1st January 2013 to 31st December 2013 was reviewed by Internal Audit to ensure that they met the current Essential Car User criteria. The results are summarised below. Of the 263 Essential Car Users, no mileage had been claimed by 16 staff in this period. The review also highlighted a number of infrequent users getting Essential Car User allowance. 25 staff i.e. 15.50% of Essential Car Users have only claimed between 0 to 500 miles over a 12 month period from 1st January 2013 to 31st December 2013 under the revised scheme. A further 44 staff i.e. 16.70% have claimed between 500 to 1000 miles in the period reviewed. This indicates that the Essential Car User criteria may not have been robustly applied to ensure that Essential Car Users are only awarded to those for whom driving a car/vehicle is an integral and regular feature of the job. However, management have stated that under the current criteria, the entitlement to essential car user status is not solely dependent on mileage. The current criteria recognises that for some staff the use of a car is an integral part of their job for efficiency and safety reasons, irrespective of mileage incurred.

Period from 1st January 2013 to 31st December 2013

Essential users total as at 31/12/2013= 263	No. of Essential Car User	Cost to council (assuming £963 lump sum payment plus £0.409 per mile)	Cost to council if the staff were casual user
Zero miles	16	£15,408	£ 0
0-100miles	2	£1,994	£87
100-250miles	8	£8,303	£764
250-500 miles	15	£16,884	£3,112
500-1000 miles	44	£55,738	£17,059
Total	85	£98,327	£21,022

3.87 *Checking eligibility to drive cars for business purposes and having a car for use*

3.88 One of the revised criteria for Essential Car User was having a current driving licence and use of their own car/vehicle was deemed to be essential and compulsory for the performance of the job. However, the criteria does not specify the responsibility and frequency of the checks on driving licence and insurance documents to support continued eligibility and availability of the car for business purposes. However, there is a financial regulation requirement that checks should be made for adequacy of cover

- 3.89 A sample of 5 Essential Car Users was selected and their managers were emailed to query if they have checked the driving licence and insurance documents for the car used for business purposes by their staff
- 2 managers had not previously checked these documents and only did so when prompted by the email from Internal Audit. The supporting documents provided by these managers were reviewed. Insurance for one staff member did not cover business use of their vehicle.
 - One manager responded that her member of staff has not used the car for business since last winter as she was involved in a traumatic incident which has resulted in losing confidence. The member of staff has been using public transport since the accident. The manager was not notified of the change in circumstances and the member of staff continued to receive Essential Car User lump sum payments of £80.25 per month.
 - One manager advised that the staff member has a car loan and relied on the external leasing company to undertake these checks and therefore had not checked driving licence and insurance documents.
 - There was no response from one manager.
- 3.90 *Review Criteria to prevent anomalies*
- 3.91 A report comparing casual mileage and Essential Car User mileage claimed between January 2013 and December 2013 was reviewed. Based on business miles claimed and regularity of claims, a number of casual users have been using their cars regularly for business purposes, with 16 users claiming more than 2000 miles between January 2013 and December 2013. This figure increases to 69 if usage is set at over 1,000 miles per annum. It could be argued that they fulfil the current criteria for Essential Car User that driving a car/vehicle is an integral and regular feature of the job.
- 3.92 There were four priority two findings relating to review mileage for Essential Car Users at yearly intervals to justify continuance; review the longer term benefit to the Council of the Essential Car User scheme; that the evaluation process for Essential Car User entitlement is applied consistently across the Authority and that this evidenced by retaining documentation; and that the higher lump sum should not be paid if there is no business case to do so.
- 3.93 The scheme is due to be reviewed by management in 2015.
- 3.94 **Primary School**- Members should note that the full redacted report is available on the web. The management summary that explains the key issue is elaborated below.
- 3.95 This audit was carried out as part of our cyclical programme of planned school audits in 2014/15. The audit identified a number of findings including one priority one issue relating to the reconciliation of the bank account and credit card payments. A limited assurance opinion was given by Internal Audit.
- 3.96 The last bank reconciliation for May 2014 authorised by the Head Teacher was reviewed however this was not signed as checked / prepared by finance staff. On examination the opening balance shown on bank statement was £463,062.32 and did not match the opening balance on the associated bank reconciliation £465,133.76. The closing balance on the bank statement 31/05/14 was £462,759.99 whereas the bank reconciliation showed £464,833.43. Audit identified that this difference related to three cheques being raised for differing values. The last occasion the bank statement and the bank reconciliation balanced was 3/4/14.
- 3.97 There was no evidence that a full reconciliation had been carried out on transactions totalling £1,536.07 on credit card monthly statements dated 31/05/14

- 3.98 There were nine priority two findings relating to non-raising of orders; prepayment before an invoice was received; robust controls for tendering; controls over petty cash including reconciliation; controls over the credit card; use of printed cheques to cut down on errors; update the scheme of delegation; update procedures; and clerking of governor meetings. There was one priority three finding relating to the School giving consideration to commissioning out small repair work to save on costs. The School has agreed all recommendations for implementation.
- 3.99 **Review of IT Licenses and Asset Register-** Members should note that the full redacted report is available on the web.
- 3.100 This area was reviewed as part of our 2014/15 Internal Audit plan. There was one priority one finding in relation to overpayments on key fobs and licenses for remote working as detailed below. As a result of this finding a limited assurance opinion was given.
- 3.101 It was identified during the audit that the authority is paying for key fobs and licenses for remote working, which are no longer being utilised. The Authority paid for 2810 fobs at £12.06 when invoiced last year, when in effect it only utilises 1696 per information received from Capita. 1114 of them were not being used which equates to £13,434. 84. It is likely that we have overpaid for key fobs and licences in the previous year i.e. 2012/13 but Audit has not calculated an amount. Although some of the difference could be due contract workers requiring access to LB Bromley systems that is not reflected in the figure of 1,696, an overpayment has been incurred. The main cause relates to IT not being informed of staff who have left. The leavers procedure is currently being addressed. Management have given an undertaking to carry out an exercise to ascertain the numbers of key fobs required before the next invoice is due for 2015/16.
- 3.102 **Audit Activity**
- 3.103 Members of this committee have been updated on both progress against the 2014/15 Internal Audit plan and all other work undertaken for the six month period April 2014 to September 2014 including work in progress for audits brought forward from the 2013/14 Internal Audit plan, unplanned work such as management requests, fraud and investigations.
- 3.104 In addition to the reported activity we have continued to the undertake the following work:
- Sold services to academies- Members should note that although this service will continue the methodology in delivery may change pending the outcome of meeting of the Executive in late November 2014.
 - Ongoing training-set up and monitoring of the web based training package for Financial Regulations and Contract Procedure Rules working with Procurement. This is expanded upon below.
 - Fraud and investigations reported upon in this agenda under Part 2.
 - Advice and support on the Financial Regulations, variations to change in system controls, and cases involving potential legal action where audit input is required - this is an important part of providing ongoing support to managers.
 - Monitoring role of the Greenwich Fraud partnership.
 - Liaison work with our external auditors in preparation of their audit of the 2013/14 accounts
 - Committee work

- Data gathering for NFI 2014.

3.105 Since August 2014 a vacancy has arisen due to a principal auditor having to retire early for medical reasons. This has necessitated a review of the audit plan resulting in additional days /audits being allocated to LB Wandsworth, extra hours allocated to an auditor who was on part time working and subsuming a couple of audits in to corporate audits. Longer term and subject to budget constraints the intention is to fill the vacancy.

3.106 The audit satisfaction questionnaires returned by auditees continue to indicate a high level of satisfaction with an average score of over 4 out of 5

3.107 **Waivers**

3.108 At the last meeting of this committee we had reported that under CPR13.2 Chief Officers with Social Care responsibilities have specific exemptions provided to them under the Council's Scheme of Delegation. These powers were delegated down from the Council and the Leader. Following enquiries made of ECHS management, we reported that these exemptions were reported to both Education PDS and Care Services PDS Committees. Members of this committee therefore took the decision to only report on waivers sought under the Contract Procedure Rules 3 and 13.1. The list attached as Appendix B reflects waivers (excluding exempted social care placements) sought for the period March 2014 to October 2014.

3.109 As required by the Contract Procedure Rules (CPR) this Committee has to be updated on waivers sought across the Authority at six monthly intervals. The last update was reported to this Committee in November 2013 and covered waivers sought up to September 2013. The list is collated from the Heads of Finance for each of the Service areas and any information kept by the Chief Officers. Members are asked to review this list and comment as necessary preferably prior to the meeting so that officers can extract the details on queried waivers.

3.110 The waiver procedure has been simplified by issue of a guidance procedure that forms part of the Contract Procedure Rules. This documents defines a **Waiver** as – "**the dispensation of the need for compliance with a particular requirement of these Contract Procedure Rules**"

Where the estimated value of this requirement is likely to exceed;

- **£50k** the Agreement of the Chief Officer needs to be obtained; The matter also needs to be included in the bi-annual report submitted to Audit Sub Committee;
- **£100k - £1m** The Chief Officer in Agreement with the Director of Corporate Services and the Director of Finance together with the Approval of the Portfolio Holder. The matter also needs to be included in the bi-annual report submitted to Audit Sub Committee;
- **£1m and Above -** The Chief Officer in Agreement with the Director of Corporate Services and the Director of Finance together with the Approval of the Executive or Council as appropriate.

3.111 **Publication of Internal Audit Reports**

3.112 At the last meeting of this Committee we reported our second batch of Internal Audit reports finalised since March 2014 that was published on the web. We gave explanations for seeking exemptions from publicising for four reports- CDM Project; Parks and Greenspace; Castlecombe Children and Family Centre; and Behaviour Services. We are seeking exemptions for two investigation reports and the reasons are given in Part 2 and is on this agenda

3.113 Since the last cycle of this Committee we have published a further 25 redacted final reports with 2 exemptions sought:

- Housing Benefit 2013/14
- Penalty Charge Notices 2013/14
- Parking Income 2013/14
- Purchasing Card Review *
- Learning Disabilities Follow Up *
- Family Placements *
- Leaving Care *
- SEN Transport
- Council Tax-Single Person Discount Exercise
- Treasury Management 2013/14
- Troubled Families
- Council Tax 2013/14
- Carbon Reduction Commitment Scheme
- Essential Car User Review *
- Review of IT Licenses and Asset Register *
- Review of Agency Staff
- Dorset Road Primary School
- Princes Plain Primary School
- Southborough Primary School
- St Olave's and St Saviour's Grammar School
- Castlecombe Primary School- Pre Academy Closure Audit
- Keston CE Primary School- Pre Academy Closure Audit
- Leasons Primary School- Pre Academy Closure Audit
- Scotts Park Primary School- Pre Academy Closure Audit
- St John's CE Primary School- Pre Academy Closure Audit

3.114 Some of the above reports marked with an * are expanded up on in this report and part 2 as they had priority one issues

3.115 It should be noted that the Council Tax –Single Person Discount review was in response to a request from management following a complaint received from a member of the public.

3.116 Value for Money Arrangements.

3.117 We had previously reported that in 2013/14 we did not carry out reviews of VfM arrangements due to time spent on investigations. We rolled over three of the audits with a requirement to review VfM arrangements using the methodology agreed by this Committee . One of these i.e. Family Placements has been completed and is reported up on below; Temporary Accommodation is currently being audited and the third audit, planning, will be completed later in 2014/15

3.118 The standard methodology to review value for money arrangements (VfM) was agreed by Members in September 2010. The matrix to assess value for money gives a rating 1 to 4, with 1 equating to not met and 4 equating to fully met. The VfM arrangements for this service was discussed with management and based on the findings, a score rating of 2 out of 4 is reported, which is partially met. There are some aspects of VfM in place but these are not sufficiently robust to reach an informed decision that the service is achieving VfM.

3.119 This score of 2 is based on:

- Limited customer feedback is undertaken and other local authorities are not contacted in order to learn how services could be improved ;
- Unit cost data is not available for the adoption service. Audit were informed that work has been undertaken on unit cost data for fostering.

3.120 The only customer feedback is via panel meeting minutes and the foster carers being willing to attend fostering events. Additionally, other local authorities that are performing well are not contacted as a matter of course, in order to understand how services are managed and delivered differently.

3.121 In response management will explore ways in which they can obtain feedback about the services provided and will add this to the service user engagement agenda currently being developed. Examples of good practice elsewhere will be identified and disseminated to improve the way in which the service is delivered.

3.122 In respect of unit cost for adoption, management have indicated that although this will be explored it may be difficult to compare on a like for like basis as local authorities tend to differ in delivery of this service.

3.123 Housing Benefit Update

3.124 Members had previously been informed that the proposed move by the DWP towards a Single Fraud Integrated Service (SFIS) will now occur on the 1st July 2015. Staff could be subject to TUPE. This has implications for our partnership agreement with RB Greenwich and we have given notice to terminate the agreement. We have now obtained a waiver to extend the partnership agreement up to 31st March 2015 and thereafter to the point of transfer. Following the transfer, arrangements will have to be put in place to cover off all LB Bromley related fraud and pro-active exercises. An option is to continue our partnership working with RB Greenwich which has been successful since its inception in 2002.

3.125 Since the commencement of the partnership in April 2002, through to September 2014, the Council has successfully prosecuted 378 claimants to date for benefit fraud; issued 339 court summonses; given 102 formal cautions; and administered 412 penalties. The full details and appendices on trends are shown in Appendices C, D and E.

- 3.126 We have been allocated a DWP SFIS manager to assist with the transfer of the benefit fraud service.
- 3.127 *Real Time Information (RTI)*- for the first time the DWP are now matching housing benefit data to the HRMC's new RTI system where employers (public and private sector) and pension providers are required to provide details immediately after they make payments. The initial matches received in early October 2014, has resulted in several cases that need to be investigated and some of which could lead to instances of fraud.
- 3.128 **Other Matters**
- 3.129 **Other Matters- Web based training**
- 3.130 We had previously reported that a web based training package was developed for officers to be made aware of the requirements of the Financial Regulations and the Contract Procedure Rules (CPR). Consequently, that was compulsory for any officers who had roles that involved finance or decisions that had financial implications. 600 officers or over 90% who were deemed to fall in to this category completed the training.
- 3.131 Going forward, both CPR and Financial Regulations will need to be updated in 2015 (these were last updated in 2012) which will result in the need to make officers aware of changes through a revised web training package.
- 3.132 We are also considering running a brief web based training package to cover main short comings in audit controls identified as a result of Internal Audit reports and investigations.
- 3.133 There are proposals to extend the web based training to Risk Management – this is expanded under paragraphs 3.156 to 3.160 below.
- 3.134 **Other matters- Local Audit and Accountability Bill and post Audit Commission details**
- 3.135 We had reported on the requirements of the new bill for local authorities to appoint their own external auditors through the medium of an audit panel and for negotiating joint procurement of external audit services in conjunction with other London Boroughs. There has been no further developments on both matters to report on.
- 3.136 The Audit Commission is due to close on 31 March 2015. Current contracts with audit suppliers end in 2016/17, or potentially in 2019/20 if all the contracts are extended. A transitional body will oversee the contracts in the intervening period. The transitional body will be an independent, private company to be created by the Local Government Association (LGA).
- 3.137 Several of the Commission's functions will continue after its closure. The Local Audit and Accountability Act gave the Comptroller and Auditor General a duty to prepare and issue Codes of Audit Practice and guidance to auditors; and a power to carry out examinations into the economy, efficiency and effectiveness with which relevant authorities have used their resources. The Act also provided for the Commission's data matching powers, and therefore the National Fraud Initiative, to transfer to the Cabinet Office. The Government has announced that the Commission's counter-fraud function will transfer to a new public sector 'Counter Fraud Centre' to be established by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 3.138 Local government and NHS bodies could save as much as £440m if Whitehall extends Audit Commission contracts for local auditor services to 2020, the watchdog has said. The Commission, which is due to be abolished in March 2015, said it was reducing audit fees for local public bodies by £30m from 2015 to 2017, following its retendering in March 2014 of the work done under its older contracts. This was in addition to the 40% cut in fees made by the

commission in 2012 when its in-house audit work was outsourced. Audited bodies are also to share £6m in rebates from the commission, which it said represented savings made through 'efficient management of the closure'. This is in addition to the £8m rebated last March, and any remaining surplus will be returned to audited bodies in March 2015.

3.139 Members should note that KPMG will take over the external audit role from April 2015 but PWC will audit the 2014/15 accounts.

3.140 **Other Matters-Working arrangements with LB Wandsworth**

3.141 Given the satisfactory performance of the six audits commissioned from LB Wandsworth in 2013/14 and the vacancy arising in Internal Audit since August 2014, we have commissioned a further 9 audits from the 2014/15 audit plan totalling 105 days. These are Housing Benefit, Debtors, Capital Projects, Treasury Management, Children with Disabilities, Clinical Commissioning Group, Parks and Green Spaces, Property Management and Waste Services.

3.142 **Other Matters- Request for VfM study-** Members of this committee had requested that the Director of Finance carry out a VfM study offered by CIPFA. A Resource Benchmarking report based on unit costs has been prepared by LG Futures who were commissioned to provide the analysis. This report is with Chief Officers for comment and will be submitted to the next meeting of ER PDS.

3.143 **Risk Management**

3.144 Following informal discussions with officers responsible for Risk Management, Health and Safety, Business Continuity and Emergency Planning it was decided that we should explore potential opportunities for us to work closer together to align our structures and activities and strengthen our ultimate collective goal of a risk aware, safe and resilient organisation. As this is already happening to a large extent departmentally, creating a single corporate risk management structure should provide greater oversight and scrutiny of these functions, develop synergies and lead to less duplicated effort and a saving of officer time.

3.145 At an initial meeting with the Chief Executive it was agreed that the existing Risk Management Group should expand its terms of reference to encompass Health and Safety, Business Continuity and Emergency Planning (multi-agency Emergency Planning falls outside the remit of this new group unless there are judged to be implications for the Council). The emphasis should be on strategic issues rather than day-to-day activity

3.146 The new Corporate Risk Management Group (CRMG) chaired by the Chief Executive met on 3 November and agreed new terms of reference (Appendix F). This brings together the Risk Management Group, Corporate Health and Safety Committee and Corporate Business Continuity Group. The new CRMG will continue to report to Audit Sub Committee.

3.147 **Risk Register** - The risk register reflects a bottom-up approach in that the Assistant Directors are responsible for identifying those operational and strategic risks which they consider could potentially have an adverse impact on their services. These are then reviewed and agreed via their respective management teams.

3.148 Following work on evaluating the financial impact on high risks, the departments have carried out a review of their risks to include similar commentary on their medium financial risks.

3.149 Although it is accepted that some risks are difficult to value, departments have been asked to consider the following criteria when trying to put a financial value against a risk:

- Risks where a prior event has occurred and we know what the direct cost was;

- Risks which are currently materialising and where overspends have already been identified and reported as part of the budget process;
- Risks that may materialise in the future with the caveat that this is our best estimate on a worst case scenario

3.150 Currently the risk register contains 145 risks split as follows:

Risk Rating	Gross *	Net
High	79	19
Medium	54	73
Low	12	53

* before any controls are taken into account

- 3.151 As risks classified as ‘non-financial’ are equally likely to incur monetary loss we now have commentary on an additional 32 medium net risks. For the purposes of this Committee we attach a schedule of the current net high risks (Appendix G) with commentary on the resulting financial implications.
- 3.152 The full risk register can be viewed on One Bromley under the ‘How do I?’ tab > Managers’ Toolkit > Risk Management and Insurance.
- 3.153 We also attach a copy of the draft Corporate Risks (Appendix H) which reflect our strategic concerns e.g. failure to deliver BBB, failure to live within our financial means. It also attempts to capture those cross-cutting risks within each division that individually may not be regarded as high risks themselves but collectively give us cause for concern.
- 3.154 The corporate and high net risks register will need to be reviewed to take in to account risks covering the workforce such as significant litigation risks and costs associated with continuing realignment of employment processes, challenging industrial relations and employee engagement issues and staff capacity/capability risks as the Council continues with the commissioning agenda. These risks will be considered as part of the consultation process involving management and the newly constituted CRMG.
- 3.155 Although this is still work in progress Councillor Onslow has already provided us with feedback on how we could improve the presentation of our risks. He was also able to attend the Corporate Risk Management meeting to address the same issue.
- 3.156 One of the actions from the meeting was that the Chief Executive updated managers on the high risks and corporate risks stressing the importance of risk management.
- 3.157 Risk Training**
- 3.158 We currently provide a ‘Managing Risk’ workshop to officers three times a year. This provides an overview of Risk Management, Health and Safety, Business Continuity and Emergency Planning. Attendees are encouraged to follow this up with one-to-ones with the officers giving the training where they require further information. Unfortunately due to a low take-up of places we had to cancel the most recent course in October.
- 3.159 In line with Learning and Development’s policy to move towards a web based e-learning environment rather than the traditional face-to-face trainer led sessions, we are seeking to develop a stand-alone e-learning package for risk management. The advantage is that officers can access the course at a time that suits them and we can monitor usage.

- 3.160 Our insurers, Zurich Municipal, have set aside an allowance of £12k out of our premiums for use on their risk management services for both strategic and operational issues. In the past this has been used for partnership work and reducing claims for 'slips and trips'.
- 3.161 A meeting has been arranged with Zurich Municipal on 24 November and we will be exploring how they can support us in improving presentational aspects of the risk register and the introduction of an e-learning package.

4. POLICY IMPLICATIONS

None

5. FINANCIAL IMPLICATIONS

Some of the findings identified in the audit reports mentioned above will have financial implications.

6. LEGAL IMPLICATIONS

There is a statutory requirement to provide an internal audit function through the Accounts and Audit Regulations 2011.

7. PERSONNEL IMPLICATIONS

Staff in breach of financial rules and procedures or acting inappropriately against the Council's legal and financial interests may be subject to disciplinary actions or/and police investigations.

Non-Applicable Sections:	Policy implications
Background Documents: (Access via Contact Officer)	Published internal audit reports on the web are discussed in this report.

Report Number/Date	Title	Opinion	No. of Priority One's	Details of original Recommendation	Implemented	Responsible Officer	Comments
ECHS/068/01/2011	Emergency Accommodation & Rent Accounts	Limited Assurance	1	Service Teams, including LATCH, Leaving Care Services, Core and Cluster [now Supported Living], Traveller and Orchard and Shipman are not recovering rent arrears or monitoring the debts of their clients, which on 10/2/12 gave an accumulative total of £533,753.50 in these groups. Teams did not have access to the accounting files on Anite. In addition, these teams do not hold detailed procedures to outline the process for the recovery of debts. The previous audit also highlighted problems with rent arrears in emergency accommodation. Total rent arrears for current and former clients stands at £1,266,528 compared to £1,268,466 in January 2012.	In progress	Exchequer Manager/Liberata Sundry Debtors Section Manager/Group Manager Leaving Care Team/Group Manager Residential Services/Group Manager Housing Needs	The last update indicated that rent arrears at September 2013 were £2,017,242 an increase of 60% from September 2012. Part of the increase in arrears is due to increase in TA numbers and the effects of the welfare reforms. The rent arrears figure as at 31st December 2013 stands at £2,103,193. Adjustments of £183K that is pending will bring down this figure and will be further reduced by £280k for write offs awaiting action. This area will be audited as part of the 2014/15 internal audit plan. See report progress report.
ECHS/024/01/2012	Behaviour Services	N/A	1 o/s	Part 2- six of the 7 priority one recommendations have been implemented.	In progress	Assistant Director ECS	Expanded in Part 2
CEXFin/018/01/2013	Insurance	N/A	2 o/s	Part 2- 9 of the 11 priority one recommendations have been implemented	In progress	Director Of Finance	See update in Part 1
ECHS/023/01/2012	Learning Disabilities	Nil Assurance	2o/s 3 partial	Part 2- originally there were 12 priority one recommendations -2 are still o/s; 6 fully implemented; 3 are partially implemented; and 1 redundant by change of process.	In progress	Executive Director ECH	Satisfactory progress has been made towards implementing these recommendations. See Progress report for update.
ECS/001/01/2013	Libraries Staff Investigation	Limited Assurance	1 o/s	Part 2- 2 priority one recommendations made following investigation. One has been implemented	In progress	Libraries Operations and Commissioning Manager/ Stock services Manager	See update in Part 2
CEX/012/01/2012	Building Maintenance	Limited Assurance	1	The department must comply with the requirement 1.2 and 8.1.3 of the Contract Procedure Rules. <ul style="list-style-type: none"> • "Officers shall not sub divide work which could reasonably be treated as a single contract." • "The total estimated value of orders for a given type of goods, services or works should where ever practicable be amalgamated for the purpose of determining procurement procedures." They should review the practices and procedures to identify cumulative spend with individual suppliers. Where spend exceeds limits indicated in Contract Procedure Rules quotes or tenders should be sought.	In progress	Head of Operational Property	Agreed and corrective action in progress. To be tested as part of the 2014/15 building maintenance audit.
CEXFin/009/2013	Creditors	Limited Assurance in the area of orders not being raised	1	5/27 payments sampled (excludes Confirm payments from the sample of 35) had orders raised on the same day as or after the invoice date. A 'retrospective purchase order' report was run in May 2013. This showed 4,788 retrospective purchase orders had been made in the period 30/01/13 to 30/05/13, with 68% of these attributed to 30 officers. However further examination of this report identified duplicated purchase order lines therefore producing inaccurate results with the actual total of 3,290 retrospective order being raised during the period. This would reflect new results to identify areas of concern.	In progress	Exchequer Manager	A 'retrospective purchase order' report was run in October 2014. This showed 1834 retrospective orders had been made in the period 1/6/14-31/8/14. This report was not compared to the previous results as this new report covered a different part of the financial year and a shorter time span. Management is addressing the problem and the outcome will be reported in the Creditors Audit to be carried out later in the year.

Report Number/Date	Title	Opinion	No. of Priority One's	Details of original Recommendation	Implemented	Responsible Officer	Comments
ECHS/015/2013	Looked After Children	Limited Assurance	2	Payment Authorisation including an overpayment to a foster parent and timely completion of assessments and reviews.	In Progress	Head of Service C&R	Department have progressed the recommendations but full implementation is still outstanding. Update in part 1
CX/055/02/2014	Purchase Cards	Limited Assurance	3	1. VAT not being reclaimed on a large number of transactions. 2. Staff found to be splitting transactions across several cards to avoid authorisation controls. 3. Receipts and invoices are not being scanned onto the system and retained.	In progress	Head of Corporate Procurement and Exchequer Manager	Taken to Directors and reminders sent to Managers reminding them of their responsibilities.
CYP/P69/01/2013	Primary School	Limited Assurance	1	The bank reconciliation for May 2014 was authorised by the HeadTeacher however this was not signed as checked / prepared by finance staff. The opening balance shown on HSBC bank statement 684 31/05/14 was £463,062.32 and did not match the opening balance on the associated bank reconciliation £465,133.76. The closing balance on the bank statement 31/05/14 was £462,759.99 whereas the bank reconciliation showed £464,833.43 Audit identified 3 cheques raised for the in-correct values equating to the difference of £2,073.44.	In progress	Headteacher	
ECH/017/01/2014	Family Placements	No Assurance	8	Significant findings in relation to the following areas :- Overpayments , Savings, Legal Orders, Connected Persons Allowances, Residence Orders, Adoption Allowances, Special Guardianship Orders and Training.	In Progress	Assistant Director, Safeguarding & Social Care.	Agreed by management, Implementation in progress.
CX/046/01/2013	Review of Essential Car Users	Limited Assurance	3	1.To review lump sum payments to all non and infrequent users highlighted in the audit. 2.Ensure that officers have adequate insurance to cover business use and a valid driving licence. Officers should report any change in circumstances that prevents then driving. Recovery of overpayment to be actioned from a case identified in the audit. 3.The criteria for essential car user allowance should be reviewed as it potentially creates an anomaly for casual users who claim regular and substantial mileage.	In Progress	Director of HR	All recommendations have been accepted by management and will be addressed as part of a review of the scheme and the criteria. See progress report.

Report Number/Date	Title	Opinion	No. of Priority One's	Details of original Recommendation	Implemented	Responsible Officer	Comments
ECH/018/01/2013	Review of Leaving Care (Payment to Clients)	Nil Assurance	9	Significant findings in relation to the following areas:- Policies and procedures, documents to support payments, authorisation of Request for Finance Forms, cash payments to bank accounts, monitoring of payments, reconciliations, pathway plans, use of the purchase card and cash security.	In progress	Group Manager LCT	Recommendations agreed by management
CX/051/01/2014	IT Database (Hardware, Software & Licencing)	Limited Assurance	1	Have been paying for 2800 mobile license support packages for the last 2 years, when the actual number of users was considerably lower (Approx 1800). Not possible to identify the axact number of users. Thus have overpaid invoices by approximatley £12,000 per year.	In progress	Head of ICT	Head of ICT to request Capita to produce a report of the exact number of users including contractors who we paying for. Have confirmed that prior to paying next time they will only pay for known users. This whole process is dependant on the leavers procedure being followed.
ECS/2014	Fixed Penalty Notices	N/A	5	See part 2	In Progress	Asst Dir. S,S & Greenspace	See Pat 2
The following priority one recommendations have been implemented: None see comments column above							
Learning Disabilities- 6 fully implemented; 3 partially implemented; 1 is redundant by change of process; and 2 considered outstanding							
Insurance- 9 have been fully implemented leaving 4 to be followed up as part of the audit planned for Insurance in 2014/15.							
TCES -three priority 1 recs on invoice checking, stock control and performance monitoring have been implemented. See progress report.							
Mobile phone Investigation. 1 rec about updating mobile phone policy and uploading to one Bromley fully implemented.							
Main Accounting audit- 1 recommendation in relation to budget holders reviewing FBM. Compliance is now up to 92%.See progress report.							

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Waivers - From February 2014 to September 2014						APPENDIX B			
Waivers > £50,000									
DIRECTORATE	SERVICE AREA	CUMMULATIVE VALUE	ANNUAL AMOUNT	NO OF PREVIOUS WAIVERS	VALUE OF PREVIOUS WAIVERS	DETAILS- PARTICULARS FOR SEEKING WAIVER	PERIOD FROM	PERIOD TO	APPROVAL
Education,Care & Health Services	Housing	£1,515,545	£272,209	0	£0	Tenancy support service delivered to homeless people in supported accommodation [extn to contract] - Future decision pending following Gateway Review	01/07/14	30/09/14	Executive, Director of Corporate Services & Director of Finance
Education,Care & Health Services	School's Finance Team	£1,425,000	£75,000 recouped in full from schools	0	£0	SIMs programme licence [extn to contract] - Exisiting system required in schools	01/04/14	31/03/15	Executive Director of ECHS, , Director of Corporate Services & Director of Finance
Education,Care & Health Services	Passenger Transport	£598,400	£278,700	1	£319,700	Passenger transport service [extn to contract] - Commisioning Programme results	06/11/14	05/11/15	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education,Care & Health Services	Home and Hospital & Respite	£128,581	£67,405 for period of extn	0	£0	Tuition Services [extn to contract] - Continuation of exisiting teaching services	04/03/14	31/07/2014	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education,Care & Health Services	Strategic Education Capital & Client Services	£223,960	£223,960	0	£0	Modular Building at Parish C of E Primary School [new contract] - New works by previous supplier on site	01/06/14	31/12/2014	Portfolio Holder, Executive Director of ECHS, Director of Resources & Director of Finance
Education,Care & Health Services	Strategic Education Capital & Client Services	£833,702	£258,870	0	£0	Capital works at Princes Plain Primary School and Worsley Bridge Primary School [extn to contract] - Urgent works	01/07/14	31/08/2015	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education,Care & Health Services	Strategic Education Capital & Client Services	£80,900	£80,900	0	£0	Absbetos removal & remediation works at Bromley Road Primary School [new contract] - In association with refurbishment of main school	28/07/14	29/08/2014	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education,Care & Health Services	Strategic Education Capital & Client Services	£637,895	£125,000 full term contract value	0	£0	Project management at various Bromley schools [extn to contract] - Consultant from the LB Lewisham Framework	01/04/14	30/09/2017	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education,Care & Health Services	Strategic Education Capital & Client Services	£195,000	£195,000	0	£0	Modular classroom at Unicorn Primary School [new contract] - Emergency works	01/08/14	01/09/2014	Executive Director of ECHS, Director of Corporate Services & Director of Finance

Waivers > £50,000									
DIRECTORATE	SERVICE AREA	CUMMULATIVE VALUE	ANNUAL AMOUNT	NO OF PREVIOUS WAIVERS	VALUE OF PREVIOUS WAIVERS	DETAILS- PARTICULARS FOR SEEKING WAIVER	PERIOD FROM	PERIOD TO	APPROVAL
Education,Care & Health Services	Strategic Education Capital & Client Services	£135,495	£135,495	0	£0	Asbestos removal works at St Pauls Cray C of E Primary School [new contract] - Most suitable supplier	01/07/14	31/8/114	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education,Care & Health Services	Strategic Education Capital & Client Services	£833,702	£258,870	0	£0	Asbestos removal works and additional works to EDC building [extn to contract] - Urgent works to expand school	01/06/14	01/09/2015	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education, Care & Health Services	Strategic Education Capital & Client Services	£90,000	£90,000	0	£0	Project management of St Paul's Cray Primary School [new contract]- Continuation of project.	01/05/14	30/09/16	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education, Care & Health Services	Strategic Education Capital & Client Services	£63,134	£63,134	0	£0	New pedestrian access route at Parish CE Primary School [new contract] - Urgent need to carry out works	01/08/14	30/09/14	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education,Care & Health Services	Public Health	£791,938	£380,871	0	£0	Genitourinary Medicine Service [extn to contract] - No procurement arrangement actioned by CCG	01/04/14	31/05/15	Director of Care Services, , Director of Corporate Services & Director of Finance
Education,Care & Health Services	Commissioning	£2,315,781	£77,635 for period of extn	0	£0	Provision of support for non profit voluntary, community and social enterprises [extn to contract agreed by Executive 1/4/12] - Awaiting finalisation of budget position	01/04/14	30/09/14	Portfolio Holder, Executive Director of ECHS, Director of Resources & Director of Finance
Education,Care & Health Services	Commissioning	£212,800	£121,600	0	£0	Provision of day services for people with learning disabilities at Nash College [extn to contract] - Limited support for clients	17/04/14	16/10/15	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education,Care & Health Services	Commissioning	£150,000	£50,000	1	£100,000	Support to people with dementia living in Homes - Currently developing a strategy with CCG	01/10/14	30/09/15	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education,Care & Health Services	Commissioning	£183,090	£65,788 for period of extn	0	£0	Support service for carers [extn to contract] - Proposal to align contracts offering support, advice and training to carers	01/08/14	30/09/15	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education, Care & Health Services	Commissioning	£400,330	£400,330	0	£0	Support for people with learning disabilities in employment [new contract] - Review of service underway	06/07/14	05/07/15	Executive Director of ECHS, Director of Resources & Director of Finance

Waivers > £50,000									
DIRECTORATE	SERVICE AREA	CUMMULATIVE VALUE	ANNUAL AMOUNT	NO OF PREVIOUS WAIVERS	VALUE OF PREVIOUS WAIVERS	DETAILS- PARTICULARS FOR SEEKING WAIVER	PERIOD FROM	PERIOD TO	APPROVAL
Education, Care & Health Services	Commissioning	£314,718	£157,359	0	£0	Learning disabilities day services for people with autism & challenging behaviour [new contract] - Specialist knowledge in field.	01/04/14	31/03/16	Executive Director of ECHS, Director of Resources & Director of Finance
Education, Care & Health Services	Commissioning	£225,700	£225,700	0	£0	Supporting inclusion in pre-school [new contract] - No alternative provider.	01/04/14	31/03/15	Executive Director of ECHS, Director of Resources & Director of Finance
Education, Care & Health Services	Commissioning	£174,956	£86,996 for six months	0	£0	Children with disabilities , short breaks [extn to contract] -Pending outcome of current tendering exercise.	01/10/14	31/03/15	Executive Director of ECHS, Director of Resources & Director of Finance
Education, Care & Health Services	Commissioning	£303,406	£303,406	0	£0	Therapy provision for schools [extn to contract] - Pending the final details of future funding model.	01/09/14	31/07/15	Executive Director of ECHS, Director of Resources & Director of Finance
Education, Care & Health Services	Commissioning	£60,000	£60,000	0	£0	Learning disabilities travel training for young people [new contract] - Continuation of successful programme..	01/09/14	31/08/15	Executive Director of ECHS, Director of Resources & Director of Finance
Education, Care & Health Services	Commissioning	£465,813	£155,271	0	£0	Core funding and volunteer centre [new contract] - Continuation with key local organisation.	01/10/14	30/09/17	Executive Director of ECHS, Director of Resources & Director of Finance
Education, Care & Health Services	Commissioning	£71,328	£71,328	0	£0	Intensive supervision and surveillance for children [new contract] - Continuation specialist service.	01/04/14	31/03/15	Executive Director of ECHS, Director of Resources & Director of Finance
Education, Care & Health Services	Commissioning	£553,379	£86,314	1	£86,314	Develop opportunities for people with a learning disability to access employment [extn to contract] - Specialist knowledge	01/10/14	30/09/15	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education, Care & Health Services	Commissioning	£52,800	£52,800	0	£0	Sport/fitness sessions based at the Pavillion Bromley, Beckenham Spa and Orpington Walnuts for adults with learning disabilities [new contract] - Proven record to deliver breadth of services required	01/04/14	31/03/15	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education, Care & Health Services	Commissioning	£1,028,166	£265,333	0	£0	Support and advice service for children and young people experiencing personal difficulties [extn to contract] - Awaiting contract award	01/04/14	30/11/14	Portfolio Holder, Executive Director of ECHS, Director of Corporate Services & Director of Finance

Waivers > £50,000									
DIRECTORATE	SERVICE AREA	CUMMULATIVE VALUE	ANNUAL AMOUNT	NO OF PREVIOUS WAIVERS	VALUE OF PREVIOUS WAIVERS	DETAILS- PARTICULARS FOR SEEKING WAIVER	PERIOD FROM	PERIOD TO	APPROVAL
Education,Care & Health Services	Behaviour Service, Access and Admission	£632,570	£275,570	0	£0	Out of school learning - Due to uncertainty of continuation of programme	01/09/14	31/07/15	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education,Care & Health Services	Procurement and Contract Compliance	£281,514	£121,471	0	£0	Direct payment support service [extn to contract] - Continuation of good service standard	01/08/14	31/07/15	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Education,Care & Health Services	Procurement and Contract Compliance	£302,788	£73,447	0	£0	Tenancy support service for ex-offenders [extn to contract] - Positive service review	01/10/14	30/09/15	Executive Director of ECHS, Director of Corporate Services & Director of Finance
Environment & Community Services	Transport	£1,013,204	£81,383	0	£0	Hire of and light commercial vehicle fleet [extn to contract] - Council's current programme of change	06/11/14	05/11/15	Executive Director of ECHS, Director of Resources & Director of Finance
Environment & Community Services	Parking	£80,000	£80,000	0	£0	One off purchase of ICT hardware [new contract] - Specialist units to integrate with back office systems		01/03/14	Executive Director of ECHS, Director of Resources & Director of Finance
Environment & Community Services	Culture, Libraries & Leisure	£291,860	£71,590	0	0	Specialist conservation architect [extn to contract] - Additional works	01/01/14	31/03/15	Executive Director of ECHS, Director of Resources & Director of Finance
Environment & Community Services	Regeneration and Transformation	£60,000	£60,000	0	0	Design and development for Beckenham Town Centre [new contract] - Consistency of urban design one supplier commissioned	01/04/14	31/12/15	Executive Director of ECHS, Director of Resources & Director of Finance
Environment & Community Services	Waste	£291,996	£145,998	0	0	Depots security [extn to contract] - Future requirements are to be established by management	01/04/15	31/03/17	Executive Director of ECHS, Director of Resources & Director of Finance
Chief Executive's	Human Resources	£1,084,445	£70,455	2	£463,000	Occupational health service [extn to contract] - Current changes in the Council's requirements	01/08/14	31/03/15	Portfolio Holder, Director of HR, Director of Corporate Services & Director of Finance
Chief Executive's	Internal Audit	£3,517,000	£302,000	3	£2,740,000	Fraud investigation works [extn to contract] - DWP transfer of benefit fraud work 1/7/15	01/04/14	31/03/14	Portfolio Holder, Director of Corporate Services, Director of Finance
Chief Executive's	Appointee and Deputyship	£150,000	£50,000	0	£0	Provision of funeral services to Bromley residents without a family [new contract] - One suitable provider following tender process	01/07/14	30/06/17	Director of Corporate Services & Director of Finance

Waivers > £50,000									
DIRECTORATE	SERVICE AREA	CUMMULATIVE VALUE	ANNUAL AMOUNT	NO OF PREVIOUS WAIVERS	VALUE OF PREVIOUS WAIVERS	DETAILS- PARTICULARS FOR SEEKING WAIVER	PERIOD FROM	PERIOD TO	APPROVAL
Resources	Financial Services	£133,436	£133,436	0	£0	Insurance claim handling [new contract] - Cover following the departure of the former Insurance & Risk Manager	01/04/14	31/03/15	Portfolio Holder; Director of Corporate Services & Director of Finance
Resources	Financial Services- Technical and Control	£158,000 + £150,000 max	£150,000 max	0	£0	Legal Services in relation to insurance claims [extrn to contract] - Not considered beneficial to enter into fixed contract as the Council wishes to retain flexibility with the 3 current providers	01/04/14	31/03/16	Director of Corporate Services & Director of Finance

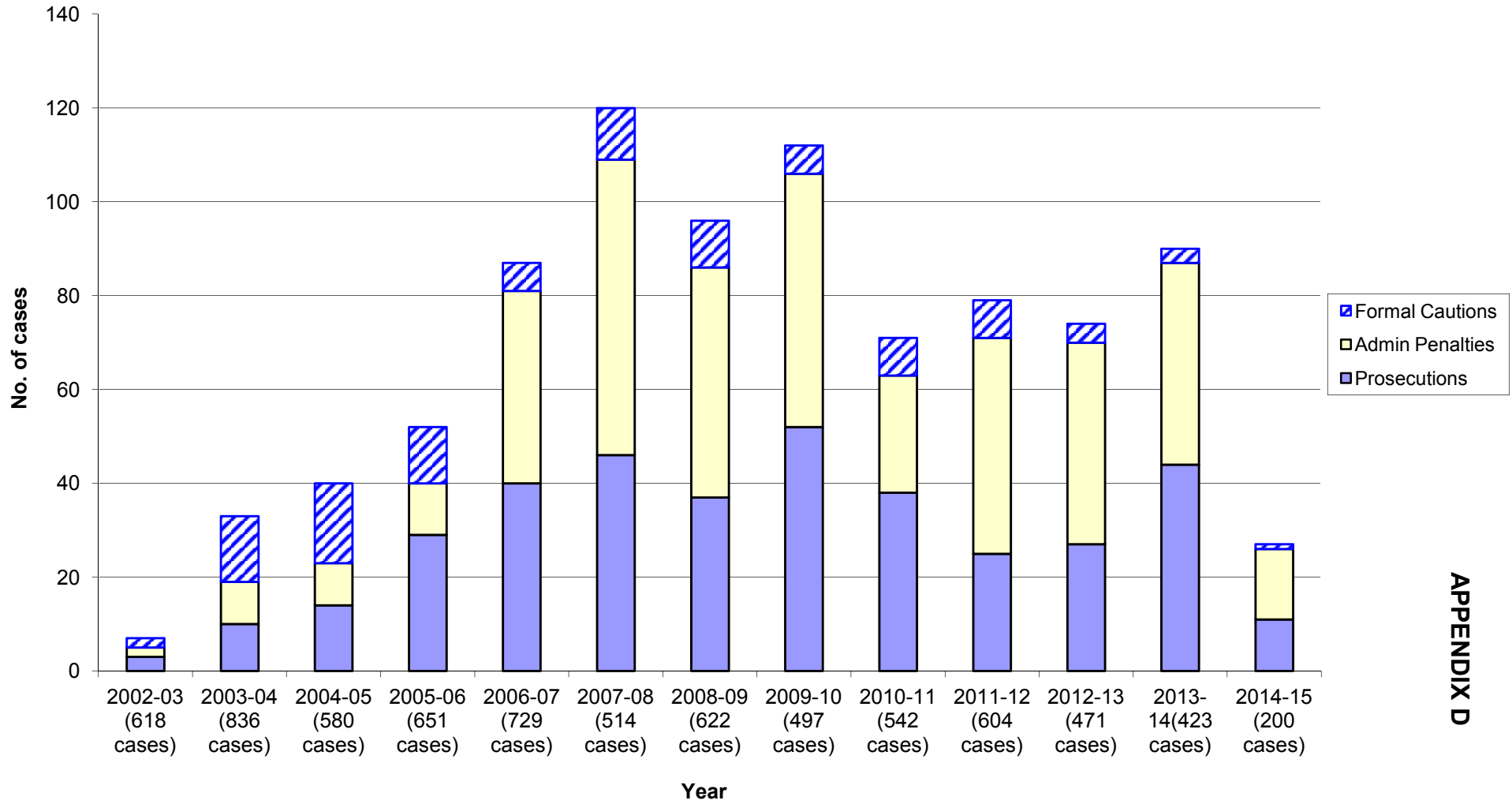
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LBB ANALYSIS OF IAAF MONTHLY MONTITORS 2002 through to 2014/15 APPENDIX C

2002/2003	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	200	28	21	73	24	26	36	112	15	11	31	41	618
Confidential Hotline	18	5	4	6	1	1		4	1	4	10	7	61
Interviews	8	8	14	17	7	7	9	9	14	6	9	6	114
Claimant visits	19	12	26	36	33	17	20	20	10	16	6	15	230
Prosecutions										1	1	1	3
Court Summonses							1			2	2		5
Admin Penalties							1		1				2
Formal Cautions					1				1				2
2003/2004	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	39	36	39	31	82	111	182	50	73	45	37	111	836
Confidential Hotline	8	4	8	10	5	4	9	5	3	8	10	10	84
Interviews	12	9	8	21	10	11	8	17	15	20	18	44	193
Claimant visits	7	14	11	27	33	26	38	26	44	18	29	29	302
Prosecutions		1		1	1	2	3			1	1		10
Court Summonses	2	4	1	4	3	2			1	1			18
Admin Penalties	3		1		1			1	1	2			9
Formal Cautions	4	1	1			1	2	1		2	1	1	14
2004/2005	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	27	70	61	69	35	49	57	55	14	32	44	67	580
Confidential Hotline	10	7	8	12	12	7	11	9	3	4	10	11	104
Interviews	8	8	11	13	21	35	24	27	17	25	16	26	231
Claimant visits	20	18	19	12	12	23	17	21	8	18	1	7	176
Prosecutions	3			3	3	1	1		1	1	1		14
Court Summonses	2	4			6	2	1			9	2	4	30
Admin Penalties	2		2	1		3				1			9
Formal Cautions		4	2		1	2	1	3	1		2	1	17
2005/2006	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	94	55	56	65	28	64	55	46	9	85	46	48	651
Confidential Hotline	6	5	19	6	6	10	10	10	7	8	6	15	108
Interviews	21	27	33	30	17	48	45	39	19	24	39	70	412
Claimant visits	8	7	10	4	10	12	13	21	7	5	14	7	118
Prosecutions	3	2	5	2	1	1	1	3	3	6	2		29
Court Summonses	6	3	4	1	3	4	7	5	2	5	6	4	50
Admin Penalties	1	2					2		3	1	1	1	11
Formal Cautions	2	2	1	2		2	1			1	1		12
2006/2007	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	42	68	70	55	45	38	55	56	41	85	97	77	729
Confidential Hotline	15	16	13	7	4	1	3	7		5	5	9	85
Interviews	32	42	42	51	45	49	38	32	36	42	56	56	521
Claimant Visits		25	11	10	10	2	2	11		12	1	2	86
Prosecutions	9	1	3		3	2	4	4	6	4	3	2	41
Court Summonses	4	1	4	4	1	7	6	1	5	4	5		42
Admin Penalties	5	4	3	2	2	1	2	4	2	3	15		43
Formal Cautions		1	2							1	2		6
2007/2008	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	44	60	68	33	44	49	44	40	21	33	39	39	514
Confidential Hotline	7	12	4	10	3	10	8	10	9	21	13	10	117
Interviews	41	38	38	40	33	32	53	46	31	48	29	23	452
Claimant Visits	16	7	6	26	2	4	11	17	12	7	14	16	138
Prosecutions	8	3	7	4	2	7	2	4	3	5	1	0	46
Court Summonses	3	3	2	8		2		3	1	2	3	1	28
Admin Penalties	14	16	1	8	4	1	4	5	8	1	1		63
Formal Cautions	3	2		1				1	1	3			11
2008/2009	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	27	55	41	69	52	57	67	78	39	36	25	76	622
Confidential Hotline	11	8	9	3	13	19	10	13	7	12	10	9	124
Interviews	36	29	51	42	22	28	38	40	34	43	42	53	458
Claimant Visits	16	11	20	17	16	8	19	19	2	25	15	10	178
Prosecutions	6	2	3	8	6	3	2		3	1	3		37
Court Summonses	1		1	6		1	1	3	3	3	1	5	25
Admin Penalties	10	1	2	3	2	4	2	6	5	10	4		49
Formal Cautions	3	1		1		1	1		1	1	1		10
2009/2010	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	38	51	61	51	43	57	28	46	16	44	24	38	497

Confidential Hotline	11	18	12	3	13	18	5	11	5	11	4	10	121
Interviews	22	22	30	35	31	28	28	27	14	22	20	18	297
Claimant Visits	5	1	19	22	7	11	12		1	4	11	19	112
Prosecutions	8	2	9	1	5	8	5	1	5	2	6		52
Court Summonses	6	1	2	1		4	3	5			8	1	31
Admin Penalties	7	3	8	8	6	4	2	6	8	1	1		54
Formal Cautions	1			1			2		1	1			6
2010/2011	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	21	44	44	39	47	51	41	39	25	56	59	76	542
Confidential Hotline	5	10	9	9	13	15	15	10	7	7	9	17	126
Interviews	12	11	5	14	8	27	16	19	9	31	20	30	202
Claimant Visits	1	5	4		4	9	4	7		4	7	9	54
Prosecutions	6	3	3	3	6	4	3	1	5	1	3		38
Court Summonses	1	3	3		2	2	1	2		3	3	1	21
Admin Penalties	8	1	2	3		3	1			3	2	2	25
Formal Cautions	2			1	1	1			1		1	1	8
2011/12	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	52	60	56	57	30	64	58	68	31	46	43	39	604
Confidential Hotline	23	11	11	10	4	13	15	11	8	6	5	8	125
Interviews	18	28	24	21	19	10	16	18	17	18	25	21	235
Claimant Visits	10	10	4	3			1	6	6	4	7	7	58
Prosecutions	4	1	2		1	3	2	3		4	5		25
Court Summonses		3	1	5	4	1	7	3	1	1		2	28
Admin Penalties	6	10	4	5	8	3	4	2	2	1	1		46
Formal Cautions	1		1	1	1	1			1	2			8
2012/13	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	37	41	13	40	26	36	40	36	19	36	85	62	471
Confidential Hotline	8	10	5	10	8	8	9	15	6	10	5	10	104
Interviews	2	16	18	13	16	6	9	22	8	8	8	14	140
Claimant Visits	1		5	5	5	9	5	7	8	2	3	2	52
Prosecutions	4	5	1		4	3	4	5	1		1		28
Court Summonses	2	3		3	7		3	2	2	1	4		27
Admin Penalties	16	5	5	2	2	5	5	1	2				43
Formal Cautions		1					1		1			1	4
2013/14	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	47	45	31	26	34	23	43	27	27	40	32	48	423
Confidential Hotline	16	9	6	4	9	8	3	9	12	4	10	10	100
Interviews	24	31	20	19	15	7	17	6	5	9	12	13	178
Claimant Visits	4			6	7	1	1	5	13	7	6	4	54
Prosecutions	12	3	1	8		7	4	1	3	4	1		44
Court Summonses	2		7	4	3	2					1		19
Admin Penalties	2	2	6	4	12	6	1	5	3		1	1	43
Formal Cautions							1			1	1		3
2014/15	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	25	36	43	34	9	53							200
Confidential Hotline	4	9	8	11	3	7							42
Interviews	4	12	6	11	8	19							60
Claimant Visits	4	4	1	5	1	1							16
Prosecutions	1	2	2	2	3	1							11
Court Summonses	1	6	6		1	1							15
Admin Penalties	3	2	3	2	2	3							15
Formal Cautions				1									1

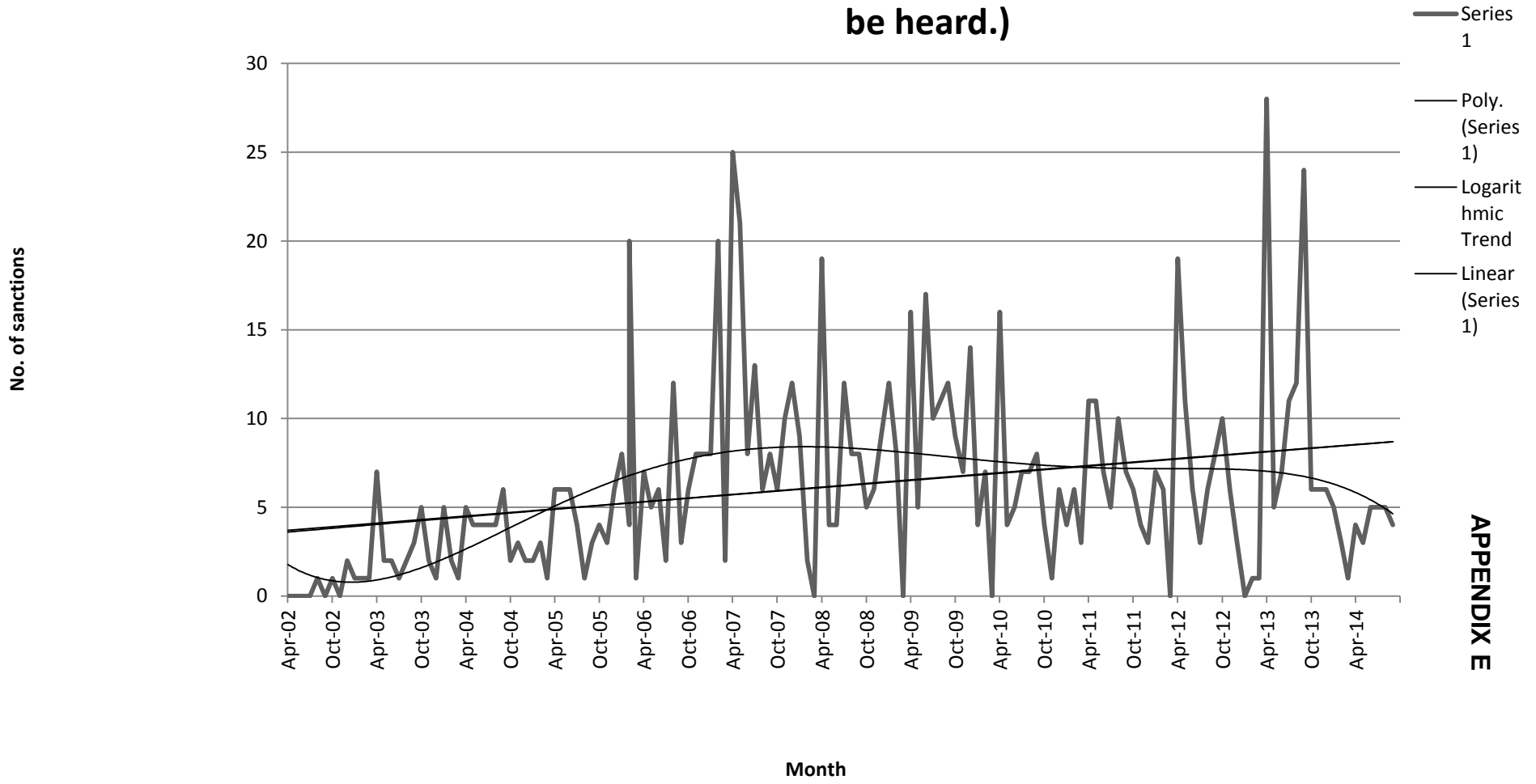
HB Sanctions - Annual Comparison



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Sanctions Trend

(NB: peaks and troughs are dependent on the court's allocation of cases to be heard.)



APPENDIX E

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<p style="text-align: center;">CORPORATE RISK MANAGEMENT GROUP – TERMS OF REFERENCE November 2014</p>
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1. Purpose

The Corporate Risk Management Group will:

- Integrate strategic oversight of the Council's risk management, health and safety, business continuity and emergency planning activity to improve efficiency and develop synergies in line with Council priorities
- Proactively develop and implement a framework to identify and manage significant risks which could impact the Council's ability to deliver its objectives
- Help to ensure that the Council is compliant with its statutory duties under:
 - *Accounts and Audit (England) Regulations 2011*
 - *Civil Contingencies Act 2004*
 - *Health and Safety at Work Act 1974*
- Promote risk awareness across the Council

2. Objectives

- a) Support the development of a Council Risk Management policy and strategy
- b) Develop and review the Corporate Risk Register
- c) Provide a report on risk to Audit Sub-Committee twice a year
- d) Co-ordinate the production of the Annual Governance Statement for approval by Audit Sub-Committee (*Accounts and Audit (England) Regulations 2011*)
- e) Maintain strategic oversight of the organisation's corporate resilience activities (*Civil Contingencies Act 2004*)
- f) Support Corporate Health and Safety in reducing risk in our working environment (*Health and Safety at Work Act 1974*)
- g) Receive and challenge strategic reports on risk, business continuity, emergency planning, and health and safety
- h) Highlight any governance issues that are not being addressed across the Council
- i) Liaise with the Directorates, which are responsible for day-to-day compliance
- j) Provide access to training and guidance to Members and officers

3. Membership

- a) Chief Executive (Chair)
- b) Head of Audit
- c) Risk Management Officer
- d) Head of Corporate Safety
- e) Corporate Safety Adviser
- f) Emergency Planning and Corporate Resilience Manager
- g) Education, Care & Health Services representative
- h) Environment & Community Services representative
- i) Chief Executive's representatives

4. Meetings

The Group shall meet three times a year in advance of the Audit Sub-Committee meetings in March, June and November

Members should ensure that if they are unable to attend any meetings, an officer with the appropriate knowledge and authority deputises for them

5: Accountability

The Group shall report to:

- a) Audit Sub-Committee (risk report including risk register - March and November, Annual Governance Statement - June), via the Head of Audit
- b) Council Directors, via the Chief Executive
- c) Departmental Management Teams via nominated members, who will provide feedback to the Corporate Risk Management Group as necessary
- d) Other reporting and outputs in respect of specific functions shall be reported back to the Group (see Appendix)

**LB BROMLEY: CORPORATE RISK MANAGEMENT GROUP
APPENDIX TO TERMS OF REFERENCE - NOVEMBER 2014**

	FUNCTION	DRIVERS	OUTPUTS	REPORTING
PROACTION	Risk Management	<ul style="list-style-type: none"> Accounts and Audit (England) Regulations 2011 LBB Code of Corporate Governance 	<ul style="list-style-type: none"> LBB Risk Register Departmental Risk Registers Corporate (cross-cutting) Risks Annual Governance Statement <ul style="list-style-type: none"> Checklists of Key Controls AGS Assurance Statements Input to Audit Plan Liaison with Departmental RM function 	<ul style="list-style-type: none"> Directors' Meeting (<i>via Chief Exec.</i>) Audit Sub-Committee Cabinet (<i>via Chief Exec.</i>) Departmental Management Teams Departmental risk management arrangements
	Health & Safety	<ul style="list-style-type: none"> Health and Safety at Work Act 1974 (and associated regulations) Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 Regulatory Reform (Fire Safety) Order 2005 	<ul style="list-style-type: none"> Accident / Incident reporting Liaison with Departmental H&S committees Risk Assessments leading to safe working practices Developing policy to implement new health & safety legislation 	<ul style="list-style-type: none"> Directors' Meeting (<i>via Chief Exec.</i>) Departmental H&S Committees Education Visits Forum
RESILIENCE	Business Continuity	<ul style="list-style-type: none"> Civil Contingencies Act 2004 (and associated guidance) Minimum Standards for London (via Local Authority Panel) 	<ul style="list-style-type: none"> Corporate BCM Policy, Programme and Plan BCPs for services, and BCPs for key risks / sites Assurance of Contractors' BCPs Appropriate training, testing, exercising, maintenance and review 	<ul style="list-style-type: none"> Directors' Meeting (<i>via Chief Exec.</i>) Public Protection & Safety PDS
	Emergency Planning	<ul style="list-style-type: none"> Civil Contingencies Act 2004 (and associated guidance) Minimum Standards for London (via Local Authority Panel) 	<ul style="list-style-type: none"> Assessment of civil emergency risks (Borough Risk Register) Emergency Response Plans (~30) Departmental Incident Plans Appropriate training, testing, exercising, maintenance and review Coordination of multi-agency emergency planning via the Bromley Borough Resilience Forum Public information on Civil Protection 	<ul style="list-style-type: none"> Directors' Meeting (<i>via Chief Exec.</i>) Public Protection & Safety PDS Chief Executive (<i>London Local Authority Gold arrangements</i>) Safer Bromley Partnership (<i>via Borough Resilience Forum</i>) Health & Wellbeing Board (<i>via Health Protection Committee</i>)

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Risk Ref	Department	Division	Section	Risk / Consequences and Risk Category	Risk Owner	Existing Controls and Proposed Actions	Financial Implications PLEASE COMPLETE FOR ALL NET HIGH RISKS AND ALL NET MEDIUM FINANCIAL RISKS
BRO/ALL.0405	Bromley Borough	All LBB Divisions	All LBB Sections	<p>Commissioning Agenda</p> <p>Failure to deliver the Council's Target Operating Model as 'a Commissioning organisation, determining who is best placed to deliver high-quality services based on local priorities and value for money principles'.</p> <p>Political - Strategic</p>	Commissioning Executive Team	<p>Controls:</p> <ol style="list-style-type: none"> 1. Commissioning Programme developed 2. Initial pilot of 10 services identified 3. Commissioning Team represented at senior level across the Council 4. Governance arrangements and budget agreed (Executive 3 April 2013) <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Monitoring and progress reports - Proposals relating to individual services to be submitted to the respective PDS Committees for scrutiny and approval 	<p>The objective of the Commissioning Programme is to drive significant financial efficiencies as part of the requirement to save £60 million p.a. by 2018/19</p> <p>Failure to achieve a substantial proportion of these savings will have a dramatic impact on frontline services, our reserves and our reputation for sound financial management.</p>
CEX/ALL.0075	Chief Executive's	All CEX Divisions	All CEX Sections	<p>Project Management</p> <p>Lack of capacity to lead projects, and consequent inability to respond to change initiatives, resulting in project management failings (e.g. timescale / budget overruns) impacting on the delivery of the stated aims of efficiency projects with savings having to be made elsewhere, for example frontline services</p> <p>Personnel - Operational</p>	All CEX Managers	<p>Controls:</p> <ol style="list-style-type: none"> 1. Detailed business case and implementation planning signed off at appropriate level 2. Clear departmental planning with DMT functioning as 'programme level board' 3. Effective training in project management techniques (Prince 2 or equivalent) 4. Regular monitoring reports and review <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Projects prioritised by Members and Chief Officers - Through PADS/PRP, identify need for and provide project management training - Assurance review of project workload to inform future allocation / prioritisation - Identify key management staff 	<p>Any number of projects coming out of the Commissioning and Baseline Reviews are suffering from low project resources and skills, with a consequential impact on project timelines and outcomes. These will impact on the delivery of required outcomes and budget requirements - up to £1m.</p>

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CEX/ALL.0077	Chief Executive's	All CEX Divisions	All CEX Sections	<p>Legislation</p> <p>Breach of statutory obligations through failure of compliance with relevant legislation (e.g. 'Duty to Consult', EU Procurement Rules, Health and Safety etc.) leading to adverse publicity and significant costs including fines</p> <p>Legal - Operational</p>	All CEX Managers	<p>Controls:</p> <ol style="list-style-type: none"> 1. Register of all relevant statutory requirements 2. Regular review of compliance 3. Effective training of managers in requirements of relevant legislation <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Identify, document and review all relevant statutory requirements - Identify and train all staff responsible for meeting statutory requirements 	<p>Although the Council consults on service changes this could lead to judicial review of decisions made. Such cases could lead to adverse publicity but also real resource / financial costs if we were to lose. Depending on the case, this could easily be in the region of £20k to £30k.</p> <p>EU and UK Procurement changes have increased this risk and its consequences. Breaches of the rules could result in large fines. UK legislation does not specify the level of fine but indicates that it must be 'effective, proportionate and dissuasive'. Estimate up to £500k.</p> <p>Corporate Manslaughter Act 2007 - penalties include unlimited fines in the event of a conviction. In a recent prosecution the fine equalled all the company's assets, effectively closing down the business. Based on this the financial impact on Bromley could be £5m upwards.</p>
CEX/AUD.0021	Chief Executive's	Audit	Audit	<p>Fraud</p> <p>Failure to identify and highlight frauds and weaknesses in the system of internal control resulting in losses and reputational damage</p> <p>Professional - Operational</p>	Luis Remedios	<p>Controls:</p> <ol style="list-style-type: none"> 1. Audit plan 2. Reports, advice and guidance to management and Members 3. Priority 1 recommendations reported to Audit Sub-Committee 4. Adequate and effective financial regulations 5. Adherence to CIPFA's Code of Practice for Internal Audit 6. Partnership with Greenwich Fraud Team 7. Anti-fraud and corruption strategy published on the council's website and intranet 8. Whistleblowing procedures <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Delivery of audit plan - Follow up audits - Cyclical reports to Audit Sub-Committee on all fraud investigations including updated fraud register - National Fraud Initiative (NFI) - biennial data matching exercise but with flexibility to upload data as and when required - Mandatory web based training on financial regulations, contract procedure rules and reference to fraud toolkit - Links with Public Sector Fraud Partnership and London Boroughs' Fraud Investigators' Group 	<p>Although loss from internal employee fraud is relatively rare this can occur across all service areas e.g. recent Insurance fraud - £46k (which has since been recovered)</p> <p>In the main fraud losses are benefit related:</p> <ul style="list-style-type: none"> - Investigations identified 73 housing and council tax benefit frauds totalling £425k in 2012/13 - The recent NFI data matching exercise (Nov 2013) highlighted £264k of fraudulent claims including single person discount, student loans and housing benefit

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CEX/ACT.0300	Chief Executive's	Finance	Accountants	<p>Treasury Management</p> <p>Failure to manage and control Treasury Management activities with the result that we do not maximise our interest earnings on balances:</p> <p>Liquidity, Interest rate, Exchange rate, Inflation, Credit and counterparty, Refinancing, legal and regulatory risks</p> <p>Financial - Operational</p>	Martin Reeves	<p>Controls:</p> <ol style="list-style-type: none"> 1. Regular strategy meetings 2. Use of external advisors 3. Internal Audit review of activities 4. Reporting to Members 5. Adoption of CIPFA Treasury Management Code of Practice <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Periodic reviews of approach in light of economic environment - Regular meetings between officers (Director of Finance and Principal Accountant) to review strategy and ensure 'best value' for Council investments - Quarterly investment performance reports to E&R PDS Committee - Regular meetings / discussions with external auditors 	<p>£264m currently invested with banks and other financial institutions (Sept 2014). Limits placed on total sums invested with individual counterparties, both monetary and time. Officer strategy meetings agree action on maturing deposits., taking account of current interest rates, counterparty availability, the future maturity profile and other market factors. In accordance with the CIPFA Code, the Council takes all recommended steps to minimise risk, with security and liquidity the main priorities before yield.</p> <p>Assuming a rate of 1% we budgeted for net interest earnings of £1.6m in 2014/15 which could be considered the value 'at risk'. In practice , however lower rates and shorter investment periods mean that interest earned on any individual investment remains relatively low. At this stage, it is estimated that increased average balances will offset the interest rate reductions and will enable the budget for interest earnings to be achieved.</p>
CEX/ACT.0298	Chief Executive's	Finance	Accountants	<p>Banking Failure</p> <p>Banking failure with the result that our investments are at risk and subject to a prolonged recovery process</p> <p>Financial - Operational</p>	Martin Reeves	<p>Controls:</p> <ol style="list-style-type: none"> 1. Annual investment strategy 2. Review of counterparty list 3. Monitoring via Sector (external advisors) 4. CIPFA Treasury Management Code of Practice <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Quarterly reports to Executive - Quarterly reports to E&R PDS and Portfolio Holder - Detailed review of approach - Intensified monitoring of position - Adoption of Code of Practice - Approval of annual strategy by Full Council (February) 	<p>Bromley had £5.1m invested with the Heritable Bank at the time of the Icelandic banking collapse in 2008. To date some £4.8m has been recovered with further recoveries expected (Sept 2014).</p> <p>Although our investment criteria has been tightened since then, continued uncertainty in the financial markets and banking sector we remain at risk that one or more of our investment counterparties may suffer severe liquidity problems. Currently we have £264m placed on deposit with various financial institutions up to limits set down in our annual investment strategy (e.g. we have set limits of £40m to both Lloyds and RBS up to 2 years). Although it is difficult to predict, another financial meltdown could, on a worse case basis, result in another Heritable Bank scenario.</p> <p>By definition, any investment is risky to a degree, but the controls in place seek to minimise / manage these risks as much as possible to protect the principal sums. It is difficult to predict a sum that may be 'at risk', but, if we assume that only one bank goes under, it could be between £5m and £40m.</p>

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CEX/ACT.0299	Chief Executive's	Finance	Accountants	<p>Pension Fund</p> <p>The Pension Fund does not have sufficient resources to meet all liabilities as they fall due:</p> <ol style="list-style-type: none"> 1. Investment markets fail to perform in line with expectations 2. Market yields move at a variance with assumptions 3. Investment managers fail to achieve their targets over the longer term 4. Longevity horizon continues to expand 5. Deterioration in pattern of early retirements 6. Changes to regulations e.g. more favourable benefits package 7. Administering authority unaware of structural changes in an employer's membership e.g. large fall in employee members, large number of retirements <p>Financial - Operational</p>	Director of Finance	<p>Controls:</p> <ol style="list-style-type: none"> 1. Financial: Monitoring of investment returns - analysis of valuation reports 2. Demographic: Longevity horizon monitored at triennial reviews - quarterly review of retirement levels 3. Regulatory: Monitor draft regulations and respond to consultations - actuarial advice on potential where appropriate 4. Governance: Encourage other employers to keep Council informed of changes. Bromley Mytime employer's contribution rate to be reviewed annually towards end of contract 5. New governance arrangements to be implemented following issue of regulations and guidance <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Quarterly reports to Pensions Investment Sub-Committee - Funding Strategy Statement - Statement of Investment Principles - Communications Policy - Governance Policy - Triennial valuation by actuary 	<p>At the last valuation of the Council's Pension Fund in 2013, it was deemed by the actuary to be 82% funded, with a net deficit of £92m. The triennial valuation sets the level of employer contributions required to eliminate the deficit in a specified time-frame - in Bromley's case, Members agreed this at 15 years.</p> <p>Scenario testing is carried out at and between valuations and quarterly monitoring reports to the Pension Investment Sub-Committee review the performance of investments, early retirements and give information on scheme changes.</p> <p>In practice, the fund will always have sufficient resources to meet liabilities as they become due, so it is impossible to identify an 'at risk' figure.</p>
CEX/ACT.0305	Chief Executive's	Finance	Accountants	<p>Capital Income</p> <p>Capital income shortfall due to a reduction in capital receipts and delays in disposals as a result of the economic environment</p> <p>Economic - Strategic</p>	Martin Reeves	<p>Controls:</p> <ol style="list-style-type: none"> 1. Close monitoring of spend and income 2. Reporting to Members 3. Tight control of spending commitments <p>-----</p> <p>Actions:</p>	<p>The capital programme includes receipts of £12m in 2014/15, £6m in 2015/16, £5m in 2016/17 and £1m per annum in later years. The financing model assumes all planned receipts are achieved and reflects prudent assumptions on the level of capital receipts. The figures include estimated receipts in respect of the disposal of the two remaining main sites in the disposal programme: Tweedy Road and Bromley Town Hall.</p> <p>The Director R&T advises that given the change in the property market - volumes have increased as has market activity - delays are likely to be more around planning issues.</p>

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CEX/FIN.0019	Chief Executive's	Finance	All Finance Sections	<p>Budget</p> <p>Systems for identifying and alerting managers on budgetary failures to ensure that significant variances are reported to senior management and/or Members as soon as possible</p> <p>Financial - Operational</p>	Lesley Moore	<p>Controls:</p> <ol style="list-style-type: none"> 1. Bi-monthly budget monitoring to DMTs, and COE after reporting to service managers. Annual timetable produced, standards agreed and implemented 2. Reports during June to March period with early warnings/key budget areas identified during remainder of year. 3. Escalation routes agreed re overspend areas including option of early reporting to Members 4. Review and continuation of Heads of Finance obtaining 'sign off' budget monitoring statements with managers establishing the robustness of the systems 5. Heads of Finance required to review systems and introduce improvements 6. Monthly monitoring of key budget areas where high risk of volatility in projections e.g. SEN, SS placements, parking income and report impact of economic downturn 7. Budget monitoring reports to include identification of impact on future years 8. Monthly full budget monitoring reports available to budget holders <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Formal structures and procedures in place for monitoring and corrective action to minimise risk (Process and structures to be reviewed monthly) - Implemented changes to monitoring arrangements to support any further structural / accountability changes 	<p>Accurate budget monitoring allows the Council to plan ahead and understand the service pressures that will impact on future years.</p> <p>This in turn ensures that our 4 year financial forecast is robust and allows sufficient time for planning and implementing savings required to balance the budget.</p>
CEX/FIN.0282	Chief Executive's	Finance	All Finance Sections	<p>Budget</p> <p>Failure to produce and deliver a balanced budget which meets priorities.</p> <p>Greater financial uncertainty to reflect impact of public finances and austerity measures. Reduced income during the current economic period, whilst key service pressures due to demographic and other factors remain.</p> <p>Economic - Strategic</p>	Director of Finance	<p>Controls:</p> <ol style="list-style-type: none"> 1. Management of Risks document covering inflation, capping, financial projections etc. attached to budget reports 2. Departmental risk analysis <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Regular reporting of financial forecast updates (at least 3 times a year) to provide an update of financial impact and action required - Obtain monthly trend / current data to assist in any early action required - Obtain regular updates / market intelligence 	<p>The Council has a budget gap of over £60m per annum by 2018/19. The Local Government Finance Act 1992 highlights councillors having a legal duty to set balanced annual budgets and ensure they are robust and have adequate reserves. It is essential that action is taken as soon as possible to address the budget gap and mitigate against the risk of statutory duties not being fully met.</p>

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CEX/HSD.0370	Chief Executive's	Regeneration and Transformation	Strategic Housing	<p>Capital Grant</p> <p>Lack of availability of external Capital Grant to deliver key housing schemes for range of client groups and corporate / portfolio plan priorities.</p> <p>Registered Providers (RPs) have advised the Council that there are a lack of available, suitable sites within the Borough on which new affordable housing schemes can be developed over the short to medium term in order to assist in meeting the Council's statutory housing and homelessness duties. This means that there will be limited bids by RPs to the Greater London Authority to access 2015-18 GLA Available Housing Funds to enable new development in Bromley.</p> <p>Financial - Operational</p>	Kerry O'Driscoll	<p>Controls:</p> <p>1. Areas identified</p> <p>-----</p> <p>Actions:</p> <p>- Planning to address impact</p>	<p>There is a financial impact on Housing Needs in ECHS, as a failure to develop affordable housing schemes may lead to an increase in homelessness and increase demand for bed and breakfast accommodation.</p>
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ECS/SSC.0178	Education and Care Services	Children's and Adult Social Care	Children's and Adult Social Care	<p>Recruitment and Retention of Social Care Staff</p> <p>Impact of failure to recruit and retain suitably qualified and experienced Children's Social Work staff (national problem which particularly affects London and the South East), Occupational Therapists and Adult Social Care posts:</p> <ul style="list-style-type: none"> - Budget instability arising from costly agency placements (children) long term residential placements (adults); - Fall in performance against PIs (both children and adults); - Inability to deliver improved outcomes for children and adults, meet statutory duties, safely manage risk to children; - Lack of timeliness in responding to assessment requests leading to a delay in key preventative services being delivered; - Possibility of poor inspection outcomes; - CSI Improvement Plan targets may not be achieved. <p>Personnel - Operational</p>	AD Children's Social Care AD Adults Care Services	<p>Controls:</p> <ol style="list-style-type: none"> 1. Regular six weekly monitoring of staffing positions with HR. 2. Adherence to recruitment and retention strategies. 3. Strict monitoring of supervision/appraisal/performance data. 4. Planned refresh of the Recruitment and Retention Strategy for 2015/16 . <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Children's Social Care supervision procedure to be implemented in Adult Social Care. Emphasis on improved quality of supervision, volume and quality of work undertaken. - In Feb 2010 Executive approved £817k 'Invest to Save' money over 4 yrs for a Recruitment & Retention scheme for Children's Social Work staff. Funding for this scheme expires in March 2014 and review has concluded it will be necessary to continue with the package to remain competitive. Package continued for 2014/15 <p>Outcomes:</p> <ul style="list-style-type: none"> > Achieve a 10% vacancy rate; > Reduction in the use of locums, for Adult Social Care, whilst maintaining balance with permanent staffing levels in view of market testing and potential for reduction in permanent staff. > Strengthen supervision (quality and capacity) > Manageable caseloads and succession planning; - Capacity of Children's Social Care Services to address increased work-loads strengthened. - Capacity of Legal Services to address statutory functions in relation to Child Care Proceedings strengthened. - Examine merger with BHC, secondments from NHS, market supplement and external supply i.e. a R&R strategy for OT's; - Targeted social work students placements, market supplement i.e. a R&R strategy for social care staff; <p>-----</p> <p>Financial Implications:</p> <ul style="list-style-type: none"> - There is a financial impact here but it is being managed. Recruitment, retention packages & recruitment drives, etc. are 	<p>The current Bromley maximum qualified social worker salary (incorporating additional supplementary/retention payments) is £36,918. Based on the maximum hourly rate paid by Bromley of £30.00 per hour, the annual locum rate equates to £56,310.</p> <p>For Senior Practitioners, the current maximum salary (incorporating additional supplementary/retention payments) is £41,789. Based on the maximum hourly rate paid by Bromley of £32.00 per hour, the annual locum rate equates to £60,064</p>
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ECS/HSN.0371	Education and Care Services	Housing Needs	Housing Needs	<p>Bed & Breakfast</p> <p>Housing client pressures and the effects of bed and breakfast accommodation. Rising use and cost of B&B.</p> <p>Social - Strategic (sub: Operational - Financial)</p>	AD Housing	<p>Controls:</p> <p>1. Continue to focus on preventing homelessness and diversion to alternative housing options</p> <p>-----</p> <p>Actions:</p> <p>- Seeking new and alternative forms of temporary accommodation and supply</p> <p>- Invest to Save project</p>	<p>Temporary Accommodation budgets are currently forecast to overspend by the latest approved budget by £765k (full year effect £1,258k). Increased client numbers (net increase of 15 per month during 2013/14, inclusive of Welfare Reform) and rising unit costs are evident and the projections assume the trend continues during this financial year. The increase has been noticeable across all London Boroughs and is the result of pressures of rent and mortgage arrears coupled with a reduction in the number of properties available for temporary accommodation. There are high levels of competition and evidence of outbidding between London Boroughs to secure properties and this has contributed towards the high cost of Nightly Paid Accommodation.</p> <p>The full year effect of the proposed overspend is currently anticipated to be a pressure of £1.2m in 2015/16 however, this only takes account of projected activity to the end of March 2015 and does not include any further growth in numbers beyond that point.</p> <p>Budgets will continue to be monitored closely during the financial year and officers are currently modelling different scenarios to quantify the effect of further possible initiatives and also the most appropriate deployment of existing initiatives to maximise financial benefit. £1.2m held in the central contingency for impact of Welfare Reform not yet drawn down.</p>
ENV/ALL.0157	Environment and Community Services	All ENV Divisions	All ENV Sections	<p>Operational Emergencies</p> <p>Operational Emergencies (e.g. extreme heat, storms, floods, snow or other emergency) - leading to major disruption of highways infrastructure and service provision in general</p> <p>Physical - Operational</p>	All ENV ADs	<p>Controls:</p> <p>1. Corporate Major Emergency Plan</p> <p>2. E&CS Incident Plan</p> <p>3. Service Business Continuity Plans</p> <p>-----</p> <p>Actions:</p> <p>- Liberata provides an Out-of-Hours emergency service (currently through Careline) on 0300 3038671</p>	<p>The cost of an extreme weather event is estimated at £800k based on our experiences in the winters of 2009/10 ('The Big Freeze' when there large snowfalls in December and January) and 2010/11 (the coldest December in 100 years) which resulted in large overspends in each year for winter maintenance, including repairs to potholes and additional snow waste collection costs.</p>
ENV/ALL.0209	Environment and Community Services	All ENV Divisions	All ENV Sections	<p>Business Continuity</p> <p>Failure to implement and keep up-to-date effective corporate Business Continuity Plans leading to non provision of critical services</p> <p>Reputational - Strategic</p>	Jim Cook	<p>Controls:</p> <p>1. Corporate Risk Management Group (Chaired by Chief Exec) now encompasses Business Continuity</p> <p>2. Review of current status of BCPs</p> <p>-----</p> <p>Actions:</p> <p>- Re-establish BCM Programme Management</p> <p>- Corporate BCM Review (underway)</p> <p>- Enhance understanding of the risks</p> <p>- Consider additional central resources to support and coordinate BCM</p>	<p>This risk potentially applies to all services and so is difficult to quantify financially.</p> <p>However, as an illustration, a general failure of the Council's IT systems could lead to a loss of around £100k per day in staff productivity.</p>

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ENV.ALL.0409	Environment and Community Services	All ENV Divisions	All ENV Sections	<p>Emergency Planning</p> <p>Failure to prepare professionally and effectively for a wide range of emergencies leading to the inability of the organisation to fulfil its statutory response and recovery role.</p> <p>Reputational - Strategic</p>	Jim Cook	<p>Controls:</p> <ol style="list-style-type: none"> 1. Corporate Emergency Response Plan 2. Training, Testing and Exercising 3. Corporate Risk, H&S and Resilience Group 4. Multi-agency assessment of emergency risks <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Greater Corporate awareness and support - Development of risk specific arrangements in accordance with Minimum Standards for London and informed by the Borough Risk Assessment - Implement on-call rota for Emergency Response Manager - Recruit and train more Emergency Response Volunteers 	<p>The cost to organisation is difficult to quantify with any certainty due to the number of ways in which this risk could manifest.</p> <p>The following costs are likely to be incurred: Response (staff, contractors, welfare, shelter, transport etc). Clear up Recovery and restoration Post incident litigation and/or compensation</p> <p>The Bellwin Scheme for emergency financial assistance (i.e. the point at which the authority can claim) for 2013/14 was set at £667,000. Therefore the organisation should be prepared to absorb costs of at least up to this amount. However, there are emergency scenarios which could exceed this figure and financial assistance is not guaranteed.</p>
ENV/CSU.0288	Environment and Community Services	Public Protection	Community Safety	<p>Crime</p> <p>Falling public confidence in Council around fear of crime leading to reputational risk</p> <p>Reputational - Strategic</p>	Rob Vale	<p>Controls:</p> <ol style="list-style-type: none"> 1. Communications strategy to raise public confidence <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Safer Bromley Partnership newsletter report on activities of the Partnership 	<p>A reduction in resources within the Community Safety team, both at practitioner and senior level has resulted in a review of the service area priorities, which in itself may increase reputational if the outcomes are not met. In addition, there have been a number of additional demands on the service as a result of legislative change and pan London guidance e.g. Community Trigger and IOM</p>
ENV/ENP.0096	Environment and Community Services	Public Protection	Environmental Protection	<p>CCTV</p> <p>Failure to upgrade Closed Circuit Television (CCTV) system, which is no longer technically supported, leading to service loss and loss of parking income</p> <p>Physical - Operational</p>	Jim McGowan	<p>Controls:</p> <ol style="list-style-type: none"> 1. Regular monitoring of system by CCTV Manager 2. Major problems are reported as soon as they occur <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - System Rebuild at a cost of c£340k agreed by Executive 	<p>The cost of upgrading the CCTV system is estimated at c£340k. If the CCTV system failed and wasn't replaced, the financial impact would be the current CCTV-related income projection of £1.027m. If proposed legislation is enacted to restrict parking enforcement using CCTV, then cameras could only be used to enforce bus lanes and the income would fall to c£350k.</p>
ENV/PAR.0393	Environment and Community Services	Transport and Highways	Parking	<p>Income</p> <p>Proposed Government changes to Parking Regulations leading to major Loss of Parking income from fixed and mobile CCTV enforcement (fines)</p> <p>Financial - Operational</p>	Paul Symonds	<p>Controls:</p> <ol style="list-style-type: none"> 1. Continue to lobby DfT against the proposals 2. Ensure Portfolio Holder and Leader are fully briefed <p>-----</p> <p>Actions:</p> <ul style="list-style-type: none"> - Contingency planning 	<p>Government draft legislation proposes banning CCTV enforcement, and extending grace periods for parking prior to penalties being issued. The total cost implications which relate mainly to a reduction in income could exceed £1m per annum. The provision for risk/uncertainty included in the Council's Central Contingency reflects the impact of this uncertainty.</p> <p>If legislation is enacted to restrict parking enforcement using CCTV cameras, then static CCTV cameras would only be allowed to enforce bus lanes and then the income figure will drop to £350k.</p>

SEE TAB FOR 'INSTANT GUIDE TO RISK MANAGEMENT'

Appendix G

INSTANT GUIDE TO RISK MANAGEMENT				
The Process	Identify your risks	Assess your risks	Control your risks	Monitor and Review your risks
<p>Risk Management is an important element of the system of internal control. It is based on a process designed to identify and prioritise risks to achieving Bromley's policies, aims and objectives.</p> <p>The Risk Management process is a continuous cycle:</p> <p>Using your objectives Identify your risks> Assess your risks > Control your risks> Monitor and Review your risks.</p> <p>Useful definitions:</p> <p>Risk Management is the identification, analysis and overall control of those risks which can impact on the Council's ability to deliver its priorities and objectives.</p> <p>Risk is the chance of something happening which will have an impact on objectives.</p> <p>The message is that if you don't manage your risks then you are unlikely to achieve your objectives</p>	<p>Brainstorming session using IE&E plans and departmental objectives, to identify threats and opportunities.</p> <p>Useful analytical tools:</p> <p>Political Economic Social Technological Legal Environmental</p> <p>PESTLE provides a simple and useful framework for identifying and analysing external factors which may have an impact on your service.</p> <p>Strengths Weaknesses Opportunities Threats</p> <p>Using the PESTLE output SWOT is a technique that can help a service to focus on areas for improvement and opportunities that could be pursued.</p> <p>Remember if it can go wrong it will go wrong.</p>	<p>We use a 5 x 5 matrix to assess risks (see Risk Matrix worksheet).</p> <p>Risk is scored using the RAG traffic light system:</p> <p>Red = High Amber = Medium Green = Low</p> <p>There are two risk variables that make up the overall risk rating:</p> <p>Impact – how minor / severe is it when it happens? Likelihood – how likely is it / how often does it happen?</p> <p>The Risk Management Toolkit provides detailed guidance on how to score these.</p> <p>Some of these assessments can be based on past experience. In other cases you will need to take a view.</p> <p>We measure both gross risk (before any controls are taken into account) and net or residual risk.</p>	<p>Consider the controls you have in place to mitigate or reduce the risk.</p> <p>What further controls are required? Record these as actions until they are completed.</p> <p>Consider the cost of any controls against the potential benefit gained.</p> <p>What is our Risk Appetite? An element of risk is unavoidable or we would never do anything!</p> <p>AVOID a risk – stop doing the activity</p> <p>REDUCE a risk – put additional controls in place</p> <p>TRANSFER a risk – by insuring or passing the risk to a third party</p> <p>TAKE a risk – monitor to ensure the impact and likelihood do not change</p> <p>Risk of service failure can be minimised by ensuring effective Business Continuity Plans are in place. For guidance contact the Emergency Planning & Corporate Resilience Manager Jim Cook x4388.</p>	<p>Risks should be reviewed at least annually and whenever your business plans change.</p> <p>Remember risks evolve and change over time. Are the controls still effective?</p> <p>Your aim should be to:</p> <p>Manage threats that may hinder delivery of priorities and maximise opportunities that will help to deliver them.</p> <p>The Bromley Risk Register is maintained centrally by Audit and includes details of the risks, risk owners, controls and actions. Contact Dave Stevenson x4282.</p> <p>Further guidance on Risk Management can be found in the Managers' Toolkit on onebromley. This also provides links to the Risk Management Strategy, Risk Management Toolkit and Risk Register.</p> <p>The site also provides a link to the Health and Safety Unit who carry out safety inspections. For guidance contact the Corporate Safety Adviser Patricia Hook x7584..</p>

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BROMLEY - CORPORATE CROSS-CUTTING RISKS - DRAFT

Appendix H

REF	CORPORATE RISK	RESPONSIBLE OFFICER	PRIORITY ACTIONS	RISK RATING
1	<p>Failure to achieve strategic BBB objectives and organisational change</p> <p>Causes:</p> <ol style="list-style-type: none"> 1. Departmental business and portfolio plans do not achieve desired outcomes 2. Failure to develop and implement key strategies 3. Lack of demonstrable progress on the Commissioning Agenda 4. Failure to progress the Local Plan 5. Uncertainty surrounding long term future of schools 	Chief Executive		
2	<p>Failure to embed effective and robust professional disciplines to drive improvement and enable good practice and consistency in delivering change and the achievement of outcomes and benefits</p> <p>Causes:</p> <ol style="list-style-type: none"> 1. Failure to strengthen programme and project management arrangements across the council 2. Lack of capacity to lead projects and consequent ability to respond to change initiatives 3. Failure to embed effective performance management across the organisation 4. Failure to embed an effective risk management process throughout the council 	Chief Executive		
3	<p>Failure to recruit and retain qualified and experienced staff due to shortage of good quality permanent staff in key areas leading to succession planning issues, skills gap and potential deterioration of service quality</p> <p>Causes:</p> <ol style="list-style-type: none"> 1. Failure to develop and implement effective recruitment and retention strategies 2. Deterioration of service quality through loss of experienced staff as a result of age profile of workforce 3. Failure to succession plan 4. Potential future shortage of professionally qualified practitioners in key areas 5. Failure to manage change in the workforce including organisational downsizing and changes to staff terms and conditions 	Director of Human Resources		

REF	CORPORATE RISK	RESPONSIBLE OFFICER	PRIORITY ACTIONS	RISK RATING
4	<p>Failure of a contractor / partner / provider to maintain agreed service levels resulting in an interruption to or deterioration of service delivery</p> <p>Causes:</p> <ol style="list-style-type: none"> 1. Failure of a contracted provider 2. Potential for operational errors by contractors 3. Volatile markets; procurement / commissioning 4. PCT and 'health' uncertainty as a result of re-provisioning of services in London sub-regions and NHS reforms 	Director of Regeneration and Transformation		
5	<p>Failing to develop IT information systems to reliably support departmental service delivery and to promote efficiency; data collection and management information quality (including our partners)</p> <p>Causes:</p> <ol style="list-style-type: none"> 1. Failure of key business IT systems to reliably support departmental service delivery 2. Information systems; established and maintained as fit for business purpose 3. Failure to ensure the confidentiality, integrity and availability of information assets 	Director of Corporate Services		
6	<p>Failure to implement an effective council-wide Business Continuity Plan with the result that services are severely disrupted as a consequence of:</p> <ol style="list-style-type: none"> 1. loss of premises due to explosion / fire / flood etc. 2. loss of a key business system due to power problems or system failure 3. severe weather conditions 4. other factors <p>Causes:</p> <ol style="list-style-type: none"> 1. Unavailability of council depots 2. Failure of CCTV system 3. Operational emergencies due to severe weather conditions, fire, major incident 4. Inadequate IT disaster recovery arrangements leading to dislocation of council services 5. IT failure impacting on an operational system e.g. CONFIRM and/or contractor liaison 6. Sustained industrial action affecting key service areas 7. Flu pandemic 	Director of Environment and Community Services		

REF	CORPORATE RISK	RESPONSIBLE OFFICER	PRIORITY ACTIONS	RISK RATING
7	<p>Failure to produce and deliver a sustainable Financial Strategy which meets BBB priorities and failure of individual departments to meet budget</p> <p>Causes:</p> <ol style="list-style-type: none"> 1. Government funding and 'grant floor' 2. Effect of Comprehensive Spending Review, inflation, interest rates etc. 3. Failure to meet departmental budgets 4. Increased demand on key services resulting in overspends 5. Dependency on external grants to fund services - effect if grant ceases 6. Capital expenditure (sustainable strategy that meets council priorities; affordable and prudent) 	Director of Finance		
8	<p>Failure to comply with legislation / statutory obligations</p> <p>Causes:</p> <ol style="list-style-type: none"> 1. Failure to track change in legislation and policy 2. Continued change to government strategy and policies 3. Safeguarding agenda 4. Equalities agenda 	Director of Corporate Services		
9	<p>Failure to ensure policies and strategies are 'Fit for Future Purpose'</p> <p>Causes:</p> <ol style="list-style-type: none"> 1. Failure to adequately consult residents, service users, businesses and other interested parties 2. Failure to meet customers' changing needs 3. Organisational structure (having the right people and the right finance in place) 4. Availability of quality data to support decisions 	Director of Corporate Services		
10	<p>Reputational Risk (damage to an organisation through loss of its reputation or standing)</p> <p>Causes:</p> <ol style="list-style-type: none"> 1. Inspection regime (Value for Money and service inspectorates) and resulting ratings in relation to 'excellent in the eyes of local people' 2. Failure to identify and highlight frauds and weaknesses in the system of internal control 3. Failure to disseminate 'lessons learned' 	Head of Audit		

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