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DATE: 16 June 2015

To: Members of the
AUDIT SUB-COMMITTEE

Councillor Neil Reddin FCCA (Chairman)

Councillor Alan Collins (Vice-Chairman)

Councillors Ian Dunn, Peter Fortune, William Huntington-Thresher, Keith Onslow and Stephen Wells

A meeting of the Audit Sub-Committee will be held at Committee Room 1 - Bromley Civic Centre on **THURSDAY 25 JUNE 2015 AT 7.00 PM**

MARK BOWEN
Director of Corporate Services

Copies of the documents referred to below can be obtained from
<http://cds.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 1ST APRIL 2015 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 19th June 2015.

5 MATTERS ARISING (PART 1) (Pages 13 - 18)

6 ANNUAL AUDIT REPORT (Pages 19 - 56)

7 INTERNAL AUDIT PROGRESS REPORT (Pages 57 - 78)

8 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

- | | | |
|-----------|---|--|
| 9 | EXEMPT MINUTES OF THE MEETING HELD ON 1ST APRIL 2015 (Pages 79 - 84) | Information relating to any individual.
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) |
| 10 | MATTERS ARISING (PART 2) (Pages 85 - 88) | Information relating to any individual.
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) |
| 11 | ANNUAL FRAUD REPORT (Pages 89 - 102) | Information relating to any individual.
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) |
| 12 | INTERNAL AUDIT FRAUD & INVESTIGATION REPORT (Pages 103 - 140) | Information relating to any individual.
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) |

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AUDIT SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 1 April 2015

Present:

Councillor Neil Reddin FCCA (Chairman)
Councillor Alan Collins (Vice-Chairman)
Councillors Ian Dunn, Simon Fawthrop,
William Huntington-Thresher and Keith Onslow

Also Present:

Mark Bowen, Nigel Davies, Linda Pilkington and Luis Remedios

24 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies were received from Cllr Stephen Wells; Councillor William Huntington Thresher attended as substitute. Apologies were also received from Councillor Nicholas Bennett.

25 DECLARATIONS OF INTEREST

Councillor Keith Onslow declared an interest as he worked for the Royal Borough of Greenwich on a part time basis.

26 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 27th NOVEMBER 2014 (EXCLUDING THOSE CONTAINING EXEMPT INFORMATION)

RESOLVED that the minutes of the meeting (excluding exempt information) held on the 27th November 2014 be agreed.

27 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions were received.

28 MATTERS OUTSTANDING FROM THE LAST MEETING

Report CSD 15007

It was noted that the following matters could be regarded as implemented and closed:

- VfM Study by CIPFA

- Full Budget Monitoring
- Annual Audit Letter
- Learning Disabilities Follow Up

Other items were expanded upon in the relevant progress reports.

RESOLVED that the Matters Arising report be noted.

29 INTERNAL AUDIT PROGRESS REPORT

Report CEO 1502

This report was written by the Head of Audit to inform Members of recent audit activity across the council, and to provide updates on matters arising.

The Committee were notified that the current collection rates of **Rent Arrears** for former temporary accommodation clients was only 4%; in other boroughs this figure was better at 15% but this included arrears for both former council tenants as well as temporary accommodation clients. It was also noted that the total arrears figure for B&B clients as at January 2015 stood at £2million. For these reasons the recommendation relating to rent arrears was to remain open.

There had previously been three priority one recommendations raised following an audit of **Purchase Cards**. It was noted that all recommendations had been implemented, and that £27k VAT had been reclaimed by officers.

With respect to **Creditors** it was noted that there was still a problem with retrospective orders. The Committee agreed therefore, that the priority one recommendation had not been implemented, and would have to be reviewed again in the audit plan for 2015/16.

With respect to **Looked After Children** there had previously been priority one recommendations dealing with overpayments, and also the timely completion of care plans. The Committee were informed that there was still a problem with overpayments, and that a foster carer that had previously been overpaid still owed LBB £21,565. This person had now been de-registered as a foster carer with Bromley. The situation concerning care plans was improving, but not sufficiently. Therefore both priority one recommendations would remain.

The Head of Audit outlined that in September 2013, there had been 16 recommendations proposed with respect to **Learning Disabilities**, 12 of which were priority one. Subsequent audit testing showed that all of the 12 P1 (priority one) recommendations had been implemented, and that because of this, Learning Disabilities had been removed from the register.

The Committee were reminded that the **Leaving Care (payments to clients)** audit had previously resulted in a nil assurance and 8 P1 recommendations. New procedures had been implemented, but it was too early to assess outcomes. A new audit was planned for the first quarter of 2015/16.

The Committee was provided with an update concerning the **Review of Family Placements**; the review previously gave rise to a nil assurance and eight P1 recommendations. It was noted that some progress had been made concerning the implementation of recommendations, and that there would be a follow up audit in 2015/16.

The Committee noted that in 2013/14, an audit of the Essential Car User Scheme had resulted in three P1 recommendations, and a limited assurance opinion. A recent committee decision had been made to continue the scheme for 2015/16 but phase it out thereafter. Therefore one of the three recommendations-i.e. to review the scheme had been implemented by this decision. A follow up audit of the other two recommendations would take place in 2015/16.

The Committee heard that in 2014/15, an audit took place of a **Primary School**. This had resulted in various recommendations, and one P1 issue. The School Finance Team had since confirmed that all bank reconciliations were up to date, and that there had been no further errors. The Committee were therefore of the view that the P1 recommendation had been implemented. Other recommendations would be reviewed in the 2015/16 follow up audit.

The Head of Audit informed the Committee that an audit review of the **Transition Team** had resulted in the only new P1 recommendation. This was related to under and overpayments of direct payments. The review had also given rise to six P2 recommendations, and all of the recommendations would be followed up in 2015/16.

Members were reminded that concerning **Waivers**, the Committee had previously taken a decision to only report on waivers under Contract Procedure Rules 3 and 13.1. An appendix was attached to the report that outlined waivers sought for the period of October 2014 to February 2015; no questions on the waivers were raised. Reference was made to the list of Internal Audit Reports that had been published on the web, and no questions were asked concerning these.

Members were reminded by the Head of Audit that the DWP had informed Bromley that the transfer of benefit fraud investigations to the **Single Fraud Integrated Service** would be operational from 1st July 2015, but that data migration would take place from the 1st June 2015, at which point all cases excluding those where there is a court summons prosecution pending would be transferred to the SFIS. Subsequent to that date, matters relating to **Housing Benefit** fraud would be dealt with by them. A new fraud partnership was to be developed with RBG for the investigation of other fraud related matters. This would require the employment of two full time members of staff that would be managed by RBG, and LBB had agreed a fee of £165K to cover costs.

The Committee were informed that a new group had been set up—the Corporate Risk Management Group—chaired by the Chief Executive; the CRMG would report to the Audit Sub Committee. It was further noted that the Risk Register was being updated as part of the Annual Governance Statement review. The Committee were interested to learn that a new online Risk Management course was being developed with Workforce Development.

RESOLVED:

- (1) that the internal audit progress report be noted**
- (2) that the waivers sought since November 2014 be noted**
- (3) that the Internal Audit Reports listed on the council website be noted**
- (4) that the formation of the SFIS (Single Fraud Integrated Service) be noted**
- (5) that the continuing achievements of the counter fraud partnership with the Royal Borough of Greenwich be noted, together with impending changes**
- (6) that the arrangements around risk management be noted**

30 INTERNAL AUDIT ANNUAL AUDIT PLAN 2015/16

Report CEO 1501

This report was presented to the Audit Sub Committee by the Head of Audit to inform Members of the Internal Audit Plan for 2015/16.

The Head of Audit explained to Members the purpose and methodology of the audit plan, and outlined who the Audit Plan coverage was largely aimed at. It was noted that the audit coverage for 2015/16 would decrease from 885 days to 830 days, and that this incorporated the buying in of 120 days from LB Wandsworth. It was also pointed out that the audit team would be carrying at least 0.6 FTE as a vacancy which equated to 110 days.

The Head of Audit expressed the view that because of issues arising with commissioned contracts, there would be more audit time allocated to the monitoring of contracts and commissioning. It was envisaged that there would be more detailed consideration of client side skills, and compliance with key contract requirements and monitoring of key performance indicators.

A Member stated that Councillors should be more involved in the scrutiny of contracts, as Members had a responsibility to the public, and that the failure to monitor contracts previously should be remembered.

A Member felt that just as pension fund managers were called to give account, so also Directors should be called before the Audit Sub Committee if required, to give account for contract monitoring failures. He expressed the view that KPI's should be more rigorously challenged, and that LBB should try and drive up standards.

Members looked at the Audit Plan Summary and the audit concerning the Care Act was discussed. It was noted that this was a specific request from management due to concerns of how the significant policy changes presented by the Care Act would impact on the service.

RESOLVED

(1) that the Internal Audit Annual Plan 2015/16 be noted

(2) that consideration be given to calling Directors to give account to the Audit Sub Committee for contract monitoring failures.

31 EXTERNAL AUDIT GRANT CERTIFICATION REPORT

Charles Martin from PWC attended to answer any questions that the Committee may have asked concerning the External Audit Grant Certification Report, and also regarding the External Audit Plan.

Mr Martin reported on technical errors concerning the overpayment of housing benefit that had been noted on the Management Action Plan for 2013/14. It was noted that these errors were not significant, and could be remedied through regular training of officers.

RESOLVED

(1) that the Annual Certification Report be noted

(2) that the Management Action Plan be noted and implemented.

32 EXTERNAL AUDIT ANNUAL PLAN

This report from PwC was to provide a review of the External Auditor's annual plan arrangements for 2014-15. The update on this report was provided by Charlie Martin; apologies were given for Katy Elstrup. The Committee were informed that Janet Dawson had left the organisation.

Mr Martin reminded the Committee that this was the last year that PwC would act as the External Auditors for LBB, but that they were committed to providing a high quality service to the end.

Mr Martin outlined the Audit approach taken by PwC that focussed on six areas:

- Client acceptance and Independence
- Deep business understanding
- Relevant risks
- Intelligent scoping
- Robust testing
- Meaningful conclusions

Mr Martin updated the Committee concerning the 2012/13 accounts—informing that they could still not be signed off due to objections concerning the parking contract and the related issuing of PCN's. It was noted that a meeting had been convened with the objector in December 2014, where supporting points had been raised. A meeting was due to take place with the objector in February, but this failed to take place, and so another one was planned for mid-April 2015.

A Member commented that it was good that the public raised objections, and that fault finding and scrutiny was good.

Mr Martin mentioned the three categories of relevant risks, and they were classified as Significant, Elevated and Normal. A Member made the observation that no value had been attached to risks, and that it would be helpful if risks could be quantified. Mr Martin stated that PwC were required by the International Standards on Auditing to consider possible management override of controls and the rebuttable risk of fraud in revenue recognition as significant risks to the integrity of the Authority's financial reporting. It was further stated that PwC would specifically review manual intervention in those areas, in addition to applying a level of unpredictability into the testing.

A Member asked how LBB could change criminal behaviour or error, and Mr Martin responded that PwC would assess controls and errors and report back to LBB with recommendations.

A Member commented that LBB maintained fraud registers, and that fraud is flagged at the front end. The Committee expressed concern as to how this could be maintained with current reductions in staffing. A Member wondered if PwC could use their experience to aid LBB with fraud control. Members considered that the Audit Committee arrangements for monitoring of fraud were adequate and this was conveyed to Mr Martin.

The Chairman referred to the fact that LBB was a commissioning authority, and asked if that would change the Audit approach. Mr Martin responded that one of the key issues was to be happy with the contract terms and conditions, and the associated accounting implications; it was important to look at contracts in depth. It was also important to consider value for money

implications, and long term financial plans. Plans needed to be identified to close budget gaps.

The Chairman enquired why the Crystal Palace Project had been classed as a risk. It was noted that this was because of the value of the estate, and the possibility that the exclusivity deal could have resulted in a devaluation of the property.

A Member commented that LBB were going through a period of change, and would therefore appreciate any relevant advice that it could gain with respect to possible mistakes that other councils had made, or regarding other pertinent court decisions. The Member enquired therefore, if PwC could advise on such matters, and provide early warnings regarding judicial issues and risk warnings. Mr Martin answered that they could provide LBB with advice concerning potential legal costs and that PwC did try and develop a wider awareness of the industry and take advice from other audit firms if appropriate.

Members noted the Total Audit Code Work Indicative Fee which was £201,948.

A Member expressed concern about the off-shoring of data, and expressed the view that this may be an issue that would worry local residents; the Member enquired what LBB policy was regarding this, and what information was going to service centres in India and Poland. Mr Martin assured the Committee that PwC would comply at all times with the seventh principle in Part 1 of the Schedule 1 to the 1998 Data Protection Act. Mr Martin stated that no personal information was going abroad, and that the data was redacted; he assured the Committee that Electoral Roll data was not being off-shored.

The Committee agreed that LBB policy should be checked to avoid possible penalties.

The Chairman thanked Mr Martin for his update and for answering the questions of the Committee.

RESOLVED that:

- (1) the External Audit Plan 2014-15 be noted**
- (2) LBB policy concerning the off-shoring of data be checked**
- (3) the proposed audit fees for 2014/15 were noted and agreed**
- (4) LBB fraud arrangements were noted.**

33 QUESTIONS ON THE AUDIT SUB COMMITTEE BRIEFINGS

No questions were received in respect of the Audit Sub Committee Briefings.

34 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 public be excluded during consideration of the items of business referred to in the following Minutes 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 be present there would be disclosure to them of exempt information.

35 INTERNAL AUDIT FRAUD & INVESTIGATION REPORT

Report CEO 1503

This was a private report written by the Head of Audit.

The purpose of the report was to inform Members of recent Internal Audit activity on fraud and investigations across the council, and to provide updates on matters arising from previous meetings.

36 EXEMPT MINUTES OF THE MEETING HELD ON THE 27th NOVEMBER 2014

The exempt minutes of the meeting held on the 27th November 2014 were agreed.

The Meeting ended at 9.17 pm

Chairman

Report No.
CSD15077

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **25th June 2015**

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 (Part 1) from previous meetings.

2. **RECOMMENDATION(S)**

To note and comment on progress with matters outstanding from previous meetings.

To recommend any action as deemed appropriate with respect to matters that have not been resolved.

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: **£326,980.**
 5. Source of funding: 2015/16 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 Audit 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
Minute 29 1 st April 2015 Internal Audit Progress Report.	A new fraud partnership was to be developed with RBG for the investigation of certain fraud related matters. This would require the employment of two full time members of staff that would be managed by RBG, and LBB had agreed a fee of £165K to cover costs.	Update in the progress report.	Head of Audit.	See Progress Report.
Minute 29 1 st April 2015 Internal Audit Progress Report	The Committee were informed that a new group had been set up—the Corporate Risk Management Group—chaired by the Chief Executive; the CRMG would report to the Audit Sub Committee	Audit met with the Group with Doug chairing. Feedback to Audit Sub Committee in the Progress Report & Annual Audit Report.	N/A	Completed.
Minute 29 1 st April 2015 Internal Audit Progress Report	The Committee were interested to learn that a new online Risk Management course was being developed with Workforce Development.	Ongoing. Will be finished after work with Zurich is completed.	Audit and Zurich	In several months time.
Minute 30 1 st April 2015 Internal Audit Plan for 2015/16	The Head of Audit expressed the view that because of issues arising with commissioned contracts, there would be more audit time allocated to the monitoring of contracts and commissioning.	Already factored in the Internal Audit Plan submitted to Audit Sub In March 2015.	Internal Audit.	Factoring to internal Audit Plan completed.
Minute 30 1 st April 2015 Internal Audit Plan for 2015/16	A Member stated that Councillors should be more involved in the scrutiny of contracts, as Members had a responsibility to the public, and that the failure to monitor contracts previously should be remembered.	This matter will be discussed as a special item on the Group Away Day, and at Cabinet.	The Leader and Cllr Harmer.	The Committee will be updated in due course.

<p>Internal Audit Fraud and Investigation Report</p> <p>Part 2 Reports.</p>	<p>Matters relating to:</p> <p>Insurance Investigation</p> <p>Castlecombe Children and Family Centre</p> <p>Referred Fraud Cases</p>	<p>See updated Part 2 reports on the June Agenda.</p>	<p>Head of Internal Audit</p>	<p>June 2015</p>
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Report No.
CEO 1507

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **Thursday 25 June 2015**

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

Title: **ANNUAL AUDIT 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

The annual report of audit activity in 2014/15 is for Member information and is 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 requires the Chief Executive and the Leader to sign an Annual Governance Statement. Included in this report are 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 should note that those schools that are audited are now included within this report.

2. **RECOMMENDATION(S)**

Members are asked to note the report and approve the Draft Annual Governance Statement.

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: £540K including £174K fraud partnership costs
 5. Source of funding: General fund, Admin subsidy, Admin penalties, Legal cost recoveries
-

Staff

1. Number of staff (current and additional): 6 FTE including 0.5 FTE risk officer post
 2. If from existing staff resources, number of staff hours: 2014-15 -963 audit days were spent on the audit plan, sold services, fraud and investigations – includes 110 days from LB Wandsworth but excludes RB Greenwich investigators time.
-

Legal

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

Customer Impact

1. Estimated number of users/beneficiaries (current and projected):): Approximately 110 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: Not Applicable

3. COMMENTARY

- 3.1 The annual report is for Member information and is 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 requires the Chief Executive and the Leader to sign an Annual Governance Statement. This will be put before Members as part of the statutory accounts. Included in this report are highlights of the performance and achievements of the Internal Audit Division, a summary of the audits undertaken and associated opinions along with a statement on the overall adequacy and effectiveness of the organisation's internal control environment based on this work.
- 3.2 Internal Audit's main objective remains as ' -assisting management and Members in minimising risks, maintaining high standards and continuously improving service delivery through independent appraisal, review and advice.' We have carried this out in 2014/15 by;
- **independently reviewing, appraising and providing assurance** on the systems of control throughout the Authority assisted in part by LB Wandsworth
 - ascertaining the **extent of compliance** with procedures, policies, regulations and legislation
 - facilitating good practice in **managing risks** working with our insurers
 - **working in partnership** with the external auditors and other external providers
 - **identifying fraud** and carrying out investigations working in partnership with RB Greenwich
 - **continuing to host the interactive web training** for officers in Financial Regulations, Contract Procedure Rules and fraud awareness
- 3.3 Key aspects of our reviews looked at the controls in place and assessed these and the associated risks to ascertain if they are being fully followed. Essentially Internal Audit has ensured that the controls operate in an orderly and efficient manner, statutory and management requirements are complied with, assets are safeguarded, completeness and accuracy of records are secured and identified weaknesses are corrected when something has gone wrong. We have also considered the balance of controls against the cost of implementation and where the controls are regarded as over burdensome this will be acknowledged
- 3.4 The purpose of the 2014/15 Internal Audit Plan was to:
- Optimise the use of audit resources available, given that these are significantly limited
 - Identify the key risks facing the Council in achieving its objectives and determine the corresponding level of audit resources
 - Ensure effective audit coverage and a mechanism to provide Members, and senior managers with an overall opinion on the auditable areas and the overall control environment
 - Add value and support to senior management in providing effective control and identifying opportunities for improvement
 - Support the Director of Finance in fulfilling obligations as the Council's nominated Section 151 Officer
 - Deliver an Internal Audit service that meets the requirements of the Accounts & Audit Regulations and the Code of Practice.
 - Carry out major investigative work and adopt the lessons learnt by utilising these in other audits particularly in relation to cumulative spend
 - Provide adequate assurances on our work so that our external auditors can place reliance on our work thus saving on audit fees.

- 3.5 Internal Audit has striven to satisfy our customers through our business processes which make sure we have set challenging targets and standards for all audit staff through agreed objectives. We review and appraise the achievement of these objectives throughout the year. The overriding theme is the annual audit planning and work programme agreed each year. Although our aim has been to complete the 2014/15 plan, this has been subject to adjustment for unexpected levels of unplanned activity including fraud and investigative work where we have spent some 246 days and time lost through incurring 2 vacant posts for a period of 7 months and three months. To redress some of the shortfall we have again bought in to the Internal Audit service of the London Borough of Wandsworth to carry out 9 audits from the audit plan totalling about 110 days. Our assessment is that quality and delivery of the service has been satisfactory.
- 3.6 Internal Audit work, outputs and fraud arrangements have been reviewed by External Audit, and there is ongoing liaison between the parties.
- 3.7 Internal Audit now has 6 FTEs staff in post (including a 0.5 FTE officer solely responsible for risk) who are suitably experienced and qualified. In 2014/15 we had two vacancies equating to a period of 10 months in total. We have appointed to one vacancy in May 2015. In reality 5 FTEs auditors work on the plan (augmented by resources bought in from LB Wandsworth) and carry out investigations (augmented by resources bought in from RB Greenwich), with about 0.5 FTE of the Head of Audit's time dedicated to servicing this Committee and monitoring the fraud partnership.
- 3.8 Internal Audit have completed the high risk audit reviews scheduled in 2014/15 and received positive feedback from the client departments with an overall average of over 4 out of 5 for the audit satisfaction surveys. Overall, after allowing for a number of audits that were either postponed or cancelled due to management requests/ organisational change, we have completed over 90% of the plan against the annual performance indicator requirement of 90%. There remains 5 audits where work is in progress. The completion rate has been achieved despite the time spent on fraud and investigations of 246 days. Audits are completed within budgeted time unless major control issues are identified requiring additional testing. The summary of progress and other audit activity is shown in Appendix A.

3.9 Audit Activity

Please refer to Appendix A

Audit Activity key points in 2014/15

Planned audits- please refer to Appendix A for audits carried out in 2014/15. This constitutes our main area of activity.

Risk Management – The risk registers play a key part in the Annual Governance process - both corporate and departmental risk registers are maintained. The risks are reported through to the Audit Sub Committee and the corporate risks are reported through to the Risk Management Group and senior management.

Customer Service – We have received good customer feedback achieving an average score of over 4 out 5 in our audit surveys.

Planning - A key part of the audit planning process was consultation with senior officers, referral to previous audit reports and use of a risk methodology assessment form. This was completed for the 2014-15 plan.

Sold Services – the partnership with the Royal Borough of Greenwich for benefit fraud has continued to be highly effective both prosecuting and acting as a deterrent to public sector fraud. This is expanded upon in the Annual Fraud report elsewhere on this agenda. In 2014-15 we also carried out a number of responsible officer roles at academies that had generated about £23k with 15 academies using our services. This has resulted in a surplus of about £11K. However, with effect from 1st January 2015 we have ceased providing this service. The Schools Finance Team that transferred to Liberata will undertake this role.

Partnership Working – we continue to achieve closer links with other local authorities and public bodies to ensure our ability to work collaboratively. We also work with the London Audit Group and Kent Audit Group on developmental and training activities and have productive working relationships with the external auditor which helps to reduce the audit fee as they are able to place reliance on our work.

Benefits Delivered

Effective Control – our work continues to be instrumental in ensuring the Council has high standards of control and probity.

Risk Management – the Council has a robust framework for identification and management of risks, reducing likelihood of failure of service delivery. This is continually reviewed through the Corporate Risk Management Group and reported to Audit Sub Committee.

Recommendations for Improvement-Agreed actions for improvement are recognised and implemented. All priority one recommendations are reported to Members and followed up.

Advice- professional advice is given on new initiatives, commissioning of services- health checks and on financial regulations, internal controls. We have continued to maintain the web based training and awareness courses in Financial Regulations, Contract Procedure Rules and the fraud toolkit.

Assurances-assurance provided to management by internal audit reviews. We also play a lead role in producing and coordinating the statutory Annual Governance Statement.

Efficiencies- our review activity enables us to offer advice to managers regarding opportunities to improve efficiency, examples include, data matching opportunities, identifying overpayments, identifying duplication and potential for better use of technology. Some of our findings have resulted in savings in costs and reclaiming of monies due.

Audit Efficiency – we will continue to streamline our own processes, for example, continue to use electronic working papers.

Fraud and Investigations- we have provided substantial input into investigations into fraud and malpractice totalling 246 days.

3.10 Internal Audit has provided 963 audit days in 2014-15 including fraud and sold services (1,030 days for 2013-14) to the departments through reviews, investigations and financial support and advice. As well as mainstream audit activity, Internal Audit has spent time investigating fraud and irregularities, managing the fraud partnership, giving advice and guidance, carrying out pre health checks on services outsourced, attendance at departmental and corporate working groups, representing the Council at external meetings, overseeing risk management, servicing this Committee, and leading and participating in data matching exercises including the National Fraud Initiative.

Summary of Audit Days provided to the departments.

	2013-14	2014-15
Departments	Audit days	Audit days
Corporate Services	399	320
ECHS –Adults, Children & Public Health Services	303	301
Environment & Community Services	72	108
Fraud Work	153	166
Academies- sold services	103	68
	1,030	963

It should be noted that the departmental figures include 80 days spent on three major investigations against a total time of 246 days on fraud and investigations for 2014/15.

- 3.11 All audits arising from the approved plan have resulted in a formal report to management. Each audit has agreed terms of reference and is conducted according to the Public Sector Internal Audit Standards and Bromley's standard audit documentation guidance. Final reports are agreed with the client prior to release and are followed up systematically in the following financial year unless there are priority one recommendations which are followed up within six months. In addition, all audit reports include an opinion based on our findings. Following a decision by Members, all audit reports suitably redacted, are publicised on the internet unless exemption is sought.
- 3.12 Internal Audit have reported all priority one recommendations i.e. those where there are major weaknesses resulting in losses and therefore require urgent management attention. These reports are contained in the respective progress reports submitted to each cycle of this Committee. The number of priority ones and the nature of any fundamental areas of weakness will determine the overall opinion given.
- 3.13 Over 2014/15 we issued 39 priority one recommendations – 6 were in relation to an investigation that was reported in the part 2 November 2014 cycle of this Committee (5 were outstanding at March 2015). Outside of this investigation there were 33 priority one recommendations raised in respect of: Creditors (1 priority one still outstanding at March 2015); Transformation of Community Equipment Service (3 priority ones all implemented); Looked After Children (2 priority ones still outstanding); Main Accounting System (1 priority one implemented); Purchase Card Review (3 priority ones all implemented); Primary School audit (1 priority one implemented); Family Placements (8 priority ones all outstanding at March 2015); Review of Essential Car Users (3 priority one all outstanding at March 2015); Leaving Care (9 priority ones all outstanding at March 2015); IT Database-Hardware, Software, Licences (1 priority one implemented); and Transition Team (1 priority one outstanding at March 2015). The current priority one list is attached to the Progress Report elsewhere on this agenda. There are priority one recommendations brought forward from 2013/14 that are either considered to be outstanding or implemented –Emergency Accommodation & Rent Accounts specifically rent arrears that will be followed up in 2015/16); Insurance Investigation (11 priority ones of which 1 was outstanding at March 2015); Learning Disabilities (12 priority one recommendations all implemented); Library Investigation (2 priority one recommendations implemented); Mobile Phone Investigation (1 priority one recommendation implemented); and Building Maintenance (1 priority one recommendation outstanding at March 2015). See Appendix B for a summary of Priority 1 activity in 2014-15.

3.14 As in the previous year we have adopted a similar approach issuing assurances for our audits. Following an Internal Audit review and after consultation with management, auditors form an overall opinion on the extent that actual controls in existence provide reasonable assurance that significant risks are being managed. They grade the control system accordingly. Full assurance of internal control systems is rare, because no matter how sophisticated or robust they are, it will not be possible to prevent or detect all errors or irregularities. The opinions given are graded accordingly in the table below.

Assurance Level	Definition
Full Assurance	There is a sound system of control designed to achieve all the objectives tested.
Substantial Assurance	While there is a basically sound system and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.
Limited Assurance	Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.
No Assurance	Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

3.15 In 2014/15 we issued two nil assurances on our planned audits- Family Placements where there were 8 priority one recommendations and Leaving Care where there were 9 priority one recommendations. These are being followed up in 2015/16. Where Internal Audit have provided no assurance or there has been a significant number of priority one recommendations, based on the review and testing undertaken, a full management response and the audit report has been presented to the Audit Sub Committee. Responsible officers have called to account and offer reasons for the weaknesses and give Members assurance of their management actions to implement audit recommendations. It has also been agreed that responsible officers will be required to attend the meetings where satisfactory action has not been taken

3.16 The summary of audit work undertaken resulted in 72 reports including schools but excluding academies. Of the completed audits 31 were classified with substantial assurance, 15 with limited assurances and 2 nil assurances issued in the year. The remainder were follow up reports, investigation reports, pre academy school closure audits and work in progress audits where we do not give an opinion. Overall 265 improvement recommendations were made in the year comprising of 39 priority ones, 188 priority twos and 38 priority threes. 37 recommendations are in respect of schools. See appendix B for all 2014-15 audit activity that includes a summary of numbers of priority one, two and three recommendations on audit reports.

3.17 Schools

3.18 As in previous years our volume of school audits is influenced by our reduced staffing resources and the rate of schools converting to academy status. As a result the audit programme has been restricted to 15 schools, including one secondary school, six primary schools, and 8 closure audits of those schools converting to academy status

3.19 The Internal Audit programme reviewed controls around processes categorised as Governance Arrangements, Financial Management Information, Primary Accounting Documentation (the tests in this area include payments, income, payroll and school meals) and Assets.

- 3.20 The schedule in paragraph 3.30 gives a breakdown of type of recommendations made in respect of our school audits. The main recommendations for schools relate to primary accounting records which include non-raising of orders, lack of evidence of quotes, recommendations in respect of banking arrangements, bank reconciliations, financial delegated responsibility limits, income including school meals, petty cash issues, outcomes from payroll testing, contracts register, cash flows and business continuity plans were also made.
- 3.21 Internal Audit has stopped providing sold services to Academies with effect from January 2015. This service is now provided by the Schools Finance Team (SFT) who are contracted out. The income generated in 2014/15 to the point of terminating this service was about £23K and a surplus of £11K. It has also been agreed that SFT will carry out closure audits of schools converting to academy status.

3.22 Annual Governance Statement

- 3.23 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process which is designed to identify and prioritise the risks to the achievement of Bromley's policies, aims and objectives. It also evaluates the likelihood of those risks being realised and the impact should they be realised as well as managing them efficiently, effectively and economically. The main Internal Audit issues in 2013/14 related to supervisory/monitoring issues; no/obsolete procedures; and lack of supporting documents. The main Internal Audit issues in 2014/15 related to supervisory/monitoring controls (24% of the total recommendations), none or obsolete procedures (15% of the total recommendations), lack of supporting documents (9% of the total recommendations) and breach of Financial Regulations (9% of the total recommendations). The severity of each of these needs to be seen in the context of whether it was a priority one, two or three recommendation but it does give a broad picture of where improvements can be made. However, given the high percentage of recommendations on supervisory/monitoring controls, the Internal Audit plan for 2015/16 agreed by this Committee at the previous cycle does allocate more audit days to reviewing monitoring controls.
- 3.24 The scope of internal control spans the whole range of the Council's activities, encompassing policies, processes, tasks, behaviours and other aspects of the organisation. It is the means devised by management to promote, direct, restrain and check upon its various activities to ensure the Council is competently managed and its business is undertaken in an orderly manner in accordance with its objectives and policies. As part of the AGS process, each Chief Officer reviews the effectiveness of the system of internal control and risk management processes based on a list of key controls expected to be in place. Where measures are required to enhance the adequacy of existing internal controls actions are agreed. This exercise is coordinated by the Corporate Risk Management Group that meets three times a year prior to the meeting of this Committee.
- 3.25 In conclusion, the Head of Audit's overall opinion on the control environment based on the internal testing and reviews undertaken is that there is overall reliance on the internal controls identified and where there have been significant issues highlighted provide assurance that corrective management action has been or will be taken to mitigate the risks. Over the past year there have been two investigations that highlighted a number of weaknesses in the areas of supervision/monitoring, document control and updated procedures. The Head of Audit can confirm that adequate action plans have been agreed for all areas of identified weakness and Internal Audit will continue to apply close scrutiny to ensure that all current priority control weaknesses are addressed by management. This assurance process constitutes part of the Annual Governance Statement which is attached to this report.

3.26 In summary the process (as adopted in the previous year) used for determining the Annual Governance Statement follows proper practice as guided by CIPFA and is a combination of assurances derived from:

- The adequacy and effectiveness of the management review processes (Annual Governance Statement Checklist);
- Outcomes from the formal risk assessment and evaluation (risk register);
- Signed assurance statements by senior management;
- Relevant self-assessments of key service areas within the directorate;
- Internal audit reports and results from follow ups regarding implementation of recommendations;
- Outcomes from reviews of services by other bodies including Inspectorates, external auditors etc.

3.27 The Annual Governance Statement is attached as Appendix C.

3.28 Classification of Recommendations

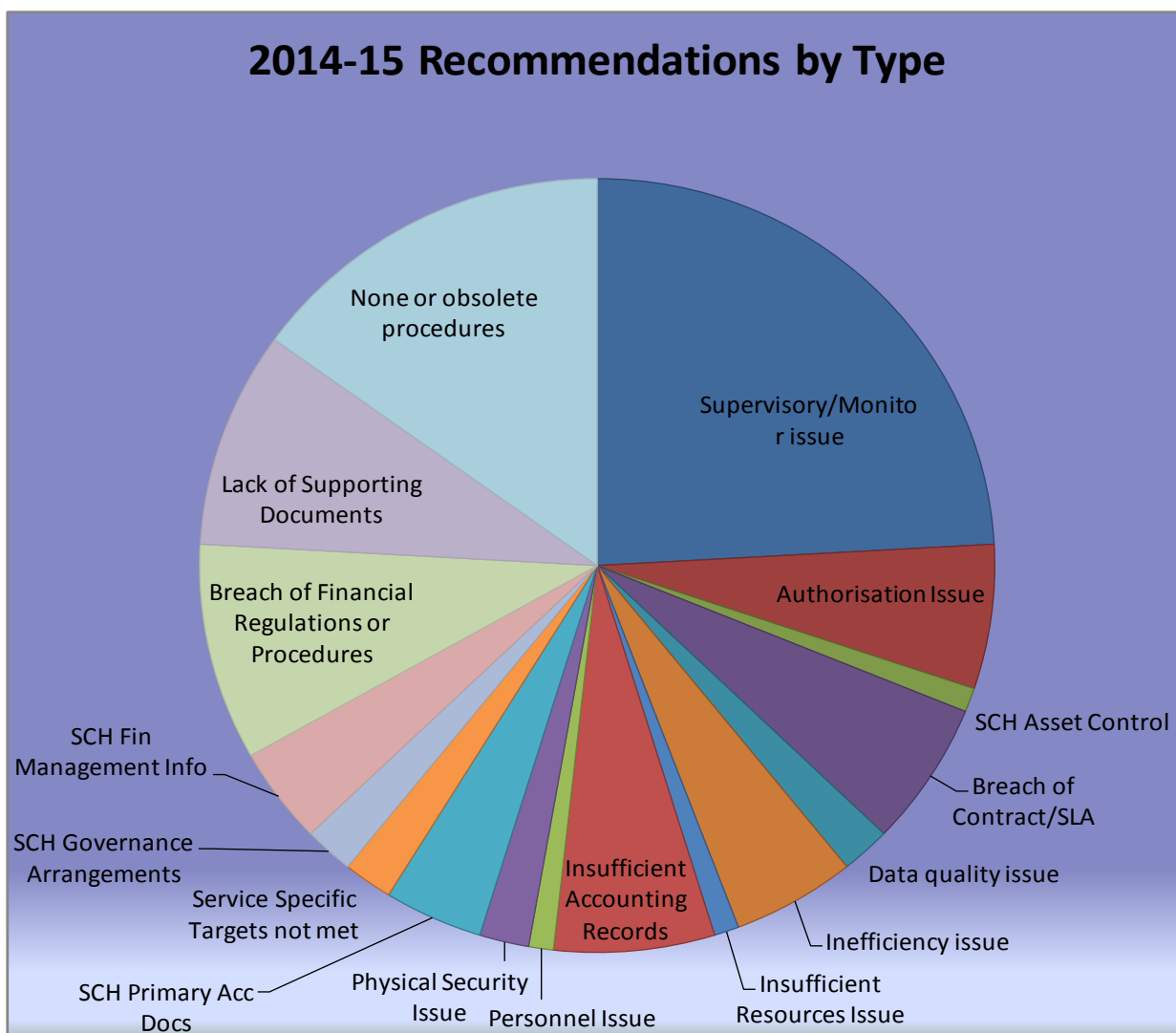
3.29 Typical control issues highlighted in the audit reports (as in previous years) fall under the following broad categories;

- Organisational – the controls that provide the framework under which the system of other controls can operate effectively and efficiently.
- Financial – the system of controls that ensures the accuracy and adequacy of financial data and safeguards the organisation against possible loss due to fraud or error.
- Operational – the system of controls that ensures the efficiency and effectiveness of operations, ensures the organisation’s objectives are met (and services delivered) and also safeguards the organisation against any reputational damage or other loss.
- Compliance controls – the system of controls that ensure that the organisation complies with all relevant legislation, best practice guidance and internal policies with respect to the conduct of the business.

3.30 Recommendations by Category

Recommendation Category	% of all recommendations		
	2012-13	2013-14	2014-15
Access Control Issue	2%	0%	0.5%
Authorisation Issue	1%	7%	6%
Breach of Contract/SLA	4%	6%	6%
Breach of Financial Regulations or Procedures	11%	3%	9%
Data quality issue	9%	4%	2%
Inefficiency issue	5%	2%	5%
Insufficient Accounting Records	9%	7%	6.5%
Insufficient Resources Issue	1%	0%	1%
Lack of segregation of duties	0%	2%	0%
Lack of Supporting Documents	10%	12%	9%
None or obsolete procedures	10%	16%	15%
Personnel Issue	1%	1%	1%
Physical Security Issue	2%	3%	2%
Supervisory/Monitor issue	12%	27%	24%
Service Specific Targets not met	2%	1%	2%
SCH Asset Control	3%	1%	1%
SCH Fin Management Info	1%	4%	4%
SCH Governance Arrangements	3%	1%	2%
SCH Primary Accounting Docs	14%	3%	4%

3.31 The above table is reflected as a pie chart below



3.32 The main categories of the findings are expanded upon below:

3.33 Insufficient accounting records –recommendations have been raised in a number of instances on a failure to raise orders that can result in commitments not being shown on budgets.

3.34 Breach of Financial Regulations or Contract Procedure Rules- recommendations have been raised for lack of reconciliations, cash controls, collection of income, asset register and processing payments.

3.35 Supervisory/monitoring –the increase in the number of recommendations made for this category probably correlates to a reduction in staffing resources where there are fewer officers in post to fulfil these tasks. This is an increasing problem as explained in para 3.23.

3.36 None or obsolete procedures- this has could be caused by lack of resources to undertake updates as well as the changing nature of the organisation.

3.37 Lack of supporting documents- this could be caused by the physical movement of staff, lack of understanding on how long records should be kept and also documents that have been mislaid, misfiled or not filed.

4. POLICY IMPLICATIONS

None

5. FINANCIAL IMPLICATIONS

Some of the internal audit findings may have financial implications.

6. LEGAL IMPLICATIONS

Internal Audit is a statutory function under the requirements of the Accounts and Audit Regulations 2011.

7. PERSONNEL IMPLICATIONS

None

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

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Audit Activity 2014-15 APPENDIX A

**AUDIT PLAN 2014/15
SUMMARY OF PROGRESS &
ALL OTHER ACTIVITY FROM
1st APRIL 2014 to 23rd MARCH
2015**

Department		Total Days
Chief Executives Excluding Finance and IT	CEX	64
Chief Executives -Finance and IT	RD	271
Education & Care Services	ECS	293
Public Health	PH	37
Environment and Community Services	ENV	90
Renewal & Recreation	R&R	35
Anti-Fraud Work		95
Total Audit Days		885

Audit	Planned Days	Coverage	Comments	P1	P2	P3
Chief Executives Directorate-excluding Finance and IT						
Merit Pay/ PRP	5	To test compliance and fairness of criteria for making payments to staff.	Quarter 4 - Work in Progress			
Adeco/Agency workers	10	To test controls around the use of, authorisation to use and checking of references for agency staff	Final Report issued. Substantial Assurance opinion.		6	
Legal Services	5	Audit to examine the collection of legal income and legal provisions.	Postponed till 2015/16. Management request.			
Election Expenses	4	Audit of expenses incurred in the 2014 local elections.	Rolled over to Qtr 2 2015/16. Management request.			
Governance Arrangements	3	Work required for input into Annual Governance Statement	AGS completed Reported to Audit Sub June 2014			
Commissioning	5	Provide advice and support to the commissioning agenda	Attended Project Board. Pre transfer review of SLAs and contract arrangements.Financial assesments;Appointeeship &Dep;Schools Finance			
Building Maintenance	10	Audit scope to cover reactive work and seeking waivers	Draft Report-Substantial Assurance Opinion		2	
Follow-ups						
Gifts and Hospitality	2	follow-up-no re recommendations	Work in progress			
Staff car parking	2	follow-up	Final Report issued.		1	
IT Procurement	2	follow-up- see section below on brought forward audits	Full audit carried out- Limited Assurance opinion			
Mobile phones	2	follow-up	Completed-P1 implemented.			
Essential car user	2	Full audit finalised in October 2014	Final Report issued. Limited Assurance opinion. 3 P1s.	3	4	
Registrars/tell us once	2	follow-up-recommendations implemented	Final issued 10/12/2014			

Audit	Planned Days	Coverage	Comments	P1	P2	P3
Advice & Support	5					
Contingency	5					
Total CEX	64					
Chief Executives Directorate - Finance and IT						
Council Tax Audit	15	Collection/Recovery methods and key controls. Also to test a sample of local council tax support payments	Final Report issued. Substantial Assurance opinion.		5	
Creditors-Audit	20	Annual review of creditors. To include testing key controls around reconciliations, correct postings and purchase orders being correctly raised. Check duplicate payments not being made and petty cash transactions.	Final Report -Limited Assurance. P1 re-recommended.	1	6	2
Housing Benefit	15	Audit to cover key controls, overpayments, counter fraud measures. Review housing discretionary fund and those not constrained by bedroom tax	Work in progress-allocated to LB Wandsworth			
NNDR Audit	10	Coverage of key controls, and arrangements for billing, valuation and recovery and enforcement	Final Report issued, Limited Assurance opinion.		4	1
Cash & Banking (Included within Debtors)	10	To include coverage of the paying in kiosk and the new kiosk at Penge Library	Work in progress-allocated to LB Wandsworth			
Pensions Audit	10	Coverage of key controls of reconciliations and performance;	Final Report issued. Substantial Assurance opinion.		1	1
Payroll-Expenses Audit	15	Coverage of key controls, starters, payments, deductions and variation to pay.	Draft Report issued-Substantial Assurance opinion.		5	2
Debtors-Income Audit to include Cash and Banking	20	To cover reconciliations, postings, debt recovery, credit notes and write offs. Also to include cash and banking.	Work in progress-allocated to LB Wandsworth			
Treasury Management Audit	5	To cover key controls of investment register of loans and investments, review compliance with investment limits and HSBC net controls.	Final Report issued-Substantial Assurance opinion.		1	
Main A-C System and Revenue Budgetary Control Audit	10	To test key controls, authorisation of budget monitoring, budget setting and accuracy of budget monitoring information	Work in progress			
Welfare Fund-	6	To test a sample of transactions and any overpayments that have been made.	Final Report -Substantial Assurance opinion		1	
Procurement	10	To include a cumulative spend review and review commissioning arrangements for functions being outsourced.	Postponed till 2015-16 due to resources 2013-14 audit finalised in January 2015.			
Capital Projects	15	To include coverage of procedures, monitoring and management of procedures. Also ensure compliance with Financial regulations .	Final Report-Substantial Assurance		5	
Leavers Procedures	10	A corporate review of the compliance to leavers procedures including return of assets, informing payroll/HR and system access	Final Report issued. Limited Assurance opinion.		2	
VAT	10	System based general review of VAT	Final Report issued-Substantial Assurance opinion.		3	1
Purchase Cards	10	To test controls around authorisation of expenditure and monitoring of use.	Final Report issued Limited Assurance opinion.	3	7	1
Insurance	10	To test new contract arrangements and controls around payments made.1 outstanding P1 being tested I Qtr 1 of 2015-16.	Update on P1 recommendations reported to Audit Sub 1st April 2015			
IT Audit- Review of Confirm system	10	To test the authorisation controls within the system and accuracy of information held.	Work in progress			

Audit	Planned Days	Coverage	Comments	P1	P2	P3
IT Audit-Review of CareFirst system	10	To test the accuracy and completeness of information held, charges being raised and adequacy of access controls	Rolled over 2015/16 due to resources			
IT Licenses/asset register	10	To test controls that ensures Bromley does not pay for more licenses than it needs and the security of mobile ICT devices	Final Report issued. Limited Assurance opinion. 1 P1 implemented	1	1	1
Follow-ups						
Included within yearly audits above						
Advice & Support	10					
Contingency	15					
Work in Progress b/fwd from 2012/13	15		See b/fwds below			
Total RD	271					
Fraud and Investigation						
NFI 2014	10	Processing SPD matches and data gathering.	On-going - Progress reported in Part 2 Audit Sub 1st April 2015. New matches received 29 Jan 2015			
Small Fraud/Investigations	55	Processing and filtering fraud allegations prior to passing to Greenwich Fraud Team.	On-going cases - Update reported in Part 2 Audit Sub 1st April 2015			
Greenwich Fraud Partnership	30	Management of the Greenwich Fraud Partnership including new arrangements with the DWP	On-going - Update reported to Audit Sub 1st April 2015			
Total Fraud	95					
Education, Care & Health Services						
Personalised Budgets and Direct Payments	20	Review the system for assessing and setting up a personalised budget. Review the system for direct payments including the payment, recovery of overpayments and monitoring. Evaluate the changes in procedures to escalate direct payments issues	Quarter 4- part of the time has been used to investigate allegations of fraud that was reported to Audit Sub 1st April 2015.			
Residential Placements	20	Review the system to assess, evaluate and place clients to residential care. The review will be a walk through test to assess the effectiveness of controls since the transfer of placements to the CPT. Agreed triggers and authorisations should be evidenced. The procedure for emergency placements will be included in the review. Evidence the accuracy of information held on CareFirst, specifically the dates and agreed rates given the financial impact.	Rolled over to 2015/16 due to resources			
Financial Assessments	10	Review the system for financial assessments. Consider the timeliness of referrals and visits, the accuracy on information held on the system, continuity of data and reviews. This review will consider residential placements and respite care and will be undertaken in conjunction with the Residential Placements audit to allow a complete audit of the processes for this area of service delivery.	Quarter 4 -part of the time used to comment on the SLA agreement with Liberata on transfer of services. Audit rolled over to 2015/16 to be included as part of the residential placements audit.			
Transition Team	10	Review the practice and procedures across the service including the processes in place for assessment and approval of services provided and the adherence to procedures.	Final Report issued. Limited Assurance opinion. P1 recommendation reported Audit Sub 1st April 2015.	1	6	

Audit	Planned Days	Coverage	Comments	P1	P2	P3
Ordinary Residence	5	Review the policy for ordinary residence claims and check adherence to agreed procedures.	Rolled over to 2015/16			
SEN Transport	10	Review the system for SEN transport, including annual route planning, contracting and the payment of invoices. Assess the IT system used to control the operational changes to the service and consider the adequacy of management reports.	Final Report issued. Substantial Assurance opinion		3	
Domiciliary Care	10	Review the system to assess clients and allocate domiciliary care packages. Consider hospital discharges, new clients referred and changes to existing care packages. Review the financial assessment for clients to ensure accuracy and timeliness. Review the procedures for the ending service and the calculation and issue of the final statement.	Final Report issued late March 2015. 2 P1 recommendations to be reported to Audit Sub in June 2015.	2	5	1
Troubled Families	10	Review the system for identifying and monitoring Troubled Families. Verify the annual claim for funding submitted to DCLG	Final Report issued. Substantial Assurance opinion		2	
Housing Needs	10	Review the system to assess and process homeless applications. Assess the accuracy and completeness of information held on ANITE. Review the controls in place to manage the Traveller Sites.	Final Report issued. Limited Assurance.	1	4	
Education Health and Care Plans	10	Review the system to track and monitor EHC Plans and assess the adequacy of payment controls. Consider the accuracy of information held on all management information systems	Rolled over to 2015/16 due to resources			
Contract monitoring for commissioned services	10	Review the systems in place for contract monitoring across the department. Given the fast pace of change that target services will need to be determined at the time of the audit. Likely to be Direct Care Services; priorities would be Carelink, LD day services and extra care housing.	Ongoing input as and when services are contracted out as part of pre audit checks - Apointeeship and Deputy; Schools Finance Team and Financial Assessments. Advice given.			
Children with Disabilities	10	Review the system to assess and monitor clients. Include respite, placements and other care settings.	Draft Report issued. Substantial Assurance.		2	2
Family Placements	15	Review the system for the assessment of service and payments. The review will include fostering and adoption, kinship allowances guardianship and residence orders.	Final report issued. Nil Assurance opinion, P1 recommendations reported to Audit Sub in November 2014 and 1st April 2015	8	6	1
Child and Adolescent Mental Health Services	10	Review the system to assess, monitor and review children with mental health. Review the contract with Oxleas and ensure contract monitoring is robust.	Rolled over to 2015/16 due to resources.			
Adult Education College	5	Annual probity audit to include nursery fees and contracts. Conduct a site visit to one of the centres either Kentwood or Poverest. No recommendations	Final report issued. Substantial Assurance opinion			
Schools	60	To carry out planned school visits, pre academy closure audits and follow ups- see below for details on schools audited.	7 schools have had a full audit and 8 schools closure audits			
Learning Disabilities		Follow up of priority one recommendations that were outstanding.	All P1 recommendations considered to be now implemented. Reported to Audit Sub in November 2014 and 1st April 2015			

Audit	Planned Days	Coverage	Comments	P1	P2	P3
Children and Families	2	follow-up	Cancelled - no audit in 2013/14			
TCES	2	follow-up of three P1s reported to Audit Sub in June 2014. All 3 P1s implemented. 2Ps re-recommended.	3 P1 recommendations followed up and reported to Audit Sub in November 2014. Final report January 2015. 3P1s implemented.		2	
ECS Commissioning	2	follow-up	N/A -time used for pre health checks for services commissioned out			
Temporary Accommodation	2	follow-up	Completed and included in Housing Need audit			
Appointeeship and Deputyship	2	follow-up- two re -recommendations	Final Report issued.		2	
Phoenix Centre	2	follow-up	Final Report issued. No issues			
Advice and Support	15					
Contingency	15					
Work in progress b/fwd from 2013/14	20		See b/fwds below			
Total ECS	287					
Public Health						
Contracts and Commissioning	15	To review the introduction of SLA's for GP Practices and associated payment arrangements	Management request to put back to 2015/16. Some time to be allocated to audit requirements for clinical audits			
Clinical Commissioning Group	10	To review the Section 75 agreement with the CCG and re-charge payments	Final Report issued. Substantial Assurance opinion.		3	
NHS Health Check Programme	5	Evaluation of health check programme, including processes and quarterly returns	Final Report issued. Substantial Assurance opinion.		4	
Advice and Support	4					
Contingency	3					
Total PH	37					
Environment and Community Services						
Car Parking - Income- multi storey and on street	10	Review and follow-up including key control of reconciliation. Review shared service arrangements as lead authority	Work in progress			
Car Parking - PCNs	10	Audit review to ensure that PCNs properly monitored to include collection - include review of new ICES system- audit suspended to allow for investigation of allegations. Independent investigation report issued, with a number of recommendations.	Audit planned time used in current investigation and objection to the accounts.Detailed update to Audit Sub 1st April 2015.			
Waste services(Street Scene & Green Space)	10	Reviewed payments to the contractor and monitoring aspects.	Final Report issued - Substantial Assurance opinion.		4	1
Highways	10	Street Cleansing- management request	Final Report issued. Substantial Assurance opinion.		4	1
Parks and Green Spaces	10	Follow-up of previous audit recommendations and review Arboriculture services and Grounds Maintenance contracts	Work in progress allocated to LB Wandsworth			
Libraries	10	Review of the newly installed 'Open Galaxy' system - covering cash collection and library stock.	Final Report issued. Limited Assurance opinion.		6	2

Audit	Planned Days	Coverage	Comments	P1	P2	P3
Pool Cars & Fuel Cards	10	Review of the justification for/usage/management of Pool Cars and the allocation/monitoring/management of fuel cards.	Final Report issued. Substantial Assurance opinion.		2	
Carbon Reduction Commitments	5	Annual verification audit	Final Report issued. Substantial Assurance opinion.		1	1
Street Lighting-Invest to save	3	Full audit carried out	Final Report issued. Substantial Assurance opinion.		3	
Coroners & Mortuary Service	2	follow-up	Work in progress			
Advice and Support	5					
Contingency	5					
Work in progress b/fwd from 2013/14	0		See b/fwds below			
Total ENV	90					
Renewal & Recreation						
Planning	10	Audit will cover enforcement arrangements - deferred until 2014/15	Work in progress			
Property Management	10	To review the robustness of systems/processes in place for property/land valuations and sale.	Work in progress			
Commercial Property Rents	5	To review systems/processes in place to recover rents/ensure tenancies are in place/renewals of tenancies.	Work in progress			
Advice and Support	5					
Contingency	5					
Work in progress b/fwd from 2013/14						
Total R & R	35					
Unplanned Audits/Fraud/Investigations/Work b/fwd from 2013/14/Other Work						
Fraud & Investigations						
PCN Car Park Investigation		Audit superceded by work required on the investigation and the objection- see section on ECS above.	Investigation completed. Detailed report to Members of Audit Sub Committee- 1st April 2015.			
Fixed Penalty Notices Investigation		Report to management and Audit Sub November 2014 and 1st April 2015	Report issued to management. P1 recommendations. Reported to Audit Sub November 2014 and 1st April 2015.	6	1	
SEN Client Investigation			Closed- update given to Audit Sub Committee in June 2014 and November 2014.			
Direct Payment Fraud Investigation			Ongoing -update provided to Audit Sub Committee in November 2014 and 1st April 2015.			
Purchasing Card Investigation 2013-14			Final Report issued		7	
Temporary Accommodation Investigation 2013-14			Final Report issued - reported to Audit Sub in June 2014. Some aspects re landlords were covered in Housing Needs audit.			

Audit	Planned Days	Coverage	Comments	P1	P2	P3
Sercop		Management request to review implementation	Agreed to briefly review work carried out by management on completion. Included in Audit Plan for 2015/16.			
Internet Usage		Report to management and Audit Sub November 2014	Reported to Audit Sub November 2014 and 1st April 2015.			
B/Forward audits 2013-14						
Leaving Care Audit 2013-14		Priority one issues. Reported to Audit Sub in November 2014	Final Report issued- Nil Assurance opinion. A number of P1s -reported to Audit Sub in November 2014.	9		
Car Parking - Income [Multi-storey & off-street] Audit for 2013-14			Final Report issued- Substantial Assurance opinion		3	
Contracts and Commissioning [Public Health] Audit for 2013-14			Final Report issued- Substantial Assurance opinion		1	
Coroner & Mortuary Service Audit for 2013-14			Final Report issued Limited Assurance opinion		4	
Council Tax Audit [SPD] for 2014-15			Final Report issued -audit commissioned by management		2	1
Council Tax Audit for 2013-14			Final Report issued- Substantial assurance opinion		3	
Housing Benefit Audit for 2013-14			Final Report issued- Substantial Assurance opinion		7	
IT Procurement Audit for 2013-14			Final Report issued- Limited Assurance opinion.		5	
Looked After Children Audit for 2013-14		Two P2s- Audit Sub June 2014	Final Report issued- Limited Assurance opinion. 2 P1s reported to Audit Sub Committee in June 2014 and 1st April 2015..	2	1	1
Main A-C System Audit for 2013-14		One P1- Audit Sub June 2014- now implemented	Final Report issued- Substantial Assurance opinion. Reported to Audit Sub June 2014	1	1	1
Payroll-Expenses Audit for 2013-14			Final Report issued- Substantial Assurance opinion		2	1
PCN Audit for 2013-14			Final Report issued- Limited Assurance opinion		3	1
Treasury Management Audit for 2013-14			Final Report issued- Substantial Assurance opinion		1	1
Debtor - Income Audit for 2013-14			Final Report issued- Limited Assurance opinion		4	
Procurement Audit for 2013-14			Final Report issued. Substantial Assurance opinion.		6	2
Schools						
Dorset Road Infant School Audit for 2014-15		No recommendations	Final Report issued Substantial Assurance opinion			
Princes Plain Primary Audit for 2014-15			Final Report issued - Substantial Assurance opinion		3	4

Audit	Planned Days	Coverage	Comments	P1	P2	P3
Southborough Primary School Audit for 2013-14		One P1 recommendation now implemented.	Final Report Issued Limited Assurance opinion.[P1 reported November 2014]. Follow up showed that P1 recommendation was implemented reported to Audit Sub 1st April 2015.	1	8	1
St Olave's and St Saviour's Audit for 2014-15		Yearly Audit	Final Report Issued-Substantial Assurance opinion.		2	1
Castlecombe Primary School Pre-Academy Audit for 2014-15		Closure Audit	Final Report- no issues			
Keston CE Primary Pre-Academy Audit for 2014-15		Closure Audit	Final Report-no issues			
Leesons Primary Pre-Academy Audit for 2014-15		Closure Audit	Final Report-no issues			
St John's CE Primary School Pre Academy closure Audit for 2014-15		Closure Audit	Final Report- one issue on transfer of funds raised with the school to resolve.			
St Peter and St Paul Catholic Pre-Academy Audit for 2014-15		Closure Audit	Final Report-no issues.			
Scotts Park Primary Pre-Academy Audit for 2014-15		Closure Audit	Final Report- no issues			
St Philomena's RC Primary Pre-Academy Audit for 2014-15		Closure Audit	Final Report- no issues			
St Mary's Cray Pre - Academy Audit for 2014-15		Closure Audit	Final Report- no issues			
Worsley Bridge Primary			Final Report-Substantial Assurance opinion.		4	3
Red Hill			Final Report- Substantial Assurance opinion		5	1
Clare House			Final Report-Substantial Assurance opinion.		2	2
Other Work						
Academies		20 visits to academies. Sold services work ceased of with effect from 1st January 2015	N/a			

Totals

39 188 38

Report Number/Date	Title	Opinion	No. of Priority One's	Details of Recommendation	Implemented	Responsible Officer	Comments	Risk of fraud or loss
ACS/068/01/2011	Emergency Accommodation & Rent Accounts	Limited Assurance	1 (Nov 2012)	<p>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 do not currently have access to the accounting files on Anite.</p> <p>In addition, these teams do not hold detailed procedures to outline the process for the recovery of debts.</p> <p>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. (Nov 2012)</p>	In progress	Exchequer Manager/Liberata Sundry Debtors Section Manager/Group Manager Leaving Care Team/Group Manager Residential Services/Group Manager Housing Needs	The recommendation originates from the audit report finalised in November 2012. The progress towards implementation has been reported to Members at each Audit Sub Committee since 2013; updating on the level of rent arrears which at that point, total arrears were £1.9m. The latest position reported to the March 2015 meeting was that:- i) rent arrears procedures are now in place for both current and former clients in each of the 8 categories of temporary accommodation; ii) Officers in each section responsible for rent arrears do have access to the ANITE Housing Rents system and are therefore monitoring. However as at December 2014 the rent arrears from current and former across the Authority was £3.5m but this included write offs to be processed and unreconciled accounts held by Orchard and Shipman. The outstanding priority 1 recommendation relating to the level of rent arrears will be reviewed once the planned audits of ECHS debt and the Orchard and Shipman contract have been completed.	High
CYP/024/01/2012	Behaviour Services	N/A	7 (Nov 2012) 4 o/s (Mar 2013) 1 o/s (Nov 2013)	<p>Part 2 (Nov 2012)</p> <p>Three of the 7 priority one recommendations have been implemented. (Mar 2013)</p> <p>Six of the 7 priority one recommendations have been implemented (Nov 2013)</p>	Implemented	Assistant Director ECS	<p>To be followed up as part of 2013/14 audit. Expanded in Part 2. (Jun 2013 + Nov 2013)</p> <p>Expanded in Part 2 (Mar 2014 + Jun 2014 + Nov 2014)</p> <p>Only one priority one recommendation of the original 7 remained outstanding relating to an uncollected debt for provision of respite services to the Academy School for £34K, the school has disputed. The focus with the school has been on the recovery of the outstanding loan which is detailed below. The School has in the past maintained that this service was they believed offered at no cost by the previous Head of Behavioural Services. The documentation to support the debt is not available and there is little prospect of recovering this debt. It has been suggested that this debt be written off which ECHS are currently considering. We have therefore removed the priority recommendation from the register. (Mar 2015)</p>	High

Report Number/Date	Title	Opinion	No. of Priority One's	Details of Recommendation	Implemented	Responsible Officer	Comments	Risk of fraud or loss
RD/018/01/2013 (Finance)	Insurance Investigation	N/A	11 (Nov 2013) 4 o/s (Jun 2014) 2 o/s (Nov 2014) 1 o/s (Mar 2015)	Part 2 - 7 of the 11 priority one recommendations have been implemented (Jun 2014) Part 2 - 9 of the 11 priority one recommendations have been implemented (Nov 2014) Part 2 - 10 of the 11 priority one recommendations have been implemented (Mar 2015)	In progress	Director Of Finance	Action ongoing (Nov 2013) See update in Part 2, 4 o/s to be followed up as part of the audit planned for Insurance in 2014/15 (Mar 2014 + Jun 2014) See update in Part 2 (Nov 2014 + Mar 2015)	High
R&R/001/01/2013 (Environment)	Libraries Staff Investigation	Limited Assurance	2 (Nov 2013) 1 o/s (Mar 2014)	Part 2 - 2 priority one recommendations made following investigation. (Nov 2013) One has been implemented (Jun 2014)	Implemented	Libraries Operations and Commissioning Manager/ Stock Services Manager	Ongoing action (Nov 2013) Ongoing action - see update in Part 2 (Mar 2014 + Jun 2014 + Nov 2014) Recent audit of Libraries has shown that there are controls over stock (Mar 2015)	High
CEX/062/01/2013 (HR)	Mobile Phone Investigation	Limited Assurance	1 (Nov 2013)	Part 2 (Nov 2013)	Implemented	Director of HR	Agreed to take ownership and that the wording of the policy will be amended. (Nov 2013 + Mar 2014 + Jun 2014) 1 rec about updating mobile phone policy and uploading to One Bromley fully implemented. (Nov 2014)	High

Report Number/Date	Title	Opinion	No. of Priority One's	Details of Recommendation	Implemented	Responsible Officer	Comments	Risk of fraud or loss
R&R/012/01/2012 (Corporate Services)	Building Maintenance	Limited Assurance	1 (Nov 2013)	<p>The department must comply with the requirement 1.2 and 8.1.3 of the Contract Procedure Rules.</p> <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." <p>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.</p>	Implemented	Head of Operational Property	Tested as part of the 2014/15 Building Maintenance audit 2014-15. The recommendation has been implemented.	High
CEXFin/009/2013	Creditors	Limited Assurance in the area of orders not being raised	1 (Jun 2014)	<p>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. (Jun 2014)</p>	In progress	Exchequer Manager	<p>Agreed by management and corrective action in progress (Jun 2014)</p> <p>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. (Nov 2014)</p> <p>Report run for 1/01/14 to 31/01/15 and shows roughly 691 retrospective orders being raised per month rather than previous 823. (Mar 2015)</p>	High

Report Number/Date	Title	Opinion	No. of Priority One's	Details of Recommendation	Implemented	Responsible Officer	Comments	Risk of fraud or loss
ECHS/005/2013	Transformation of Community Equipment Service (TCES)	Limited Assurance	3 (Jun 2014)	Verification of invoices Stock Reconciliation/Stock Charges and Contract Monitoring (Jun 2014)	Implemented	Head of Assessment & Care Management & Commissioning.	Agreed by management (Jun 2014) Three priority 1 recs on invoice checking, stock control and performance monitoring have been implemented. See progress report. (Nov 2014)	High
ECH/017/01/2014	Family Placements	No Assurance	8 (Nov 2014)	Significant findings in relation to the following areas :-Overpayments , Savings, Legal Orders, Connected Persons Allowances, Residence Orders, Adoption Allowances, Special Guardianship Orders and Training. (Nov 2014)	In progress	Assistant Director, Safeguarding & Social Care.	Agreed by management, implementation in progress. (Nov 2014) There will be a full follow up to the recommendations in 2015/16, but from discussions with management it does indicate that there has been progress to implement them. See Part 1 progress report for update. (Mar 2015)	High
CX/046/01/2013	Review of Essential Car Users	Limited Assurance	3 (Nov 2014)	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 them 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. (Nov 2014)	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. (Nov 2014) A recent decision has been made to continue the essential car user scheme for 2015/16 . We have not followed up the recommendations and will do so before the next cycle of this committee in June 2015. See Part 1 - progress report. (Mar 2015)	High

Report Number/Date	Title	Opinion	No. of Priority One's	Details of Recommendation	Implemented	Responsible Officer	Comments	Risk of fraud or loss
ECH/018/01/2013	Review of Leaving Care (Payment to Clients)	Nil Assurance	9 (Nov 2014)	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. (Nov 2014)	In progress	Group Manager LCT	Recommendations agreed by management (Nov 2014) The Head of Service and senior managers have made significant improvements to the procedures relating to payments to leaving care clients and cash handling within the division. However these procedures have only been operational for short time and will need to be tested during the follow up audit, planned for quarter 1 in 2015/16. See Part 1 - progress report. (Mar 2015)	High
CX/051/01/2014	IT Database (Hardware, Software & Licencing)	Limited Assurance	1 (Nov 2014)	The Authority 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 exact number of users, resulting in overpaid invoices of approximatley £12,000 per year. (Nov 2014)	Implemented	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. (Nov 2014) Priority one on key fobs implemented (Mar 2015)	High
ECS/2014	Fixed Penalty Notices	N/A	6 (Nov 2014) 5 o/s (Mar 2015)	See part 2 (Nov 2014) See part 2 - 3 partially implemented relating to reconciliation of FPN's, procedures and availability of prime documents. 2 not implemented relating to the transfer to the PCN system and the formal agreement of the nil cost contract with Ward wef 01.09.14. (Mar 2015)	In Progress	Asst Dir. S.S & Greenspace	See Part 2 (Nov 2014) Recommendation to approach previous contractor to pursue compensation implemented - see Part 2 (Mar 2015)	High
ECH/035/01/2014	Transition Team	Limited Assurance	1 (Mar 2015)	Direct payment service agreements were found to either be in overpayment due to the incorrect amount being paid or the incorrect time period e.g term time only. Underpayments were found due to the rates not being uplifted on review as expected or the incorrect amount being paid. (Mar 2015)	In progress	Joint Team Manager, CLDT.	See part 1 progress report (Mar 2015)	High

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ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

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

In discharging this overall responsibility, Bromley is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Bromley has approved and adopted a code of corporate governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at www.bromley.gov.uk or can be obtained from Chief Executive's Department, Bromley Civic Centre, Stockwell Close, Bromley BR1 3UH. This statement explains how Bromley has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

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

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

The governance framework has been in place at Bromley for the year ended 31 March 2015 and up to the date of approval of the annual report and statement of accounts.

The Governance Framework

The following summarises the key elements of the systems and processes that comprise Bromley's governance arrangements based upon the six core principles of good governance:

1) **Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area:**

Bromley citizens expect to manage their lives with the minimum of intervention from the Council. When they need the Council's support they expect that it will be provided efficiently, represent value for money and be free from unnecessary bureaucracy and delays.

Bromley Council is organised around a set of core principles which are consistent with this ambition:

- **Member-led:** The Council's resources will be targeted at local priorities as agreed by elected Members
- **Delivering Value for Money:** The Council's services will be provided by whoever offers customers and council tax payers excellent value for money

- **Supporting Independence:** The Council will enable and encourage citizens to take more responsibility for their own lives, with the most vulnerable being provided with the help they need
- **Efficient and non-bureaucratic:** The Council will seek to reduce interference and bureaucratic control whilst protecting the Borough's distinctive character

In setting our goals, Building a Better Bromley provides the framework to improve the life of all of those that visit, live, study, or work in the borough. This reflects our public health and health and wellbeing agenda as well as our priority to continue to invest in the economic wellbeing of our borough. It sets the direction and policies which other plans should help to deliver and is shared across the Council in our specific Portfolio messages and our departmental, divisional and team plans.

Our seven key priorities remain:

- A Quality Environment
- Regeneration
- Vibrant, Thriving Town Centres
- Supporting our Children and Young People
- Supporting Independence
- Safe Bromley
- Healthy Bromley

Our vision is to be an excellent council in the eyes of local people.

Our Portfolio Plans set out what we aim to deliver in the current year and what our performance targets are, using a range of national and local indicators. Overseeing the successful delivery of each plan is the joint responsibility of the Portfolio Holder and the members of the appropriate Policy Development and Scrutiny Committee (PDS). The Portfolios are aligned behind the priorities identified in Building a Better Bromley. The Health and Wellbeing Board brings together Bromley Councillors, Public Health, GPs, the Clinical Commissioning Group and the voluntary sector, to understand the local community's needs, agree priorities and encourage commissioners to work in a more joined up way.

Our achievements over the past year and plans for the future are reported in the Annual Report and Accounts.

With substantial additional savings to be made over the next 4 years and uncertainty about how the Government will implement its manifesto pledges the financial situation continues to drive the future direction and work of the Council.

The Commissioning Team, led by the Director of Transformation and Regeneration and overseen by the Portfolio Holder for Resources, are looking in detail at all our services to ensure best value for money and to determine who is best placed to deliver high quality services based on local priorities and value for money principles, within a balanced budget.

The commissioning programme consists of a number of distinct projects or work streams, each focusing on a specific service or area within the organisation. While each project is corporately led and managed, the relevant Service Director, Service Lead and key Members are actively involved and engaged in order to ensure consistency and transparency across the programme. Each project must go through key mandatory gateway stages to ensure decisions taken are based on clear evidence.

Following scrutiny through the PDS process, the relevant Portfolio Holder and the Executive will make the final decision on implementation. As part of the process formal consultations are also carried out with staff, including Trade Union and staff representatives, and service users.

The Council's operating structure is being reviewed as we continue to develop a more 'one-Council' approach to the way we work. Currently we have three departments reflecting our focus on 'People and Place' services; Education, Care and Health Services, and Environment and Community Services, with Chief Executive's department comprising in the main, corporate support services.

2) Members and Officers working together to achieve a common purpose with clearly defined functions and roles:

Member/Officer roles are defined in the Constitution which sets out how the Council operates, how decisions are made and the procedures followed to ensure that decision making is efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose. This is supplemented by a Member/Officer protocol which governs the relationship between them.

Bromley continues to operate the 'leader and cabinet' model whereby the Leader appoints the Executive, and decides Portfolio Holder arrangements and responsibilities and agrees any formal delegation of various powers to the Council's Chief Officers and their staff.

The Council's decision making structure is divided between executive and non-executive matters. The Executive has seven Members and is the Council's main decision making body. It is chaired by the Leader of the Council. It either makes decisions itself or six of its Members, who hold Portfolios, decide on matters relating to specialist areas. The Portfolios cover:

- Care Services (including health)
- Education
- Environment
- Public Protection and Safety
- Renewal and Recreation
- Resources

By law the Executive cannot take all Council decisions as some matters have to be decided elsewhere, principally by the Development Control Committee and the General Purposes and Licensing Committee and their Sub-Committees.

The appointment of the Leader of the Council and membership of the Executive and various committees is formally announced at the Council's Annual Meeting.

The Constitution Improvement Working Group is currently reviewing the structure of these committees to reflect the changing shape and direction of our Council as we work towards becoming a commissioning authority.

The Director of Corporate Services (as Monitoring Officer) is responsible for ensuring the lawfulness and fairness of Council decision making, compliance with codes and protocols, and promoting good governance and high ethical standards.

The Director of Finance (as Section 151 Officer) is responsible for the proper administration of the Council's financial affairs, preparing the Council's statement of accounts in accordance with proper practices, keeping proper accounting records and taking reasonable steps to prevent and detect fraud. Bromley's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2010)*. The Director of Finance performs the role of Chief Financial Officer.

Corporate leadership is provided by the Corporate Management Team, led by the Chief Executive (and Head of Paid Service) who is responsible and accountable to the Council for all aspects of corporate and operational management.

Internal Audit is responsible for conducting audits, using a risk based approach, to highlight any weaknesses throughout the Council. Bromley's assurance arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Head of Internal Audit in Public Service Organisations (2010)*.

Our Corporate Operating Principles which act as an operational model for the Council also set out our approach to creating a flexible, responsive organisation that can embrace new ways of working with partners and staff to maintain and improve services to our community. As part of this we are committed

to providing a working environment in which staff can contribute to the success of the Council. Our staff commitment sets out the responsibility we all share in making this happen.

3) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour:

Bromley has adopted a number of codes and protocols that govern the activities of Members and Officers which are communicated as part of the induction process and made available via the intranet. These include codes of conduct covering conflicts of interest and gifts and hospitality.

Local authorities have a duty to promote and maintain high standards of conduct. It is mandatory that each local authority adopts a Code of Conduct dealing with the conduct that is expected of Councillors and co-opted members when acting in that capacity.

The Code of Conduct approved by full Council in 2012 requires new members and co-opted members to register their financial and other interests within 28 days of taking office. The requirement to register financial interests also extends to a spouse or partner. In addition members and co-opted members must notify the Monitoring Officer of any change to their interests within 28 days of the change occurring. Any gifts and hospitality with a value of over £25 also need to be registered within 28 days of receipt.

The declarations made by each Councillor are detailed on the councillor information pages on the Council's website.

The Standards Committee considers complaints about Councillors. The Independent Persons on the Committee must be consulted by the Council before it makes a decision on an allegation of misconduct by a Councillor that it has decided to investigate, or before it decides on action to be taken in respect of that Councillor.

The induction events organised for new Councillors following the May 2014 local elections included a session on standards with a surgery session following that, providing support to Members on completing their Register of Interest forms, and with additional guidance being prepared to clarify what is required.

Officers are also subject to Section 117 of the Local Government Act 1972 which means that they are required to disclose any direct or indirect pecuniary interests they may have in any contract or potential contract involving the Council. In addition they are prohibited from receiving any fee or reward as result of their employment with the Council, other than their agreed remuneration. A reminder is sent out on an annual basis with registers maintained by the Monitoring Officer and individual Directors.

The Council's confidential reporting code 'Raising Concerns' sets out how employees and contractors working for the Council on council premises can report their major concerns about any aspect of the Council's work including concerns about Members of the Council. This is designed to enable people to raise concerns without fear of victimisation, subsequent discrimination or disadvantage. The code is widely publicised via the intranet, posters, internal newsletters, and on the Council's website.

Arrangements are in place for receiving and investigating complaints from the public under the Council's 'Getting it Right' procedures - how to complain, make a suggestion or pay a compliment about a council service. There are procedures in place for complaints about children's social care, adult social care (including a guide for people with learning difficulties), housing services, and school issues. Leaflets and forms are available from enquiry points and libraries. Information is also available on the Council's website. The Chief Executive and Director of Corporate Services monitor how complaints are handled within departments.

We continue to operate a very successful Fraud Partnership with the London Borough of Greenwich building on our Anti-Fraud and Corruption Strategy. Outcomes are reported to Audit Sub-Committee, and prosecutions publicised in the local press and on the Council's website.

4) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk:

The Director of Corporate Services (as Monitoring Officer) reviews and updates the constitutional framework including Rules of Procedure and Standing Orders (which regulate meetings of the Council) and the Scheme of Delegation (which sets out formal delegation of various powers to the Council's Chief Officers and staff) on a regular basis reporting to full Council.

The Director of Finance (as Section 151 Officer) likewise reviews and updates Financial Regulations, Contract Procedure Rules and the Scheme of Delegation (so far as it relates to financial matters), which are incorporated into the Constitution. Financial Regulations are one of a set of management documents which collectively control and co-ordinate the financial affairs of the Council.

The scrutiny function provided by the six Policy Development and Scrutiny (PDS) Committees continues to provide constructive challenge leading to better and more robust decisions.

The Council's Risk Management Strategy is kept under review to reflect current procedures, guidance issued by CIPFA and best practice. This is overseen by the newly constituted Corporate Risk Management Group providing a strategic overview of risk management, health and safety, business continuity and emergency planning activities to improve efficiency and develop synergies in line with Council priorities. The Group continues to report to Audit Sub-Committee. Each departmental representative acts as risk champion for their area to disseminate risk management information and facilitate the identification and assessment of risks.

Zurich Municipal is currently conducting a review of our risk management activities with the aim of improving reporting structures and aligning departmental and strategic risk registers.

The Audit Sub-Committee is responsible for developing and reviewing all aspects of the Council's arrangements for audit including fraud and risk. The Committee is independent of the Executive and scrutiny functions.

During the year Internal Audit was successful in attracting funding from the Department for Communities and Local Government to fight fraud. We were successful in four joint bids with other boroughs, including one to develop a fraud application for mobile phones where we are the lead borough.

Internal Audit actively participates in the National Fraud Initiative, an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

The Bromley Borough Resilience Forum, a statutory forum, meets quarterly to facilitate co-operation and information sharing at the borough level between key stakeholders in relation to emergency preparedness for major events and incidents. The Forum reports to the Safer Bromley Partnership Strategic Group. Through the Forum and pan-London structures the Partnership regularly has the opportunity to participate in training and exercise events to develop and maintain local multi-agency emergency arrangements.

Within the Council we continue to review and maintain our arrangements to respond to and recover from emergencies affecting the Borough. We also review and maintain our business continuity arrangements to ensure that critical activities and services continue to operate in the event of disruptive events and emergencies. Our procurement policy requires business continuity plans to be part of any tendering process.

5) Developing the capacity and capability of Members and Officers to be effective:

Corporate training provision is reviewed each year to ensure that the learning and development opportunities on offer reflect the key priorities of the organisation; supporting staff to develop a good mix of skills and knowledge so that they are able to perform effectively in their current job and are able to tackle the many changes facing local government.

Officer training needs are identified as part of the annual Performance Appraisal and Development

Scheme and there is a comprehensive training programme for all staff. In parallel a Managers' Toolkit site is maintained on the intranet to provide a depository of policies, procedures, guidance and tools enabling all managers across the Council to work more effectively and efficiently. Depending on their duties some Officer training is mandatory.

There are three main programmes; Organisational Development (including Customer Service, Management and Leadership, Health and Safety, Commissioning and Contract Management), Children's Social Care (including Safeguarding, and Continuing Professional Development) and Adult's Social Care (including the Care Act 2014, Awareness of Medical Conditions, Health and Safety, Safeguarding). To compliment this face-to-face training many of the topics are now available via the web based Bromley Learning Hub which allows users to develop their skills online at a time and place that suits them.

Specific training for Members targets key policy issues and areas of current interest. This is supported by a dedicated Member Development site on the intranet and an area on the Bromley Learning Hub dedicated to Councillors. During the year the Director of Finance organised regular financial seminars to keep Members informed of the general financial situation affecting the Council and the changes in local government finance. Following the May 2014 elections a full programme of induction events was organised for new Councillors which was also open to returning Councillors.

IT training is delivered in partnership with Bromley Adult Education College. Officers also have access to external workshops and seminars via our membership of organisations like CIPFA.

6) Engaging with local people and other stakeholders to ensure robust public accountability

We continue to review how we can improve our channels of communication with all sections of the community and other stakeholders. Increasingly Bromley is using social media sites like Twitter and Facebook to provide information and links to upcoming events. Everyone over the age of 18 can also register for a MyBromley account where residents can manage their council tax, access services, receive alerts and relevant information online. Besides the main Council website Bromley MyLife is the adult social care website. It provides information and advice should someone need help due to illness, age or disability, enabling them to keep their independence.

The public services ICT association Society of Information Technology Management (SOCITM) rated Bromley's website 3 stars (4 stars max) in their 'Better Connected 2015' review, based on user experience, usability and mobile access.

Council meetings are held in public and agendas and report packs are made available in advance on the Council website, at the Civic Centre and through local libraries at least 5 working days prior to each meeting. Most meetings start at 7pm and there are some daytime meetings. Members of the public can ask questions at a meeting or a written reply can be sent subject to giving sufficient notice. There is a facility to set up daily email alerts on key words or topics.

The Council held four meetings in November 2014 (two round-table meetings for representatives from residents' associations, and two public meetings) as part of the 2015/16 budget consultation under the title 'Our budget, your views'. The consultation included an online survey which attracted 1,611 replies and focused on resident's priorities, collecting their views on what they feel is most important and on ways in which they believe the Council could raise revenue. This was supplemented by links to detailed information and graphs about the Council's finances on the main website. Additionally submissions were received from Bromley Youth Council and Bromley Youth Support Team enabling young people to have a say in how local services are organised, and connecting them with local democracy. Consultation papers were also sent to local business representatives for their views and comments. Prior to finalising the 'Schools Budget' the Education Portfolio Holder consulted Headteachers, Governors and the Schools Forum.

During the year the Council also consulted on Beckenham Town Centre improvements, Biggin Hill Airport Limited's plans to change their operating hours, the future of Bromley's library service and the future of the Priory and Bromley Museum.

Departments also use surveys to ensure that services are being delivered efficiently and effectively.

The Council operates a Petition Scheme whereby any person who lives works or studies in the Borough of Bromley can submit a petition. Once a petition has been validated a response will normally be sent back within 10 working days. All petition responses are published on the Council's website.

Given the increasing numbers of Freedom of Information requests, an online form has been introduced to channel requests to the right departments so that enquiries can be dealt with as quickly and efficiently as possible.

Bromley works in partnership with many local organisations representing the views of residents and the public, private and voluntary sectors.

The Borough Officers' group meets on an informal basis to monitor and direct the work of the main thematic partnerships. The group is chaired by the Chief Executive and includes representatives from the emergency and health services and the voluntary sector.

The thematic partnerships (Bromley Economic Partnership and Safer Bromley Partnership Strategic Group) hold open meetings and agenda papers and minutes are published on the Council website. The meetings receive reports from other key strategic partnerships and the main partnerships themselves. Terms of reference and governance arrangements are in place. The partnerships are subject to scrutiny by the relevant PDS Committees.

The Children's Services Stakeholder Conference and the Adult Services Stakeholder Conference involve partner agencies and service users in shaping business planning and priorities for the future. The Adult Services Stakeholder Conference held two conferences in July 2014 on 'Your Future Your Support Your Say' and in March 2015 on 'Living Well with Dementia in Bromley'. The Children's Services Stakeholder Conference has scheduled a conference in July 2015 focussing on 'Emotional Wellbeing'. Both bodies report to Care Services PDS and/or the Health and Wellbeing Board. Agenda papers and presentations are published on the Bromley Partnerships website.

Review of Effectiveness

Bromley has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Management Team comprising Directors and Assistant Directors within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Audit's annual report, the Policy Development and Scrutiny annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

As part of this review the Assistant Directors and Heads of Service, where appropriate, have completed and signed an Assurance Statement in relation to their service areas. In turn each Chief Officer has reviewed the effectiveness of key controls, using a detailed checklist, to provide an overall Assurance Statement for their own directorates.

The governance framework and internal control environment encompasses all the organisation's policies, procedures and operations in place. At Bromley this is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

The process of maintaining and reviewing the effectiveness of the governance framework, including the system of internal control, includes the following elements:

Council Framework

We continue to operate with a Leader and an Executive. The Leader personally controls all decisions about the Council's executive functions. He can then choose whether to make all decisions personally, or to make arrangements for others to do so.

The Executive contains the Leader and six Members each responsible for a portfolio. Each Portfolio Holder annually outlines, in a portfolio plan, their aims and what they will be doing towards achieving their goals and their performance targets.

The full Council is responsible for adopting the authority's Constitution and Members' code of conduct and for approving the budget and policy framework within which the Executive operates.

Chief Officers (Directors) are responsible for ensuring that Members are advised of the financial implications of all proposals liaising as necessary with the Director of Finance. In addition they are responsible for promoting sound financial practices in relation to the standards, performance and development of staff in their departments.

Policy Development and Scrutiny Committees

Six Policy Development and Scrutiny (PDS) Committees have a key role in contributing to policy development and scrutinising the decisions of the Executive and individual Portfolio Holders. Although they have no decision making powers, they advise Portfolio Holders, the Executive and full Council on a range of issues.

PDS Committees monitor the performance of services and functions within their remit, assessing performance against key performance indicators and policy objectives. Concerns are reported to a Portfolio Holder who can then, if necessary, be called to a PDS Committee meeting to account for the performance of his or her Portfolio.

They are also involved in the budget setting process and provide comment and recommendations for the Executive to take account of when formulating the Council's annual budget. Similarly, PDS Committees monitor in-year spend of budgets and raise concerns where there is a possibility of overspend or other issues affecting spending priorities. In addition PDS Committees can commission groups of Councillors to review an issue or policy so assisting a Portfolio Holder or the Executive to improve a service or local function affecting local people.

More routine decisions can be made without formal scrutiny where the PDS Committees and Portfolio Holders are in agreement, subject to the proposed decision being emailed to all Members in advance. Any Member may then request that a matter be referred to the relevant PDS Committee before a decision is taken.

The call-in process is a key means by which PDS Committees can hold the Executive to account. Any five Councillors can call-in a decision and prevent it from taking immediate effect until it has been considered by a PDS Committee. The Committee can then interview the Portfolio Holder and Officers and consider whether the decision was appropriate, within the Council's policy framework, and whether it should be reconsidered. If the Committee feels that the decision should have been reversed or altered, it can make a recommendation to the Executive, which then has to reconsider the matter.

The Executive and Resources PDS Committee has an over-arching, coordinating role on behalf of the other five PDS Committees and provides an Annual Report to full Council summarising the work that has been carried out during the year.

The Executive and Resources PDS Committee has a rolling programme where the Leader of the Council, the Resources Portfolio Holder and the Chief Executive each do two presentations a year on a rota basis, so six of the eight PDS meetings will normally have one of these sessions. The other PDS Committees do not generally do this although the relevant Portfolio Holders and Chief Officers are usually present at all their meetings.

The Committees are supported by the statutory Scrutiny Officer who also provides support and guidance to Members on the functions of overview and scrutiny.

Internal Audit

Internal Audit operates to defined standards as set out in the Public Sector Internal Audit Standards. The effectiveness of the system of Internal Audit is measured by compliance with this code and peer reviews. Internal Audit provides an independent opinion on the adequacy and effectiveness of the system of internal control.

An Annual Audit Plan is used to map out the cyclical coverage of fundamental financial systems and other audits. The plan is based on the identification of the Council's systems and activities to be audited, each assessed for risk. Work relating to prevention and detection of fraud and corruption is integrated into this audit planning process. Each audit is reported to the appropriate level of management together with agreed action plans where appropriate. In addition all significant weaknesses are reported to Audit Sub-Committee and followed-up until recommendations are implemented. The supporting summaries of audit reports help inform the overall assessment of internal controls.

The Head of Internal Audit is empowered to report any matter of concern directly and independently, to the Chief Executive, the Chairman of Audit Sub-Committee or the Leader of the Council, if necessary.

In his Annual Report to Audit Sub-Committee the Head of Audit confirmed that 'my overall opinion on the control environment based on the internal testing and reviews undertaken is that there is overall reliance on the internal controls identified and where there have been significant issues highlighted provide assurance that corrective management action has been or will be taken to mitigate the risks. Over the past year there have been two investigations that highlighted a number of weaknesses in the areas of supervision/monitoring, document control and updated procedures. The Head of Audit can confirm that adequate action plans have been agreed for all areas of identified weakness and Internal Audit will continue to apply close scrutiny to ensure that all current priority control weaknesses are addressed by management.'

Internal Audit also submits an Annual Fraud Report to Audit Sub-Committee summarising all fraud and investigations undertaken during the year. Audit Sub-Committee has provided assurance to the external auditors that they are satisfied with our fraud arrangements within the Authority.

External Inspections

In their *Report to those charged with governance* for the year ended 31 March 2014, published in August 2014, the external auditors PricewaterhouseCoopers LLP reported the following:

- 'The Authority, like other Local Authorities, is facing increasing financial pressures and significant challenges to identify the levels of savings they require over the next three to five years. At present, as per the Authority's medium term financial strategy, there exists a significant 'budget gap', culminating in a gap of £53.1m in 2017/18 reported to Executive in February 2014.' As a result the value for money (financial resilience) audit risk rating has been raised from normal to significant.
- 'Management are responsible for developing and implementing systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. As auditors, we review these arrangements for the purposes of the Statement of Accounts and our review of the Annual Governance Statement.'
 - Four internal control deficiencies were reported covering the use of surveyors regarding accounting accruals, the use of a designated Pension Fund bank account, an out of date bank mandate, and updates to the pension administration system in respect of leavers. The recommendations were accepted and acted upon, with the exception of the Pension Fund bank account that Bromley will continue to review
- 'We reviewed the Annual Governance Statement to consider whether it complied with the CIPFA/SOLACE *Delivering Good Governance in Local Government* framework and whether it is misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.'

During the last year the Council has received the following assessments from other inspectorates:

Care Quality Commission - Shared Lives - June 2014

All the inspected standards were met

Ofsted - Inspection of Bromley Pupil Referral Service - July 2014

Overall Effectiveness: Requires Improvement

The report was considered by the Education PDS on 30 September 2014 who noted the progress being made by the new Headteacher and staff. Education PDS also receives the results of Ofsted inspections for both the Local Authority Maintained schools and Academies, together with details of the challenge and support provided to those maintained schools considered to be underperforming.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Risk Management Group, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

Significant Governance Issues

Last year we identified the following governance issues:

Governance Issue	Outcome
<p>1. Capacity to make further budget savings and maintain frontline services. Looking ahead, the continuing reduction in the financial settlement from the government and on-going cost pressures on the Council have opened a significant funding gap over the next four years, which it will be challenging to close:</p> <p><i>In order to assist in providing sustainable financial solutions we will continue to explore opportunities to review radically service provision, seeking opportunities for income maximisation, mitigate against future cost pressures, explore wider partnership opportunities including community budgets, and prepare for a different organisation in the future with overall resources reduced.</i></p> <p><i>We continue to retain four year forward planning.</i></p>	<p>During 2014/15 we continued to make significant savings and our budget for 2015/16 allows us to address increased demands on council services, often for our most vulnerable residents, as well as the additional responsibilities local authorities have to shoulder without any more money from government.</p>
<p>2. Decision to become a Commissioning authority: <i>Chief Officers will continue to monitor progress, challenge and make recommendations to the Executive. Where appropriate, proposals relating to individual services will be submitted to the respective PDS Committees for scrutiny and approval.</i></p>	<p>The Commissioning Team led by the Director Regeneration and Transformation and overseen by the Resources Portfolio Holder meet on a weekly basis to review progress. Every decision taken concerning commissioning is taken after scrutiny by a PDS Committee, the relevant Portfolio Holder, and the Executive.</p>
<p>3. Welfare reform agenda: <i>Although the roll-out of Universal Credit is expected to be delayed until 2016 at the earliest, the Council will be reviewing the Council Tax Support Scheme as well as the Bromley Welfare Fund – the Government is withdrawing the grant funding for the Welfare Fund from 2015/16 (approx. £1m).</i></p>	<p>Council Tax Support Scheme: Following a public consultation the Council agreed to retain the existing scheme for 2015/16.</p> <p>Bromley Welfare Fund: Following the removal of government funding from 2015/16 the Council has agreed a revised scheme with effect from 1 April 2015 restricted to meeting the basic accommodation related requirements of those moving back into the community by making discretionary awards to cover the cost of furniture and white goods.</p>

Any outstanding issues are included in the table below.

New governance issues:

Governance Issue	Actions
Capacity to make further budget savings and maintain frontline services: The Council will need to make significant savings of approximately £50m over the next four years.	The Executive is working to balance the budget for 2016/17. Where possible identified savings will be taken as early as possible. We continue to retain four year forward planning.
Commissioning and transformation agenda	The Commissioning Team will continue to identify services that are either standalone or can be bundled together and then seek approval to market test or other options.
Welfare reform agenda: The government continues to reform the welfare system with Universal Credit now expected to be rolled-out to all claimants by February 2016. The government is also committed to cutting a further £12bn from welfare spending.	The resulting impact on Council's services will need to be assessed and reported to the relevant PDS Committees.
The implementation of the Care Act 2014 from 1st April 2015 places very significant new responsibilities on the Council with regard to both those who may qualify for services but also for those who care for them.	The modelling of potential risks has been subject to considerable scrutiny. Until changes are implemented we will not know exactly what new pressures we will see. Online Care Act training is mandatory for all Education, Care and Health Services staff.
The Public Service Pension Act 2013 requires The London Borough of Bromley Pension Fund to establish a Local Pension Board. The Local Pension Board will ensure that the Code of Practice on governance and administration issued by the Pensions Regulator is complied with.	Terms of Reference have been drafted and the Pension Fund is seeking two Member representatives and two employer representatives to sit on the Board. This will meet on an annual basis and Members of the Board will also be invited to attend meetings of the Pensions Investment Sub-Committee. The new Local Pension Board has to meet by 1 st August 2015 at the latest.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed.....

Chief Executive

Date.....

Signed.....

Leader of the Council

Date.....

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Report No.
CEO 1508

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **Thursday 25 June 2015**

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
- 3.28 Audit Activity
- 3.29 Publication of Internal Audit Reports
- 3.32 Auditor of the Year
- 3.34 VfM arrangements
- 3.36 Housing Benefit Update
- 3.40 Other Matters
- 3.41 Risk Management

2. **RECOMMENDATION(S)**

- a. **Note the Progress report and comment upon matters arising.**
- b. **Note the list of Internal Audit Reports publicised on the web.**
- c. **Note the nomination for Auditor of the year.**
- 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: £540K including £174K fraud partnership costs
 5. Source of funding: General fund, Admin subsidy, Admin penalties, Legal cost recoveries
-

Staff

1. Number of staff (current and additional): 6 FTE including 0.5 FTE risk officer post
 2. If from existing staff resources, number of staff hours: 209 audit days per quarter is spent on the audit plan and fraud and investigations with 110 days per annum bought in from LB Wandsworth to augment the audit plan but excluding RB Greenwich investigators time
-

Legal

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

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 110 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: Not Applicable.

3. COMMENTARY

- 3.1 The latest list of outstanding priority one recommendations is shown in Appendix A. There has been just one addition detailed below since the last meeting of this Committee. There has also been some movement in priority one recommendations brought forward that are detailed below.
- 3.2 Progress on implementation of recommendations for Insurance (none outstanding priority one recommendations out of a previous total of 11 priority ones-see part 2); Fixed Penalty Notices (2 outstanding priority ones out of 6- see part 2). The rest of the updates are detailed below. Family Placements (6 outstanding priority ones and 1 partially implemented out of 8 priority ones made); Looked After Children (2 outstanding priority ones out of 2 priority ones made); Leaving Care (2 outstanding priority one recommendations and 6 partially implemented out of a previous total of 9 priority ones made); Building Maintenance (none outstanding out of 1priority one made); Creditors (1 outstanding priority one recommendation out of 1priority one made). There is also a brief reference below to the outstanding priority one recommendations on Rent Arrears and the Transition Team.

3.3 Family Placements

- 3.4 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 and there were 8 priority one recommendations in respect of overpayments, children’s savings, legal orders, special guardianship orders, kinship allowances, residence orders, adoption allowances and training. Internal Audit have interviewed managers and carried out some testing on recommendations made within the report. Our findings are shown below.

- Overpayments-Individual cases were discussed. One case for about £21K is being put forward for debt recovery action to recover monies. There has been no further action on this case to date. Another case for £10K has since been paid in full. For the smaller amounts of debt, the Head of Service is meeting with the Strategic Commissioner monthly to ensure that these cases are reviewed regularly. Recoupment of overpayments are now automatic from foster carers. A movement form has been introduced to ensure that if there is change within the placement, the Brokerage team are alerted. However, Internal Audit were informed that going forward this form will not be suitable once there is a transfer from Carefirst to Eclipse. Therefore, the movement form is on hold. All relevant documentation has been updated to incorporate recovery of overpayments such as fostering contracts, procedures etc. Foster carers were notified regarding their responsibility in respect of overpayments which was sent out in autumn 2014. Internal Audit requested the latest aged debt report as at 12/5/15. The level of overpayments had decreased from £72,757.68 to £56,592.61 but the large overpayment remains outstanding. The review of the respite rates remains outstanding and further work is required. Foster carer retainers continue to arise and require adjustments to be made to recoup monies.

For fostering payments it was found that one carer received a top up to the fostering allowance. This was paid when the fostering rates changed in 2011/12, however, some carers would receive less money under the new scheme, so it was decided to pay a top up payment per week to those carers. Commissioning reviewed these cases and this top up was due to end in January 2015. However, this continued until queried by Internal Audit. Enhanced rates were also found to be in payment for 3 cases for which the relevant approval was located.

- Savings – Management has advised that the savings policy has been clarified with carers. This was notified to carers via the newsletter and is also included within the foster carers’ handbook. This has been partially implemented as although a savings policy has been written, it has not been evidenced that the savings are considered as part of the review process.

- Legal Orders-Internal Audit was advised that the Head of Social Care, CYP (East) had written to all their staff to ensure that all legal orders are uploaded to Carefirst/Carestore including backdating. Testing showed that in some instances Residence Orders and in one case a Special Guardianship Order could not be located.
- Connected Person (Kinship)- Management advised that a huge piece of work has been undertaken in relation to the classification of these cases (and others) within Carefirst. Testing showed that in respect of the cases tested, some cases had not received the uplift to the allowances when the rates changed and therefore the incorrect allowance rates have been paid. Internal Audit have been notified that these have since been amended. The projected annual spend for this service area is £277,508.
- Residence Orders- Management confirmed that welfare checks are now undertaken annually. The Residence Orders are now 50% of the fostering maintenance allowance. Audit testing revealed that legal orders could not be located for some of the sample and all rates in payment could not be verified or reconciled to expected rates. It should be noted that some of these rates may have originated from when these allowances used to be financially assessed but none of the rates reconcile back to the agreed rates for residence allowances. The original files were also not available for review. Welfare checks are being undertaken but in a different approach i.e. the carer is being telephoned to confirm if everything is going well within the placement. Previously, the school that the child was attending was also contacted when this function fell under Commissioning. The projected annual spend for these allowances is £305K. Management had previously confirmed that all residence order allowances had been reviewed in September 2014 but the Head of Service confirmed that this had not been undertaken and that this had probably referred to the welfare checks. The Auditor was advised that a few welfare checks (approx. 5) are out of date.
- Adoption Allowances- The responsibility of this has since transferred to the Deputy Group Manager, Adoption Support who is supported by a Finance Officer. The Finance Officer undertakes consistent calculations. All documents have been updated accordingly. Individual cases have been reviewed and a decision taken to leave the current rates, there was minimal backdating and minor adjustments. If relevant documents are not provided to the Authority to confirm whether or not there has been a change in an individual's circumstances then after two requests payments are ceased. Audit testing showed that the adoption allowances in payment could be supported by the financial assessments. No further issues arose
- Special Guardianship Orders- The Head of Service, Care & Resources referred to a report that went to the Safeguarding and Corporate Parenting Executive Working Party in January 2015. Within that report, it is stated that by November 2014 the number of children and young people being supported in special guardianship placements had increased substantially, some 370% increase in numbers between 2011/12 and 2014/15. It would appear that the increase in Special Guardianship Orders are a direct result of changes within Care Proceedings whereby extended family members are being viewed more favourably by the Courts as suitable carers. All documents have now been scanned onto the system. The Deputy Group Manager now manages the whole process. It has not been possible to recruit an SGO Officer. The priority one recommendation related to regular financial assessments, rates paid and classification issues. Testing found that when reviewing the financial assessment this could not be reconciled back to the allowance in payment. Seven out of ten cases tested remain in query in respect of the allowance in payment and one legal order could not be located. It should be noted that for one further case tested a financial assessment could not be located so will be undertaken next month. The projected annual spend for these allowances is £861,950.
- Training-Management confirmed that a considerable amount of training has been undertaken. All administration staff have also been put forward to undertake the Financial Regulations and Contract Procedure Rules training. It was found that staff still were to complete this training

and new staff have also joined the service and have not been put forward to complete this mandatory training

- There will be a full follow up audit report to the above recommendations in 2015/16, but from discussions with management it does indicate that there has not been satisfactory progress to implement them. One recommendation on Adoption Allowances has been fully implemented, Savings has been partially implemented. Six other priority one recommendations remain outstanding.
- It should be noted that the Group Manager for Fostering & Adoption left at the end of May 2015 and there is a new post holder in place who is a currently a locum. Management had previously indicated that progress on implementation was underway however testing undertaken indicates that this has been slow. Management are aware of the issues and that there needs to be progress from the original nil assurance opinion before the next audit of this service.

3.5 Leaving Care (Payments to Clients)- A previous audit of this area resulted in a nil assurance opinion and 9 priority one recommendations were reported. The issues were in respect of the effectiveness of the overall controls for cash handling, supporting documentation, monitoring, reconciliation and review of pathway plans. At the previous meeting Members were updated on the progress made by management to implement the 9 priority one recommendations identified in the audit review. Although it was acknowledged that the service had made significant improvements to the procedures relating to payments to leaving care clients and cash handling within the division, these procedures had only been operational for a short time and the recommendations were therefore left as outstanding to be tested at a follow up review.

3.6 Interviews with the Head of Service, Group Manager and the Leaving Care Team (LCT) monitoring officer documented current working practices. A sample was selected from the current LCT clients, February/March 2015 purchase card transactions and the 2014/15 transaction report generated from ORACLE to test these procedures. The findings of the follow review up is discussed in the paragraphs below with an opinion as to whether the recommendation has been implemented, partially implemented or is still outstanding.

- **Policies and Procedures:** The monitoring officer had reviewed the existing procedures and updated where appropriate. These procedures are held on the shared area and a hard copy manual complete with all forms retained in the LCT office for reference. The procedures are incomplete; the monitoring officer has temporarily suspended revision given the priority to clear the backlog of records and maintain a daily operational monitoring function. It was also noted that the new arrangements for petty cash have not been included as these are still evolving. Audit testing has identified areas that need to be clarified and agreed for example inclusion of the T number, updating the client payment record, accounting for refunds and scanning documents to upload to CareStore. Recommendation is partially implemented.
- **Documents to Support Payments and Authorisation:** The Head of Service had introduced new arrangements for the use of petty cash, improving control, accountability, physical security and to comply with Financial Regulations. At year end there was a shortfall of £218 declared on the £5K imprest managed by Children Services. Finance have conducted an investigation to account for the missing funds and identified a series of discrepancies that will need to be discussed with management and indicate a need for Financial Regulations training for the post holders involved with the imprest. Internal Audit will be liaising with management and Finance to remedy the issues identified. From the sample testing it was evidenced that the authorisation for the Request For Finance (RFF) forms, actioned on the team site had been overwritten if the initiating officer goes back into the record to amend any details; this does not allow an adequate audit trail. There was also insufficient detail on the RRF to allow cross reference to scanned documents and the payment record to confirm supporting

documentation. It was evidenced that there are procedures in place that should control the authorisation process; on line authorisation of RFF is effective and the transfer of petty cash scanning and uploading to the full time Finance Officer has shared a time consuming task but it is too soon to evaluate the effectiveness of these changes. Similarly the monitoring officer is still working through the back log of documents left by the previous post holder. Resources had been allocated to scan documents but these are held in a general folder and not allocated to individual accounts. Sample testing showed that there were no scanned documents for June and July 2014 on CareStore for the selected client. This recommendation is outstanding, although the department can evidence that there is a planned objective to remedy outstanding issues and provide a controlled procedure going forward. The issues regarding the imprest will generate a new recommendation.

- **Cash Payments to Bank Accounts:** For the sample of clients there was a completed, signed form confirming their bank details held on a summary record available in the shared area. The majority of clients receive funding by BAC transfer. At the time of the follow up, 11 clients received their weekly allowances by cash and this was evidenced and controlled by a weekly sheet, duly authorised. There was no evidence of officers depositing cash to client bank account in the follow up testing. This recommendation has been progressed to implementation.
- **Monitoring of Payments:** The individual client accounts held on CareStore should be updated for all payments made to the individual and should be checked prior to completing the RFF to ensure there are sufficient funds available. Interim procedures have requested that LCT officers update their own cases but this has not been applied consistently. The limited testing completed identified that the payment record had not been completed and needs to be addressed in the review of procedures. The monitoring officer clears all authorised RFF from the team site and it would therefore be timely and appropriate for this officer to be responsible for updating the records, although the team will need to consider an alternative to cover absence. There was no evidence that a child has exceeded the £2,500 limit for leaving care grant to initiate the additional authorisation. The monitoring officer is creating a central log of payments to allow reconciliation to the main accounting system and achieve more effective monitoring of the grants and allowances paid to each child. Improvements have been made to the monitoring function but as all elements are work in progress this is considered as partially outstanding.
- **Reconciliations:** The team had worked with Finance to attempt reconciliation between the monitoring records held on CareStore and the Authority's main accounting system (ORACLE). The monitoring officer is working from a Discoverer report generated from ORACLE to create a central log for all LCT grants and allowances which will then allow effective reconciliation. It was previously reported that expenditure was being coded to a default code when the client "T code" was not specified. It is accepted that payments through CareFirst have to be transferred manually as there are insufficient characters in the expenditure code field, however for purchase cards and petty cash payments when the expenditure code is input manually the T code should always be utilised. For 2014-15, £87,247 was allocated to the default code of which £21,483 related to purchase cards and £4,015 related to cash payments. £37,480 was leaving care grant funding that must be allocated to the specific child for effective monitoring. Progress is being made to implement this recommendation but as the work is still in progress it is partially implemented.
- **Pathway Plans:** For the sample of 5 clients, 2 had a completed Pathway Plan within 6 months of their 16th birthday and 6 monthly reviews thereafter. For 3 of the cases the review exceeded 6 months but it is acknowledged that these related to 2011 and 2013. The Group Manager monitors the outstanding Pathway Plan reviews via a Business Objects report available daily. As at 1.6.15 there were 54 cases overdue of which 13 were more than 2 months overdue.

Insufficient progress has been made on this recommendation and it is therefore partially implemented.

- **Storage space:** The Group Manager has convened a working party to review the storage needs of the LCT, this will include updating the inventory, consider disposal of items and establish a policy for storage. The need does fluctuate as LCT clients are moved out of their accommodation and require support until they can be rehoused. The existing storage is currently full thus supporting the need for the size of the unit at a monthly cost of £355 with a company, however there has been no comparative costing or exploration of options to evidence value for money. The recommendation is therefore outstanding.
- **Purchase Card:** The outstanding purchase card transactions for the previous monitoring officer are being reviewed, validated and allocated but without adequate supporting documentation this has been a lengthy process. The original recommendation related to the need for all purchase card expenditure to be updated to the client payment record. Follow up testing has shown that for a sample of 5 transactions in February and March 2015, 1 was supported by an authorised Request for Finance (RFF) and satisfactorily updated to the client payment record. However issues were identified for the other 4 cases tested; no RFF evidenced, RFF authorised after the purchase date, unique client T number not included in the expenditure code, value on the payment record did not agree to the actual value and inconsistency with recording vat. All of these issues will need to be addressed by revised procedures to be rolled out to LCT officers. The recommendation is considered partially implemented as the payment records had been updated to record expenditure against the leaving care grant.
- **Cash Security:** It was previously reported that the new procedures effective from the 9.3.15 would not allow cash holdings to be retained in the LCT for more than 24 hours. The monitoring officer has introduced a record of all deposits and issues to support the cash held in the LCT safe. An audit check on the safe 28.5.15 evidenced 3 entries for a total cash value of £155 not in the safe. An envelope for £10 cash was recorded as issued. Clearly this record is not effective and should be extended to include officer's signature to ensure accountability. Seven of the cash holdings related to withdrawals exceeding 1 week and should have been returned to the main imprest. The safe check also reconciled the food vouchers held and evidenced that there were £505 unused vouchers but the record showed £485. The difference indicates a lack of control for the distribution of vouchers. This recommendation has been partially implemented
- To summarise, the findings of the follow up review are that 1 priority 1 has been fully implemented, 6 are partially implemented, 2 are outstanding and a new recommendation relating to the management of the imprest has been identified. In our opinion we are satisfied that satisfactory progress is being made in implementing these recommendations.

3.7 Looked After Children

3.8 The audit review was finalised in May 2014, identifying two priority 1 findings that have been reviewed for previous audit sub meetings to update on the progress to implement the recommendations relating to payment authorisation and timely completion of assessments and reviews. Interviews with the Head of Service and the Group Manager for Looked After Children (LAC) documented the procedural changes and sample testing evidenced the progress. Liberata and the Exchequer Manager were asked to update on the recovery of funds for the two overpayments to a foster carer, initially identified in this audit, the second overpayment identified in the Family Placements audit.

3.9 The £21.5K overpayment is still outstanding and as at May 2015 the monthly repayment of £25 per month stopped after March 2015 when the foster carer's application was rejected. The debtor had made 7 monthly payments of £25 and two payments of £538.98 and £916.92 in

November and August 2014 respectively, these were transferred by Children's Social Care, being professional fees for another placement, prior to the foster carer status being withdrawn. Bromley's Exchequer Manager has sought legal advice to progress this case through to court proceedings and is waiting for background papers requested from the service. Once the information is available legal and exchequer officers will consider the most appropriate course of action. This case has highlighted weaknesses in debt recovery and prompted a planned audit review of ECHS debts in 2015-16.

- 3.10 Previous audit follow up to this recommendation evidenced that a movement form was developed within CareFirst to alert Commissioning of a change in circumstance for a LAC and therefore stop the payments and mitigate the risk of any overpayment. The Head of Service confirmed that although an alert is still sent to the Commissioning desktop, the CareFirst form did not work but will be developed as part of the Eclipse application due to go live April 2016. Audit testing for the Family Placements follow up has indicated that the level of overpayments has reduced. A sample of 5 LAC cases was selected to evidence that the placement had been authorised in a timely manner. For 4 of the cases an authorised funding sheet was in place, although 2 were both 3 weeks after the placement had started. For 1 in house fostering placement, ongoing from the 5.3.15, the funding approval was missing and had not been identified by the controls in the Commissioning Team.
- 3.11 Without significant progress on recovery of the overpayment and the results of the sample testing, the priority 1 recommendation for timely authorisation of funding approval will remain as outstanding.
- 3.12 The second recommendation related to the timely completion of assessments and reviews as required by the Care, Planning, Placement & Case Review Regulations 2010. The sample of 5 LAC cases, selected for audit examination, was reviewed with the Group Manager. Two cases were correctly supported by care and placement plans, completed within agreed timescales. Two cases did not have the required care plan but did have the placement plan. For the last case checked the care plan was completed 4 weeks after the child was placed in care, the placement plan 1 week after the child was placed. The priority 1 recommendation will remain outstanding to be reviewed during the follow up report.

3.13 **Building Maintenance-**

The department must comply with the requirement 1.2 and 8.1.3 of the Contract Procedure Rules. "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."

There was a priority one recommendation to review the practices and procedures and to identify cumulative spend with individual suppliers. Where spend exceeds limits indicated in Contract Procedure Rules quotes or tenders should be sought. The audit follow up has shown that:

- A sample of 15 planned projects and reactive projects was reviewed to ensure Financial Regulation and Contract Procedure Rules were complied with. Tender procedures were followed where applicable: the only exception being 4 projects where alternative actions were considered, i.e. the waiver process was used. We therefore consider this recommendation to be implemented.

- 3.14 **Creditors-** the original Internal Audit report identified that there was a significant number of orders that were raised retrospectively. A 'retrospective purchase order' report was run in May 2013 that showed that after adjustments there were 3,290 orders that had been made in the period 30/01/13 to 30/05/13, with two thirds of these attributed to 30 officers. Raising orders is crucial to committing expenditure for accounting purposes as well as verifying goods received to

what was ordered. A recent audit has shown that there is still an issue with raising retrospective orders. For the period 01/01/14 to 31/01/15, 8,981 raised or 691 per month. The summary of results shows there has been a slight decline, but would state that the 691 per month is still too high. It was also found that 30 officers (not necessarily the same as previous) are responsible for two thirds of retrospective orders. Officers have been reminded to raise orders at the time of commitment to spend, however, given only a slight decline in the number of retrospective orders, the Head of Audit has raised this at a meeting of Directors to make them aware and request that action is taken. This priority one recommendation is still outstanding.

3.15 Rent Arrears –Emergency Accommodation – The priority one finding on rent arrears was made in 2011-12. A recent audit concluded that this recommendation has not been implemented. The current stated rent arrears is in total £3,571,107 for both current and former clients. Specifically procedures are not sufficient to recover former B&B and Travellers client's arrears and those for current and former Leaving Care, Orchard and Shipman and CCLU clients. Procedures are in place for the recovery of B&B rent arrears and have recently been created for Travellers. However it is apparent that limited action has been taken to recover arrears from former tenants. Management have stated, that greater emphasis is placed on recovering the debt whilst the client is still in temporary accommodation as it is always more difficult to recover money from former tenants due to the problems in tracing them once they have left. However, wherever possible, recovery action against former tenants is still pursued. The arrears figures for B&B clients have increased to £2million on 10/01/15 and for non B&B clients the increase to £1.5 million in December 2014. This is in part due to a delay in reconciling Orchard and Shipman rent received. This report has not covered the Orchard and Shipman element of balances held and is subject to a separate ongoing audit in quarter 1 of 2015/16. It was also noted that arrears identified for write off have not been actioned which distorts the figures quoted in this report. £188k was written off in March 2015. Arrears identified for write off, are now being authorised and submitted on a monthly basis. However, the recommendation relating to rent arrears is still outstanding.

3.16 Transition Team- a priority one recommendation in respect of overpayments and underpayments on a sample of direct payment cases that was reported to this Committee and will be followed up for the next meeting.

3.17 Review of Essential Car Users- 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 in relation to a number of essential car users who had claimed little or no mileage since the review of the scheme in November 2012, the need to check eligibility to drive cars for business purposes and having a car for use and the need to review criteria to prevent anomalies. The scheme is to be phased out commencing in 2016/17.

- Review the eligibility criteria for essential car user- we have been informed by management that they are due to meet to discuss essential car user criteria specifically in relation to car parking.
- A sample review of those 16 officers on essential car users who had not incurred any mileage showed that 7 had still not incurred any mileage over a 12 month period with a further 4 who had left ; 2 that had been stopped following information given to HR and 3 where some mileage had been claimed by officers. We have been informed by management that this will also be reviewed at the same time as they discuss eligibility criteria.
- Driving cars for business use i.e. essential car users (and casual users) should be checked that they have adequate insurance cover and a valid driving license. Following discussions with senior management and a member of this Committee we have been informed that a draft 'Driving at Work' procedure has been produced and will be issued after consultation.

- Although some progress has been made we consider these three priority one recommendations are still to be implemented. An update will be reported to the next cycle of this Committee.
- 3.18 **New Priority One- Domiciliary Care-** an audit review of this service identified two priority one recommendations as detailed below:
- 3.19 Service Agreements closed on incorrect dates and also non closure-Sample testing showed that at the time of the audit, out of the sample of 44 cases selected for review, issues arose in 14 cases in relation to the dates of service and in one case non-closure. In some cases it was found that as a result overpayments have arisen. When notification of the death is received it should be input without delay however this does not seem to have happened in cases highlighted.
- 3.20 Discussions took place with management at the time of the audit and it was confirmed that there were no controls in place to prevent an agency from continuing to charge for a deceased client especially in the absence of a client contribution being made. This was also confirmed by contractors' staff. It was confirmed that the Brokers have advised that their instruction from Finance is always to end the service agreement at the date of the Sunday before the notification. Enquiries were not able to establish where this instruction originated. It was also confirmed via email that the Brokers are contacting staff at the contractor to ask when the services should be ended for our clients. Contractor staff confirm the date the last invoice was paid and it seems that services are ended on the following Sunday.
- 3.21 Enquiries were made with the Commissioning Team and it was confirmed that there is no specific contractual notice period for the termination of domiciliary care packages. Additionally, it was found that there was no policy regarding the termination (temporary or permanent) of domiciliary care provision when a client is taken into hospital
- 3.22 Extra Care Housing – Actual Hours Reconciliation
- 3.23 Concerns had been raised by the Operations Manager, Care Services, regarding actual hours delivered being different to planned hours within the Extra Care Housing service. This concern related to three of the Extra Care Housing units; Crown Meadow Court, Regency Court and Sutherland Court. These cases are over and above the selected sample. There is no verification of the individual care hours provided to clients. Reliance is placed upon the client or client's family to query any differences. A copy of these queries have been submitted to the Auditor detailing errors in the hours for various reasons across three Extra Care Housing units
- 3.24 An officer had been tasked with highlighting differences. Queries were highlighted to the Auditor and spreadsheets were provided for week ending 28-9-14. These spreadsheets highlighted differences in hours across each of the units against the care plan held by the unit or compared to those held on Carefirst.
- 3.25 It should be noted that in some cases an adjustment of hours had not been updated onto Carefirst.
- 3.26 There were six other priority two recommendations- covering obsolete procedures; missing or incomplete support plans; service agreements on Carefirst remained open beyond the maximum period in respect of the Reablement Service; excessive customer account balances; a refund made to incorrect payee; and a duplicated customer account identified.
- 3.27 A limited assurance opinion was given as a result of the findings. Management have indicated that they accept these recommendations for implementation as soon as possible.
- 3.28 **Audit Activity-** Internal Audit activity for 2014/15 is summarised in detail under the Annual Audit Report of this agenda. Internal Audit have spent most of our time since the last progress report

in March 2015 completing audit work from the 2014/15 Internal Audit plan, conducting fraud and investigation work and assisting management with their inquiries-(details of this work are in Part 2). Given the short period of time to report on 2015/16 activity i.e. just one month, we will as in previous years inform Members of this committee of our half yearly progress in October 2015. In addition to audit planned work we also carried out the following:

- Fraud and investigations.
- Advice and support on Financial Regulations, variations to change in system controls.
- Liaison role in assisting management inquiries and other fraud cases that appear in part 2 of this agenda.
- Monitoring role of the Greenwich Fraud partnership.
- Liaison work with our external auditors in preparation of their audit of the 2014/15 accounts
- Committee work

3.29 **Publication of Internal Audit Reports-**

3.30 At the last meeting of this Committee we reported our fourth batch of Internal Audit reports finalised since March 2014 that was published on the web. In total 64 reports were publicised on the web. We gave explanations for seeking exemptions from publicising for one report- Investigation into Penalty Charge Notices. We are not seeking exemptions for this cycle.

3.31 Since the last cycle of this Committee we have published a further 12 redacted final reports making a total of 76 since publications first started.

- Follow Up Audit for Appointeeship & Deputyship 2014-15
- Gifts and Hospitality Follow-up Report 2014-15
- Housing Needs Final Report 2014-15 redacted
- Final Domiciliary Care Report for 2014-15
- Final Report for Welfare Fund Audit 2014-15
- Final Report Red Hill 2014-15
- Staff Car Parking Follow-up Report 2014-15
- Treasury Management Final Report 2014-15
- Review of Waste Management 2014-15
- Review of Creditors 2014-15
- Capital Projects Audit 2014-15
- Review of VAT2014-15

3.32 **Auditor of the Year** - this is an annual award made to an auditor by Members of this Committee. There is only one auditor (JN) being put forward for this award in respect of notable pieces of work carried out in 2014/15.

3.33 JN is currently completing his professional studies which have been combined with his normal Internal Audit work. There are two audits that deserve mention- Review of Purchase Cards- where there were three priority one findings and a number priority two recommendations. The audit identified potential losses in unclaimed VAT, poor practices in respect of retaining receipts and sub dividing expenditure. These recommendations have been implemented resulting in claiming backdated VAT and more importantly an awareness to maximise VAT going forward; scanning of receipts and reports that identify sub dividing of expenditure. This audit has undoubtedly added value to the organisation both in terms of increasing management awareness for tighter controls and maximising income through VAT claw back. In the second audit on IT Licenses and Asset Register JN identified that Bromley were overpaying for key fob licenses –paying for more licenses that staff in post. As a result of a tendering exercise based on a reduced number of key fob licenses it was found that the cost going forward was about £8K less per annum than prior to the audit. JN has also carried out an investigation on misuse of a mobile phone, supports the drive towards implementing web based interactive training and has managed to complete his portfolio of work carrying out his assignments with professionalism and due diligence.

3.34 **Value for Money Arrangements-** We had previously reported that we rolled over three reviews of VfM arrangements due to time spent on investigations. Two of these i.e. Family Placements and Temporary Accommodation has been completed and reported previously to this Committee. The third audit on Planning Enforcement is currently ongoing and has not been completed to report VfM arrangements for Planning Services to this Committee.

3.35 With the reduction in resources and the commissioning out of services we are proposing to carry out reviews of VfM arrangements for the following audits– Youth Offending Team and SEN.

3.36 **Housing Benefit Update**

3.37 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. Migration of data started on the 1st June 2015 which now means that any new allegations of housing benefit fraud will be referred to SFIS and any work in progress cases will also be passed on to them. RB Greenwich will only conclude cases where a summons has been issued prior to transfer.

3.38 As previously reported we intend to carry on with our fraud partnership with RB Greenwich for which we have already sought a waiver effective from 1st April 2015. The partnership now entails employment of 2 FTEs to cover off all LB Bromley related fraud and pro-active exercises. The 2 staff will be managed by RB Greenwich. The fraud partnership with RB Greenwich has been successful since its inception in 2002

3.39 Since the commencement of the partnership in April 2002, through to May/June 2015, the Council has successfully prosecuted 399 claimants to date for benefit fraud; issued 363 court summonses; given 104 formal cautions; and administered 424 penalties. The full details and appendices on trends are shown in Appendices B, C and D. Given the transfer of housing benefit fraud to SFIS this will be the last reporting of these statistics. It is our intention to record all referrals to SFIS and attempt to ascertain progress.

3.40 **Other-** We have appointed an experienced Internal Auditor to one of the vacancies who has now taken up post. We have a 0.5 FTE vacancy – although this is reflected in reduced planned days within the 2015/16 Internal Audit Plan it is compensated by days saved as a result of no longer carrying out sold services.

3.41 **Risk-**the main focuses on risk has been the production of the Annual Governance Statement that appears in full in the Annual Audit report on this agenda and our ongoing work with Zurich.

3.42 Zurich Municipal have been tasked to carry out a Public Health Risk and Insurance review and to develop a Risk Development Road Map which will potentially identify areas for improvement in our risk management systems. The Public Health review has now been completed and a report has been issued to the Director of Public Health for comment.

3.43 The draft Public Health report was based on a review comprising:

- Public Health documents review
- Key stakeholder workshop
- Feedback session to agree and refine findings

3.44 The review identified 3 areas for potential financial claims which should be reviewed against existing insurance cover:

- The impact of a pandemic on provided services
- Pharmaceutical Needs Assessment
- Individual Funding Requests

3.45 Zurich concluded that from a risk register perspective it is apparent that there is good level of understanding and awareness of the risks faced by Public Health. In order to support this risk awareness they have identified a number of areas for potential consideration and inclusion in the risk register: information governance; integration with the Council; contract management; and succession planning.

3.46 The report has requested that the Public Health Team consider the findings and take action where appropriate; and a discussion between Zurich and Bromley's Insurance Team, to consider contingent liability levels and the diagnostic activities of contractors (which are excluded from the Public Liability policy).

3.47 The Risk Development Road Map – the initial phase of this project has been completed by Zurich and presented to the Corporate Risk Management Group. There is an acceptance by Zurich that the current risk register is sound but there may be benefits in exploring an efficient exception based reporting system; having a consistent and robust risk management process; improved risk awareness and risk based decision making; and greater visibility and understanding of the impact of departmental risks on the strategic risk register.

3.48 This phase has reviewed risk reporting arrangements with the focus being on reporting new risks, significant risk changes, mitigation exceptions and reporting on risks with strategic risk register (i.e. corporate risks) implications. Zurich has also proposed a revised risk matrix that should it be accepted by management would result in fewer high risks as these would have to have major/catastrophic impact coupled with a probable/highly probable likelihood of occurrence. This exercise is ongoing with Zurich proposing that they attend the DMT for each directorate to explain and seek backing for their proposals.

3.49 On completion of the Zurich exercise we will produce in conjunction with Learning and Development (HR) a new e-learning package to produce an online tutorial for risk management. The aim is to provide a 30 to 40 minute interactive package that officers can access and complete in their own time.

3.50 We will report the outcome of this phase at the next meeting of this Committee.

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	Risk of fraud or loss
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	See comments in progress report.	High
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. Report run for 1/01/14 to 31/01/15 and shows roughly 691 retrospective orders being raised per month rather than previous 823. See progress report.	High
ECHS/015/2013	Looked After Children	Limited Assurance	20/s	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 Progress Report	
ECH/017/01/2014	Family Placements	No Assurance	6 0/s and 1 partially implemented	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.	Previously agreed by management. One recommendation relating to Adoption Allowances has been implemented and one recommendation on Savings has been partially implemented.However, 6 others remain outstanding as reported within the Progress Report.	High
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 them 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. Essential car user is to be phased out from 2016/17. See Part 1 -progress report.	High

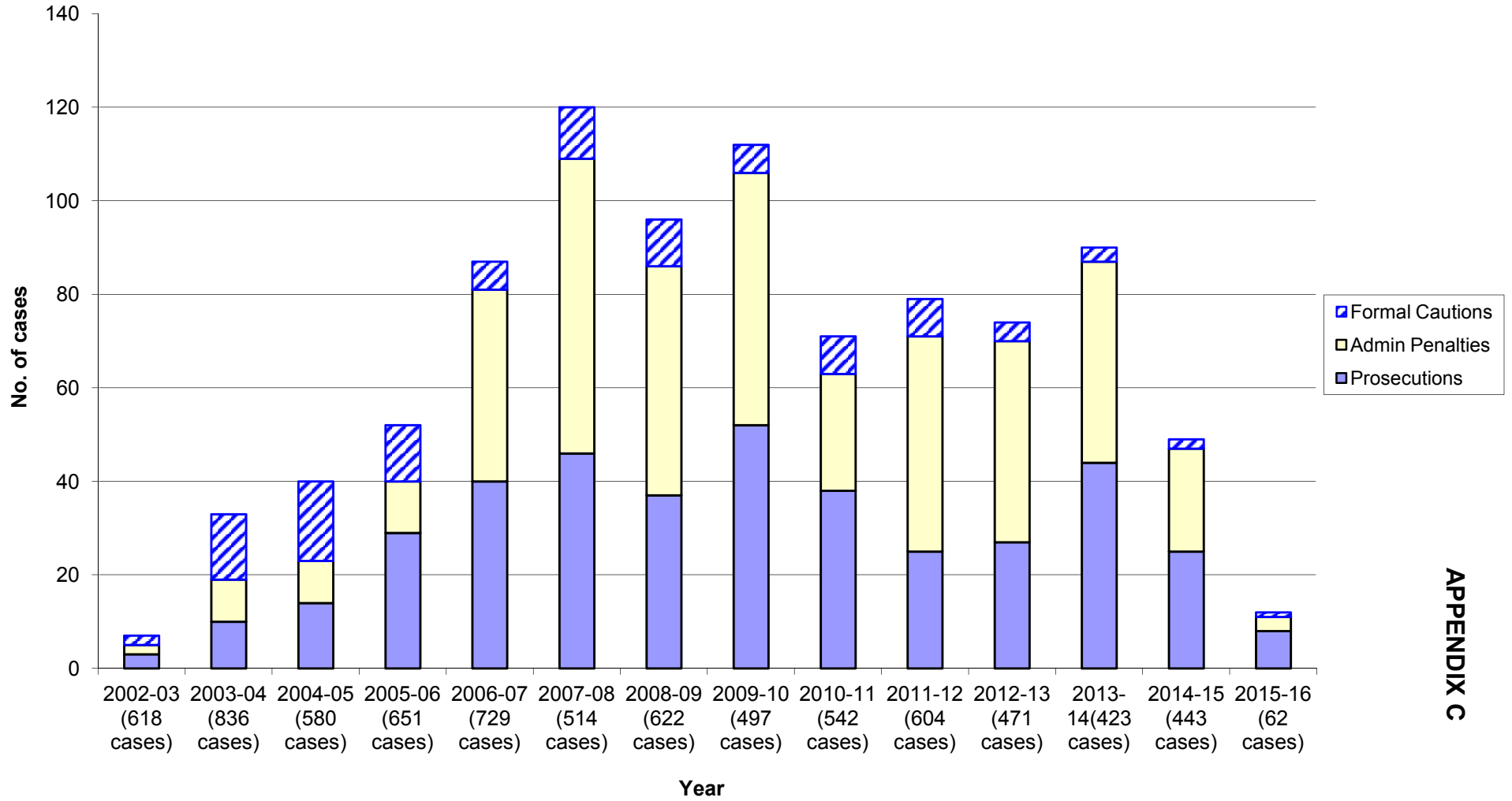
Report Number/Date	Title	Opinion	No. of Priority One's	Details of original Recommendation	Implemented	Responsible Officer	Comments	Risk of fraud or loss
ECH/018/01/2013	Review of Leaving Care (Payment to Clients)	Nil Assurance	2o/s & 6 partial	Significant findings in relation to the following areas:- 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 . See Part 1 - progress report.	High
ECS/2014	Fixed Penalty Notices	N/A	2 o/s	See part 2 - 4 have been implemented relating to attempted recovery from the contractor; reconciliation of FPN's; procedure; and availability of prime documents. 2 not implemented relating to the transfer to the PCN system and contract monitoring.	In Progress	Asst Dir. S,S & Greenspace	See Part 2	High
ECH/035/01/2014	Transition Team	Limited Assurance	1	Direct payment service agreements were found to either be in overpayment due to the incorrect amount being being or the incorrect time perios e.g term time only. Underpayments were found due to the rates not being uplified on review as expected or the incorrect amount being paid.	In progress	Joint Team Manager, CLDT.	See part 1 progress report	High
ECH/007/01/2014	Domicilliary Care	Limited Assurance	2	Services closed with incorrect dates or not actioned in a timely manner. Extra Care Housing - no reconciliation of actual hours provided to clients across three units.	In progress	Head of Assessment &Care Management &Strategic Commissioner Client Resources.Group Manager,Care Manager and Operational	See part 1 progress report	High
The following priority one recommendations have been implemented: None see comments column above								
Insurance- 11 of the original all have been fully implemented. See Part 2								
Building Maintenance-Priority one recommendation implemented. See progress report								
Fixed Penalty Notices recommendations - 4 have been implemented and 2 o/s-see part 2								
Leaving Care (Payment to Clients)- 1 implemented; 6 Partially implemented								

LBB ANALYSIS OF IAAF MONTHLY MONITORS 2002 through to 2015/16

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		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	21	36	42	34	17	52	47	46	27	48	39	34	443
Confidential Hotline	4	8	8	11	4	6	6	3	3	2	1	7	63
Interviews	4	12	6	11	8	19	15	12	5	17	13	9	131
Claimant Visits	4	4	1	5	1	1	5	4	1	2	5	1	34
Prosecutions	1	2	2	2	3	2	3	3		2	6	1	27
Court Summonses	1	6	8		1	2	1	5	2	1	9	2	38
Admin Penalties	3	2	3	2		3	2	2		2	3		22
Formal Cautions				1							1		2
2015/16	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	30	32											62
Confidential Hotline	4	3											7
Interviews	9	3											12
Claimant Visits													0
Prosecutions	5	3											8
Court Summonses	4	5											9
Admin Penalties	1	2											3
Formal Cautions	1												1

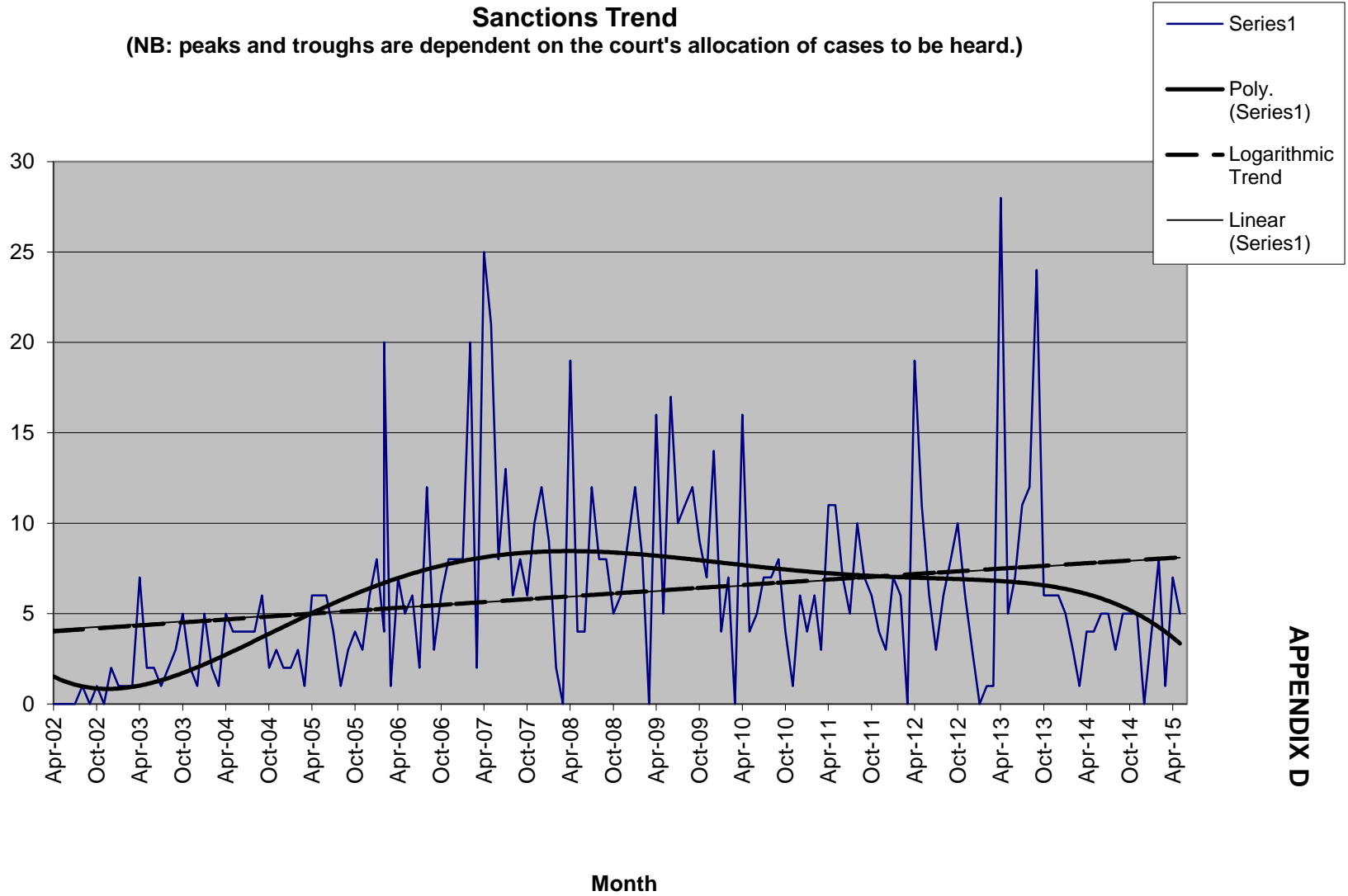
HB Sanctions - Annual Comparison



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No. of sanctions

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



APPENDIX D

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Agenda Item 9

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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of the Local Government Act 1972.

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